

Rural Stock Deterioration

POLICY WORDING
AUGUST 2025

AG GUARD LIMITED



Ag Guard

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Introduction

Policy contract

Your Rural Stock Deterioration policy consists of:

- (a) this policy wording,
- (b) the **schedule**,
- (c) any endorsements that **we** apply.

Reading this policy

The headings in this policy wording are for reference only and must not be used when interpreting the policy wording.

The examples and comments, which are in *italics*, have been included to make parts of this policy wording easier to understand. They do not affect or limit the meaning of the section they refer to.

If a word is shown in **bold**, it has a specific meaning. That meaning is set out within the clause where the word appears, or in the 'Definitions' section at the end of this policy wording.

It is important to read this policy in full to understand what it means and how it operates.

1. INSURANCE AGREEMENT

1.1 Our agreement

You agree to pay **us** the premium and comply with this policy. In exchange, and in reliance on the **application**, **we** agree to insure **you** as set out in this policy.

2. WHAT YOU ARE INSURED FOR

2.1 Loss of stock

You are insured for **deterioration** of **stock** that happens during the **period of insurance** caused by any:

- (a) sudden and **accidental** breakdown of **refrigeration machinery** covered under **your machinery breakdown policy**, or that would be covered but for the application of an excess,
- (b) sudden and **accidental** mechanical breakdown of plant, equipment or supply lines belonging to any New Zealand based utility that supplies power to **your business**.

Provided the **deterioration** happens as a result of any of the following:

- (i) an increase or decrease in the temperature at the refrigerated storage chamber where the **stock** is kept,
- (ii) refrigerant escaping into the refrigerated storage chamber where the **stock** is kept,
- (iii) the **accidental** breakdown contaminates or deprives the **modified gas atmosphere** that is required in the storage chamber where the **stock** is kept.

You only have cover under 2.1(a) (iii) if it is shown in the **schedule**.

2.2 Reduction and prevention of loss

You are insured for reasonable costs **you** incur to successfully reduce the potential overall cost of any **deterioration** that occurs and prevent further **deterioration** from occurring.

Provided the costs are incurred following a breakdown under '2.1 Loss of Stock'.

You must tell **us** as soon as possible about the actions **you** take.

3. OPTIONAL EXTENSION

The following optional extension only applies when shown in the **schedule**.

3.1 Cryogenic storage

You are insured for **deterioration** of **stock** caused by sudden **accidental** damage to **your** cryogenic storage system.

We will not pay for **deterioration** resulting from a shortage of cryogenic fluid alone. 'Exclusion 4.3' does not apply to this extension.

4. EXCLUSIONS

4.1 Communicable disease

This policy does not cover any loss, damage, liability, claim, cost or expense caused by, or in connection with any:

1. Communicable Disease,
2. notifiable organism or disease under the Biosecurity Act 1993,
3. fear or threat (actual or perceived) or action taken to control or prevent or suppress any of the diseases, conditions or circumstances described in this exclusion.

Subject to the other terms, conditions and exclusions of this policy, this exclusion will not apply to machinery breakdown and any Time Element Loss directly resulting from that machinery breakdown.

For the purpose of this exclusion, the following definitions apply:

Communicable Disease means any disease which can be transmitted by means of any substance or agent from any organism to another organism where:

- (a) the substance or agent includes, but is not limited to, a virus, bacterium, parasite or other organism or any variation thereof, whether deemed living or not,
- (b) the method of transmission, whether direct or indirect, includes but is not limited to, airborne transmission, bodily fluid transmission, transmission from or to any surface or object, solid, liquid or gas or between organisms,
- (c) the disease, substance or agent can cause or threaten damage to human health or human welfare or can cause or threaten damage to, deterioration of, loss of value of, marketability of or loss of use of property.

Time Element Loss means any of the following, that would be covered by this policy but for this exclusion:

- increase in cost of working,
 - escalation,
 - expediting expenses,
 - loss of gross profit,
 - loss of rental.
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4.2 Consequential loss

This policy does not insure any kind of consequential loss (*e.g. financial loss that occurs as a result of the loss of insured property*), including any of the following:

- (a) penalties,
 - (b) loss of use of any property,
 - (c) delays,
 - (d) loss of market.
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4.3 Cryogenic storage

This policy does not insure **deterioration** of **stock** stored in a cryogenic storage system or cooled by cryogenic means.

4.4 Cyber

This policy does not cover any **deterioration**, loss, cost or expense caused by, or in connection with any:

1. Cyber Act, including any action taken in controlling, preventing, suppressing or remediating any Cyber Act,
2. Cyber Incident, including any action taken in controlling, preventing, suppressing or remediating any Cyber Incident,
3. loss of use, reduction in functionality, repair, replacement, restoration or reproduction, of any Data, including any amount relating to the value of such Data.

Exclusion (2) will not apply to physical damage to **stock** caused by a change in temperature at the refrigerated storage chamber.

For the purpose of this exclusion, the following definitions apply:

Cyber Act means an unauthorised, malicious or criminal act or series of related unauthorised, malicious or criminal acts, regardless of time and place, or the threat or hoax thereof involving access to, processing of, use of or operation of any Computer System.

Cyber Incident means any:

- (a) error or omission or series of related errors or omissions involving access to, processing of, use of or operation of any Computer System,
- (b) partial or total unavailability or failure or series of related partial or total unavailability or failures to access, process, use or operate any Computer System.

Computer System means any computer, hardware, software, communications system, electronic device (including, but not limited to, smart phone, laptop, tablet, wearable device), server, cloud or microcontroller and including any similar system or any configuration of the aforementioned and including any associated input, output, data storage device, networking equipment or back up facility.

Data means information, facts, concepts, code or any other information of any kind that is either:

- (a) recorded or transmitted in a form to be used, accessed, processed, transmitted or stored by a Computer System,
- (b) converted to a form useable for communications, display, distribution, interpretation, or processing by electronic or electromechanical data processing or electronically controlled equipment.

4.5 Deterioration not covered

This policy does not insure **deterioration** caused by any of the following:

1. shrinkage, inherent defect, diseases, normal deterioration, or natural putrefaction or fermentation,
2. **stock** passing the manufacturer's or supplier's use by or best before date,
3. improper storage, stowage or collapse of packing materials.

4.6 Natural disaster

This policy does not insure **deterioration**, loss, cost or expense caused by or in connection with any earthquake, subterranean fire, volcanic activity, tsunami, geothermal activity, hydrothermal activity, landslide, or fire caused by any of these.

4.7 Nuclear and weapons

This policy does not insure any **deterioration**, loss, cost or expense caused by or in connection with any of the following:

1. Nuclear Energy Risks.
2. Ionising radiations, irradiation or contamination by radioactivity from any Nuclear Material. The exclusion in this sub-clause does not extend to radioactive isotopes, other than nuclear fuel, when such isotopes are being prepared, carried, stored, or used for commercial, agricultural, medical, scientific or other similar peaceful purposes.
3. Radioactive, toxic, explosive or other hazardous or contaminating properties of any Nuclear Installation, or other nuclear assembly or nuclear component.
4. Any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter.
5. Any chemical, biological, bio-chemical, or electromagnetic weapon.
6. Radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter. The exclusion in this sub-clause does not extend to radioactive isotopes, other than nuclear fuel, when such isotopes are being prepared, carried, stored, or used for commercial, agricultural, medical, scientific or other similar peaceful purposes.

For the purpose of this exclusion, the following definitions apply:

Nuclear Energy Risks means any of the following:

- (a) all property on the site of a nuclear power station, Nuclear Reactors, any reactor buildings and plant and equipment therein,
- (b) all property, on any site used or having been used for the generation of nuclear energy,
- (c) all property, on any site used or having been used for, the production, manufacture, enrichment, conditioning, processing, reprocessing, use, storage, handling and disposal of Nuclear Material.

Nuclear Material means any of the following:

- (a) nuclear fuel, other than natural uranium and depleted uranium, capable of producing energy by a self-sustaining chain process of nuclear fission outside a Nuclear Reactor, either alone or in combination with some other material,
- (b) any radioactive material produced in, or any material made radioactive by exposure to the radiation incidental to the production or utilisation of nuclear fuel, but does not include radioisotopes which have reached the final stage of fabrication so as to be usable for any scientific, medical, agricultural, commercial or industrial purpose,
- (c) any nuclear waste or by-product from the combustion of nuclear fuel.

Nuclear Installation means any of the following:

- (a) any Nuclear Reactor,
- (b) any factory using nuclear fuel for the production of Nuclear Material, or any factory for the processing of Nuclear Material, including any factory for the reprocessing of irradiated nuclear fuel,
- (c) any facility where Nuclear Material is stored, other than storage incidental to the carriage of such material.

Nuclear Reactor means any structure containing nuclear fuel in such an arrangement that a self-sustaining chain process of nuclear fission can occur therein without an additional source of neutrons.

4.8 Sanctions

This policy does not provide any cover or benefit, and no payment will be made, including any premium refund, to the extent that the provision of such cover, benefit, or payment may breach or risk exposure to any:

1. sanction, prohibition or restriction under any United Nations resolution,
 2. trade or economic sanction, law or regulation of New Zealand, Australia, Singapore, the United Kingdom, the United States of America or the European Union.
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4.9 Seepage, pollution and contamination	This policy does not insure deterioration , loss, cost or expense caused by or in connection with seepage, pollution or contamination.
4.10 Utility company supply	This policy does not insure deterioration which arises from a failure of any New Zealand based utility company to supply power to your business due to any: <ol style="list-style-type: none"> 1. deliberate act of any utility company, 2. withholding or restriction or supply by any utility company. This exclusion does not apply to actions taken by the utility company for the purpose of safeguarding life.
4.11 Terrorism	<p>This policy does not insure deterioration, loss, cost or expense in connection with Terrorism, including in connection with controlling, preventing, suppressing, retaliating against, or responding to Terrorism.</p> <p>For the purposes of this exclusion: Terrorism includes any act, threat of action or preparation for action, or threat of action by a person or group acting alone or in connection with any organisation or government which is any of the following:</p> <ol style="list-style-type: none"> 1. designed to influence any rightful or actual government or intimidate the public, 2. in pursuit of political, religious, ideological or similar purposes. <p>The act, threat or preparation involves any of the following:</p> <ol style="list-style-type: none"> (a) violence against any person, (b) damage to property, (c) endangering of life, except that of the person committing the action, (d) risk to the health or safety of any person, (e) anything designed to interfere with or disrupt an electronic system.
4.12 War	This policy does not insure deterioration , loss, cost or expense in connection with war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power.

5. BASIS OF SETTLEMENT

5.1 Maximum amount payable	The most we will pay for any one event and in total during the period of insurance is the sum insured shown in the schedule .
5.2 Value of stock	We will pay you the retail value of the stock immediately prior to the breakdown, up to the sum insured.
5.3 Excess	An excess of 10% of the deterioration , with a minimum excess of \$250, will be deducted from the amount payable for each event , unless a different amount is shown in the schedule .
5.4 Reinstatement of the sum insured	After we have paid a claim under this policy, we will reinstate your sum insured. We may ask you to pay an additional premium for this. If we do, you must pay the additional premium.

6. MANAGING YOUR CLAIM

Your obligations

6.1 Advise us	If you become aware of any situation that is likely to give rise to a claim, you must contact us as soon as possible.
6.2 Minimise the loss	You must take all reasonable steps to minimise the claim and avoid any further loss or liability arising.
6.3 Provide full information	<p>When you make a claim, you consent to your personal information in connection with the claim being:</p> <ul style="list-style-type: none">(a) disclosed to us,(b) transferred to the Insurance Claims Register Limited. <p>You must:</p> <ul style="list-style-type: none">(a) give us free access to examine and assess the claim,(b) send any relevant correspondence or documents to us,(c) complete a claim form or statutory declaration to confirm the claim if we request it,(d) provide any other information, proof of ownership or assistance that we may require at any time.
6.4 Dishonest or fraudulent	If your claim is dishonest or fraudulent in any way, we may treat either this policy or all insurance you have with us as if it no longer exists from the date of the dishonest or fraudulent act or omission.
6.5 Disposal of property	<p>You may dispose of putrid or rotten stock. You do not require our permission to do this, provided you keep sufficient records of the stock that you dispose of.</p> <p><i>Sufficient records are a written schedule of the items of stock disposed of, and/or photographs or other visual evidence of loss.</i></p>
6.6 Incurring costs	<p>All costs claimed for under this policy must be necessarily and reasonably incurred.</p> <p>You are not authorised to start any repairs without our permission, unless the repairs are necessary to prevent further loss or liability.</p>

Managing your claim

6.7 Subrogation	Once we have accepted any part of your claim under this policy, we may assume your legal right of recovery. If we initiate a recovery we will include your excess, and any other uninsured losses suffered by you . Where we do this, you agree to pay your proportional share of the recovery costs, and subsequently the proceeds of the recovery will be shared on the same proportional basis, except that we will reimburse your excess first.
6.8 Branded stock	If any salvage is branded goods or merchandise, we will not dispose of these items by sale unless you agree. If you do not agree, the value of the salvage will be deducted from any claim payment.

7. GENERAL CONDITIONS

How we administer this policy

7.1 Assignment

You may not assign this policy or any interest under this policy without **our** prior written consent.

7.2 Cancellation

By You

You may cancel this policy at any time by giving **us** or **your** broker notice in writing or by electronic means. If **you** do, **we** will refund any premium that is due to **you** based on the unused portion of the **period of insurance**. **You** must pay any outstanding premium due for the expired portion of the **period of insurance**.

By Us

We may cancel this policy by giving **you** or **your** broker notice in writing or by electronic means at **your** or **your** broker's last known address. **Your** policy will be cancelled from 4pm on the 30th day after the date of the notice. **We** will refund **you** any premium that is due to **you** based on the unused portion of the **period of insurance**.

We will cancel this policy if the premium is not paid when due. Cancellation will be effective from the date this policy was paid up to.

7.3 Change of terms

We may change the terms of this policy (including the excess) by giving **you** or **your** broker notice in writing or by electronic means at **your** or **your** broker's last known address. Unless otherwise specified in the notice the change in terms will take effect from 4pm on the 30th day after the date of the notice.

7.4 Currency

Any amounts shown in this policy and in the **schedule** are in New Zealand dollars, unless otherwise specified in the **schedule**.

7.5 GST

Where GST is recoverable by **us** under the Goods and Services Tax Act 1985:

- (i) all sums insured exclude GST,
 - (ii) all sub limits exclude GST,
 - (iii) all excesses include GST,
 - (iv) GST will be added, where applicable, to claim payments.
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7.6 Premium adjustments

If the premium for this policy has been calculated based on estimated annual figures, then the premium is only a provisional premium for the **period of insurance**.

Within 3 months of the expiry of the **period of insurance**, **you** must tell **us** what the actual figures were. **We** will re-calculate **your** actual premium based on the actual figures.

The difference between the actual and the provisional premiums will either be payable to **us** or refunded to **you** depending on the outcome of the adjustment, but any refund will be limited to a maximum of 50% of the provisional premium.

7.7 Other insurance

You must tell **us** as soon as **you** know of any other insurance that covers **you** for any of the risks covered under this policy.

If **you** or anyone else who can claim under this policy can claim under any other insurance, **we** will only pay over and above the limit payable by the other insurances.

7.8 Interests of other parties	<p>If we are advised of any party having a financial interest over your insured assets, we may pay part or all of any valid claim proceeds to that party to the extent of their interest. This will form part of our obligations to you under this policy.</p> <p>You must consent to us transferring your relevant personal information to that party.</p>
7.9 Separate insurance	<p>If more than one person or entity is named as 'Insured' in the schedule, then all the parties are insured separately (as though a separate policy had been issued to each person/entity). However, the maximum amount we will pay to all parties is the amount stated in each part of this policy.</p>

Laws and Acts that govern this policy

7.10 Governing law and jurisdiction	<p>The law of New Zealand applies to this policy and the New Zealand Courts have exclusive jurisdiction.</p>
7.11 Legislation and Crown entity changes	<p>Any reference to any Act of Parliament or subordinate rules referred to in this policy includes any amendments made or substitutions to that law.</p> <p>Any reference to any Crown entity includes any new name given to that entity, and any replacement entity that is responsible for the same or similar functions.</p>

Your obligations

7.12 Comply with the policy	<p>We will not pay any claim unless you, any other person or entity covered under this policy, or anyone acting on your behalf, complies with this policy.</p> <p>If you, any other person or entity covered by this policy or anyone acting on your behalf breaches any of the terms and conditions of this policy, we may decline both:</p> <ul style="list-style-type: none"> (i) the claim, either in whole or in part, (ii) any claim in connection with the same event that you make on any other policies you have with us.
7.13 True statements and answers	<p>True statements and answers must be given, whether by you or any other person, in all communications with us, including when:</p> <ul style="list-style-type: none"> (a) this insurance is applied for and renewed, (b) we are told about any change in circumstances, (c) you make a claim under this policy, including when communicating with us or providing any further information regarding the claim.
7.14 Reasonable care	<p>You must take reasonable care at all times to avoid circumstances that could result in a claim.</p> <p>Your claim will not be covered if you are reckless or grossly irresponsible.</p>

7.15 Change in circumstances

You must tell **us** as soon as possible if there is a material increase in the risk insured or alteration of the risk insured.

Once **you** have told **us** of the change, **we** may then vary the policy terms and alter the premium, or **we** may cancel this policy.

If **you** fail to notify **us** about a change in the risk insured, **we** may decide to either:

- (a) declare this policy unenforceable,
- (b) decline any subsequent claim either in whole or in part.

These actions will be taken from the date **you** knew, or ought to have known, of the increase or alteration in the risk insured.

Information is ‘material’ where if we had known that information, we would have made different decisions about either:

- (i) accepting your insurance,*
- (ii) setting the terms of your insurance, including the premium.*

If in any doubt, notify us anyway.

8. DEFINITIONS

The definitions apply to the plural and any derivatives of the bolded words. For example, the definition of ‘accidental’ also applies to the words ‘accidentally’, ‘accident’ and ‘accidents’.

accidental

Unexpected and unintended by **you**.

application

The information provided by **you** to **us** when **you** purchased this insurance or requested a quotation for this insurance from **us**. It also includes any subsequent information **you** provide **us** with.

business

Your agricultural or horticultural activities.

deterioration

The adverse change in physical condition or characteristics of the **stock**, so that it is no longer able to be used for its original intended purpose.

event

Any one or more occurrence of covered **loss** during the **period of insurance** arising from one source or original cause or related causes.

machinery breakdown policy

The machinery breakdown policy that **you** have with **us**, covering **accidental** loss to machinery owned or used by **you** at **your rural property**, during the **period of insurance**.

A machinery breakdown policy is a prerequisite to this policy if you own the machinery. If you do not own the machinery, we will apply the principles of the NZI Machinery Breakdown Policy as if it were in force at the time of the event.

modified gas atmosphere

The altered composition of gases within the atmosphere of a storage chamber for purposes of preservation or delaying the ripening process.

period of insurance

The period shown in the **schedule**, that specifies the start and end dates of this insurance contract.

refrigeration machinery	Any part of plant or equipment system (including compressors, fans, pumps, pipes and tanks) that refrigerates or creates or maintains a modified gas atmosphere in, a storage chamber that is insured under your machinery breakdown policy .
retail value	The reasonable sale price of the item immediately prior to the deterioration taking into account market conditions and the item's age and condition.
rural property	The location or locations of your farm or agricultural or horticultural business, as shown in the schedule .
schedule	The latest version of the schedule issued to you for this policy.
stock	Perishable goods, including their containers and packaging, that: <ul style="list-style-type: none"> (a) are shown in the schedule, (b) are at your rural property, (c) either: <ul style="list-style-type: none"> (i) are kept in a refrigerated storage chamber (or a modified gas atmosphere chamber where covered), (ii) would have been moved into a refrigerated storage chamber (or a modified gas atmosphere chamber where covered), if the deterioration covered under this policy had not occurred.
we	NZI, a business division of IAG New Zealand Limited. <i>We may also use the words 'us', 'our' or 'company' to describe NZI.</i>
you	The person(s) or entity named in the schedule as 'Insured'. <i>We may also use the word 'insured' to describe you.</i>

AG GUARD LIMITED AGLPF1.0
NZ COMPANY NUMBER 8835948



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