

Forest Plantation Policy Wording

LLOYD'S

Parties to this Contract

Under this Policy, the Insurance is underwritten by certain Underwriters at Lloyd's. The insurance is provided to the party named as the Insured in the Policy Schedule attached to this Policy. The Policy is issued by Sage Partners Limited as Lloyd's Coverholder, operating as ForestCover New Zealand, in accordance with the authorisation granted by Lloyd's under the Binding Authority Agreement with the Unique Market Reference (UMR) stated in the Policy Schedule.

This Policy comprises this contract, the Policy Schedule and any endorsements or warranties attached hereto and is valid only if the Policy Schedule bears the signature of the Coverholder.

Please read the Policy carefully. If you have any questions in relation to the Policy, please contact your broker or advisor.

In the Policy, 'We', 'Us' and 'Our' refer to the Insurer. 'You' and 'Your' refer to the Insured.

Your duty of disclosure

Before entering into a contract of insurance You have a duty, at law, to disclose to the Insurer all material facts. This duty also applies when You renew, vary, extend or reinstate Your Policy. A material fact is one that may influence a prudent Insurer in deciding whether or not to accept the cover and, if so, on what terms and conditions and for what premium.

Examples of information You may need to disclose include but are not limited to:

- a) anything that increases the risk of an insurance claim; examples, You are aware Your property is prone to flooding, slips or fire, You are aware Your neighbouring property has poor fire management controls;
- b) subject to the Criminal Records (Clean Slate) Act 2004, any criminal conviction or offence;
- c) if another insurer has cancelled or refused to insure you, has imposed special terms or refused any claim;
- d) any insurance claim or loss made or suffered in the past.

These examples are a guide only. If there is any doubt as to whether a particular piece of information needs to be disclosed, this should be referred to the Insurer by using the contact details provided in this Policy document.

Who does the duty apply to

The duty of disclosure applies to You and everyone that is an Insured under the Policy. If You provide information for another Insured, it is as if they provided it to Us.

Non-disclosure

If You fail to comply with Your duty of disclosure, We may be entitled to void this Policy from the beginning and reject any claim made under it if such information is relevant to the claim. If cancelled, We will refund to You the premium paid by You, less any costs incurred by Us.

Your privacy

Pursuant to the Privacy Act 2020 the following information is provided for Your benefit:

- the proposal collects personal information about You;
- We are the intended recipients of the information;
- the information is being collected and held by Us and is collected to evaluate the insurance You seek, manage Your Policy and consider claims under it;
- the collection of this information is required pursuant to the common law duty to disclose all the material facts relevant to the insurance sought and is mandatory;
- the failure to provide this information may result in the application for insurance being declined;
- You have the right of access to, and correction of, this information subject to the provisions of the Privacy Act 2020.

Cost of this insurance

The insurance provided under this Policy is subject to Your payment of the premium as per Clause 10 of this Policy.

Definitions

Some words and phrases used in this Policy have special meanings – please refer to section F (Definitions).

Making a complaint

If you have a complaint about this Policy, including the processing or settlement of a claim, please contact your broker or call Sage Partners Limited (Sage) on 09 950 4902. Sage is the agent of the Insurers and will endeavour to resolve your complaint immediately. If your complaint is not resolved to your satisfaction, Sage will refer your complaint to its internal complaints committee which will acknowledge your complaint within five business days and engage with you to try and resolve the dispute within 15 business days. If this does not resolve the matter, You should write to: Lloyd's General Representative in New Zealand, c/- Hazelton Law, Level 29 Plimmer Towers, 2-6 Gilmer Terrace, Wellington 6011, or phone 04 472 7582.

Sage is a member of the Insurance and Financial Services Ombudsman disputes resolution service, which is impartial and free for you to use. If your complaint is not resolved after eight weeks you are able to access the service at: Insurance & Financial Services Ombudsman, PO Box 10845, Wellington 6140, Phone 04 499 7612 or Freephone 0800 888 202, Visit www.ifso.nz or Email info@ifso.nz.

A The Cover

1 General Nature of Cover

Under this Policy, We insure the trees in the Insured Block[s] specified in the Policy Schedule attached to this Policy. We insure You against the named perils, plus any additional optional perils or covers you have selected, as set out in Your Policy Schedule. That is the only cover We provide to You.

2 Other Insurance

This Policy does not insure:

- a) any loss or damage, or any trees which are more specifically insured elsewhere, nor
- b) any loss or damage, or any trees which but for the existence of this Policy would be insured elsewhere except, where such amounts insured elsewhere are less than the applicable limit or sub-limit insured by this Policy, this Policy insures for the difference between the amounts insured elsewhere and the applicable limit or sub-limit of this Policy, subject always to the applicable deductible stated in the Policy Schedule.

3 Named Perils Covered

We cover You against loss of Insured Trees during the Period of Insurance up to the limits stated in the Policy Schedule that is caused by the following perils:

- Fire, Impact, Lightning, Explosion and Malicious Damage
- Hail
- Landslip
- Earthquake
- Volcanic Eruption – including volcanic ash, landslip and mudflow
- Strike, Riot & Civil Commotion

Your Policy Schedule attached to this wording states the maximum amount of cover We provide for each of these perils listed above during the Period of Insurance.

4 Additional Optional Perils

Your Policy Schedule states whether You are insured for any of the following Additional Optional Perils and the amount of cover We provide under Your Policy. If no insured limit is displayed against the corresponding Additional Optional Peril then no claim will be payable for losses caused by that peril. All limits displayed in the Policy Schedule are the maximum amount payable any one claim and in the aggregate any one year.

4.1 Windstorm

We agree to cover You against the risk that Windstorm directly causes for either of the following during the Period of Insurance:

- loss of insured trees due to snapping of tree stems, uprooting of trees, or leaning of trees away from the vertical axis to such an extent that, in the opinion of our loss adjuster, it is impractical (as determined by generally recognised forestry management principles) to continue growing them; or
- in the case of insured trees leaning away from the vertical axis, where, in the opinion of our loss adjuster, it is deemed practical to continue growing them, remedial work required to straighten the trees.

4.2 Flood

We agree to cover You against loss of insured trees during the Period of Insurance caused by Flood which causes the uprooting of the insured trees so that, in the opinion of our loss adjuster, the tree will likely not survive.

4.3 Snow and Ice

We agree to cover You against loss of insured trees during the Period of Insurance caused by breakage of the stem or severe loss of branches due to the weight of Snow and Ice.

4.4 Pest and Disease Treatment

We agree to cover You against costs of treating insured trees that have been adversely affected by Pest and Disease during the Period of Insurance.

5 Additional Optional Covers

We agree to cover You for actual reasonable and necessary costs incurred (which would not otherwise have been incurred) following a valid insured Loss as a result of an insured event for the following Additional Optional Covers. These are also listed on Your Policy Schedule. If cover has been included, a maximum sum insured limit applicable will be displayed on the Schedule against the corresponding Additional Optional Cover. If no sum insured is displayed, then no cover will apply.

5.1 Re-establishment and Infrastructure Costs

- a) Replanting the Insured Block. Where re-establishment of tree stock is not possible within the insured Planted Area, the subject of the insured Loss, then providing there is no additional cost to Us than We would otherwise have reasonably incurred, We agree that such re-establishment of tree stock may be carried out at another location.
- b) Repairing or replacing fencing, gates, roads, bridges, culverts or firefighting reservoirs (including above ground pipes used for supplying them) on an Insured Block.

5.2 Firefighting Costs

We agree to cover You against the cost of reasonably and necessarily incurred expenses in fighting a fire during the Period of Insurance that is either on an Insured Block, or is near an Insured Block and in Your reasonable belief is seriously threatening to spread to it. This cover is provided to meet additional expenses incurred in fighting a fire and does not include expenses in the form of Your normal business and equipment overheads. Firefighting costs shall be those costs incurred that are extra to Your normal operational costs and include:

- wages of those hired specifically (these costs exclude your normal staff wages even though Your staff may be used in firefighting),
- costs of hiring equipment specifically,
- payments to others for services performed,
- costs of operating your own equipment for the duration of the firefighting operation.

All of which are reasonably expended for the purposes of fighting the fire to Your Insured Trees.

5.3 Claims Preparation Costs

We agree to cover You against the actual reasonable and necessary costs incurred (which would not otherwise have been incurred) for the preparation of valid claims under this Policy.

5.4 Removal of Insured Debris

We agree to cover You against the actual reasonable and necessary costs incurred (which would not otherwise have been incurred) for the clearing and removal of insured debris from the Insured Block.

5.5 New Zealand Emissions Trading Scheme (ETS)

If the Insured Block is registered under the ETS of the Climate Change Response Act 2002 (the Act) then, at Your option, as an alternative to a claim settlement based on the value of the Insured Trees, We will indemnify You for:

- a) The unrecoverable value of New Zealand Units (NZUs) that You have received and insured, up to your last ETS claim to the Ministry of Primary Industries (MPI), which, following an insured event, MPI deem must be surrendered.
- b) Subject to the lost trees being replanted, the loss of future earnings of NZUs as a result of the insured event.

Provided that:

- i. Under a) and b) above, we may request evidence from You that includes: the actual number of NZUs that MPI require to be surrendered, and/or the actual reduction of projected NZU yields from the affected area[s].
- ii. In both a) and b), if the established surrender of NZUs, or reductions in future NZU yields, are less than the Insured values in the Policy Schedule, we may reduce the amount payable per hectare to reflect the actual loss.
- iii. For claim settlement purposes, We shall have the option of replacing the NZUs or making a cash settlement.
- iv. Any fines or penalties incurred under the Act are excluded.
- v. The limits for the Insured Perils as shown in the Policy Schedule are to apply in the alternative and not in addition, as the maximum amount payable any one claim and in the aggregate in any one year. Notwithstanding Clauses 5 and 7 of this Policy, no separate insured limit is required to be displayed in the Policy Schedule for this optional extension.

6 Loss Occurrence

Any covered named peril which continues for a period that exceeds:

- 168 hours for a Fire,
- 72 hours for Volcanic Eruption or Earthquake,
- 24 hours for all other named perils,

will be considered as two or more claims for the purpose of the application of the deductible.

7 Agreed Value of Insured Trees and Sums Insured

You and We have agreed on the value of the trees on the Insured Block[s] specified in Your Policy Schedule. These are the maximum sums payable for any one loss and in the aggregate during the Period of Insurance for the loss of Insured Trees from a Named Peril.

If the purpose of your Insured Block changes during the Period of Insurance from harvest timber to carbon sequestration, or vice versa, We consider this a material fact that may affect our decision to continue with the Agreed Values set out in the Policy Schedule. As such you must notify us immediately in order we can review the insured values and advise amended terms.

If no insured limit is displayed against a Peril or Additional Optional Cover, then no cover is afforded in respect of that peril and nothing is payable by Us.

8 Deductible

You are responsible for the amount of the Deductible stated in Your Policy Schedule. This means We will pay You the total amount You are entitled to under this Policy in respect of loss arising from a Named Peril, or Additional Optional Peril, insured against to the extent that such loss exceeds the amount of the deductible stated in Your Policy Schedule. Any claim settlement therefore shall be reduced by the amount of the deductible.

9 Map to be Provided in the Event of a Loss

If requested to do so, You must provide Us with a map of the insured forest showing the area lost or damaged, sufficient for Us to identify the area and location of each Insured Block referred to in the Policy Schedule.

10 Premium and Government Charges

You must pay Us the premium required for this insurance, plus any government charges. You must pay that total amount in full by the commencement of the Period of Insurance. If You fail to do so, We are entitled to cancel this Policy, however You will still be liable to pay Us the amount payable for the time We have been on risk.

11 Joint and Severable

If the Insured shown in the Schedule comprises of more than one individual or organisation, Your proposal and any other information supplied by one of those named in the Schedule to Us in connection with this Policy (whether before or after it was entered into) is taken to have been completed or supplied separately by each relevant person or organisation. Similarly, a failure by one of those named in the Schedule to disclose any information to Us (whether before or after the Policy was entered into) is taken to be a failure by the relevant separate person or organisation only, provided that any other Named Insured could

not reasonably have been expected to be aware of the material information to be disclosed to Us during the completion of the proposal form. If any of You are guilty of deliberately causing loss or damage, the relevant person or organisation will not be entitled to recover in respect of that loss or damage. This clause does not operate to the extent that Your Policy Schedule shows that one or more individual or organisation is insured only in respect of its separate rights and interests.

12 Divergence of Interests

Where trees have been insured for both timber and carbon value, in the event of a Loss, trees which are assessed as a loss for either timber or carbon will trigger the definition of Loss for both purposes.

13 Special Conditions

- a) At inception of the policy, or renewal, or at any time during the Period of Insurance, you must advise us if harvesting of the Insured Trees is to be carried out. We consider this a material factor when insuring your trees and it will change the terms of the insurance We provide You.
- b) Any changes to the management of the plantations, including but not limited to, water supplies removed, power lines erected, burning off being undertaken or other relevant risk information, must be advised to Us and accepted in writing by Us. Non-disclosure to Us of any change in circumstances may affect the terms or cover We provide including to provide cover under the policy.
- c) Any contractors or professionals engaged by You must carry Public Liability and Statutory Liability insurance for minimum insured values as set out in Your Policy Schedule.
- d) All known visitors to Your Property must acknowledge that the lighting of fires is prohibited and comply with all regulations, laws and other obligations imposed by Government or any Local Authority, including written conditions imposed by Us as part of the insurance coverage.
- e) Any fireplace on Your property, open or enclosed, within a building or not, must meet the New Zealand National Environmental Standards or have a spark arrestor fitted to the external flue.
- f) If power lines cross or border Your Property, You may have an obligation to manage the tree height and proximity of branches and stems in relation to the power lines to ensure there is sufficient clearance to avoid trees falling onto them. You must communicate with the owner of the lines network to ensure that You understand and comply with Your responsibility for maintaining clearances between the trees and the power lines.

B Exclusions

This Policy does not insure trees which at the time of the occurrence of the loss:

- a) are or have been attacked or damaged by white ants or other insect pests, or
- b) are suffering from any fungal, viral or bacterial growth or other organic or constitutional diseases, or
- c) have died for any reason due to the use of any crop protection chemicals, or
- d) should have a commercial value, but which have stunted or retarded growth insufficient to achieve any commercial value, or
- e) have died or the commercial value has been affected by or as a result of direct physical loss or damage caused by drought, or
- f) are already dead or dying (as assessed by the appointed loss adjuster) at the time an insured loss occurs. This exclusion will not apply to felled trees.

14 Excluded Forestry

This Policy does not insure:

- a) Land (including but not limited to land on which the Forestry is located) or water,
- b) Forestry in transit,
- c) The crop produced by the tree,
- d) Loss or damage caused directly or indirectly by subterranean fire or tsunamis.

15 Liability to a Third Party

We do not cover You against any form of liability for loss or damage or financial compensation owed to a third party.

16 Indirect Loss

We do not cover You against any form of indirect loss which results from the peril that caused You to claim, such as a loss arising from Your inability to fulfil a supply contract with a mill, or contractors not being able to carry out work due to any Government order.

17 Loss of Branches

We do not cover You in respect of damage to trees caused by the loss of boughs or branches.

This exclusion shall not apply to Branch Loss directly caused by the Peril of Snow or Ice, provided that the Insured has purchased and maintained cover for the Peril of Snow or Ice under this Policy for the affected Location(s)

18 Actions by the Authorities

We do not cover loss or damage caused by confiscation, requisition, detention, legal or illegal occupation, embargo, quarantine, or any result of any order of public or government authority, which deprives You of the use or value of the Insured Trees, nor for loss or damage arising from acts of contraband or illegal transportation or illegal trade.

19 War and Terrorism

This Policy excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss:

- (1) war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or
- (2) any act of terrorism.

For the purpose of this Exclusion an act of terrorism means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This Exclusion also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to (1) and/or (2) above.

If We allege that by reason of this exclusion, any loss, damage, cost or expense is not covered by this Policy, the burden of proving the contrary shall be upon You.

In the event any portion of this Exclusion is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

20 Biological or Chemical Materials

- a) It is agreed that this insurance excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with the actual or threatened malicious use of pathogenic or poisonous biological or chemical materials regardless of any other cause or event contributing concurrently or in any other sequence thereto.
- b) This Policy does not insure any loss, damage, claim, cost, expense or other sum, directly or indirectly arising out of, attributable to, or occurring concurrently or in any sequence with a Communicable Disease or the fear or threat (whether actual or perceived) of a Communicable Disease.
 - For the purposes of this Exclusion, loss, damage, claim, cost, expense or other sum, includes, but is not limited to, any cost to clean-up, detoxify, remove, monitor or test for a Communicable Disease, or any property insured hereunder that is affected by such Communicable Disease.
 - As used herein, a Communicable Disease means any disease which can be transmitted by means of any substance or agent from any organism to another organism where:
 - i. 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, and
 - ii. 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, and

- iii 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 insured hereunder.
- This Exclusion applies to all coverage extensions, additional coverages, exceptions to any exclusion and other coverage grant(s).

21 Radioactive Contamination – Physical Damage Direct

This Policy does not cover any loss or damage arising directly or indirectly from nuclear reaction, nuclear radiation or radioactive contamination, however such nuclear reaction, nuclear radiation or radioactive contamination may have been caused.

*NEVERTHELESS, if Fire is an insured peril and a Fire arises directly or indirectly from nuclear reaction, nuclear radiation or radioactive contamination, any loss or damage arising directly from that Fire shall (subject to the provisions of this Policy) be covered, EXCLUDING however all loss or damage caused by nuclear reaction, nuclear radiation or radioactive contamination arising directly or indirectly from that Fire.

*NOTE – If Fire is not an insured peril under this Policy the words from “NEVERTHELESS” to the end of the clause do not apply and should be disregarded.

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22 Seepage and Pollution Clause

This Policy does not insure:

- a) any physical loss or damage cost or expense, fine or penalty, or
- b) any increase in insured physical loss or damage cost, or expense which is incurred, sustained or imposed by order or instruction or by agreement with any court, government agency or authority of whatever kind for whatever reason which arises from any kind of seepage or any kind of pollution and/or contamination, or threat thereof, whether or not caused by or resulting from a peril insured or from steps or measures taken in connection with the avoidance, prevention, abatement, mitigation, remediation, clean-up or removal of such seepage or threat thereof.

23 Electronic Data

This Policy does not provide cover for any loss to, or arising from, any loss of electronic data of any kind, or any loss of use, reduction in functionality, or any other associated loss or expense or liability directly or indirectly arising from or in connection with the loss of electronic data.

C Claims Procedure and the Basis of Settlement

24 Notice of Loss of or Damage to Insured Trees

You must give Us notice of any loss of or damage to Insured Trees as soon as practicable and no later than 7 days, whichever is the earlier, of You becoming aware of a potential loss under this Policy. A loss adjuster appointed by Us will survey the affected area when it has become safe to do so.

Notification of Claims to: ForestCover – Phone 09 950 4902 or Email admin@forestcover.co.nz.

You must also:

- a) Give notice thereof to the relevant legal authorities.
- b) Take all reasonable steps to prevent further loss.

25 Confirmation and Supporting Evidence

You must give Us detailed confirmation and proof of a loss of Insured Trees as soon as possible. The confirmation and proof must be signed by You and must include each of the following:

- maps showing the area of the trees lost or damaged,
- details of the cause of the loss or damage, and
- if the cause was fire, Your best explanation of its origin.

26 Access to Insured Blocks

You must give Us and any agent of ours access to any of Your Insured Blocks at any time on reasonable notice. You must cooperate fully with Us and any agent of ours in relation to any enquiries.

27 Access to Records

You must give Us access to Your books and records at any reasonable time to enable Us to examine, audit and take copies of them in relation to anything that is connected with this Policy. We may exercise this right not only during the Period of Insurance, but at any time within three years after that period or liability ends.

28 The Loss Adjuster Will Assess Your Loss

The loss adjuster will inspect the damage and will assess Your loss. The loss adjuster will make recommendations to Us concerning these matters, but We reserve the right to make the final decision on whether a claim is covered by this Policy and, if so, the amount of compensation You are entitled to receive.

29 Basis of Settlement

We will calculate the amount of the loss of Insured Trees in each Insured Block in the following way:

- a) We will multiply the Agreed Value per hectare of the trees in the Insured Block as shown in Your Policy Schedule by the number of hectares of trees that are lost.
- b) We will then subtract any deductible applicable.
- c) We then add up the resulting amounts and issue terms of settlement acknowledgement before any payment is made into the nominated account.

Subject to any limitation under Clause 5.5.

30 Salvage Value

As any settlement is paid without deduction for salvage, the proceeds of all salvage shall be retained by Us. You must provide Us and Our appointed adjusters all reasonable assistance to maximise the salvage from the plantation.

Salvage shall be assessed in the field by the appointed Loss Adjuster and at Our discretion will agree a salvage plan with You. By mutual agreement, You may retain the salvage achieved and We will deduct that salvage value from the amount of loss, as calculated by Us, in order to settle your claim. We have the option to settle costs directly to contractors or other service providers assisting with any claim.

31 Possible Interim Payment for Severe Loss

In the event of a severe loss an interim payment may be made in respect of a loss of up to 50% of Our provisional estimate of the amount of the loss covered by this Policy. If We make an interim payment which exceeds Your final entitlement to compensation, You must pay Us the difference within 10 days after We request You to do so.

32 Clear-felling Partly Lost Area

If part of an Insured Block of trees is lost, and it would not be consistent with recognised forestry management principles to continue to grow the remaining trees in that Block, We may treat an Insured Block that includes those trees as a constructive total loss. Whether We do so is entirely a matter for Our discretion. We may appoint an independent expert to advise Us in relation to the matter. You must co-operate fully with that person.

D Forestry Management Obligations

33 Fire Prevention and Management

You must adopt, comply and follow generally accepted forest fire management codes and practices, local legislation and the provisions of the Fire and Emergency New Zealand Act 2017. Failure to follow such legislation or guidelines may prejudice a claim if the failure contributes to the cause of the loss.

34 Controlled Burns

Unless otherwise agreed by Us in writing, You must inform Us in writing before You perform any controlled burn or similar, and have all necessary permits. The notice must state the date of the proposed burn, the name and position of those persons who authorised it, a plan of the area to be burned, and details of Your controlled burns operating procedures. We may request a notice of authorisation provided by the relevant fire authority to be forwarded to Us in order to receive approval for any controlled burn. Failure to comply with this obligation may, to the extent permitted by law, reduce any cover afforded to You by this Policy.

35 Harvest Debris

When harvesting, standard forestry industry codes of practice must be followed to mitigate fire risks.

You must ensure that:

- The harvest debris is removed from the fire break as soon as practicable.
- Suitable firefighting equipment is readily available on site.
- Slash and debris that are put into piles are monitored to ensure they do not pose a fire threat due to organic heating and resulting combustion.

36 Keeping Records

You must keep detailed records of all loss or damage on an Insured Block caused by a fire or any other named peril insured against which You become aware of. This applies whether or not the loss or damage results or may result in a claim under this insurance. You must also keep records of each of the following:

- any threatening incident that did not result in loss or damage on an Insured Block; and
- any fire suppression or other incident that might have given rise to a claim under this Policy.

37 Fire Risk Management on Insured Blocks

You have provided Us with information in relation to fire risk management on Your Insured Block. The information You have provided to Us has been used to determine if We will insure You and the terms We apply. If there is a change that may decrease the level or effectiveness of fire risk management on an Insured Block, You must immediately notify Us in writing.

38 Minimising the Loss of Insured Trees

Upon the occurrence of a peril that has led or may lead to a loss of Insured Trees, You must do everything that is necessary and reasonable to prevent or minimise that loss. This may include back burning as a means of preventing the spread of a fire threatening Insured Trees. Any Insured Trees lost due to back burning are covered under this Policy.

E General Conditions and Miscellaneous

39 Noted Interests

We are entitled to pay a claim to a person noted as an 'Interested Party' in Your Policy Schedule to the extent of that person's interest in this insurance.

40 Assignment of Interest

You may not assign an interest in this Policy without Our written consent. We have an absolute discretion to grant or withhold consent. Each of the following conditions must be satisfied:

- You are not in breach of the Policy;
- We accept the proposed assignee as an Insured; and
- The proposed assignee agrees in writing to be bound by the conditions of the Policy.

41 Subrogation

We are entitled to exercise any rights You may have against any other person in respect of a loss You suffer that is covered by this Policy. We are entitled, in Your name, to make a claim and to commence and handle proceedings against that other person, including professional consultants. We have full discretion in deciding whether to settle or to continue those proceedings. You may not waive any rights that may prejudice Us.

42 Co-operation

You must co-operate fully with Us in Our handling of any claim or proceedings against a third party. You must do everything We reasonably ask to assist Us in that respect, including providing documents and evidence.

43 Agreement Prejudicing Our Recovery Rights

You must not enter into an agreement or undertaking that excludes Your right to recover from a person in respect of a loss covered by this insurance. If You do so, or if You have already done so, We are entitled to reduce a claim to the extent of any prejudice We suffer in not being able to successfully bring an action in Your name against that person in respect of a loss

covered by this insurance. This does not apply in relation to an agreement or undertaking specifically noted in Your Policy Schedule.

44 Cancellation

You may cancel this Policy at any time by telling Us in writing that You want to cancel it. Forestry insurance premiums are weighted for times during a year where the risk of loss heightened. If You cancel the Policy, We will advise you the refund to be returned after allowing for high risk seasons and less our reasonable administration costs. Where there is more than one contracting Insured We will only cancel the Policy when a written agreement to cancel the Policy is received from all contracting Insureds named as the Insured or from a person authorised to act as agent of all such persons.

We may cancel this Policy in any of the circumstances permitted by law by informing You in writing at the last address, postal or email, We have on record. We are entitled to cancel this Policy on reasonable grounds including, but not limited to: Your failure to pay the full amount of the premium as set out in Clause 10 of this Policy, information We receive during the Period of Insurance, Your failure to comply with Our requests.

45 Waiver

Compliance with this Policy is only waived if it is waived in writing by Us. Neither Our loss adjuster nor any other agent has authority to waive compliance with it.

46 Governing Law

This Policy is governed by New Zealand Law and New Zealand Courts. Any settlement of claims will be made in New Zealand dollars.

47 Taxes

The Limits of this policy exclude Goods and Services Tax (GST). No amount of GST will be claimable in addition to the insured limits in the Policy Schedule.

48 Underinsurance

We expect You will insure the entire planted hectares within the specified plantation(s). If You deliberately understate the planted hectares, we may elect to reduce the amount of any claim by the proportion that the insured planted area represents to the actual total planted area.

49 Correctness of Statements and Fraud

The proposal, application, or declaration form is the basis of this contract. All statements made or information given by You or on Your behalf:

- in any proposal, application, or declaration (whether You have provided these statements or information verbally, or have completed, accessed, or received versions of these documents electronically or in printed form or provided to Us by telephone);
- in support of this policy; or
- in support of any claim;

must be complete and correct in all respects.

If any claim under this policy is supported by any incorrect information or statement or is in any respect fraudulent, then your claim is not payable and this entire policy automatically terminates from the date that the incorrect information was supplied to Us, or the statement or fraudulent claim was made to Us. We may also cancel any other policy You have with Us.

50 [Re]Insurers Liability Clause

(Re)Insurer's liability several not joint

The liability of a (re)Insurer under this contract is several and not joint with other (re)Insurers party to this contract. A (re)Insurer is liable only for the proportion of liability it has underwritten. A (re)Insurer is not jointly liable for the proportion of liability underwritten by any other (re)Insurer. Nor is a (re)Insurer otherwise responsible for any liability of any other (re)Insurer that may underwrite this contract.

The proportion of liability under this contract underwritten by a (re)Insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp. This is subject always to the provision concerning "signing" below.

In the case of a Lloyd's syndicate, each member of the syndicate (rather than the syndicate itself) is a (re)insurer. Each member has underwritten a proportion of the total shown for the syndicate (that total itself being the total of the proportions underwritten by all the members of the syndicate taken together). The liability of each member of the syndicate is several and not joint with other members. A member is liable only for that member's proportion. A member is not jointly liable for any other member's proportion. Nor is any member otherwise responsible for any liability of any other (re)insurer that may underwrite this contract. The business address of each member is Lloyd's, One Lime Street, London EC3M 7HA. The identity of each member of a Lloyd's syndicate and their respective proportion may be obtained by writing to Market Services, Lloyd's, at the above address.

Proportion of liability

Unless there is "signing" (see below), the proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp and is referred to as its "written line".

Where this contract permits, written lines, or certain written lines, may be adjusted ("signed"). In that case a schedule is to be appended to this contract to show the definitive proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together). A definitive proportion (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of a Lloyd's syndicate taken together) is referred to as a "signed line". The signed lines shown in the schedule will prevail over the written lines unless a proven error in calculation has occurred.

Although reference is made at various points in this clause to "this contract" in the singular, where the circumstances so require this should be read as a reference to contracts in the plural.

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51 Preservation of Property Clause

In case of actual or imminent physical loss or damage of the type insured against by this Policy, the expenses incurred by the Insured in taking reasonable and necessary actions for temporary protection and preservation of property insured hereunder shall be added to the total physical loss or damage, if any, otherwise recoverable under the Policy and be subject to the applicable deductible and without increase in the limit provisions contained in the Policy.

F Definitions

52 Agreed Value

Means as set out in clause 7 of this Policy.

53 Carbon Credit

This is the unit issued by the New Zealand Government under the Climate Change Response Act 2002 for the carbon sequestered by Your forest, otherwise referred to as a New Zealand Unit 'NZU'.

54 Government Charges

Means government taxes, charges and levies.

55 Insured

Means the company, individual or organisation named in the Policy Schedule.

56 Insured Block

Means a block of trees of an age class, type and location as detailed in the information provided by You, listed in Your Policy Schedule.

57 Insured Trees

Means the trees on an Insured Block as defined above. It includes felled insured trees that remain temporarily within or adjacent to the Insured Block in which they were grown prior to being moved to a central collection point. Insured trees are various species, as set out in the client schedule for the declared forest plantations.

58 Loss

A loss occurs if, as a result of a Named Peril insured against under this Policy the trees either die, or are no longer suitable for the intended purpose for which they were being grown, or it would be impractical (as determined by generally recognised forestry management principles) to continue growing them. In relation to felled insured trees, a loss occurs if they are damaged as a result of a Named Peril insured under this Policy. A loss of insured trees is calculated in accordance with Clause 29.

59 Named Perils

Fire

Subject to Section A. 6, any fire that continues for a period that exceeds 168 consecutive hours will be considered as two or more claims for the purpose of the application of the deductible. The duration of the fire event is the time between when the fire was first detected in the insured forests and the time when the fire is reported as fully controlled by the administration. Losses due to fire propagated by peat, brown coal, coal or any other combustible subterranean material known as Subterranean Fire are excluded.

Includes a Fire caused from an Earthquake or Volcanic Eruption.

Equally, every fire which originates from an independent cause or independent fire focal point will be considered as a separate occurrence for the application of the deductible, save when the area affected by the fire is contiguous and/or continuous and it is not possible to establish the causes or independent focal points, in which case it will be considered a single event.

Impact

Means damage by a road or rail vehicle or by aircraft or other aerial or spatial device or articles which fall from them, other than chemicals sprayed or dropped from the air.

Malicious Damage

Means the deliberate and intentional harming of property.

Hail

Means a hard pellet of ice striking the tree, giving rise to physical loss or damage to the bark of stems, boles and branches of the tree.

Landslip

The significant displacement of land leading to the destruction or damage of part or all of the Insured Trees.

Earthquake

Means a sudden movement of the Earth's crust caused by the release of stress accumulated along geologic faults or by volcanic activity. Loss or damage caused by a tsunami resulting from an Earthquake is also included, subject to any policy sub-limit payable against Earthquake.

Volcanic Eruption

Means the sudden occurrence of a violent discharge from a volcano of steam and volcanic material which may include lava (magma), rock fragments, gases and ashes.

Windstorm

Means damage leading to the death or the loss of commercial value of the tree as the result of an identifiable high wind event and includes:

- a) trees which have been uprooted by Windstorm exposing the root system, and/or
- b) trees which have had their main stem snapped into two parts by the force of the Windstorm, and/or
- c) Wind throw as a result of storm, tempest, cyclone and/or hurricane which causes total loss of the stem due to a breakage or deviation from axis, uprooting or detachment from roots or crown which causes such damage that the stem or whole tree has no commercial value.

Flood

Means the overflowing or deviation from their normal channels of either natural or artificial water courses, bursting or overflowing of public water mains and any other unexpected flow or surface accumulation of water originating from

outside the forestry insured, but excluding the failure of reservoirs or dams, and Physical Loss or Damage caused by subsidence or landslip even where caused by Flood.

A flood event will continue until ground surface is reasonably clear of water.

Flood shall also mean rising water, surface water, waves, tidal waves or tidal water, or spray from any of the foregoing, all whether driven by wind or not.

With respect to Flood, Loss Occurrence shall mean all losses, wherever occurring, which arise between the time of movement of water into, onto, or over the forestry insured hereunder and the receding of the same, regardless of the period of time so embraced; EXCEPT, no Loss Occurrence shall be deemed to commence earlier than the date and time of the happening of the first recorded individual loss to You in that occurrence during the Period of Insurance, nor to extend to beyond thirty days after the expiry of this Policy.

60 Period of Insurance

Means the time period commencing on the 'Policy Inception Date' and ending on the 'Policy Expiry Date' as shown in Your Policy Schedule.

61 Policy Schedule

Means the document issued to You, by Us, setting out details specific to Your contract of insurance with Us.

62 Salvage

Means the value of the insured forestry that is considered to remain following loss or damage from a Named Peril.

63 Your Property

Means the area of land which contains the Insured Block and any adjacent land that is either owned, leased or is otherwise controlled by You.