

AQUACULTURE INSURANCE POLICY **FOR** **NEW ZEALAND**

POLICY NO:

INSURED:

NOTICE TO INSURED

This policy, which term includes the policy document and its associated Schedule, sets out the terms and conditions upon which Sunderland Marine Mutual Insurance Company Limited ("the Insurers") will provide you with insurance coverage against specific risks and subject to specific limits.

Any insurance contract is one, which places the duty of "the utmost good faith" on both parties to it. The Insurers do not believe that there are any unusual or unduly onerous or restrictive terms and conditions contained in this policy, and have tried to ensure that the language used in it is clear and easily understood.

The Insurers proceed at all times on the basis that you have read and understood the policy. If there is anything in it, which you do not understand then please immediately seek advice from your broker or from the Insurers.

Your attention is particularly drawn to the fact that the policy wording contains provisions, which under certain specified circumstances will permit the Insurers to either:

- (1) Cancel the policy with effect from its commencement date; or
- (2) Be relieved of the obligation to make any indemnity payments in respect of particular claims; or
- (3) Make payments in full settlement of claims which provide less than a full indemnity for the loss you have suffered; or
- (4) Increase the amount of premium you are required to pay to maintain your coverage.

If these conditions or any other aspect of the policy are unacceptable to you, you have the right to terminate the policy by delivering a notice in writing to that effect to the Insurers or their representatives as identified in the Schedule. If you do so within 28 days of its inception date, and provided that no claim has arisen on it within that period, the termination will take effect as from the inception date and your premium will be refunded subject only to an administration charge. If you terminate the policy at a later date the premium refund will be adjusted according to the terms of the policy.

Your obligations to act with the utmost good faith towards the Insurers, include, as in any other contract of insurance, the duty to disclose fully and frankly to the Insurers every fact, matter and circumstance which you know, or could reasonably be expected to know, may be relevant to the Insurers' decision whether or not to accept the risk you are proposing for insurance and, if so, on what terms. You have the same duty to disclose these facts, matters or circumstances to the Insurers before you renew, extend vary or reinstate (all of which require the agreement of the Insurers) the coverage under this policy. This policy also requires you, at all times after the submission of your proposal form, to notify the Insurers or their accredited representatives of any material change of circumstances which you know or could reasonably be expected to know might cause the Insurers to wish to revise their assessment of the risk as it is to be insured. Your duty does not, however, require disclosure of matters which, diminish the risk to be undertaken by the Insurers; are of common knowledge; that the Insurers know or in the ordinary course of their business ought to know, or as to which compliance with your duty is expressly waived by the Insurers.

If you fail to comply with your duty of disclosure the Insurers may be entitled to cancel the policy or to reduce their liability under it. If your non-disclosure or misrepresentation is intended to mislead the Insurers, or is made recklessly, the Insurers will have the right to avoid the policy with effect from its inception date.

The premium, you pay is calculated, amongst other factors, on the basis of the declared value of the assets insured. Undervaluing them, whether intentionally, recklessly or negligently, will lead to a proportionate reduction in the amount of any loss payments made by the Insurers, and if intentional or reckless may lead to the cancellation of the policy.

If you deal with the Insurers through a broker, that broker is your agent, not the agent of the Insurers. Facts and matters within the broker's knowledge cannot be assumed to have been brought to the attention of the Insurers.

PART I COVER

1. Cover

- (1) (a) This Insurance policy covers the Insured against Loss, occurring during the Period of Insurance as specified in the Schedule except as specifically excluded hereafter.
- (2) (a) The cover afforded to the Insured in respect of Insured Stock shall commence on the date specified in the Schedule or such later date on which the Insured Stock or part thereof is released into a Holding Unit at the Location.
- (b) This insurance policy further covers loss of Insured Stock occurring within 30 days after the expiry of the Period of Insurance provided that during the Period of Insurance:-
- (i) the cause of such Loss shall have occurred, and
- (ii) the Insured shall have given written notice thereof to the Insurers.
- (3) The Indemnity against Loss provided to the Insured by the Insurers is subject to the terms of this insurance policy, the Rules and, in relation only to Marine Equipment, the Institute Time Clauses -Hulls -1/11/95 (hereafter referred to as the ITC). In the event of any conflict between the terms of
- (a) this Insurance policy, and
- (b) the Rules, and
- (c) the ITC, or
- (d) any of these
- (a) shall prevail over (b) which shall in turn prevail over (c).
- (4) The cover afforded to the Insured in respect of Marine Equipment shall be as provided in the ITC, the terms of which shall apply as if fully set out in this insurance policy, and which shall be read as if, where the ITC permits, "Marine Equipment" had been substituted for "Vessel".

2. Expenses Incurred to Mitigate Loss

This insurance policy covers the Insured against reasonable expenses incurred by the Insured solely and specifically in order to minimise or avert the risk of imminent Loss of Insured Stock or Marine Equipment or On-Shore Property excluding the cost of routine medication and veterinary costs or maintenance as applicable. Such expenses shall be limited to a maximum of 25 per cent of the applicable Sum Insured and subject to the deduction of any deductible or excess specified in the Schedule. Labour costs shall be limited to additional expenses only, excluding the employment of existing staff during normal working hours.

3. Settlement of Claims

A. Insured Stock

- (1) Subject to the provisions of clauses 3A (2), 3D and 3E below, in the event of Loss of Insured Stock, the Insurers shall pay to the Insured the lesser of (a) the value thereof, calculated in accordance with the Indemnity Scale, as reduced by the Normal Trade Mortality, or (b) the cost of replacing the Insured Stock with equivalent fish.

(2) Disease Limitation Period

In the event of an outbreak of Disease, this insurance policy shall after the date of first notification thereof to the Insurers or their representatives cover loss of Insured Stock by Disease during the "disease period" specified in the Schedule, less any deductible and subject always to the provisions of clause 1(2) (b). In the event of successive claims (that is claims in respect of successive "disease periods") arising as a result of the same outbreak of disease a further deductible shall be applied in respect of each disease period after the first.

B. Marine Equipment

The provisions of the ITC shall apply subject to Clauses 3D and 3E below.

C. On-Shore Property

- (1) In the event of Loss of On-shore Property owing to: fire, lightning or explosion; storm, flood or earthquake; escape of water or other dangerous substance from tank or pipe, theft or vandalism; then, subject to the provisions of clauses 3C (2), 3D and 3E below the Insurers shall either:
- (a) pay to the Insured the value thereof at the time of its loss or destruction or the amount of damage; or
- (b) at the Insurers' option, reinstate or replace the On-shore Property or any part of it.

- (2) In any event the liability of the Insurers under this policy shall not exceed in any one Period of Insurance:
- (a) in the aggregate the total Sum Insured and in respect of any particular item its individual Sum Insured at the time of the loss, destruction or damage; or
 - (b) the balance of the Sum Insured remaining after deduction for any other payment made in respect of Loss occurring during the same Period of Insurance, unless the Insurers shall have agreed to reinstate any such Sum Insured, and the applicable reinstatement premium has been.

D. Deductible

Each and every claim hereunder shall be subject to the deductible specified in the Schedule. In the event of the payment of indemnity for any Loss, the deductible shall be deducted from the amount paid by the Insurers. In the event of replacement of Insured Stock or On-shore Property or part thereof, prior to such replacement the insured shall have paid the deductible to the Insurers.

E. Average

In the event of any Loss if it is found that the Sum Insured is less than the actual value of the subject matter of the claim (calculated in respect of Insured Stock in accordance with the Indemnity scale) immediately prior to the Loss, the amounts recoverable by the Insured under this insurance policy shall be reduced in the same proportion as the sum Insured bears to the actual value.

F. Insurers in Possession

The Insurers and any person authorised by the Insurers may in the course of dealing with any claim, without thereby incurring any liability or diminishing any of the Insurers' rights hereunder, enter take or keep possession of the Marine Equipment or On-shore Property and deal with the same for all reasonable purposes in any reasonable manner. No insured item may be abandoned to the Insurers whether or not taken into possession by the Insurers.

PART II - PREMIUMS

4. Insured Stock

- (1) (i) The insured shall pay a deposit premium as specified in the Schedule.
- (ii) The final premium shall be calculated by the application of the premium rate as specified in the Schedule to the average value of Insured Stock being the average of the values derived from the Monthly Stock Declarations. The difference between the final premium and the deposit premium shall be due at the end of the Period of Insurance.
- (iii) If any of the Monthly Stock Declaration have not been provided, the Insurers reserve the right to use the maximum Sum Insured based on the highest Monthly Stock Declaration made by the Insured either in the proposed form or during the Period of Insurance instead of the average value in order to calculate the final premium.
- (iv) If there is a Loss of Insured Stock and the Insured makes a claim in respect thereof then the value (calculated in accordance with the Indemnity Scale) of that part of the Insured stock in relation to which such claims was made be added to the value of the Insured Stock as shown in all subsequent Monthly Stock Declarations, for the purpose of calculating the average value of the Insured Stock.
- (2) Marine Equipment
- The premium payable shall be the premium specified in the Schedule.
- (3) On-Shore Property
- The premium payable shall be the premium specified in the Schedule.

PART III –EXCLUSIONS, WARRANTIES AND CONDITIONS

5. Exclusions

This insurance policy does not cover:

- (1) Loss of Insured Stock:-
- (i) owing to the Loss only being discovered at the time of Harvesting or grading;
 - (ii) owing to cannibalism or sexual maturing;
 - (iii) by inexplicable disappearance;

- (iv) by reason of intentional slaughter, whether by or under the order of any government or public authority or any person having jurisdiction in the matter, or otherwise;
 - (v) occurring during or after the Harvesting of such Insured Stock or part thereof.
- (2) Loss:-
- (i) directly or indirectly caused by war, invasion, acts of foreign enemies, hostilities, (whether war be declared or not), acts of terrorism (whether directed at the Insured or the insured's property or otherwise), civil war, rebellion, revolution, insurrection, mutiny, riot, strike, lock-out, acts of sabotage (whether carried out for political or other reasons), civil commotion, military usurpation or power, commandeering, requisition or damage or destruction by order of any government de jure or de facto or by any public authority;
 - (ii) by reason of any wilful act of the Insured or any of the Insured's employees;
 - (iii) by reason of sonic bangs and their subsequent effects;
 - (iv) by reason of nuclear contamination howsoever arising.
- (3) Consequential loss, damage or expense of any kind or description and howsoever caused, incurred or arising including, but not limited to, loss of profit and business interruption.
- (4) Any liability whatsoever to third parties (including for the avoidance of any doubt to employees or if the Insured is a partnership to any partners therein) howsoever arising unless otherwise specified in the Schedule.

6. Warranties and Conditions

- (1) The following warranties apply to this insurance policy:-
- (a) the insured shall at all times after submission of a proposal form notify the Insurers of any material change of circumstances which may affect the nature or extent of the risk assumed by the Insurers, including, but not limited to, changes in management and key personnel;
 - (b) the Holding Unit and Marine Equipment shall have been installed and/or constructed and maintained in accordance with proper work practices and shall be suitable for the purpose for which they are intended and, in the event that (following survey) the Insurers' technical advisers consider that this condition has not been complied with, then all reasonable recommendations of such technical advisers must be effected forthwith by the Insured;
 - (c) at no time shall the Stocking Density limit be exceeded;
 - (d) the Insured shall exercise due diligence at all times:
 - (i) to provide proper care and attention to and carry out regular inspections of the Insured Stock, Marine Equipment and On-shore Property;
 - (ii) to protect the Insured Stock against predators, thieves or vandals whether by the sea, by land or by the air;
 - (iii) to comply with all reasonable recommendations of the Insurers to prevent Loss and to comply with statutory requirements and manufacturers' recommendations;
 - (iv) to ensure that the Insured Stock, including seeding stock, remains in like good health and condition and free from any injury, physical disability or disease as at the commencement of the policy, it being expressly warranted that to the best of the Insured's knowledge and belief, having carried out all prudent inspection procedures, that the Insured stock was in good health and condition at the commencement of the policy.
 - (v) to ensure that all protective systems and warning devices existing at the time of the attachment of this insurance policy or which the Insured has agreed to install shall be the subject of maintenance schedules, and no change shall be made in such protective systems and warning devices without the consent of the Insurers - all such protective systems and warning devices shall be tested regularly every week and records of such tests shall be maintained.
 - (e) The Insured shall at all times act lawfully and comply with all statutory and common law requirements of Australia governing or effecting the activity of aquaculture whether in fresh water or in the sea.

In the event that the Insured breaches any of these warranties, the Insurers shall be entitled to treat this insurance policy as having been repudiated by the Insured and to reject claims for any Loss that may subsequently have arisen.

- (2) The following are conditions of this insurance policy:-
- (a) the Insured shall maintain regular written stock control records which will at all times be available to the Insurers or their representatives for inspection;

- (b) the Insurers or their representatives shall be afforded the facility at any reasonable time fully to inspect all Insured Stock and/or Marine Equipment and/or On-shore Property;
- (c) the Insured shall, monthly within 30 days after the end of each month, supply to the Insurers a Monthly Stock Declaration as the end of that month specifying the number, size, average weight and total value in accordance with the Indemnity Scale of Insured Stock categorised by site and by generation
- (d) where by any of the terms of this Insurance policy the Insured is required to notify the Insurers of any event or occurrence, such notification shall be made immediately upon discovery by the quickest available telephonic or telegraphic means and shall be confirmed in writing within 72 hours.

Failure by the Insured to comply with any of these conditions may result in claims being reduced or declined, at the absolute discretion of the Insurers.

PART IV - CLAIMS

7. Notification

- (1) The Insured shall notify the Insurers or their representatives of any Loss or event or occurrence, which may give rise to a Loss and take immediate action to do the utmost to prevent and minimise such Loss or potential loss. In the event that the Insured fails to take such action to minimise such loss or potential loss, then the Insurers will not be liable to pay more than they would have had to pay if such action had been taken.
- (2) Whenever Loss of insured Stock has occurred and is continuing or may continue the Insured shall inform and consult with the technical advisers specified in the Schedule.
- (3) In any event, the Insured must
 - (i) preserve evidence of the Loss, and
 - (ii) make such evidence available for inspection by a representative or loss adjuster appointed by the Insurers, and
 - (iii) supply such information, photographs and documents as the Insurers may require.
- (4) In the event of Loss owing to theft or burglary, the Insured shall inform the police immediately upon discovery.

Failure to comply with the provisions of this clause may result in claims being reduced or declined.

8. Subrogation Clause

If the Insurers become liable to make any payment under this insurance policy in respect of any Loss they shall be subrogated, to the extent of such payment, to all the rights and remedies of the Insured against any party in respect of such Loss and shall be entitled, at their own expense, to sue in the name of the Insured. The Insured must give to the Insurers every assistance and, at the Insurers' request, do and concur in doing and permit to be done all such acts and things as may be necessary to enable the Insurers effectively to enforce such rights and remedies. The Insured must not enter into any settlement agreements with Third Parties without the express written consent of the Insurers.

PART V - TERMINATION OF INSURANCE

9. False Declaration or Fraud

In the event that the proposal form completed by the Insured is incomplete or misleading or untrue in any material respect, or if any claim made by the Insured on this insurance policy is fraudulent or if any false declaration or statement is made in support thereof, this insurance policy and all other insurances between the Insured and Insurers shall be void ab initio and the Insurers shall not be liable to, make any payment hereunder and may recover from the Insured any Loss payments (or their equivalent in value) previously made.

10. Cancellation

- (1) This insurance policy may be cancelled at any time at the request of the Insured in writing to the Insurers and the final premium shall be calculated and adjusted in accordance with the following short period scale calculated from the date of attachment:

"Within the first 28 days, and subject to no claim being made in respect of any Loss incurred during that period, the full amount of the deposit premium will be refunded less an administration charge of 115 per cent)".

up to 4 months -50%) of the deposit premium
up to 5 months -60%)

up to 6 months -70%) of the higher of the deposit or final premiums

up to 7 months -80%)

up to 8 months -90%) of the final premium

Over 8 months -100%)

- (2) This insurance policy may be cancelled by the insurers with effect from 30 days of their giving notice to the Insured at his last address. In the event of cancellation by the Insurers, the final premium for the Period of Insurance shall be calculated pro rata to the Insurers' time on risk and any outstanding balance settled promptly thereafter.
- (3) No premium refund shall be granted if any claim has been paid or if any claim payment is outstanding, nor will any interest on unearned premium refunded be paid in any circumstances.

11. Non-payment of Premium

In the event of non-payment of premium by the Insured the Insurers shall have the right to cancel this insurance ab initio.

12. Material Change of Circumstances

In the event of material change of circumstances following acceptance of the Insured's proposal, which may in the opinion of the Insurers affect the nature, or extent of the risk(s) incurred by the Insurers, the Insurers reserve the right to cancel this insurance policy from the date of such material change. Alternatively at their option the Insurers may amend the coverage terms and conditions of this Policy, including the applicable Premium(s), in such manner, as they shall reasonably determine.

PART VI -GENERAL TERMS

13. Other Insurance

If, at any time any claim arises under this insurance policy, there is another insurance policy covering the same Loss, the Insurers shall not be liable to pay or contribute more than their rateable proportion of any claim for such loss, it being deemed, unless otherwise expressly stated, that both policies cover from the ground up and are of identical application and specificity.

PART VII -DEFINITIONS

In this insurance policy, the Rules and the ITC, the words set out below shall bear the meaning ascribed to them.

(1) Assured

The Insured.

(2) Company

The Insurers.

(3) Disease

The presence of an identifiable pathogen, which shall be shown to be the proximate cause of the Loss of the Insured Stock. For the purposes of this insurance policy disease shall be deemed to include plankton bloom, algal bloom and parasitic infestation.

(4) Harvesting

The removal alive of the Insured Stock or part thereof from a Holding Unit for slaughter or for transport from the location.

(5) Holding Unit

A single enclosure on an aquaculture farm in which the Insured Stock or any part of it is reared, being a net, cage, tank, pond or raceway including ancillary equipment.

(6) Indemnity Scale

The Scale of values of the Insured Stock as specified in the Schedule.

(7) Insured

The person, partnership or company specified in the Schedule.

(8) Insured Stock

The stock specified in the Schedule.

- (9) Insurers
The Sunderland Marine Mutual Insurance Company limited.
- (10) ITC
Institute Time Clauses -Hulls -1/11/95.
- (11) Location
The geographical location of the Holding Units as specified in the Schedule.
- (12) Loss of Insured Stock
The death or escape or proved theft of the Insured Stock or any part thereof, but not including weight loss except as may be permitted by a Notifiable Disease extension to the policy.
- (13) Loss of Marine Equipment
The loss or destruction of or damage to Marine Equipment from one of the causes set out in clauses 6(1) and 6(3) of the ITC.
- (14) Loss of On-Shore Property
The loss or destruction of or damage to On-shore Property.
- (15) Loss
As the context permits, Loss of Insured Stock and/or Loss of Marine Equipment and/or Loss of On-shore Property.
- (16) Marine Equipment
The marine equipment specified in the Schedule.
- (17) Member
The Insured.
- (18) Monthly Stock Declarations
Those declarations required to be made by the Insured on a monthly basis as to the value of Insured Stock in accordance with clause 6(2) (c) above.
- (19) Normal Trade Mortality
The average mortality rate for the Insured Stock as specified in the Schedule.
- (20) On-Shore Property
The shore-based property specified in the Schedule.
- (21) Rules
The Rules of the Insurers.
- (22) Schedule
The Schedule attached to and forming part of this insurance policy
- (23) Sum Insured
- (a) In respect of Insured Stock:
the value which the Insured Stock shall have in accordance with the Indemnity Scale at any given time during the Period of Insurance.
- (b) In respect of Marine Equipment and On-shore Property:
The value of each Insured item as declared by the Insured in the proposal form.

(24) Stocking Density

The ratio between the total weight of all Insured Stock in any Holding Unit and its volume, expressed in kilogrammes live weight of Insured Stock per cubic metre effective volume specified in the Schedule.

(25) Underwriters

The Insurers.

For and on behalf of
SUNDERLAND MARINE MUTUAL INSURANCE COMPANY LIMITED

Date:

Policy.Sam JAM
SPECIMEN