



Rotation Timber and Carbon Insurance Policy



INSURANCE
FACILITATORS

LLOYD'S

Issued by Insurance Facilitators Pty Ltd, on behalf of and as underwriting agent for the insurer, certain Underwriters at Lloyd's.

NOTICE TO INTENDING INSURED

The Insurer

certain Underwriters at Lloyd's.

The Underwriting Agent

Insurance Facilitators Pty Ltd is an underwriting agent for The Insurer to issue the **Policy**, to manage claims and to provide expert advice.

Insurer Rating Information

The Insurance Companies (Ratings and Inspection) Act 1994 requires all insurers selling general insurance to obtain a rating from an approved rating agency.

Standard & Poor's has assigned the overall Lloyd's market an insurer financial strength rating of 'A+' (Strong). More information about S&P's rating of Lloyd's is available on the <http://www.lloyds.com/Lloyds/Investor-Relations/Ratings>

The Standard & Poor's rating scale is:

AAA	Extremely Strong	B	Weak
AA	Very Strong	CCC	Very Weak
A	Strong	CC	Extremely Weak
BBB	Good	R	Regulatory Action
BB	Margin		

The rating from 'AA' to 'CCC' may be modified by the addition of a plus or minus sign to show relative standing within the major rating categories.

The Duty of Disclosure

Subject to any rights **You** have under the Criminal Records (Clean Slate) Act 2004, **You** are under a duty to disclose all material information to **Us** whether the information is asked for or not. Material information is information that might influence **Our** decision to insure **You** and if so on what terms and/or premium. All information given must be complete and correct. If **You** have any doubt as to whether a fact is material then it should be disclosed. The duty to disclose all material information occurs prior to the commencement of cover or if the contract is varied, extended or reinstated.

Non-Disclosure

Failure to disclose all material information may result in The Insurer voiding **Your Policy**. This means **Your Policy** would be deemed never to have existed and any claims would not be payable.

All statements made by **You** or on **Your** behalf in either the proposal, application, declaration or otherwise in support of this **Policy** or any claim must be correct in all respects.

Disclosure of Total Planted Area

Unless **You** provide **Us** with a property map with **Your** proposal showing the **Standing Timber Compartments** to be insured and those areas not to be insured under **Your Policy** **You** must insure **Your** entire **Standing Timber** within the **Forest Location** which **You** own or are a forest right-holder or lease holder or a crown conservation contract holder.

Insuring the Interest of Other Parties

We will not accept any financial interests over **Standing Timber** of any party other than **You**, unless **You** have notified **Us** of such interest and:

- Request the interest to be noted on the **Policy**
- Authorise **Us** to use that party's personal information about **You** in connection with that **Policy**.

We must have agreed and noted that interest on **Your Certificate of Insurance**.

That party is not covered nor do they become an Insured under the **Policy**. If the interests of another party have been noted on the **Policy**, then in the event of a claim **We** are obliged to enquire from that interested party whether the claim is subject to that interest. If so, **We** are obliged to first make payment of the claim to the interested party and thereafter make payment to **You** of the balance. A payment by **Us** to an interested party constitutes a discharge of **Our** liability to **You** under the **Policy** to the extent of that payment.

This is Not a Renewable Contract

Cover provided under this **Policy** will cease at expiry of the **Period of Insurance** shown on **Your Certificate of Insurance**. If **You** wish to arrange similar insurance with **Us** for the following season, **You** will need to complete the proposal sent to **You** and **We** will provide terms of cover for **Your** consideration.

Governing Law

It is hereby agreed that :-

1. this insurance shall be governed by the law of New Zealand whose Courts shall have jurisdiction in any dispute arising hereunder; and
2. any summons, notice or process to be served upon the Underwriters for the purpose of instituting any legal proceedings against them in connection with this insurance may be served upon;

Lloyd's General Representative in New Zealand

c/- Hazelton Law

Level 3, 101 Molesworth Street, Wellington

who have authority to accept service on their behalf.

Sanction Limitation and Exclusion Clause

No (re)insurer shall be deemed to provide cover and no (re)insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that (re)insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

Several Liability Notice

The subscribing insurers' obligations under contracts of insurance to which they subscribe are several and not joint and are limited solely to the extent of their individual subscriptions. The subscribing insurers are not responsible for the subscription of any co-subscribing insurer who for any reason does not satisfy all or part of its obligations.

Goods and Services Tax

Provided goods and services tax (GST) is recoverable by **Us** under the Goods and Services Tax Act 1985: the sum or sums insured by this **Policy** are exclusive of GST to the extent that, in the event of a claim, **We** will pay a maximum of the **Sum Insured** plus additional GST to a maximum of the current rate of GST applied to that **Sum Insured**.

Making a Complaint

Any enquiry or complaint relating to this Insurance should be referred to Insurance Facilitators Pty Ltd in the first instance. If this does not resolve the matter or **You** are not satisfied with the way a complaint has been dealt with, **You** should write to:

Lloyd's General Representative in New Zealand
c/o Hazelton Law

Level 3, 101 Molesworth Street
PO Box 5639

Wellington, New Zealand

Tel: +64 4 472 7582, Fax 472 7571

who will refer **Your** dispute to Policyholder & Market Assistance at Lloyd's.

Complaints that cannot be resolved by Policyholder & Market Assistance may be referred to the Insurance & Financial Services Ombudsman (NZ) or to the Financial Ombudsman Service (UK). The Insurance & Financial Services Ombudsman (NZ) can be contacted at:

PO Box 10-845

Wellington 6143, New Zealand

www.ifso.nz

DEFINITIONS

Definitions explain words frequently used in the **Policy**. Defined words are shown in **Bold**.

Age

The **Age** of the tree is the number of years from the year of planting up until the expiry date shown on **Your Certificate of Insurance**. Trees established for less than 12 months will be deemed zero (0) years in **Age**.

If the **Compartment** is of mixed **Age** a stem-number-weighted average **Age** of all forest species belonging to the same forest type as the predominant species will apply. The weighted average **Age** is calculated by applying the following formula for all **Age** groups.

$(\text{Age Group A \% of Total stems} \times \text{Age}) + (\text{Age Group B \% of total stems} \times \text{Age})$

Agreed Value

Standing Timber

The fixed per hectare valuation of each **Compartment** within **Your Standing Timber** as agreed by **Us** and shown on **Your Certificate of Insurance**.

This fixed value is used in the calculation of premium and any claim settlement from **Loss or Damage**.

Agreed Fixed Value for Post 2008 Carbon Stock

In respect of registered carbon a fixed **Policy** inception value per tonne nominated by **You** per New Zealand Emission Unit Register (NZEUR) **New Zealand Unit (NZU)** and no more than NZ\$25 per tonne unless an alternative maximum value is shown on **Your Certificate of Insurance**.

Agreed Value Pre 2008 Carbon Stock

In respect of voluntary units a fixed **Policy** value per tonne received by **You** for sold units or the current voluntary market value at inception of the **Policy**.

Market Replacement Value for Post 2008 Carbon Stock

The area(s) in hectares, of **Loss or Damage** of **Your Standing Timber**.

If Remaining undamaged **Standing Timber** from either the **Area Damaged** or **Compartment** which contain the **Area Damaged** is deemed by **Us** as impractical (as determined by generally recognised forestry management principles) to continue growing for it's intended purpose **We** would consider that **Area Damaged** or **Compartment** a total constructive loss for the purpose of the claim.

Area Damaged (Ha)

The area(s) in hectares, of **Loss or Damage** of **Your Standing Timber**.

If Remaining undamaged **Standing Timber** from either the **Area Damaged** or **Compartment** which contain the **Area Damaged** is deemed by **Us** as impractical

(as determined by generally recognised forestry management principles) to continue growing for its intended purpose **We** would consider that **Area Damaged** or **Compartment** a total constructive loss for the purpose of the claim.

Carbon Stock

You can insure **Your Carbon Stock** for either;

1. Post 2008 Carbon Stock

The entire entitlement amount of **NZU Carbon Units** a participant can receive or hold for the sum of the increase amount of **Carbon Stock** within a registered forest land from 1 January 2008 up until 1st January of the year shown as the inception of the **Period of Insurance** shown on the **Certificate of Insurance** or;

2. Post 1989 and Pre 2008 Carbon Stock

The entire biomass of sequestered carbon for all **VER Carbon Units** sequestered post 1989 and prior to 1st January 2008, expressed as tonnes per hectare (t/ha) within the **Forest Location**.

Carbon Units

1. NZU Carbon Units (NZU)

The primary tradable greenhouse gas unit valid under the New Zealand Government Emissions Trading Scheme. To be entitled to receive **NZU Carbon Units** **You** must be registered as a Participant of post-1989 forest land with the NZEUA; **NZU's** are used to meet any **Emissions** surrender obligations for units traded after January 1st 2008. One **NZU** is equivalent to one tonne of CO₂e.

2. Verified Emission Reduction Units (VER)

Kyoto valid post 1989 and pre 2008 sequestered carbon credits which are voluntary tradable and certified by an independent third party administered Standard. One **VER** is equivalent to one tonne of CO₂e.

Certificate of Insurance

The document and insurance schedule issued by **Us** form part of this **Policy** and describe important details of **Your** cover.

Collective Carbon Stock

The **Carbon Stock** (t/ha) plus, either the Indexed Growth of **Carbon Stock** Additional Event Option (t/ha) or the Future Projected **Carbon Stock** Additional Event Option (t/ha) for each **Compartment**, if selected by **You** and agreed by **Us** and shown on **Your Certificate of Insurance**.

Compartment

A fixed area, **Compartment** or block in hectares of trees defined by species and age group within a **Forest Location** shown on **Your Certificate of Insurance**.

In respect of **Carbon Stock**, a **Compartment** is a

registered post-1989 Carbon Accounting Area (CAA) or a fixed forest area or block within a **Forest Location** shown on **Your Certificate of Insurance**.

If the **Compartment** is of mixed species, such that it is not possible to separate fixed areas or blocks in hectares defined by species, the forest type per hectare will be determined by the predominant forest species as set out in Regulations under any relevant Act including the Climate Change (forestry Sector) Regulations 2008.

Deductible

The first amount of any claim **We** will not pay and which **You** must bear after adjustment for **Salvage**.

Emissions

The release of greenhouse gases into the atmosphere.

Forest Location

The total planted hectares, of all forest land that is within a contiguous area or within a land title boundary for which **You** are the forest landowner, forest right-holder, lease holder or a crown conservation contract holder.

Loss or Damage

The result of a **Single Cause** resulting in physical damage during the **Period of Insurance**, triggering **Standing Timber** either to require righting, or to die.

In respect of **Collective Carbon Stock**, an **Emission** leading to a net decrease in the biomass occurs as a result of a **Single Cause** to **Standing Timber**.

Period of Insurance

Commencing no earlier than the day shown on **Your Certificate of Insurance** or 9.00am on the day following a 96 hour period from when **Your** written acceptance is received by **Us**, extending through until the lesser period of **Your** interest as owner ceasing, or the **Policy** expiry date shown on **Your Certificate of Insurance**. The waiting period does not apply if **We** accept the continuation of the expiring cover **You** have with **Us** or another insurer. Where **We** accept the continuation of the expiring cover **You** have with another insurer **Our** cover commences at 9.00am or another time as stated in that expiring **Policy**.

Policy

Means this document, the proposal, the **Certificate of Insurance** and any endorsement to the **Policy**, all of which are to be read as if they are one document.

Salvage

Any Income, net of any **Salvage** costs associated with the **Area Damaged**, received from the sale or disposal of trees for which a claim has been made.

Salvage will be determined by **Us** and **Our** appointed loss adjuster on the basis there is evidence it will be economically viable.

Salvage costs associated with the **Area Damaged** will not include any normal staff and overhead costs incurred by **You**.

Salvage remains **Your** property after it is deducted from the gross value of a loss.

Single Cause

Loss or Damage from each separate Defined Event and/or Additional Event Option is deemed a **Single Cause**.

A **Single Cause** results when **Loss or Damage** occurs from the same weather event or ignition point(s) or any other insured happening within 72 hours from when the first **Loss or Damage** occurred or later if agreed by **Us**.

Standing Timber

The calculated total number of living and commercially viable timber stems within the **Forest Location** or **Area Damaged**.

Sum Insured

In respect of **Standing Timber** the combined total insured value for the **Forest Location** produced by multiplying the planted area(ha) by the **Agreed Value** (\$/ha) for each **Compartment** for **Standing Timber**.

In respect of **Carbon Stock** the combined total insured value for the **Forest Location** produced by multiplying the planted area(ha) by both the **Agreed Value** (\$/ha) and **Collective Carbon Stock**(t/ha) for each **Compartment** to be insured.

You, Your

The insured entity, person or persons named in the **Certificate of Insurance**.

We, Us, Our

certain Underwriters and Lloyd's

WHAT YOU ARE COVERED FOR

Provided **You** pay the premium, **We** will insure **Your Standing Timber** and/or **Collective Carbon Stock** against **Loss or Damage** at **Your** insured **Forest Location** subject otherwise to the terms, exclusions, conditions and any endorsements of this **Policy**.

The proposal, application, declaration, this **Policy** wording, **Your Certificate of Insurance** and schedules are the **Policy** and are to be read as if they are one document.

DEFINED EVENTS

1. Fire

the actual ignition of insured plant parts from any cause.

2. Lightning

the sudden discharge of electrically charged particles associated with a storm, leaving visible and physical evidence of the discharge.

3. Impact

the impact by land based vehicles, aircraft, spacecraft, and other aerial devices designed to fly including impact from items dropped other than, chemicals from the air.

4. Malicious Damage

the act(s) undertaken within any 72 hour period of the first act happening by a third party to cause **Loss or Damage** to the **Forest Location** with deliberate intent.

ADDITIONAL EVENT OPTIONS (Sub limits may apply)

The following Event Options provides additional **Loss or Damage** cover at **Your** insured **Forest Location** as long as an insured amount for each benefit is shown on **Your Certificate of Insurance**.

Earthquake and induced landslip

a convulsion of the earth's surface as a result of a sudden release of tectonic stress along a fault line which directly causes shaking of the trees, faulting and any downward decent of a mass of earth and rock.

Hail Strike

the contact of pellets or stones of frozen rain falling during showers or storms resulting in:

- (a) The **Loss or Damage** of the lead growing tip of the tree or
- (b) Extensive stripping of the bark of the tree exposing the cambium layer which leads to death within 3 months from the date of a loss.

Volcanic Eruption

the ash, gasses, molten rock and mud, periodically ejected from a ground fissure.

Weather Related Landslip

the descent of a mass of earth and rock due to heavy and prolonged rainfall.

Windstorm

a strong gale or higher force windstorm occurring that leads to:

- (a) The uprooting of the tree exposing the root system;
- (b) The snapping of the stem of the tree in two parts and/or;
- (c) The leaning of a tree away from the vertical axis.

To the extent that it is impractical (as determined by generally recognised forestry management principles and agreed by **Us**) to continue growing them for their intended purpose.

Your request for windstorm, if accepted by **Us**, may be sub limited to a maximum amount of cover during the **Period of Insurance** as shown on **Your Certificate of Insurance**.

Indexed Growth of Carbon Stock

The tonnes per hectare of carbon that will be sequestered from the 1st January of the year the **Policy** is inception up until the date shown on the **Certificate of Insurance** as the expiry of the **Period of Insurance**. Index Growth is supplementary carbon (t/ha) added to the **Carbon Stock** at the **Agreed Value**, that would otherwise be uninsured.

Your Indexed Growth is calculated by **Us** using the most recent Look-up Tables for the New Zealand Emissions Trading Scheme as issued immediately prior to the date of inception or by using **Your** most recent Participant Specific Tables supplied to **Us**.

Future Projected Carbon Stock

The future delivery of **Carbon Stock** not yet sequestered within the **Forest Location** per hectare for a period of up to 5 years from the expiry date of the **Period of Insurance**. This Future Projected **Carbon Stock** (t/ha) is added to the **Carbon Stock** at the **Agreed Value** which would otherwise be uninsured.

Your Future Projected **Carbon Stock** is calculated by **Us** using the most recent Look-up Tables for the New Zealand Emissions Trading Scheme as issued immediately prior to the date of inception or by using **Your** most recent Participant Specific Tables supplied to **Us**. The Future Projected **Carbon Stock** value must be the same as the **Carbon Stock Agreed Value**.

OPTIONAL BENEFITS

The following Optional Benefits apply if a **Single Cause** subsequently triggers them and an insured amount for each benefit is shown on **Your Certificate of Insurance**.

Claims Preparation Costs

The reasonable professional fees and other expenses incurred managing a loss and preparing a claim agreed by **Us** following **Loss or Damage**.

Fire-fighting Expenses

The reasonable consumable expenses over and above **Your** normal operating costs incurred mitigating further loss to **Your Forest Location** that are not reimbursed by FENZ.

The maximum amount of cover is nominated by **You** and agreed by **Us** during any one **Period of Insurance** as shown on **Your Certificate of Insurance**.

We will not cover Fire Fighting expenses if associated by a notice by the state fire authority to make or clear a firebreak under s.62 of the Fire & Emergency New Zealand Act (2017 No 17).

Harvested Timber

Any **Standing Timber** that has been felled and remains within the named **Forest Location** in log or stem form shown on **Your Certificate of Insurance**, for a period not exceeding 60 days from severance of stump.

Removal of Debris & Re-Establishment Costs

We will provide cover for the reasonable costs of debris removal, righting and/or preparing and re-planting of **Standing Timber** within the **Area Damaged**, including costs incurred removing undamaged trees to gain access to **Area Damaged**.

Re-Establishment costs are only payable where **You** intend on replanting the **Area Damaged** within 2 years from the **Single Cause** that produced the **Loss or Damage**, and we have been notified of **Your** intention within 6 months from the date of **Loss or Damage**.

We won't pay any more than it costs to Re-Establish the same species from the **Damaged Area** up to a maximum \$2,500 per hectare unless otherwise agreed by **Us** and shown on **Your Certificate of Insurance**

Infrastructure Costs

The reasonable incurred infrastructure costs to replace Fencing, roads, bridges, signage or fire fighting water reservoirs (including above ground pipes and equipment for supplying and/or drawing from them) within the **Area Damaged** of **Your Forest Location**. It does not include buildings or structures greater than four (4) square metres in floor area.

The most **We** will pay for infrastructure costs is the lesser of **Your** insured aggregate amount for this Additional Event Option or \$50,000 whichever is the lesser.

SECTION 1 – STANDING TIMBER

BASIS OF SETTLEMENT

In the event of **Loss or Damage** of **Your Standing Timber** and subject otherwise to the terms, exclusions, conditions and any endorsements of this **Policy**, the **Area Damaged** shall be determined by **Us**, after consultation if necessary with **You** and **Our** appointed loss adjuster, as soon as practical after the area has been declared safe for entry and working.

The **Area Damaged** multiplied by the **Agreed Value** of the **Standing Timber** within the **Area Damaged** is the maximum amount **We** will pay **You** in the event of **Loss or Damage** during the **Period of Insurance**, subject to the provisions of the **Deductible**, **Salvage**, Optional Benefits and/or any **Policy** sub limits and/or **Policy** aggregates as shown on **Your Certificate of Insurance**.

Method of Settlement:

Area Damaged x Agreed Value	\$
Less Salvage	\$
*Net Loss	\$
*Plus Optional Benefits	\$
*Capped to any Policy sub limit or aggregate if applicable	
Less Deductible	\$
Net Claim	\$

SECTION 2 – COLLECTIVE CARBON STOCK

BASIS OF SETTLEMENT

In the event of **Loss or Damage** of **Your Collective Carbon Stock** and subject otherwise to the terms, exclusions, conditions and any endorsements of this **Policy**, the **Area Damaged** shall be determined by **Us**, after consultation if necessary with **You** and **Our** appointed loss adjuster, as soon as practical after the area has been declared safe for entry and working. **We** may elect to settle **Your** claim in cash or equivalent or replace **Your** lost **Carbon Stock**.

Determining the Carbon Emission Amount

In the event of a claimable loss occurring, the **Emission** will be calculated as follows:

Step 1: Determine **Area Damaged**

Step 2: Determine pre **Emission Collective Carbon Stock**

Step 3: Determine post **Emission Collective Carbon Stock** by audit

Step 4: Determine insured carbon proportion percentage (carbon insured ÷ total **Carbon Stock**)

Step 5: Determine **Carbon Stock Emission** amount (t/ha) (Step 2 less Step 3 multiplied by Step 4).

Calculation of Settlement

1. Fixed Replacement Value Cover

Step 1: Determine total **Emission of Carbon Stock** (t)
Carbon Emission amount (t/ha) x **Area Damaged** (ha)

Step 2: Determine value
Carbon Stock Emission amount multiplied by the lesser of either the **Agreed Value** or current market value for replacement **NZU** units.

Step 3: Less **Salvage**

Step 4: Plus any Additional Benefits

Step 5: Less **Deductible**

Step 6: Net claim

2. Market Replacement Value Cover

Step 1: Determine total **Emission of Carbon Stock** (t)
Carbon Stock emission amount (t/ha) multiplied by the **Area Damaged** (ha)

Step 2: Determine value
 In respect of **Collective Carbon Stock** a value not exceeding the prevailing New Zealand market value per tonne (\$/t) as agreed by **Us** within the last 7 days immediately prior to the **Emission** event or the fixed New Zealand Emission Unit Register (NZEUR) **NZU** value but no greater than 120% of the **Agreed Value**.

Step 3: Less **Salvage**

Step 4: Plus any Additional Benefits

Step 5: Less **Deductible**

Step 6: Net claim.

Determining Indexed Growth of Carbon Stock Emission

In the event of a claim, index growth of **Carbon Stock** (t/ha) will be added to the **Carbon Stock** (t/ha) on a pro-rata basis as follows:

Indexed Growth (t/Ha)	= (A) t/ha
Pro Rata Calculation (%)	
Number of days from 1st January of Policy inception to date of claim	days
÷ Total number of days from 1st January of Policy inception to Policy expiry date	÷ days
	= (B) %
Additional Carbon Stock (t/Ha)	(A) x (B)

Determining Future Carbon Stock Loss

In the event of a claim, the first four years of replanted **Carbon Stock** growth per hectare, will be deducted from the sum of the Projected Future **Carbon Stock** per hectare calculated using lookup tables or participant specific tables as follows:

Future Projected Carbon Stock (using tables)	150 t/ha
Less Replanted Carbon Stock (1st 4yrs)	29 t/ha
Future Carbon Stock Loss	121 t/ha

The Future **Carbon Stock** Loss will be added to the **Collective Carbon Stock** (t/ha).

EXCLUSIONS

We are not liable for **Loss or Damage** of **Your Standing Timber** and/or **Collective Carbon** caused directly or indirectly by or arising from:-

1. loss of branches or boughs only;
2. vermin, birds, insects, larvae;
3. disease, virus(es), bacteria or fungus howsoever caused;
4. dead or damaged trees where the cause cannot be attributed to a Defined Event and/or an Additional Event Option causing **Area Damaged** during the **Period of Insurance**;
5. the application of herbicides or insecticides;
6. snow or any accumulation of ice;
7. damage caused by an insured event that initiates asymmetric and/or short term decrease in biomass growth in live tree stems.
8. seepage and pollution including:
 - (a) any **Loss or Damage**, cost or expense; or
 - (b) any increase in insured **Loss or Damage**, cost, fine, penalty or expense;which is incurred, sustained or imposed by order or instruction or by agreement with any court, government agency or authority or whatever kind or for whatever reason which arises from any kind of seepage or any kind of pollution and/or contamination, or threat of that, whether or not caused by or resulting from a peril insured from steps or measures taken in connection with any Salvage operations or the avoidance, prevention, abatement, mitigation, remediation, clean-up, or removal of such seepage or threat of seepage;
9. flood or inundation;
10. any interruption of business or any consequential loss beyond **Loss or Damage** to the **Standing Timber** at **Your Forest Location**;

11. any recovery action against **You** by anyone for damage or destruction to property and/or any public liability claim associated with fire(s) which were caused by an ignition at **Your Forest Location** during the **Period of Insurance**;
12. wilful, dishonest, fraudulent or criminal act or offence by **You**.
13. war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war is declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power, confiscation, resumption, nationalisation, requisition **Loss of Damage** to **Standing Timber** by or under the order of any government, public or local authority;
14. any act of terrorism regardless of any other cause or event contributing concurrently or in any other sequence to the loss or any action taken in controlling, preventing, suppressing or in any way relating to any act of terrorism;
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 or in connection with any organisation(s) or government(s) which from its nature or context is done for, or in connection with political, religious, ideological, ethnic or similar purposes or reasons including the intention to influence any government and/or to put the public, or any section of the public, in fear.
15. any ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel or the radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof.

MANAGEMENT CONDITIONS

1. If **You** and/or **Your** contractors are performing back burning, harvesting or Silviculture operations **You** must;
 - (a) perform the operation(s) pursuant to the specific directions as prescribed in the latest reprint of the Fire & Emergency New Zealand Act 2017.
 - (b) adhere to any Fire and Emergency New Zealand specified notice of fire restrictions, prohibitions and total fire bans.
2. **You** must take all reasonable steps to ensure that **You** and all employees and contractors comply with the requirements of New Zealand legislation including Acts, Statutes, Regulations.

3. **You** must maintain a record of all **Loss or Damage**, whether or not subject to an insurance claim, caused by any of the Defined Events and/or Additional Cover Options covered by this **Policy** that could cause **Us** to make any payment or contribution in terms of this **Policy**.
4. **You** must take proper precautions to minimise public access and to minimise the fire hazard associated with public access to **Your Forest Location**.
5. All **Salvage** shall be to the benefit of this **Policy** and will be applied to reduce the gross loss resulting from Defined Events and/or Additional Event Options. **You** must;
 - (a) not abandon any **Standing Timber** with potential **Salvage** at a net profit as agreed by **Us** and **Our** appointed loss adjuster.
 - (b) endeavour to ensure, with **Us**, to get the best possible return for such **Salvage**; and/or
 - (c) **You** must prioritise for immediate harvest on all **Area Damaged** identified and agreed as having a positive net value **Salvage**.

GENERAL CONDITIONS

Allocation of Deductible

If **Compartments** within **Your Forest Location** have different investment structures, then a portion of the total **Deductible** will be assigned to each **Compartment** equal to the percentage contribution of loss that **Compartment** has to the total **Area Damaged**.

Breach of Condition

If **You** or any insured under this **Policy** breaches any condition of this **Policy** and/or commits an offence against any New Zealand legislation including Acts, Statutes and Regulations all cover and under this **Policy** will be forfeited. However, nothing in this **Policy** affects **Our** common law rights, including **Our** right to avoid the **Policy** for non-disclosure.

Cancellation

We have the right to cancel the **Policy** by giving seven days notice. **We** will refund **You** the rateable proportion of the unexpired premium after adjustment for any seasonal hazards.

You may cancel this insurance by notifying **Us** in writing. **We** will refund **You** the rateable proportion of the unexpired premium after adjustment for any seasonal hazards and subject to **Our** customary short period scale.

Claims

Following **Loss or Damage** covered by this **Policy**, **You** must:

1. take all reasonable steps to reduce the loss and prevent further loss;
2. report to the Police if **You** suspect arson or malicious damage;
3. contact **Your** broker or Insurance Facilitators Pty Ltd, as soon as **You** become aware of a potential **Area Damaged**. A claim notification form will be provided for **You** to complete and return to **Us**, allowing **Your** claim to begin
4. in order for **Us** to objectively assess the potential **Area Damaged** and related costs, give assistance in all inquiries, and access to claims related material, data, aerial maps, records and **Your** trees, after reasonable notice by **Us** has been given;
5. provide evidence and assist in **Our** decision to determine if a positive net value **Salvage** can be undertaken; and
6. not say or do anything that may prejudice **Our** ability to make recovery from any other person who may be responsible for it.

Correctness and Fraud

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 statement or fraudulent claim was made to **Us**.

Material changes

You have an obligation to, and must, advise **Us** in writing as soon as reasonably possible of any material changes in the management or operation of **Your Standing Timber** and/or **Collective Carbon Stock** during the **Period of Insurance** which materially differ from the declaration required and made in **Your** proposal and/or any **Salvage** agreement with **Us**. **We** may then be entitled to adjust the premium and/or the terms of this **Policy** or stop the **Salvage** operation with immediate effect, or **We** may cancel this **Policy**.

Misdescription

The **Policy** will not be prejudiced by any innocent and inadvertent misdescription of **Your Standing Timber** or **Collective Carbon Stock** in the proposal, application or declaration provided **We** are given notice of this immediately **You** become aware. **You** agree to pay an appropriate additional premium if required.

Other insurance

If at the time of any **Loss or Damage**, for which there is a claim arising under this **Policy** there is any other valid and collectable insurance covering all or part of the

same loss or additional cover, this **Policy** will only apply to the amount of any loss in excess of that recoverable under the other insurance.

Subrogation

We have the right to prosecute a claim in **Your** name to recover damages from another person in respect of amounts paid under this **Policy**. **We** have full discretion in the conduct of such proceedings and in the settlement of such claims.

You must not exclude or limit **Your** rights against any such party. If **You** do, **We** will not pay a claim to the extent **We** can no longer recover from that other party because those rights are affected.

Underinsurance

You must insure **Your** whole **Standing Timber** unless **You** have declared and **We** have **Agreed** not to insure all **Compartments**. **You** will not be covered by **Us** in respect of any area which is not shown on **Your Certificate of Insurance**.

If a planted **Compartment** is greater than **Your** nominated area shown on **Your Certificate of Insurance** by more than 7.5%, **Your** claim in respect of **Area Damaged** will be reduced by the underinsurance percentage of the total area planted.

Example - Underinsurance	
Compartment Area planted	150ha
Compartment Area Insured	100ha
Area Damaged	50ha
Underinsurance %	66.7% $((100/150) \times 100)$
Underinsurance Calculation	50ha x 66.7%
Net Claim Area	33.35ha