



## *Employee Theft Plus*

# Employee Theft Plus / INSURANCE POLICY

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**Welcome to NZI. Thank you for selecting us as your insurer. This is your Employee Theft Plus Policy document.**

It will tell you what you are insured for and what you are not insured for, as well as any obligations that you or we must abide by to ensure an enforceable policy. This policy document is a legal contract so please read it thoroughly and keep it in a safe place. If you need help with understanding your policy document, please contact your insurance broker.

### AGREEMENT

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

### POLICY CONTRACT

#### POLICY CONTRACT

This policy consists of the following parts:

1. **your** application for insurance, and any oral or written supporting statements or documents supplied by **you**, and
2. this policy wording (including any endorsements or warranties), and
3. the **schedule**.

### INTERPRETING THIS POLICY

#### INTERPRETING THIS POLICY

Certain words in this policy have a specific meaning. These words appear in **bold** and **you** will find the meaning listed in the 'Definitions' section at the end of this policy. The definitions apply to the plural and any derivatives of the bolded words.

**You** will also find examples and comments to make parts of this policy easier to understand. These examples and comments, which appear in *italics*, do not affect or limit the meaning of the section they refer to.

The headings in this policy are for reference only and do not form part of it. They are not to be used when interpreting the policy.

### WHAT YOU ARE INSURED FOR

#### A. EMPLOYEE THEFT

**You** are insured for the **theft** of **your property** arising from a dishonest act or omission by an **employee**, provided that:

1. the **theft** can be attributed to a specific identifiable **employee**, and
2. the **theft** is first discovered by **you** during the **period of insurance**, and
3. the **theft** has occurred after the **retroactive date** but no more than 3 years before the inception of the current **period of insurance**, and
4. the **theft** was in connection with the **employee's** employment with **you**, and
5. all cheques drawn or payment or withdrawals effected by **your employees** are authorised by two authorised persons, and
6. **you** have advised **us** of the **theft** as soon as possible, but no later than 30 days after the **period of insurance** ends.

### AUTOMATIC EXTENSION

#### A. CLAIMS PREPARATION COSTS

**You** are insured for:

1. fees reasonably incurred to pay **your** accountant or another professional consultant, and
  2. reasonable costs incurred by **your** own staff,
- for quantification (but not negotiation) of a **theft** covered by this policy.

The most **we** will pay, in total, under this extension during the **annual period** is \$25,000.

The sum insured for this Extension is included in the sum insured for employee theft shown in **your schedule**. It is not additional to that figure.

'Exclusion B. Claims Costs 1.' does not apply to this extension.

## OPTIONAL EXTENSION

This Optional Extension only applies when specified in the **schedule**.

### A. INVESTIGATION SPECIALISTS

**You** are insured for the reasonable and necessary fees and expenses incurred in the appointment of an **investigation specialist** by **you** to investigate, prove and report a **theft** covered by this policy and that has been accepted by **us**. All fees and expenses will be limited to:

1. the costs of investigating the facts surrounding the **theft**, and
2. determining the quantum of the **theft**, and
3. advising when and how the **theft** occurred, and
4. summarising recommendations to prevent future similar **thefts**, and
5. providing a report to **you** and **us**.

**You** must obtain **our** prior consent before appointing an **investigation specialist**.

The most **we** will pay, in total, under this extension during the **annual period** is the sum insured for **investigation specialists** shown in the **schedule**.

'Exclusion B. Claims Costs 2.' does not apply to this extension.

## EXCLUSIONS

### A. CEASING OF EMPLOYEE'S EMPLOYMENT

This policy does not insure a **theft** that is first discovered by **you** more than 12 months after the **employee** who committed it has ceased employment with **you**.

### B. CLAIMS COSTS

This policy does not insure the costs, fees, or other expenses:

1. incurred in establishing the existence or amount of the **theft** covered under this policy, or in prosecuting or defending any legal proceeding, or
2. of appointing an **investigation specialist**.

### C. DUAL CUSTODY AND CONTROL

This policy does not insure **theft** arising from:

1. the operation of **your** bank accounts, by way of cheque, reconciliation, funds transfer or other means, or
2. investments in, or custody of securities and other valuables, or
3. any refunds of **money** or any return of goods, which do not require authorisation by at least two authorised officers or **employees**.

### D. FAILURE OF CHECKS AND PRECAUTIONS

This policy does not insure **theft** arising from **your** failure to take adequate financial precautions, including failure to:

1. follow reasonable audit procedures, or
2. follow the advice of external auditors, or
3. maintain control of password access to any of **your** locations or computer terminals, or
4. ensure computer passwords are changed at least every 50 days, or
5. conduct regular physical checks of stock, raw materials and finished goods against inventory records.

### E. SUBSEQUENT ACTS OF THEFT

This policy does not insure subsequent acts of **theft** by a particular **employee** once an act of **theft** by that same **employee** is first discovered by **you**.

### F. TERRITORIAL LIMITS

This policy does not insure **theft** occurring outside of New Zealand.

### G. UNPROVEN LOSS

This policy does not insure **theft** solely evidenced by:

1. unexplained disappearances, or
2. shortages revealed only by the taking of any inventory, or
3. shortages resulting from clerical or accounting errors.

### H. CONSEQUENTIAL LOSS

This policy does not insure any kind of consequential loss, including the following:

1. penalties, or
2. loss of use of any property, or
3. delays, or
4. loss of market.

# Employee Theft Plus / INSURANCE POLICY

- I. ELECTRONIC DATA** This policy excludes loss of or damage to **electronic data** from any cause whatsoever including, but not limited to, a **computer virus**. This includes loss of use, reduction in functionality or any other associated loss or expense in connection with **electronic data**. However, this exclusion does not apply to physical damage to other **property** that results from that loss of or damage to **electronic data**, and which is not otherwise excluded.
- J. NATURAL DISASTER** This policy does not insure loss, liability, prosecution or expense of any type in connection with earthquake, subterranean fire, volcanic eruption, tsunami, geothermal activity, or hydrothermal activity.
- K. NUCLEAR** This policy does not insure loss, liability, prosecution or expense of any type in connection with:
1. ionising radiation or contamination by radioactivity from:
    - (a) any nuclear fuel, or
    - (b) any nuclear waste from the combustion or fission of nuclear fuel,
  2. nuclear weapons material.
- L. TERRORISM** This policy does not insure loss, liability, prosecution or expense of any type in connection with an **act of terrorism**, including in connection with controlling, preventing, suppressing, retaliating against, or responding to an **act of terrorism**.
- M. WAR** This policy does not insure loss, liability, prosecution or expense of any type in connection with any of the following, including controlling, preventing or suppressing any of the following: war, invasion, act of foreign enemy, hostilities or warlike operations (whether war is declared or not), civil war, mutiny, rebellion, revolution, civil commotion assuming the proportions of or amounting to an uprising, insurrection, military or usurped power.

## BASIS OF SETTLEMENT

- A. MAXIMUM AMOUNT PAYABLE** The most **we** will pay in total during the **annual period** is the sum insured.
- B. EXCESS** The **excess** shown in the **schedule** applies to each separate dishonest act or omission, or a series of related dishonest acts or omissions using the same methodology, by the **employee**.
- C. CURRENCY** All sums insured are in New Zealand dollars.

## MANAGING YOUR CLAIM

- A. YOUR OBLIGATIONS**
1. **Advise us**  
If **you** become aware of any situation that is likely to give rise to a claim, **you** must contact **us** immediately.
  2. **Minimise the Loss**  
**You** must take all reasonable steps to minimise the claim and avoid any further **theft** arising.
  3. **Provide Full Information**  
When **you** make a claim **you** consent to **your** personal information in connection with the claim being:
    - 3.1 disclosed to **us**, and
    - 3.2 transferred to the Insurance Claims Register Limited.**You** must:
    - (a) give **us** free access to examine and assess the claim, and
    - (b) send any relevant correspondence or documents to **us**, and
    - (c) complete a claim form or statutory declaration to confirm the claim if **we** request it, and
    - (d) provide any other information or assistance that **we** may require at any time.
  4. **Notify the Police**  
**You** must immediately lay a complaint with the Police if **you** suspect criminal activity has occurred.

### 5. Be Truthful

If **your** claim is dishonest or fraudulent in any way, **we** may:

- 5.1 decline **your** claim either in whole or in part, or
- 5.2 declare this policy or all policies **you** have with **us** to be unenforceable from the date of the dishonest or fraudulent act.

This is at **our** sole discretion.

### 6. Do Not Admit Liability

**You** must not:

- 6.1. admit **you** are liable, or
- 6.2 do or say anything that may prejudice **our** ability to defend the claim against **you** or take recovery action in **your** name.

### 7. Confidentiality

**You** must not disclose the existence of this policy to any person unless **you** are required to do so by law.

### 8. Do Not Dispose of Property

**You** must not dispose of any **property** involved in **your** claim until **we** have given **you** permission to do this.

### 9. Incurring Costs

All costs claimed for under this policy must be necessarily and reasonably incurred.

## B. MANAGING YOUR CLAIM

### 1. Subrogation

Once **we** have accepted any part of **your** claim under this policy, **we** may assume **your** legal right of recovery.

If **we** initiate a recovery **we** will include **your** excess, and any other uninsured losses suffered by **you**. Where **we** do this, **you** agree to pay **your** proportional share of the recovery costs, and subsequently the proceeds of the recovery will be shared on the same proportional basis, except that **we** will reimburse **your** deferment period first.

### 2. Recoveries

If any **property** that **we** have paid a claim for is later found or recovered, **you** must tell **us** immediately and hand it over to **us** if **we** request it.

**We** have the right to keep any property that **we** have paid a claim for under this policy, including if it is sold.

### 3. Reparation

If any person is ordered to make reparation to **you** for a **theft we** have fully compensated **you** for, then **you** must tell **us**. Any payments received, must first reimburse **our** claims payment(s) up to the amount of any reparation or compensation received.

### 4. Money Due to Employee

After the **theft** is first discovered by **you**, any:

- 4.1 **money** due by **you** to the **employee** who has committed the **theft**, or
- 4.2 property that comes into **your** possession or control of the **employee** who has committed the **theft**,

must be applied by **you** first to reduce **your** loss before claiming on this policy, provided **you** are legally free to do so.

### 5. Branded Stock

If any **property** recovered is branded goods or merchandise, **we** will not dispose of these items by sale unless **you** agree. If **you** do not agree, the value of the property will be deducted from any claim payment.

## GENERAL CONDITIONS

### A. HOW WE ADMINISTER THIS POLICY

#### 1. Cancellation and Modification

By You

**You** may ask **us** to cancel or modify this policy at any time. **We** must agree in writing to any modification before it will take effect.

By Us

**We** may cancel or modify this policy by advising **you** (or **your** Broker or Agent) by letter, fax or email. Cancellation or modification will take effect at 4.00pm, on the 30th day after the date of **our** advice.

**We** will refund the proportion of unused premium paid, calculated from the date of cancellation.

If **you** pay **your** premium by instalments, **you** must pay **us** any unpaid instalments that are due.

#### 2. Other Insurance

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

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

#### 3. Interests of Other Parties

If **we** are advised of any party having a financial interest over **your property**, **we** may pay part or all of any valid claim proceeds to that party to the extent of their interest. This will form part of **our** obligations to **you** under this policy.

**You** consent to **us** transferring **your** relevant personal information to that party.

#### 4. Separate Insurance

If more than one person or entity is named as 'Insured' in the **schedule**, then all the parties are insured separately (as though a separate policy had been issued to each person/entity).

However, the maximum amount **we** will pay to all parties is the amount stated in each part of this policy.

#### 5. GST

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

5.1 all sums insured exclude GST, and

5.2 all sub limits exclude GST, and

5.3 all excesses include GST, and

5.4 GST will be added, where applicable, to claim payments.

#### 6. Monthly/Quarterly Premiums

If **you** choose to pay the premium other than annually, then:

6.1 **you** must use the Deduction Authority **we** require, and

6.2 this policy is for the initial **period of insurance** starting on the 'From' date and ending on the 'To' date stated in the **schedule**.

The policy will be renewed for further fortnightly, monthly or quarterly **periods of insurance** (as indicated in the **schedule**) by payment of each premium due under the Deduction Authority.



## B. LAWS AND ACTS THAT GOVERN THIS POLICY

### 1. Acts of Parliament

Where this policy refers to any Act of Parliament, it also includes any subordinate legislation made under it, and any subsequent Acts or regulations.

### 2. Governing Law and Jurisdiction

The law of New Zealand applies to this policy and the New Zealand Courts have exclusive jurisdiction.

### 3. Insurance Law Reform Acts

The exclusions and conditions in this policy are subject to **your** rights under the Insurance Law Reform Acts 1977 and 1985.

## C. YOUR OBLIGATIONS

### 1. Comply with the policy

**You** (and any other person or entity **we** cover) must comply with the conditions of this policy at all times. If **you** fail to comply, **we** may not pay **your** claim.

### 2. Provide Accurate Information

**You** must make sure all statements and representations that are made to **us**, at any time, either by **you** or anyone else, are truthful and complete.

### 3. Reasonable Care

**You** must take reasonable care at all times to avoid circumstances that could result in a claim.

**Your** claim will not be covered if **you** are reckless or grossly irresponsible.

### 4. Change in Circumstances

**You** must tell **us** immediately if there is a material:

4.1 increase in the risk insured, or

4.2 alteration of the risk insured.

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

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

(a) declare this policy unenforceable, or

(b) decline any subsequent claim either in whole or in part.

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

*Information is 'material' where we would have made different decisions about either:*

(i) accepting your insurance, or

(ii) setting the terms of your insurance,

*if we had known that information. If in any doubt, notify us anyway.*



# Employee Theft Plus / INSURANCE POLICY

## DEFINITIONS

The definitions apply to the plural and any derivatives of the bolded words.

<b>act of terrorism</b>	<p>Includes any act or preparation in respect of action, or threat of action designed to influence or coerce the government de jure or de facto of any nation or any political division thereof, or in pursuit of political, religious, ideological, or similar purposes to intimidate the public or a section of the public of any nation by any person or group(s) of persons whether acting alone or on behalf of or in connection with any organisation(s) or government(s) de jure or de facto, and that:</p> <ol style="list-style-type: none"><li>1. involves violence against one or more persons, or</li><li>2. involves damage to property, or</li><li>3. endangers life other than that of the person committing the action, or</li><li>4. creates a risk to health or safety of the public or a section of the public, or</li><li>5. is designed to interfere with or disrupt an electronic system.</li></ol>
<b>annual period</b>	<p>The <b>period of insurance</b>. However, if:</p> <ol style="list-style-type: none"><li>1. <b>you</b> pay the premium fortnightly, monthly or quarterly, or</li><li>2. the <b>period of insurance</b> is for more than 12 months,</li></ol> <p>the annual period is any one 12-month period calculated from the date this policy first started, and consecutively thereafter.</p>
<b>computer virus</b>	<p>A set of corrupting, harmful or otherwise unauthorised instructions or code including a set of maliciously introduced unauthorised instructions or code, programmatic or otherwise, which propagate themselves through a computer system or network of whatsoever nature. This includes but is not limited to 'Trojan Horses', 'Worms' and 'Time or Logic Bombs'.</p>
<b>electronic data</b>	<p>Facts, concepts and information converted to a form usable for communications interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment. It includes programs, software and other coded instructions for the processing and manipulation of data or the direction and manipulation of such equipment.</p>
<b>employee</b>	<p>A person who is deemed to be employed by <b>you</b> pursuant to the Employment Relations Act 2000.</p>
<b>investigation specialist</b>	<p>An independent fraud investigator, private investigator, security firm or specialist approved by <b>us</b>.</p>
<b>money</b>	<p>Any of the following, where they are associated solely with <b>your</b> operations:</p> <ol style="list-style-type: none"><li>1. current coin, bank and currency notes,</li><li>2. cheques and travellers' cheques,</li><li>3. bank drafts and money order,</li><li>4. phone cards,</li><li>5. unused postage and revenue stamps,</li><li>6. credit card vouchers, redeemable vouchers and tokens,</li><li>7. franking machine credits,</li><li>8. other negotiable instruments.</li></ol>
<b>period of insurance</b>	<p>The period <b>you</b> are insured for. This is shown in the <b>schedule</b>.</p>
<b>property</b>	<p>Any property (including <b>money</b>), owned by <b>you</b>, or for which <b>you</b> are legally responsible.</p>
<b>retroactive date</b>	<p>The retroactive date specified in the <b>schedule</b>.</p>
<b>schedule</b>	<p>The latest version of the Schedule <b>we</b> issued to <b>you</b> for this policy.</p>
<b>theft</b>	<p>As defined in Section 219 of the Crimes Act 1961, including taking by electronic means.</p>
<b>we</b>	<p>NZI, a business division of IAG New Zealand Limited. <i>We may also use the words 'us', 'our' or 'company' to describe NZI.</i></p>
<b>you</b>	<p>The person(s) or entity named in the <b>schedule</b> as 'Insured'. Where the entity is a company it includes all its subsidiary companies as defined in section 5 of the Companies Act 1993. <i>We may also use the word 'insured' to describe you.</i></p>



*NZI is a business division of IAG New Zealand Limited, a wholly owned subsidiary of Insurance Australia Group, Australasia's largest general insurer. Established in 1859, it is today one of the country's largest and longest-serving fire and general insurance brands, protecting tens of thousands of New Zealanders every year.*

*Through our broad range of commercial, personal, marine, professional risks and rural insurance products, we pride ourselves on helping people to achieve the best protection for their assets.*

*We partner with a network of skilled and experienced brokers and other insurance intermediaries who distribute our products. We pay remuneration to our brokers and intermediaries when they issue our policies, and when these policies are renewed or varied.*

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