

PRO SELECT

PROFESSIONAL RISKS / PRO SELECT INSURANCE POLICY

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PROFESSIONAL RISKS

PRO SELECT INSURANCE POLICY



Welcome to NZI. Thank you for selecting us as your insurer. This is your NZI Pro Select 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 forms part of your legal contract of insurance with us, so please read it thoroughly and keep it in a safe place. If you need help with understanding your cover or interpreting this policy document, please contact your insurance broker.

INTRODUCTION

ABOUT THIS POLICY

This NZI Pro Select Policy has the following covers available under the following Sections:

- ▶ Section 1 – Professional Indemnity
- ▶ Section 2 – Directors and Officers Liability
- ▶ Section 3 – Broadform Liability
- ▶ Section 4 – Statutory Liability
- ▶ Section 5 – Employers Liability
- ▶ Section 6 – Employment Practices Liability
- ▶ Section 7 – Fidelity
- ▶ Section 8 – Internet Liability
- ▶ Section 9 – Workplace Legal Defence Costs
- ▶ Section 10 – Liability Consequential Loss

You only have the cover provided under the Sections specified as 'Insured' in the **schedule**.

POLICY CONTRACT

Your NZI Pro Select Policy consists of the following parts:

1. the Sections of this policy document specified as 'Insured' in the **schedule** and the balance of this policy document applying to those Sections, and
2. the **schedule**, and
3. any endorsements or warranties that **we** apply, and
4. **your** insurance proposal form, and any oral or written supporting statements or documents supplied by **you** when **you** arranged this Policy.

YOUR DUTY OF DISCLOSURE

When **you** apply for insurance, **you** have a legal duty of disclosure. This means **you** or anyone on **your** behalf must tell **us** everything **you** know (or could be reasonably expected to know) that a prudent insurer would want to take into account in deciding:

1. to accept or decline **your** insurance, and/or
2. the cost or terms of the insurance, including the **excess**.

You also have this duty every time **your** insurance renews and when **you** make any changes to it. If **you** or anyone on **your** behalf breaches this duty, **we** may treat this policy as being of no effect and to have never existed. Please ask **us** if **you** are not sure whether **you** need to tell **us** about something.

DEFINED WORDS

If a word is shown in **bold**, it has a specific meaning. **You** will find the meaning listed in either:

1. the 'General Definitions' where the word has the same meaning throughout the whole policy, or
 2. in the 'Definitions' under each Section where the word has a meaning specific to that Section.
- The definitions apply to the plural and any derivatives of the bolded words.

EXAMPLES

We have used examples and comments to make parts of this policy document easier to understand. These examples and comments, which appear in *italics*, do not affect or limit the meaning of the section they refer to.

HEADINGS

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

OUR AGREEMENT

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

SECTION 1 – PROFESSIONAL INDEMNITY

Your **schedule** shows whether **you** have selected cover under Section 1 – Professional Indemnity.

SECTION 1 – WHAT YOU ARE INSURED FOR

A. CIVIL LIABILITY

You are insured for **your civil liability** arising from an **error** that occurs anywhere in the world after the **retroactive date** in the conduct of **professional services**, provided:

- (a) **you** first knew, or ought to have known, of the **claim** in relation to that **error** during the **period of insurance**, and
- (b) **you** have advised **us** of that **claim** as soon as possible, but no later than 30 days after the **period of insurance** ends.

B. DEFENCE COSTS

You are insured for all **defence costs** necessarily and reasonably incurred with **our** prior written consent to defend or settle a **claim** alleging **civil liability** covered by this policy.

Costs and expenses incurred solely for a Judicial Review or seeking an Injunction are not covered by this policy (*as these are not civil liability claims*).

SECTION 1 – AUTOMATIC EXTENSIONS

The following Automatic Extensions apply to this Section subject to the provisions outlined in Section 1 – ‘What You Are Insured For’ and the terms of this policy.

Except for Automatic Extension A – ‘Automatic Reinstatement of the Aggregate Limit’, all other Automatic Extensions are included within the sum insured for Section 1 – Professional Indemnity shown in the **schedule**, they are not in addition to it.

A. AUTOMATIC REINSTATEMENT OF THE AGGREGATE LIMIT

1. If all **civil liability** that would otherwise be insured under Section 1 – ‘What You Are Insured For, A – Civil Liability’ exceeds the sum insured shown in the **schedule**, then **we** will provide one automatic reinstatement of the sum insured for Section 1 – Professional Indemnity. Provided that there is no reinstatement:
 - (a) if it is required as a result of any **claim** that is connected with the same **error** as a **claim** already met or to be met under this Section, and
 - (b) until any separate policy (including an ‘excess policy’) that insures **you**, after the sum insured under this Section is exceeded, is exhausted.
2. If all **defence costs** that would otherwise be insured under Section 1 – ‘What You Are Insured For, B – Defence Costs’ exceed the sum insured for Section 1 – Professional Indemnity shown in the **schedule**, then **we** will provide one automatic reinstatement of that sum insured. Provided that there is no reinstatement:
 - (a) if it is required as a result of any **claim** that is connected with the same **error** as a **claim** already met or to be met under this Section, and
 - (b) available to Section 1 – Automatic Extension E – ‘Disciplinary Proceedings or Enquiries’, and
 - (c) until any separate policy (including an ‘excess policy’) that insures **you**, after the sum insured under this Section is exceeded, is exhausted.

B. CONSULTANTS, SUBCONTRACTORS AND AGENTS

This Section is extended to insure **your civil liability** for **errors** in the conduct of **professional services** by **your** consultants, subcontractors or agents for which **you** are legally liable.

No cover is provided to any such consultants, subcontractors or agents.

C. CONTINUOUS COVER

This Section is extended to insure **you** for any **claim** that **you** first knew of or ought to have known of, and that should have been advised to **us** during any previous period of insurance with **us**.

However this cover:

1. only applies if:
 - (a) **you** had continuous Professional Indemnity – Civil Liability cover with **us** since that previous period of insurance, and
 - (b) **your** failure to disclose the **claim** at each subsequent renewal was not deliberate, and
 - (c) **you** advise **us** of the **claim** no later than the end of this **period of insurance** (or 30 days thereafter), and

2. is subject to:
 - (a) the terms of the policy in existence when **you** first knew of the **claim**, or
 - (b) the terms of this policy,
 whichever provides lesser cover. **We** have the sole discretion to elect which policy applies.
- Section 1 Exclusion K – ‘Known Claims and Circumstances’ does not apply to this Extension.

D. DEFAMATION

This Section is extended to insure **your civil liability** arising from defamation in the conduct of **professional services**.

Section 1 Exclusion A – ‘Defamation’ does not apply to this Extension.

E. DISCIPLINARY PROCEEDINGS AND ENQUIRIES

This Section is extended to insure all **defence costs** necessarily and reasonably incurred by **you** for **your** representation at a legal or quasi legal process enquiring:

1. into whether, in the conduct of **professional services**, **you** have breached any relevant professional code of conduct administered by any overseeing professional association, or
2. about a complaint against **you** in the conduct of **professional services**, by a statutory registration board, similar regulatory authority or coronial enquiries,

provided that:

- (a) **you** first become aware of the enquiry during the **period of insurance**, and
- (b) **you** have advised **us** of the enquiry as soon as possible, but no later than 30 days after the **period of insurance** ends.

You must have **our** approval before **you** begin incurring any **defence costs**.

The most **we** will pay under this extension for all enquiries **you** become aware of during the **period of insurance** is \$100,000 for any one **claim** and in the aggregate.

An **excess** of \$1,000 applies to each enquiry under this Extension, unless a different amount is shown in the **schedule**.

F. DISHONESTY AND FRAUD

This Section is extended to insure **your civil liability** arising from a dishonest, fraudulent, criminal or malicious act or omission by an **employee** (but there is no cover for the offending **employee**). Provided also that where theft or misappropriation of money is involved:

1. **you** must have kept a separate trust account for that money and the trust account must have been audited at least annually by a qualified independent accountant, and
2. all payments or withdrawals from the trust account, whether by cheque or otherwise, must have had to be authorised by a **principal** or two authorised people, and
3. **you** must have taken reasonable precautions to prevent the theft or misappropriation of monies and **you** must have performed all the supervision, controls, checks and audits declared in the proposal.

However, there is no cover under this extension if **you**:

- (a) had knowledge of, or
 - (b) ought to have reasonably suspected,
- a dishonest, fraudulent, criminal or malicious act or omission prior to such act or omission occurring and failed to take any reasonable action to prevent it, or any loss arising from it.

General Exclusion C – ‘Dishonesty or Fraud’ does not apply to this Extension.

G. DOCUMENTS

This Section is extended to insure **your civil liability** arising from loss of or damage to **documents** that were in **your** physical custody or control at the time of the loss or damage.

Section 1 Exclusion C – ‘Documents’ does not apply to this Extension.

H. EMPLOYEES

This Section is extended to insure **your employees** for **errors** in the conduct of **professional services** that result in their **civil liability**.

We will insure **your employees** on the same terms as **we** insure **you**.

No cover is provided to **your employees** for their dishonest, fraudulent, criminal or malicious acts, omissions or conduct.

I. ESTATES AND LEGAL REPRESENTATION

This Section is extended to insure **your** estate, legal representative or assigns for **errors** in the conduct of **professional services** that result in their **civil liability** after **you** have died or become legally incompetent or insolvent.

We will insure **your** estate, legal representative or assigns on the same terms as **we** insure **you**.

- J. EXTENDED REPORTING PERIOD** If **we** elect not to offer renewal of this Section, then **you** may pay **us** an additional premium (being 50% of the last annual premium), to extend **your** cover under this Section for another 12 months. However, this will only cover **you** for **errors** that happened before the expiry of the **period of insurance**.
You cannot extend **your** cover if **we** cancelled this Section or declared this Section unenforceable because **you** did not:
1. pay the premium, or
 2. disclose information material to the risk, or
 3. comply with terms of this policy.
- If **you** choose to extend this Section as described above, then **you** must give **us** notice that **you** wish to do so within 30 days of **our** refusing to renew this Section.
- K. FAIR TRADING ACT** This Section is extended to insure **your civil liability** arising from a breach of the Fair Trading Act 1986.
Section 1 Exclusion E – ‘Fair Trading’ does not apply to this Extension.
- L. INCOMING PRINCIPALS** This Section is extended to insure incoming **principals** on the same terms as **we** insure **you**, for their **civil liability** arising from an **error** that occurred while they were acting in their capacity as a sole practitioner, partner of a firm or director of a company offering **professional services** in the course of the same type of business as **you**, provided that no other insurance is available.
- M. INTELLECTUAL PROPERTY** This Section is extended to insure **your civil liability** arising from an infringement of any patent, copyright, design or trademark.
Section 1 Exclusion H – ‘Intellectual Property’ does not apply to this Extension.

SECTION 1 – OPTIONAL EXTENSIONS

The following Optional Extensions apply to this Section if they are shown in the **schedule**.

Cover under these ‘Optional Extensions’ is subject to the provisions outlined in Section 1 – Professional Indemnity ‘What You Are Insured For’ and the terms of this policy.

‘Optional Extensions’ are included within the sum insured for Section 1 – Professional Indemnity shown in the **schedule**, they are not in addition to it.

- A. JOINT VENTURE** This Section is extended to insure **your** individual and joint **civil liability** in respect of joint ventures of which **you** are a party, provided that the joint venture is shown in the **schedule**.
You are not insured for **civil liability** arising from **claims** brought against **you** by **your** joint venture partner.
No cover is provided to **your** joint venture partner. Where **we** have insured **you** for a joint liability under this extension, **we** are entitled to exercise by subrogation, **your** rights to seek indemnity or contribution from **your** joint venture partner.
Section 1 Exclusion J – ‘Joint Ventures’ does not apply to this Extension.
- B. PRIOR CORPORATE ENTITIES** This Section is extended to insure practices or entities that **you** previously practised through provided that the practice or entity is shown in the **schedule**. **We** will insure those practices or entities on the same terms as **we** insure **you**.

SECTION 1 – EXCLUSIONS

The following Exclusions apply only to Section 1 – Professional Indemnity.

Please also refer to the General Exclusions on page 42, which also apply to this Section.

- A. DEFAMATION** **You** are not insured for **civil liability** in connection with defamation.
- B. DIRECTORS & OFFICERS LIABILITY** **You** are not insured for **civil liability** in connection with an **error** of a director or officer of the business whilst acting in that capacity.

C. DOCUMENTS	You are not insured for civil liability in connection with loss of or damage to documents .
D. EXISTING LITIGATION	You are not insured for civil liability in connection with any litigation in existence at the commencement of the period of insurance .
E. FAIR TRADING	You are not insured for civil liability in connection with the Fair Trading Act 1986.
F. FINANCIAL POSITION	You are not insured for civil liability in connection with your insolvency, liquidation, receivership, bankruptcy or statutory management.
G. INSURED VS INSURED	<p>You are not insured for civil liability arising from claims brought against you, by or on behalf of:</p> <ol style="list-style-type: none"> 1. another party covered by this policy, or 2. any company or trust that is operated or controlled by you or your employees, nominees or trustees, and in which you or your family or extended family have a direct or indirect financial interest, or 3. a member of your family.
H. INTELLECTUAL PROPERTY	You are not insured for civil liability in connection with an infringement of any patent, copyright, design or trademark by you or your employees, principals , or officers or directors.
I. INTENTIONAL DAMAGE	<p>You are not insured for civil liability in connection with an error by you:</p> <ol style="list-style-type: none"> 1. with the intention of causing loss, damage or injury, or 2. with reckless disregard for the consequences.
J. JOINT VENTURES	You are not insured for civil liability in respect of joint ventures of which you are a party.
K. KNOWN CLAIMS AND CIRCUMSTANCES	You are not insured for civil liability in connection with any claim that you first knew of or ought to have known of, prior to the inception date of this policy.
L. LIABILITY BY AGREEMENT	<p>You are not insured for obligations assumed under or for civil liability:</p> <ol style="list-style-type: none"> 1. arising from your breach of a contract, warranty, guarantee or undertaking, unless you would otherwise have been liable in the absence of that contract, warranty, guarantee or undertaking, or 2. to the extent you have limited any potential right to receive contribution or indemnity in relation to that civil liability from a person, in an arrangement or agreement with that person, or 3. that you agree to accept outside of what is normal in the conduct of professional services.
M. REFUND OF FEES	<p>You are not insured for civil liability in connection with any dispute over:</p> <ol style="list-style-type: none"> 1. professional fees or charges (by way of damages or otherwise), or 2. paying trading debts or the repayment of a loan.
N. SUPPLY OF GOODS AND WORKMANSHIP	<p>You are not insured for civil liability in connection with:</p> <ol style="list-style-type: none"> 1. the manufacture, installation, assembly, processing, sale, supply or distribution of goods or products by you or on your behalf, or 2. any workmanship by you or on your behalf, relating to the business of manufacturing, fabrication, construction, erection, installation, assembly, alteration, servicing, remediation, repair, demolition or disassembly (including any materials, parts or equipment), or 3. from your supervision of such workmanship.

SECTION 1 – BASIS OF SETTLEMENT

A. MAXIMUM AMOUNT PAYABLE – CIVIL LIABILITY	<p>The most we will pay in total for:</p> <ol style="list-style-type: none"> 1. any one claim, and 2. all claims (subject to Automatic Extension A, if it applies), <p>under Section 1 – What You Are Insured For ‘A – Civil Liability’ is the sum insured shown in the schedule for Section 1 – Professional Indemnity.</p>
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- B. MAXIMUM AMOUNT PAYABLE – DEFENCE COSTS** We will pay **your defence costs** under Section 1 – What You Are Insured For ‘B – Defence Costs’ in addition to the sum insured for Section 1 – Professional Indemnity shown in the **schedule**, but only up to the same amount.
- C. EXCESS** If a **claim** arises:
- under the jurisdiction of a New Zealand Court, then the **excess** shown in the **schedule** for ‘New Zealand’ will be deducted from the amount **we** pay. **You** must also pay this **excess** when **we** cover **defence costs** if the **schedule** states ‘Costs Inclusive’. If the **schedule** states ‘Costs Exclusive’, then no **excess** applies to **defence costs**, and/or
 - under the jurisdiction of a court outside of New Zealand, then the applicable **excess** shown in the **schedule** for ‘USA/Canada’ or ‘Rest of World’ will be deducted from the amount **we** pay. **You** must also pay this **excess** when **we** cover **defence costs**.
- We will deduct only one **excess** for a series of **claims** arising from one **error**. If a **claim** arises from separate **errors** then an **excess** will apply to each **error**.

SECTION 1 – DEFINITIONS

The following definitions apply only to Section 1 – Professional Indemnity.

Please also refer to the General Definitions on page 47, which also apply to this Section.

civil liability	Liability for damages (but not fines, penalties, or punitive or exemplary damages), interest, costs and expenses that a civil court or arbitrator orders you to pay or settlements negotiated by us , in relation to a claim . It includes the legal costs of the person making the claim , for which you become liable.
claim	<p>The earliest of the following:</p> <ol style="list-style-type: none"> service on you of a legal or arbitral proceeding by any third party, your receipt of written notice from any third party that they hold you liable, or intend to commence legal or arbitral proceedings against you, or any circumstance that you become aware of that is likely to lead to either 1 or 2 immediately above, <p>in connection with an error covered by this policy, regardless of whether the claimed amount exceeds the excess.</p>
documents	<p>Physical documents of any nature, excluding:</p> <ol style="list-style-type: none"> bearer bonds, coupons, bank notes, cheques, Bills of Exchange, currency notes, stamps or other negotiable instruments, and electronically stored data, software or computer programs for or in respect of any computer system.
error	Any actual or alleged error, omission, act or conduct.
principal	A sole practitioner, a partner of a firm, or a director of a company where that firm or company is covered by this policy.
professional services	As shown in the schedule .
you	<p>The following:</p> <ol style="list-style-type: none"> any person or entity shown in the schedule as an Insured and all current and former principals of that entity, any subsidiary entity that is created while this policy is in force, by any person or entity shown in the schedule as an Insured, but only if that entity is engaged in the conduct of professional services, any person who, during the period of insurance, becomes a principal of an entity shown in the schedule as an Insured, but only in respect of work undertaken for that entity. <p>We may also use the word ‘Insured’ to describe you.</p>

SECTION 2 – DIRECTORS AND OFFICERS LIABILITY

Your **schedule** shows whether **you** have selected cover under Section 2 – Directors and Officers Liability.

SECTION 2 – WHAT YOU ARE INSURED FOR

The insurance under insuring clauses A and B below is separate and divisible from the insurance under insuring clause C below, as though each is contained in a separate contract of insurance.

A. DIRECTORS AND OFFICERS LIABILITY

You are insured for **your liability** arising from a **wrongful act** that occurs anywhere in the world after the **retroactive date** in connection with the **company**, provided:

1. **your liability** is not lawfully indemnifiable by the **company**, and
2. **you** first knew of the **claim** in relation to that **wrongful act** during the **period of insurance**, and
3. **you** have advised **us** of that **claim** as soon as possible, but no later than 30 days after the **period of insurance** ends.

B. COMPANY REIMBURSEMENT

We will pay on behalf of the **company**, to the extent it is lawfully permitted to indemnify **you**, for **your liability** (and **defence costs** covered under Section 2 – What You Are Insured For – ‘C – Defence Costs’) arising from a **wrongful act** that occurs after the **retroactive date** in connection with the **company**, provided:

1. **you** first knew of the **claim** against **you** in relation to that **wrongful act** during the **period of insurance**, and
2. **you** or the **company** advised **us** of that **claim** as soon as possible, but no later than 30 days after the **period of insurance** ends.

C. DEFENCE COSTS

You are insured for all **defence costs** necessarily and reasonably incurred with **our** prior written consent to defend or settle:

1. a **claim** alleging **liability** covered by this Section, and
2. a criminal proceeding brought against **you** arising from a **wrongful act** covered by this Section, provided that **you** are acquitted. In the event that **you** are convicted of an offence in such a criminal proceeding, **you** are obliged to repay to **us** any monies **we** have paid in respect of **defence costs** in relation to that proceeding.

SECTION 2 – AUTOMATIC EXTENSIONS

The following Automatic Extensions apply to this Section subject to the provisions outlined in Section 2 – ‘What You Are Insured For’ and the terms of this policy.

The amounts payable under all Automatic Extensions are included within the Liability Sum Insured and the Defence Costs Sum Insured shown in the **schedule** under Section 2 – Directors and Officers Liability, they are not in addition to it.

A. CONTINUOUS COVER

This Section is extended to include:

1. any **claim** that **you** first knew of or ought to have known of, and that should have been advised to **us** during any previous period of insurance with **us**, and
2. any indemnity provided to **you** by the **company** in relation to that **claim**.

However, this cover:

- (a) only applies if:
 - (i) **you** had continuous Directors & Officers cover with **us** since that previous period of insurance for the time **you** were a director, officer or **employee**, and
 - (ii) **your** failure to advise was not deliberate, and
 - (iii) **you** had advised **us** of the **claim** no later than the end of this **period of insurance**, and
- (b) is subject to:
 - (i) the terms of the policy in existence when **you** first knew of the **claim**, or
 - (ii) the terms of this policy,
 whichever provides lesser cover. **We** have sole discretion to elect which applies.

Section 2 Exclusion G – ‘Known Claims and Circumstances’ does not apply to this Extension.

B. CURRENT OUTSIDE DIRECTORSHIPS – NON PROFIT ORGANISATIONS

This Section is extended to insure **your liability** and **defence costs** arising from a **wrongful act** in connection with **outside directorships** that **you** hold at the request of the **company** at any time during the **period of insurance** in a non profit organisation, provided that:

1. **your liability** and **defence costs** are not indemnified by the non-profit organisation, and
2. **your liability** and **defence costs** are not covered by any other insurance, and
3. this extension does not extend to cover any other director, officer or executive of the non-profit organisation or the non-profit organisation itself.

C. EMPLOYMENT PRACTICES LIABILITY (YOUR COVER)

This Section is extended to insure **your liability** and **defence costs** for **claims** brought against **you** for any of the following that occurs after the **retroactive date** shown in the **schedule**:

1. an **employee** alleging:
 - (a) unjustified dismissal or unjustified disadvantage, or
 - (b) workplace harassment (whether sexual or otherwise), or
 - (c) wrongful demotion of, wrongful failure to promote, wrongful deprivation of career opportunity of, wrongful discipline of or negligent evaluation of or negligent failure to grant tenure of employment to that **employee**, or
 - (d) workplace stress, or
2. wrongful refusal to employ a potential **employee**, or
3. defamation arising from employment related matters, or
4. misrepresentation or misleading advertising as to the terms and conditions of employment, or
5. denial of natural justice to an **employee** concerning his or her employment.

You are not insured for:

- (a) **liability** or **defence costs** to pay any amount pursuant to:
 - (i) an obligation under a contract of employment, or
 - (ii) any Act of Parliament other than the Employment Relations Act 2000, or
- (b) **liability** or **defence costs** in connection with:
 - (i) an industrial dispute, strike, picket, lockout, go slow or work to rule, or
 - (ii) union relations or union access, or
 - (iii) the Accident Compensation Act 2001, workers compensation or health and safety legislation, or similar legislation, or
 - (iv) bodily injury, sickness, disease or death of any person, or
 - (v) the cost of physical modifications to premises, plant or equipment owned or occupied by **you**, or
 - (vi) a contract of employment alleged to have been obtained by unfair bargaining, or
 - (vii) the dismissal or disciplining of an **employee**, unless prior to this **you** had obtained and followed **our** advice or the advice of an employment lawyer approved by **us**, or
- (c) for the cost of complying with any compliance order, or any other order in the nature of an injunction, or
- (d) for legal costs that **you** incur to obtain legal advice from an employment lawyer prior to the dismissal or disciplining of an **employee**.

Section 2 Exclusion E – ‘Insured vs Insured’ and General Exclusion D – ‘Employers Liability’ do not apply to this Extension.

D. ESTATES AND LEGAL REPRESENTATIVES

This Section is extended to insure **your** estate, legal representative or assigns for **wrongful acts** that result in their **liability** and **defence costs** after **you** have died or become legally incompetent or insolvent.

We will insure **your** estate, legal representative or assigns on the same terms as **we** insure **you**.

E. EXTENDED REPORTING PERIOD

If **we** elect not to offer renewal of this Section, then **you** may pay **us** an additional premium (being 50% of the last premium), to extend **your** cover under this Section for another 12 months. However, this will only cover **you** for **wrongful acts** that happened before the expiry of the **period of insurance**.

You cannot extend **your** cover if **we** cancelled this Section or declared this Section unenforceable. If **you** choose to extend this Section as described above, then **you** must give **us** notice that **you** wish to do so within 30 days of **our** refusing to renew this policy.

F. INSURED VS INSURED

This Section is extended to insure **claims** brought against **you** by:

1. any other person or entity covered by this Section, for contribution or indemnity in relation to another **claim** that is covered by this Section, or
2. a shareholder of the **company** in their own right, or on behalf of the **company**, provided that the shareholder:
 - (a) was not covered by this Section at the time of the **wrongful act**, and
 - (b) is acting without any assistance, enticement or co-operation from **you**, other than as required by law, or
3. any regulatory authority on behalf of the **company**, provided that the regulatory authority is acting without any assistance, enticement or co-operation from **you**, other than as required by law, or
4. any liquidator, receiver, receiver and manager, statutory manager, administrator or trustee administering a compromise or scheme of arrangement of the **company**.

Section 2 Exclusion E – ‘Insured vs Insured’ and General Exclusion D – ‘Employers Liability’ do not apply to this Extension.

G. JOINT VENTURES

This Section is extended to insure **your** individual and joint **liability** and **defence costs** arising from a **wrongful act** in connection with a **joint venture**.

You are not insured for **liability** or **defence costs** arising from **claims** brought against **you** by **your** joint venture partner.

No cover is provided to **your** joint venture partner. Where **we** have insured **you** for a joint **liability** under this extension, **we** are entitled to exercise by subrogation, **your** rights to seek indemnity or contribution from **your** joint venture partner.

H. NEW SUBSIDIARIES

This Section is extended to insure **your liability** and **defence costs** arising from **your** directorship of any **subsidiary company** created or acquired by the **company** during the **period of insurance**, provided that:

1. the **wrongful act** is allegedly committed after the entity becomes a **subsidiary company**, and
2. if the **subsidiary company** increases the **company's** total assets by more than 20% based on the **company's** latest annual report, **you** must advise **us** of the **subsidiary company** within 60 days of the acquisition or creation of it. Once **you** have advised **us**, **we** may, at **our** option, require **you** to pay an additional premium and/or amend the terms of this Section.

The definition of ‘wrongful act’ is extended to include an error, omission, act or conduct by **you** in **your** capacity as a director, secretary, executive officer or **employee** of the **subsidiary company**.

I. OFFICIAL INVESTIGATIONS

This Section is extended to insure all **defence costs** necessarily and reasonably incurred with **our** prior written consent, for **your** representation at any official investigation, examination or inquiry:

1. held as the result of an allegation of a **wrongful act** against **you**, and
2. in connection with a potential **claim** which, if made, would be covered by this Section, and
3. that **you** are required to attend.

The most **we** will pay under this extension is \$250,000 for all potential **claims** **you** first knew of during the **period of insurance**.

J. OLD OUTSIDE DIRECTORSHIPS – RUN OFF COVER

This Section is extended to insure **your liability** and **defence costs** arising from a **wrongful act** in connection with **outside directorships** that **you** held during a previous **period of insurance** with **us** provided that:

1. **we** insured **you** under Section 2 – Automatic Extension B ‘Current Outside Directorships – Non Profit Organisations’ or Section 2 – Optional Extension A ‘Current Outside Directorships (Other than Non Profit Seeking Organisations)’ at the time **you** held the **outside directorship**, and
2. the **wrongful act** occurred during this time, and
3. **your liability** and **defence costs** are not indemnified by the organisation, and
4. **your liability** and **defence costs** are not covered by any other insurance, and
5. this Extension does not extend to cover any other director, officer or executive of the relevant organisation or the organisation itself.

K. OLD SUBSIDIARIES – RUN OFF COVER	<p>This Section is extended to insure your liability and defence costs arising from your directorship of any entity that has ceased to be:</p> <ol style="list-style-type: none"> 1. a subsidiary company of the company prior to the period of insurance, or 2. a subsidiary company during the period of insurance, <p>provided that:</p> <ol style="list-style-type: none"> (a) the wrongful act is allegedly committed while that entity was a subsidiary company, and (b) the wrongful act occurred after the retroactive date. <p>The definition of ‘wrongful act’ is extended to include an error, omission, act or conduct by you in your capacity as a director, secretary, executive officer or employee of the subsidiary company.</p>
L. PRESERVATION OF INDEMNITY	<p>This Section is extended to insure your liability and defence costs arising from a wrongful act that can lawfully be indemnified by the company, but that you cannot recover from the company because the company is in liquidation (other than by voluntary liquidation).</p> <p>You must provide satisfactory proof of the company’s financial position, including documentary evidence of the company’s assets and liabilities and any official statements issued by the liquidator.</p>
M. PROSPECTUS LIABILITY	<p>This Section is extended to insure your liability and defence costs arising out of any of the following:</p> <ol style="list-style-type: none"> 1. rights issues, bonus share issues, employee share options, 2. dividend reinvestment plans, 3. convertible notes, 4. redeemable preference issues. <p>No cover is provided for liability or defence costs arising out of an initial public offering of securities.</p>
N. SEVERABILITY	<p>If you fail to comply with your duty of disclosure, make a misrepresentation to us when arranging cover, breach a policy term, or General Exclusion C ‘Dishonesty or Fraud’ applies, we will not deny indemnity to any other insured on these grounds if that other insured was unaware of the circumstance that entitles us to deny indemnity.</p> <p>This Extension shall not apply in the case of a claim made by any insured knowing that the claim is false or fraudulent.</p>
O. SPOUSAL LIABILITY	<p>This Section is extended to insure your lawful spouse for his or her liability and defence costs that arises from a wrongful act committed by you, provided that the claim:</p> <ol style="list-style-type: none"> 1. has been made solely because he or she is your lawful spouse, and 2. relates to property that: <ol style="list-style-type: none"> (a) you and your lawful spouse jointly own, or (b) you have transferred to your lawful spouse for legitimate purposes.
P. WITNESS EXPENSES	<p>The Section is extended to compensate any independent director or independent officer for attending court proceedings as a witness in connection with a claim covered by this policy.</p> <p>We will pay \$300 per day for any one independent director or independent officer, up to \$10,000 in total for all independent directors or independent officers during the period of insurance.</p>

SECTION 2 – OPTIONAL EXTENSIONS

The following Optional Extensions apply to this Section if they are shown in the **schedule**.

Cover under these ‘Optional Extensions’ is subject to the provisions outlined in Section 2 – Directors and Officers Liability ‘What You Are Insured For’ and the terms of this policy.

All Optional Extensions are included within the Liability Sum Insured and Defence Costs Sum Insured shown in the **schedule** for Section 2 – Directors and Officers Liability, they are not in addition to it.

A. CURRENT OUTSIDE DIRECTORSHIPS – OTHER THAN NON PROFIT SEEKING ORGANISATIONS	<p>This Section is extended to insure your liability and defence costs arising from a wrongful act in connection with outside directorships that you hold at the request of the company at any time during the period of insurance in the profit seeking organisations named in the schedule, provided that:</p> <ol style="list-style-type: none"> 1. your liability and defence costs are not indemnified by those organisations, and
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2. **your liability** and **defence costs** are not covered by any other insurance, and
3. this extension does not extend to cover any other director, officer or executive of those organisations.

Section 2 Exclusion I – ‘Outside Directorships (Profit Seeking Organisations)’ does not apply to this Extension.

B. MERGERS & CONSOLIDATIONS – RUN OFF COVER

If the **company**:

1. is merged, amalgamated, or consolidated with or becomes a subsidiary company of another company, or
2. sells all or substantially all of its assets to another entity, and

if **you** or the **company** wish to extend the policy for up to seven years from the date this policy expires, then **you** or the **company** must:

- (a) give **us** notice that **you** or the **company** wish to do so within 30 days of this policy expiring, and
- (b) pay any additional premium **we** require.

However, this will only cover **wrongful acts** that happened before 1 or 2 above.

C. POLLUTION DEFENCE COSTS

This Section is extended to insure all **defence costs** necessarily and reasonably incurred with **our** prior written consent, to defend a **claim** arising from discharge, dispersal, release or escape of **pollutants**.

The most **we** will pay under this extension is \$1,000,000 from the Defence Cost Sum Insured shown in the **schedule** under Section 2 – Directors and Officers Liability, for all **claims you** first knew of during the **period of insurance**.

No cover is provided for **defence costs** incurred to defend a **claim** in connection with a **wrongful act** in any country or territory subject to the laws of the United States of America or the Dominion of Canada.

General Exclusion H – ‘Seepage, Pollution, Contamination’ does not apply to this Extension.

D. USA & CANADIAN JURISDICTION

This Section is extended to insure **your liability** and **defence costs** in connection with a **claim**:

1. first brought against **you** in a court in the United States of America or the Dominion of Canada, or
2. brought in a court anywhere else in the world to enforce a judgment made by a court applying the law of the United States of America or the Dominion of Canada by way of reciprocal agreement or otherwise, or
3. where the proper law of the United States of America or the dominion of Canada is applied.

No cover is provided for **claims** arising from:

- (a) a breach of the Securities Act 1933, Securities Exchange Act 1934, or any rules or regulations adopted under them, any like federal, state or provincial statute in the United States of America or the Dominion of Canada, regulating securities in a similar way, or any rules or regulations adopted pursuant to them, or any other state, provincial or common law of the United States of America or the Dominion of Canada relating to securities, or
- (b) any provisions of the Employee Retirement Income Security Act 1974 or regulations or rules concerning pensions, profits sharing or employee benefit programmes arising under federal, state, local laws or common law or that relate in any way thereto, or
- (c) actions or proceedings or developments thereof arising directly or indirectly from the Anti-Trust Laws of the United States of America or the Dominion of Canada, or
- (d) enforcements of judgments, orders, or awards obtained or determined pursuant to the laws of the United States of America or the Dominion of Canada or their Territories or Protectorates with respect to Optional Extension C ‘Pollution Defence Costs’ above.

Section 2 Exclusion M – ‘USA and Canada Jurisdiction’ does not apply to this Optional Extension.

The most **we** will pay for all **liability** and **defence costs** combined, covered under this Optional Extension, is the amount represented by the USA & Canada Jurisdiction Sub Limit shown in the **schedule** under Section 2 – Directors and Officers Liability.

SECTION 2 – EXCLUSIONS

The following Exclusions apply only to Section 2 – Directors and Officers Liability.

Please also refer to the General Exclusions on page 42, which also apply to this Section.

- | | |
|--|--|
| A. BODILY INJURY | You are not insured for liability or defence costs arising from bodily injury (except for emotional distress or mental anguish, but only in relation to Section 2 – Automatic Extension C ‘Employment Practices Liability (Your Cover)’), sickness, disease or death of any person. |
| B. CLAIMS BY ENTITIES CONTROLLED BY YOU | You are not insured for liability or defence costs arising from claims brought against you , by or on behalf of any company or entity that is operated or controlled by you or your family or extended family or nominees or trustees (other than a subsidiary company). |
| C. EXISTING LITIGATION | You are not insured for liability or defence costs in connection with any litigation in existence at the commencement of the period of insurance . |
| D. FAILURE TO INSURE | You are not insured for liability or defence costs in connection with a failure to obtain or maintain adequate insurance. |
| E. INSURED VS INSURED | You are not insured for liability or defence costs arising from claims brought against you , by or on behalf of: <ol style="list-style-type: none"> 1. the company or any of its subsidiary companies, or 2. any other person or entity covered by this Section, or 3. a shareholder of the company in their own right, or on behalf of the company. |
| F. JUDICIAL REVIEW | You are not insured for defence costs incurred in applying for a Judicial Review or in seeking an injunction. |
| G. KNOWN CLAIMS AND CIRCUMSTANCES | You are not insured for liability or defence costs in connection with any claim you first knew of or ought to have known of, prior to the inception date of this policy. |
| H. MERGERS, CONSOLIDATIONS AND ACQUISITIONS | You are not insured for wrongful acts that happen after the date of any merger, amalgamation or consolidation of the company with another company during the period of insurance , or after the date the company becomes a subsidiary company of the other company during the period of insurance . |
| I. OUTSIDE DIRECTORSHIPS – PROFIT SEEKING ORGANISATIONS | You are not insured for liability or defence costs in connection with any outside directorships that you hold at the request of the company in any profit seeking organisations. |
| J. PROFESSIONAL DUTIES | You are not insured for liability or defence costs in connection with: <ol style="list-style-type: none"> 1. the rendering of, or failure to render, professional services and/or professional advice, or 2. a breach of any contract for the provision of professional services and/or professional advice, other than in your capacity as a director or officer as insured under this policy. |
| K. PROPERTY DAMAGE | You are not insured for liability or defence costs for the destruction of or damage to, or loss of use of tangible property. |
| L. PROSPECTUS LIABILITY | You are not insured for liability or defence costs in connection with an initial public offering of securities of the company . |
| M. USA & CANADA JURISDICTION | You are not insured for liability or defence costs in connection with a claim : <ol style="list-style-type: none"> 1. first brought against you in a court in the United States of America or the Dominion of Canada, or 2. brought in a court anywhere else in the world to enforce a judgment made by a court applying the law of the United States of America or the Dominion of Canada by way of reciprocal agreement or otherwise, or 3. where the claim is governed by or the liability arises under the proper law of the United States of America or the Dominion of Canada. |

SECTION 2 – BASIS OF SETTLEMENT

A. MAXIMUM AMOUNT PAYABLE

1. Liability

The most **we** will pay in total for all **liability** arising from:

- (i) any one **claim**, and
- (ii) all **claims**,

you first knew of during the **period of insurance** is the Liability Sum Insured shown in the **schedule** under Section 2 – Directors and Officers Liability.

2. Defence costs

The most **we** will pay in total for all **defence costs** arising from:

- (i) any one **claim**, and
- (ii) all **claims**,

you first knew of during the **period of insurance** is the Defence Costs Sum Insured shown in the **schedule** under Section 2 – Directors and Officers Liability.

For the avoidance of doubt, none of the Liability Sum Insured is available to meet **defence costs** and none of the Defence Costs Sum Insured is available to meet **liability**.

B. EXCESS

The **excess** shown in the **schedule** will be deducted from the amount **we** pay for a claim brought under 'What You Are Insured For A – Directors and Officers Liability', or 'What You Are Insured For B – Company Reimbursement', or 'What You Are Insured For C – Defence Costs'.

The **excess** will be deducted from either the amount **we** pay in relation to **liability**, or the amount **we** pay in relation to **defence costs**.

We will deduct only one **excess** for a series of **claims** arising from one **wrongful act**. If a **claim** arises from separate **wrongful acts** then an **excess** will apply to each **wrongful act**.

SECTION 2 – DEFINITIONS

The following definitions apply only to Section 2 – Directors and Officers Liability.

Please also refer to the General Definitions on page 47, which also apply to this Section.

claim

The earliest of the following:

1. service on **you** of a legal or arbitral proceeding by any third party, or
2. **your** receipt of written notice from any third party that they hold **you** liable, or intend to commence legal or arbitral proceedings against **you**,
3. any circumstance that **you** become aware of that is likely to lead to either 1 or 2 immediately above,

in connection with a **wrongful act** covered by this policy, regardless of whether the claimed amount exceeds the **excess**.

company

Each company named in the **schedule** and any **subsidiary company** of any one of those companies, provided that the **subsidiary company**:

1. was a **subsidiary company** of that company at the inception date of this policy, and
2. the accounts of the **subsidiary company** are consolidated into those of the company in accordance with the relevant accounting standard.

joint venture

Any unincorporated enterprise undertaken jointly by the **company** with another party or parties.

liability

Liability for damages (but not fines, penalties, or punitive or exemplary damages), interest, costs and expenses that a civil court or arbitrator orders **you** to pay (but not any penalties) or settlements negotiated by **us**, in relation to a **claim**. It includes the legal costs of the person making the **claim**, for which **you** become liable.

outside director

A director, officer or executive of an organisation, that it is not the **company**, a **subsidiary company**, a parent company of the **company**, or a company with the same parent company as the **company**.

subsidiary company

Any subsidiary of the **company** as defined in Section 5 of the Companies Act 1993.

wrongful act

Any actual or alleged error, omission, act or conduct by **you** in **your** capacity as a director, secretary, executive officer or **employee** of the **company**.

In relation to 'Automatic Extension B', 'Automatic Extension J' and 'Optional Extension A' only, this definition is extended to **your** capacity as an **outside director**.

you

Any person:

1. who was, or is, at anytime during the **period of insurance** a director, officer or **employee** of the **company**, by whatever name called, and whether or not validly appointed, to occupy that position, or
2. who by virtue of any applicable legislation, is deemed to be a director, secretary, executive officer or **employee** of the **company**.

'You' does not include any:

- (a) liquidator, external auditor, receiver, receiver and manager, statutory manager, administrator or trustee administering a compromise or scheme of arrangement of the **company**, or
- (b) trustee, director, officer, or **employee** of a superannuation or pension organisation.

We may also use the word 'Insured' to describe you.

SECTION 3 – BROADFORM LIABILITY

Your **schedule** shows whether **you** have selected cover under Section 3 – Broadform Liability.

SECTION 3 – WHAT YOU ARE INSURED FOR

- A. PUBLIC AND PRODUCT LIABILITY** **You** are insured for all sums that **you** become legally liable to pay arising from **injury** and/or **damage** that happens during the **period of insurance** anywhere in the world, except for **North America**, in connection with the **business**.
- B. DEFENCE COSTS** **You** are insured for all **defence costs** necessarily and reasonably incurred by **you** to defend any civil legal action that if proven, would be covered by this policy.
We will meet these costs even if the legal action seems groundless.

SECTION 3 – AUTOMATIC EXTENSIONS

The following Automatic Extensions apply to this Section subject to the provisions outlined in Section 3 – ‘What You Are Insured For’ and the terms of this policy.

- A. BAILEES LIABILITY** **You** are insured for all sums that **you** become legally liable to pay for **damage** that happens during the **period of insurance** in New Zealand, to property that is in **your** control or possession (and not owned, hired, leased or rented by any person or entity defined under **you**, other than **employees**).
No cover is provided for legal liability for **damage** to land or buildings.
Section 3 Exclusion B – ‘Defective Materials and Workmanship – Item 2’ does not apply to faulty or defective storing of any **product** covered by this Extension.
Section 3 Exclusion N – ‘Property You Own or Control, Item 2’ does not apply to this Extension.
The most **we** will pay under this Extension for all **events** that happen during the **period of insurance** is \$250,000.
An **excess** of \$1,000 applies for each **event** under this Extension.
- B. ERRORS AND OMISSIONS LIABILITY** **You** are insured for all sums that **you** become legally liable to pay arising from **injury** and/or **damage** that happens during the **period of insurance** in connection with errors or omissions in:
1. advice given by **you** in connection with **products**, provided that the advice is not given for a fee, or
2. emergency medical advice or emergency medical treatment provided by **you**.
Section 3 Exclusion D – ‘Erroneous Advice’ does not apply to this Extension.
- C. EXEMPLARY DAMAGES IN NEW ZEALAND** **You** are insured for punitive or exemplary damages awarded against **you** by a New Zealand Court arising out of an **event** covered by this Section.
You are not insured for punitive or exemplary damages connected with a dishonest or fraudulent act or omission by **you**.
General Exclusion E – ‘Fines and Exemplary Damages – Item 2’ and General Condition C – Your Obligations – Item ‘4 – Reasonable Care’ do not apply to this Extension.
The most **we** will pay under this Extension for all **events** that happen during the **period of insurance** is \$1,000,000.
- D. FOREST AND RURAL FIRES ACT** **You** are insured for all sums that **you** become legally liable to pay arising from fire (or threat of fire) that happens during the **period of insurance** in New Zealand for:
1. costs and losses recoverable from **you** under Section 43(1) of the Forest and Rural Fires Act 1977, and not otherwise at law, and
2. costs agreed (or levies imposed) and apportioned to **you** by a fire authority under Sections 46 and 46A of the Forest and Rural Fires Act 1977.
We will pay these costs whether **damage** occurs or not.
Section 3 Exclusions E – ‘Forest and Rural Fires’ and P – ‘Vehicle/Watercraft/Aircraft – Item 1’ do not

apply to this Extension.

The most **we** will pay under this Extension for all **events** that happen during the **period of insurance** is \$1,000,000.

E. GOODS ON HOOK

You are insured for all sums that **you** become legally liable to pay arising from **injury** and/or **damage** that happens in New Zealand during the **period of insurance**, in connection with property being lifted, lowered or conveyed by any crane operated by **you**, provided that:

- (a) **you** are not otherwise insured for **your** liability under any other policy, and
- (b) where the crane is **mobile mechanical plant** it is operating its plant or machinery at the time of the **injury** and/or **damage**.

However no cover is provided for liability for **damage** to **mobile mechanical plant** operating its plant or machinery at the time of the **damage**, or in connection with dual or multi-lifts. For the avoidance of doubt, a dual lift is where two cranes are used for any one lift, multi-lifts are where more than two cranes are used for any one lift.

Section 3 Exclusions B – Defective Materials and Workmanship, N – ‘Property You Own or Control, Item 2’ and P – ‘Vehicles/Watercraft/Aircraft’ do not apply to this Extension.

The most **we** will pay under this Extension for all **events** that happen during the **period of insurance** is \$250,000.

An **excess** of \$2,500 applies to each **event** under this Extension.

F. INNKEEPERS LIABILITY

You are insured for all sums that **you** become legally liable to pay under the Innkeepers Act 1962 for **damage** that happens during the **period of insurance** in New Zealand.

Section 3 Exclusions H – ‘Innkeepers Liability’ and N – ‘Property You Own or Control – Item 2’ do not apply to this Extension.

The most **we** will pay under this Extension for all **events** that happen during the **period of insurance** is \$250,000.

G. KEYS

You are insured for sums that **you** become legally liable to pay arising from **damage** that happens in New Zealand during the **period of insurance**, in connection with the **business** for:

1. the replacement of keys and locking devices, or
2. the alteration or replacement of locking devices.

The most **we** will pay under this Extension for all **events** during the **period of insurance** is \$50,000.

An **excess** of \$1,000 applies to each **event** under this Extension.

H. LANDLORDS LIABILITY

You are insured for all sums that **you** become legally liable to pay arising from **injury** and/or **damage** that happens during the **period of insurance** anywhere in the world, except for **North America**, in connection with **your** legal ownership, but not physical occupation, of any premises.

I. MOBILE MECHANICAL PLANT LIABILITY

You are insured for all sums that **you** become legally liable to pay arising from **injury** and/or **damage** that happens during the **period of insurance** in New Zealand in connection with **mobile mechanical plant** that is operating its plant or machinery at the time of the **injury** and/or **damage**, provided that **you** are not otherwise insured for **your** legal liability under any other policy.

You are not insured for legal liability for **damage** to the **mobile mechanical plant** or property in **your** control or possession.

Section 3 Exclusion P – ‘Vehicle/Watercraft/Aircraft – Item 1’ does not apply to this Extension.

J. MOTOR REPAIR AND STORAGE LIABILITY

You are insured for all sums that **you** become legally liable to pay arising from **injury** and/or **damage** that happens during the **period of insurance** in New Zealand, in connection with any:

1. **vehicle**, or
2. internal combustion engine, or
3. accessory or fitting of any of the above, not owned, hired, leased or rented by any person or entity defined under **you**, provided that the **injury** and/or **damage** occurs:
 - (a) as a result of **repairs**, or
 - (b) while any item listed in 1, 2 or 3 (above) is in **your** control or possession, but not as a result of **repairs** to that item.

No cover is provided when **you** are driving any **vehicle** and **you**:

- (i) do not hold an appropriate driver's licence or do not comply with the conditions of **your** driver's licence, or
- (ii) have a proportion of alcohol in **your** breath or blood that exceeds the legal limit, or
- (iii) are under the influence of any other intoxicating substance or drug, or
- (iv) fail or refuse to supply a breath or blood sample as required by law, or
- (v) fail or refuse to stop, or remain at the scene, following an accident (as required by law), or
- (vi) are using the **vehicle** outside the manufacturer's recommended specifications.

No cover is provided when **you** are driving any **vehicle** that is in an unsafe condition if:

- ▶ the condition of the **vehicle** causes or contributes to, the **injury** and/or **damage**, and
- ▶ **you** were or ought to have been, aware of the unsafe condition of the **vehicle**.

Section 3 Exclusions A – 'Damage to Products', D – 'Erroneous Advice – Item 1', N – 'Property You Own or Control – Item 2', and P – 'Vehicle/Watercraft/Aircraft – Item 1' do not apply to this Extension.

The most **we** will pay:

1. for each **event** under (a) (repairs) is the sum insured shown in the **schedule** for Section 3 – Broadform Liability. However, any legal liability for **damage** to the item **repaired** under (a) (repairs) is limited to \$250,000, and
2. for all **events** during the **period of insurance** under (b) (items in **your** control or possession) is \$250,000.

An **excess** of \$1,000 applies for each **event** under this Extension.

K. NORTH AMERICAN BUSINESS TRAVEL

You are insured for all sums that **you** become legally liable to pay arising from **injury** and/or **damage** that happens during the **period of insurance** in **North America**, provided that **your** legal liability is in connection with **business** related travel to, or in, **North America**.

No cover is provided under this Extension:

1. for legal liability in connection with the activities of **your**:
 - (a) sales agents, or
 - (b) vendors, or
 - (c) representatives, that are domiciled overseas, or
2. if **you** have a place of business in **North America**, or if **you** are represented by any parent or subsidiary company or joint venture in **North America**.

L. POLLUTION LIABILITY

You are insured for all sums that **you** become legally liable to pay arising from **injury** and/or **damage** that happens during the **period of insurance** anywhere in the world, except for **North America**, arising from the discharge, dispersal, release or escape of **pollution**, provided that the **injury** and/or **damage**:

1. is caused by a sudden, identifiable, unintended and unexpected happening that takes place in its entirety at a specified time and place, and
2. occurs during this **period of insurance** only (and not any other periods of insurance before or after this **period of insurance**).

For the avoidance of doubt, the cover provided by this Extension includes the cost of removing, nullifying or cleaning up the **pollution**.

General Exclusion H – 'Seepage, Pollution and Contamination' does not apply to this Extension.

M. PRODUCT WITHDRAWAL COSTS – NEW ZEALAND ONLY

You are insured for **your** reasonable costs incurred, where it is necessary for **you** to withdraw or recall **your products**, provided that:

1. the **product** defect(s), which caused the withdrawal or recall, have already given rise to a claim covered under Section 3 'What You Are Insured For – A Public and Product Liability', and
2. the costs are incurred within 12 months of **you** first notifying **us** of the **products** claim (as mentioned in Item 1 above), and
3. the costs are limited to the withdrawal or recall of **products** within New Zealand.

We will pay 80% of the costs incurred for any **event**.

The most **we** will pay under this Extension for all **events** that happen during the **period of insurance** is \$100,000.

N. TENANT'S LIABILITY

Section 3 Exclusion L – 'Product Recall' does not apply to this Extension.

An **excess** of \$2,500 applies for each **event** under this Extension.

You are insured for all sums that **you** become legally liable to pay arising from **injury** and/or **damage** that happens during the **period of insurance** anywhere in the world, except for **North America**, in connection with any premises occupied, but not owned, by **you**.

Section 3 Exclusion N – 'Property You Own or Control – Item 2' does not apply to the premises occupied by **you**.

O. UNDERGROUND SERVICES LIABILITY

You are insured for all sums that **you** become legally liable to pay arising from **damage** to any existing:

1. underground cables, or
2. underground pipes, or
3. other underground facilities,

that happens during the **period of insurance** in New Zealand, provided that prior to commencement of the work that caused the **damage**, **you** have inquired with the relevant authorities about the exact position of those cables, pipes or other underground facilities.

Section 3 Exclusion O – 'Underground Services Liability' does not apply to this Extension.

An **excess** of \$2,500 applies to each **event** under this Extension.

P. VEHICLES NOT REGISTERED FOR ROAD USE

You are insured for all sums that **you** become legally liable to pay arising from **injury** and/or **damage** that happens during the **period of insurance** in New Zealand, in connection with:

1. the **business**, and
2. **your** use of any **vehicle**, provided that the **vehicle** is:
 - (a) not required to be registered for road use, and
 - (b) not covered by any other insurance, and
 - (c) not **mobile mechanical plant** that is operating its plant or machinery at the time of the **injury** and/or **damage**.

No cover is provided when **you** are driving any **vehicle** and **you**:

- (i) do not hold an appropriate driver's licence or do not comply with the conditions of **your** driver's licence, or
- (ii) have a proportion of alcohol in **your** breath or blood that exceeds the legal limit, or
- (iii) are under the influence of any other intoxicating substance or drug, or
- (iv) fail or refuse to supply a breath or blood sample as required by law, or
- (v) fail or refuse to stop, or remain at the scene, following an accident (as required by law), or
- (vi) are using the **vehicle** outside the manufacturer's recommended specifications, or
- (vii) are practicing for or taking part in any race, rally, pace-making, reliability trial or speed test, or
- (viii) are on any racetrack.

No cover is provided when **you** are driving any **vehicle** that is in an unsafe condition if:

- ▶ the condition of the **vehicle** causes, or contributes to, the **injury** and/or **damage**, and
- ▶ **you** were, or ought to have been, aware of the unsafe condition of the **vehicle**.

Section 3 Exclusion P – 'Vehicle/Watercraft/Aircraft – Item 1' does not apply to this Extension.

Q. VIBRATION, REMOVAL, WEAKENING OF SUPPORT LIABILITY

You are insured for all sums that **you** become legally liable to pay arising from **injury** and/or **damage** that happens during the **period of insurance** in New Zealand, in connection with the:

1. vibration, or
 2. removal of the support, or
 3. weakening of the support, or
 4. interference with the support,
- of land or buildings.

Section 3 Exclusion Q – 'Vibration, Removal, Weakening of Support' does not apply to this Extension.

The most **we** will pay under this Extension for all **events** that happen during the **period of insurance** is \$500,000.

An **excess** of \$5,000 applies for each **event** under this Extension.

R. WARRANT OF FITNESS

You are insured for all sums that **you** become legally liable to pay arising from:

- (a) the inspection and certification of **vehicles** for the issuing of a warrant of fitness or other inspection certificate as required by law, and
 - (b) **vehicle** pre-purchase or appraisal services,
- that occurs during the **period of insurance** by any, licensed qualified vehicle certifier employed by **you**.

You are not insured:

- (i) for any valuation services, or
- (ii) if **you** do not have the authority by law to issue such certificates.

Section 3 Exclusions D – 'Erroneous Advice – Item 1', M – 'Professional Duty' and P 'Vehicles/Watercraft/Aircraft – Item 1' do not apply to this Extension.

The most **we** will pay under this Extension for all **events** that happen during the **period of insurance** is \$100,000.

An **excess** of \$1,000 applies for each **event** under this Extension.

S. WATERCRAFT REPAIR AND STORAGE LIABILITY

You are insured for all sums that **you** become legally liable to pay arising from **injury** and/or **damage** that happens in New Zealand during the **period of insurance**, in connection with any:

- 1. watercraft up to 500 gross tonnes, or
- 2. marine internal combustion engine that is used in a watercraft up to 500 gross tonnes, or
- 3. accessory or fitting of either 1 or 2 (above), that is not owned, hired, leased or rented by any person or entity defined under **you**, provided that the **injury** and/or **damage** occurs:
 - (a) as a result of **repairs**, or
 - (b) while any item listed in 1, 2 or 3 (above) is in **your** control or possession, but not as a result of **repairs** to that item.

No cover is provided when **you** are sailing or navigating any watercraft and **you**:

- (i) are under the influence of any other intoxicating substance or drug, or
- (ii) are using the watercraft outside the manufacturer's recommended specifications.

No cover is provided when **you** are sailing or navigating any watercraft that is in an unsafe condition if:

- ▶ the condition of the watercraft causes, or contributes, to the **injury** and/or **damage**, and
- ▶ **you** were, or ought to have been, aware of the unsafe condition of the watercraft.

Section 3 Exclusions A – 'Damage to Products', D – 'Erroneous Advice – Item 1', N – 'Property You Own or Control – Item 2', and P – 'Vehicle/Watercraft/Aircraft – Item 2' do not apply to this Extension.

The most **we** will pay:

- 1. for each **event** under (a) (repairs) is the sum insured shown in the **schedule** for Section 3 – Broadform Liability. However, any legal liability for **damage** to the item repaired under (a) (repairs) including any consequential loss is limited to \$250,000, and
- 2. for all **events** during the **period of insurance** under (b) (items in **your** control or possession) is \$250,000.

An **excess** of \$1,000 applies for each **event** under this Extension.

T. WELDING / GAS FITTING / BURNING OFF LIABILITY

You are insured for all sums that **you** become legally liable to pay arising from **injury** and/or **damage** that happens during the **period of insurance** in New Zealand, in connection with the following work **you** carry out for the **business**:

- 1. welding, or
- 2. gas cutting, or
- 3. burning-off of any substance,

provided that the welding, gas cutting or burning-off is carried out in accordance with the current New Zealand Standard appropriate to that work.

Section 3 Exclusion R – 'Welding/Gas Cutting/Burning Off Liability' does not apply to this Extension.

An **excess** of \$2,500 applies to each **event** under this Extension.

SECTION 3 – OPTIONAL EXTENSIONS

This Optional Extension only applies to this Section if it is shown in the **schedule**.

Cover under this 'Optional Extension' is subject to the provisions outlined in Section 3 – Broadform Liability and the terms of this policy.

A. PRODUCT LIABILITY – NORTH AMERICA

You are insured for all sums that **you** become legally liable to pay arising from **injury** and/or **damage** that happens during the **period of insurance** in connection with **your products** in **North America**.

No cover is provided under this Extension:

1. for legal liability in connection with the activities of **your**:
 - (a) sales agents, or
 - (b) vendors, or
 - (c) representatives, that are domiciled overseas, or
2. if **you** have a place of business in **North America**, or if **you** are represented by any parent or subsidiary company or joint venture in **North America**.

SECTION 3 – EXCLUSIONS

The following Exclusions apply only to Section 3 – Broadform Liability.

Please also refer to the General Exclusions on page 42, which also apply to this Section.

A. DAMAGE TO PRODUCTS

You are not insured for sums that **you** become legally liable to pay for **damage** to **your products**. This exclusion does not apply to legal liability for resultant **damage** to other property that is not a **product**.

B. DEFECTIVE MATERIALS AND WORKMANSHIP

You are not insured for sums that **you** become legally liable to pay for the cost of:

1. rectifying, repairing or replacing defective materials, or
2. remedying defective workmanship.

This exclusion does not apply to legal liability for resultant **damage** arising from defective materials or workmanship.

C. DEFECTIVE DESIGN

You are not insured for sums that **you** become legally liable to pay in connection with **your** development or formulation of any design or specification that is architectural, engineering, scientific, chemical or medical in nature.

D. ERRONEOUS ADVICE

You are not insured for sums that **you** become legally liable to pay in connection with any error or omission in:

1. advice given by **you**, or
2. medical advice or medical treatment provided by **you**.

E. FOREST AND RURAL FIRES ACT

You are not insured for sums that **you** become legally liable to pay under the Forest and Rural Fires Act 1977, unless **you** are (or would be) otherwise legally liable for such sums.

F. INFORMATION TECHNOLOGY HAZARDS

You are not insured for sums that **you** become legally liable to pay for any losses (**injury**, **damage** or any other loss) arising, directly or indirectly, out of, or in any way involving any of the following:

1. use of electronic mail systems by **you** (including by **your employees**), including part-time and temporary staff, and others within **your** organisation, or
2. access through **your** network to the world wide web or a public internet site by **you** (including by **your employees**), including part-time and temporary staff, and others within **your** organisation, or
3. access to **your** intranet (meaning internal company information and computer resources) which is made available through the world wide web for **your** customers or others outside **your** organisation, or
4. the operation and maintenance of **your** web site.

For the avoidance of doubt, nothing in this exclusion shall be construed to extend coverage to any liability which would not have been covered in the absence of this exclusion.

G. INJURY TO EMPLOYEES	You are not insured for sums that you become legally liable to pay for injury that arises out of, and in the course of, your employment of any person.
H. INNKEEPERS LIABILITY	You are not insured for sums that you become legally liable to pay under the Innkeepers Act 1962.
I. LIABILITY BY AGREEMENT	You are not insured for legal liability that you have agreed to assume under a contract unless: <ol style="list-style-type: none"> 1. you would otherwise have been legally liable in the absence of that contract, or 2. you have advised us of the contract and it is shown in the schedule as being accepted.
J. LOSS OF USE	You are not insured for sums that you become legally liable to pay in connection with loss of use of tangible property that has not suffered physical loss or physical damage, where that loss of use is caused solely by: <ol style="list-style-type: none"> 1. your delay in performing a contract, or 2. the failure of products to meet a level of performance, quality, fitness or durability expressly represented by you.
K. OFFSHORE GAS OR OIL PLATFORMS	You are not insured for sums you become legally liable to pay in connection with offshore gas or oil platforms.
L. PRODUCT RECALL	You are not insured for sums that you become legally liable to pay in connection with the recall, withdrawal, repair, inspection, replacement, modification or loss of use of your products , or any property that your products form a part of.
M. PROFESSIONAL DUTY	You are not insured for sums that you become legally liable to pay in connection with a breach of professional duty.
N. PROPERTY YOU OWN OR CONTROL	You are not insured for sums that you become legally liable to pay for damage to: <ol style="list-style-type: none"> 1. property owned by you, or 2. property in your control or possession (except for vehicles in a car park owned or operated by you without income or reward as a car park owner or operator).
O. UNDERGROUND SERVICES LIABILITY	You are not insured for sums that you become legally liable to pay in connection with any existing: <ol style="list-style-type: none"> 1. underground cables, or 2. underground pipes, or 3. other underground facilities.
P. VEHICLE / WATERCRAFT / AIRCRAFT	You are not insured for sums that you become legally liable to pay in connection with: <ol style="list-style-type: none"> 1. ownership, possession, repair or use of any vehicle by you, or 2. ownership, possession, repair or use of any watercraft by you, or 3. watercraft exceeding 500 gross tonnes, or 4. ownership, possession, repair or use of an aircraft, aerial device, or hovercraft, or 5. products: <ol style="list-style-type: none"> (a) used in the construction of, or (b) installed in, any aircraft, aerial device or hovercraft.
Q. VIBRATION, REMOVAL, WEAKENING OF SUPPORT	You are not insured for sums that you become legally liable to pay in connection with: <ol style="list-style-type: none"> 1. vibration, or 2. removal of the support, or 3. weakening of the support, or 4. interference with the support, of land or buildings.
R. WELDING / GAS CUTTING / BURNING OFF LIABILITY	You are not insured for sums that you become legally liable to pay in connection with: <ol style="list-style-type: none"> 1. welding, or 2. gas cutting, or 3. burning-off of any substance, carried out by you.

SECTION 3 – BASIS OF SETTLEMENT

A. MAXIMUM AMOUNT PAYABLE

1. Legal Liability

The most **we** will pay in total under this Section for **your** legal liability for each **event** is:

- (i) the sum insured shown in the **schedule** under Section 3 – Broadform Liability, or
- (ii) where one or more Extensions apply, the limits for those Extensions, whichever is lesser.

However, whenever **your** legal liability arises in connection with **your products**, the most **we** will pay for all **events**, in the aggregate, during the **period of insurance**, is the sum insured shown in the **schedule**.

2. Defence Costs

We will pay all **defence costs** covered under Section 3 'What You Are Insured For B – 'Defence Costs' in addition to 'What You Are Insured For A – 'Public and Product Liability', except for Section 3 Automatic Extensions L – 'North American Business Travel' and Section 3 Optional Extension A – 'Product Liability – North America', where **defence costs** are included in the limit in 'What You Are Insured For A – 'Public and Product Liability', and are not in addition to it.

B. EXCESS

An **excess** of \$500 applies for each **event**, unless a different amount is shown in this Section or in the **schedule**.

For avoidance of any doubt, if **you** are entitled to cover under more than one part under 'What You Are Insured For', then **we** only deduct one **excess**. That **excess** will be the highest **excess**.

SECTION 3 – DEFINITIONS

The following definitions apply only to Section 3 – Broadform Liability.

Please also refer to the General Definitions on page 47, which also apply to this Section.

accidental	Unexpected and unintended by you .
damage	Any of the following: <ul style="list-style-type: none"> 1. accidental physical loss or accidental physical damage to any tangible property, including its subsequent loss of use, 2. accidental loss of use of any tangible property that has not suffered physical loss or physical damage.
event	Any one event (including continuous or repeated exposure to conditions) or series of events arising from one source or original cause.
injury	Any of the following: <ul style="list-style-type: none"> 1. the accidental death of, or the accidental bodily injury to any person, including sickness, disease, disability, shock, fright, mental anguish or mental injury, 2. false arrest, false imprisonment, malicious prosecution or malicious humiliation, 3. defamation, or publication that violates any individual's right to privacy, except: <ul style="list-style-type: none"> (a) defamation where you know the statement is false, and (b) defamation or publication that involves advertising, broadcasting or telecasting activities conducted by you, or on your behalf, 4. wrongful entry or eviction, or any other invasion of the right of private occupancy, 5. battery or assault, provided that: <ul style="list-style-type: none"> (a) it is not committed by you, or (b) it is not committed under your direction, unless it is committed to prevent or eliminate danger to persons or property.
mobile mechanical plant	A vehicle that has either plant or machinery attached to it, or is primarily designed as mobile plant or machinery.

North America	Any territory under the jurisdiction of the laws of The United States of America or Canada.
products	Any goods, products, and property (including any container, other than a vehicle) after it ceases to be in your possession or under your control, that are manufactured, constructed, erected, installed, repaired, serviced, treated, sold, supplied or distributed by you .
repair	Repair, alter, renovate, service or install.
vehicle	Any: <ol style="list-style-type: none"> 1. motor vehicle, or 2. machine on wheels, tracks or rollers (but not rails) that is propelled by its own power, or 3. anything, other than a watercraft, designed to be towed by either 1 or 2 (above).
you	<p>Any person or entity named in the schedule as 'Insured'.</p> <p>This includes any of the following, provided they are living or based in New Zealand:</p> <ol style="list-style-type: none"> 1. any existing subsidiary company of that entity, 2. any existing: <ol style="list-style-type: none"> (a) joint venture, or (b) other company, over which that person or entity, exercises more than 50% management control, 3. any director, executive officer, employee or partner of: <ol style="list-style-type: none"> (a) that person or entity, or (b) any entity referred to in 1 and 2 (above), but only while acting in that capacity, 4. any office bearer or member of a social club, social sporting club or your employee superannuation fund that has been formed by: <ol style="list-style-type: none"> (a) that person or entity, or (b) any entity referred to in 1 and 2 (above), but only while acting in that capacity, or in connection with the activities of the club or fund, 5. any new organisation that the person or entity acquires through consolidation, merger, purchase of the assets, or assumption of control and active management, provided that: <ol style="list-style-type: none"> (a) the new organisation is acquired during the period of insurance, and (b) the acquisition is notified to us within 90 days after it takes effect, 6. any principal who is party to a contract with: <ol style="list-style-type: none"> (a) that person or entity, or (b) any entity referred to in 1 and 2 (above), but only for the principal's vicarious liability that arises out of that persons or entity's actions under that contract. <p><i>We may also use the word 'Insured' to describe you.</i></p>

SECTION 4 – STATUTORY LIABILITY

Your **schedule** shows whether **you** have selected cover under Section 4 – Statutory Liability.

SECTION 4 – WHAT YOU ARE INSURED FOR

The insurance under insuring clause A below is separate and divisible from the insurance under insuring clause B below, as though each is contained in a separate contract of insurance.

A. STATUTORY LIABILITY

You are insured for:

1. any **fine** and/or **reparation** that a New Zealand Court or Tribunal imposes on **you** arising out of an **event** that occurs after the **retroactive date** in New Zealand in connection with the **business**, and
2. **statutory damages** that **you** become liable to pay arising out of **your** act or omission after the **retroactive date** in New Zealand in connection with the **business**.

B. DEFENCE COSTS

You are insured for all **defence costs** necessarily and reasonably incurred by **you** with **our** prior written consent, to defend a:

1. **prosecution** that if proven, would result in a **fine** insured under this Section, or
2. **proceeding** that if proven, would result in **statutory damages** insured under this Section, or
3. **prosecution** under the Health and Safety in Employment Act 1992, provided that for both Section 4 What You Are Insured For 'A – Statutory Liability' and 'B – Defence Costs':
 - (a) **you** first knew, or ought to have known, of:
 - (i) the **prosecution** in relation to that **event**, or
 - (ii) the **proceeding** in relation to that act or omission, during the **period of insurance**, and
 - (b) **you** have advised **us** of the **prosecution** or **proceeding** as soon as possible, but no later than 30 days after the **period of insurance** ends.

SECTION 4 – AUTOMATIC EXTENSIONS

The following Automatic Extensions apply to this Section subject to the provisions outlined in Section 4 – 'What You Are Insured For' and the terms of this policy.

The amounts payable under all Automatic Extensions are included within the Liability Sum Insured and the Defence Costs Sum Insured shown in the **schedule** under Section 4 – Statutory Liability, they are not in addition to it.

A. COMMERCE ACT

We will insure any individual person(s) covered under this Section for any **fine** and/or **defence costs** arising from a breach of the Commerce Act 1986.

Section 4 Exclusion A – 'Commerce Act' does not apply to this Extension.

B. EXTENDED REPORTING PERIOD

If **we** elect not to offer renewal of this Section, then **you** may pay **us** an additional premium (being 50% of the last premium), to extend **your** cover under this Section for another 12 months. However, this will only cover **you** for **events** or acts or omissions that happened before the expiry of the **period of insurance**.

You cannot extend **your** cover if **we** cancelled this Section or declared this Section unenforceable. If **you** choose to extend this Section as described above, then **you** must give **us** notice that **you** wish to do so within 30 days of **our** refusing to renew this policy.

C. MERGERS & CONSOLIDATIONS

If the company named as Insured in the **schedule**:

1. is merged, amalgamated, or consolidated with or becomes a subsidiary company of another company, or
2. sells all or substantially all of its assets to another company, this Section will be extended to insure the new company, provided that **you**:
 - (a) give **us** notice that **you** wish to extend cover as soon as practicable, and
 - (b) pay any additional premium **we** require.

- D. NEW SUBSIDIARY COMPANIES** This Section is extended to insure a subsidiary company created or acquired by **you** during the **period of insurance** provided that **you**:
1. give **us** notice that **you** wish to extend cover as soon as practicable, and
 2. pay any additional premium **we** require.
- We** will only cover **events** or acts or omissions that happen after the acquisition.
- E. OFFICIAL INVESTIGATIONS COVER** **You** are insured for all **defence costs** necessarily and reasonably incurred by **you** in connection with an **official investigation** involving **you**, provided that:
1. the investigation arises out of:
 - (a) an **event**, or potential **event**, after the **retroactive date** in New Zealand in connection with the **business**, or
 - (b) an act or omission after the **retroactive date** in New Zealand in connection with the **business** that may result in **you** being liable to pay **statutory damages**, and
 2. **you** first knew, or ought to have known, of the **prosecution** in relation to that **event** or the **proceeding** in relation to **your** act or omission during the **period of insurance**, and
 3. **you** have advised **us** of the **prosecution** or **proceeding** as soon as possible, but no later than 30 days after the **period of insurance** ends.

SECTION 4 – EXCLUSIONS

The following Exclusions apply only to Section 4 – Statutory Liability.

Please also refer to the General Exclusions on page 42, which also apply to this Section.

- A. COMMERCE ACT** **You** are not insured for any **fine** or **defence costs** in connection with the Commerce Act 1986.
- B. CONTINUING OFFENCES** If a **fine** and/or **reparation** is imposed for a continuing offence under an **Act**, **you** are not insured for the part of the **fine** and/or **reparation** relating to the period after **you**:
1. know an offence is being committed, or
 2. ought to have known that an offence was being committed.
- C. EXISTING LITIGATION** **You** are not insured under this Section in connection with any **prosecution** or **proceeding** in existence at the commencement of the **period of insurance**.
- D. HEALTH AND SAFETY IN EMPLOYMENT ACT** **You** are not insured under 'What You Are Insured For, A – Statutory Liability' for any **fine** or infringement fee under the Health and Safety in Employment Act 1992. However, **defence costs** in relation to a **prosecution** under that Act remain covered as described under What You Are Insured For – 'B – Defence Costs – Item 3'.
- E. INTENTIONAL OR RECKLESS BREACH** **You** are not insured under this Section if **you** intentionally or recklessly disregard the provisions of an **Act**.
- F. KNOWN CLAIMS AND CIRCUMSTANCES** **You** are not insured under this Section at all in connection with any **prosecution** or **proceeding** that **you** first knew of or ought to have known of, prior to the inception date of this policy.
- G. TAXES** **You** are not insured for any **event** or act or omission in connection with a requirement to pay taxes, rates, duties, levies, charges, fees or any other kind of revenue under an **Act**.

SECTION 4 – BASIS OF SETTLEMENT

- A. MAXIMUM AMOUNT PAYABLE**
- 1. Liability**
The most **we** will pay in total for all **finances/reparations/statutory damages** in the aggregate during the **period of insurance** is the Liability Sum Insured shown in the **schedule**.
 - 2. Defence costs**
The most **we** will pay in total for all **defence costs** incurred during the **period of insurance** is the Defence Costs Sum Insured shown in the **schedule**.
For the avoidance of doubt, none of the Liability Sum Insured is available to meet **defence costs** and none of the Defence Costs Sum Insured is available to meet **finances/reparations/statutory damages**.

B. EXCESS

The **excess** shown in the **schedule** will be deducted from the amount **we** pay for **finest/ reparations/statutory damages** or **defence costs** under Section 4 – Statutory Liability. If a claim arises from separate **events**, or acts or omissions then an **excess** will apply to each **event**, or act or omission. **We** will deduct only one **excess** for a series of related **events** or acts or omissions arising from one source or cause; the highest **excess** will apply.

SECTION 4 – DEFINITIONS

The following definitions apply only to Section 4 – Statutory Liability.

Please also refer to the General Definitions on page 47, which also apply to this Section.

accidental	Unexpected and unintended by you .
Act	Any Act of the New Zealand Parliament that is in force at the start of each period of insurance and any Statutory Regulations that the Government makes under such Acts. However, you are not insured under the following Acts: <ol style="list-style-type: none"> 1. the Arms Act 1983, and 2. the Aviation Crimes Act 1972, and 3. the Crimes Act 1961, and 4. the Criminal Investigations (Blood Samples) Act 1995, and 5. the Land Transport Act 1998, and 6. the Misuse of Drugs Act 1975, and 7. the Proceeds of Crime Act 1991, and 8. the Summary Offences Act 1981, and 9. the Transport (Vehicle and Driver Registration and Licensing) Act 1986, and 10. the Fisheries Act 1996, and 11. the Civil Aviation Act 1990. <i>We do not insure you against committing serious or violent crimes.</i>
event	Your accidental commission of an offence under an Act .
fine	The amount of money you are sentenced to pay as a fine or pecuniary penalty (including court costs). This does not include compliance or remedial costs.
official investigation	An investigation: <ol style="list-style-type: none"> 1. by a body empowered under an Act to investigate, and 2. relating to a breach or potential breach of an Act.
proceeding	Whichever of the following that occurs first: <ol style="list-style-type: none"> 1. receipt by you of an official complaint of a breach (or potential breach) of either the Privacy Act 1993 or the Human Rights Act 1993, or 2. service upon you of a civil proceeding alleging a breach (or potential breach) of either the Privacy Act 1993 or the Human Rights Act 1993, or 3. a circumstance that you become aware of, that is likely to lead to either 1 or 2 above.
prosecution	Whichever of the following that occurs first: <ol style="list-style-type: none"> 1. receipt by you of an official complaint of a breach (or potential breach) of an Act, or 2. service upon you of a prosecution (or notice of intended prosecution) under an Act, or 3. a circumstance that you become aware of, that is likely to lead to either 1 or 2 (above).
reparation	The amount of money you are sentenced to pay as reparation under Section 32 of the Sentencing Act 2002. This does not include compliance or remedial costs.
statutory damages	Damages recoverable under either the Privacy Act 1993 or the Human Rights Act 1993 for an accidental breach of the applicable Act.
you	Any person or entity named in the schedule as 'Insured' including any director, executive officer, employee or partner while they are acting in that capacity. <i>We may also use the word 'Insured' to describe you.</i>

SECTION 5 – EMPLOYERS LIABILITY

Your **schedule** shows whether **you** have selected cover under Section 5 – Employers Liability.

SECTION 5 – WHAT YOU ARE INSURED FOR

The insurance under insuring clause A below is separate and divisible from the insurance under insuring clause B below, as though each is contained in a separate contract of insurance.

A. LIABILITY

You are insured for all sums that **you** become legally liable to pay (including punitive or exemplary damages) arising from an **employee** sustaining **injury**, provided that:

1. the **injury** is sustained:
 - (a) in New Zealand, and
 - (b) after the first inception date of this policy, and
 - (c) in connection with the **business**, and
2. **you** first become aware of the **claim** during the **period of insurance**, and
3. **you** have advised **us** of the **claim** as soon as possible, but no later than 30 days after the **period of insurance** ends.

B. DEFENCE COSTS

You are insured for **defence costs** necessarily and reasonably incurred by **you** with **our** prior written consent, to defend any legal action (or threat of legal action) that if proven, would be insured under 'What You Are Insured For A'.

We will meet these costs even if the legal action seems groundless.

SECTION 5 – AUTOMATIC EXTENSION

The following Automatic Extension applies to this Section subject to the provisions outlined in Section 5 – 'What You Are Insured For' and the terms of this policy.

A. EXTENDED REPORTING PERIOD

If **we** elect not to offer renewal of this Section, then **you** may pay **us** an additional premium (being 50% of the last premium), to extend **your** cover under this Section for another 12 months. However, this will only cover **you** for **events** that happened before the expiry of the **period of insurance**.

You cannot extend **your** cover if **we** cancelled this Section or declared this Section unenforceable. If **you** choose to extend this Section as described above, then **you** must give **us** notice that **you** wish to do so within 30 days of **our** refusing to renew this policy.

SECTION 5 – EXCLUSIONS

The following Exclusions apply only to Section 5 – Employers Liability.

Please also refer to the General Exclusions on page 42, which also apply to this Section.

A. ACC

You are not insured for liability or **defence costs** if compensation:

1. is available under the Accident Compensation Act 2001, or
2. would have been available under that Act, except for **your** status as an exempt employer under that Act.

B. EMPLOYMENT RELATIONS ACT

You are not insured for liability or **defence costs** arising out of the Employment Relations Act 2000.

C. EXISTING LITIGATION

You are not insured for liability or **defence costs** in connection with any litigation in existence at the commencement of the **period of insurance**.

D. FINES

You are not insured for any fine or penalty imposed on **you** (whether under contract or by statute).

E. KNOWN CLAIMS AND CIRCUMSTANCES

You are not insured for liability or **defence costs** in connection with any **claim** that **you** first knew of or ought to have known of, prior to the inception date of this policy.

F. LATENT DISEASES

You are not insured for liability or **defence costs** in connection with **injury** where:

1. the **injury** is caused by a disease, and
2. an **employee** is first exposed to the conditions leading up to the disease before the first start date of this policy.

G. NOTICES UNDER THE HEALTH AND SAFETY IN EMPLOYMENT ACT

You are not insured for liability or **defence costs** if **you** fail to comply with any lawful notice that **you** receive from an appropriate authority under the Health and Safety in Employment Act 1992.

SECTION 5 – BASIS OF SETTLEMENT

A. MAXIMUM AMOUNT PAYABLE

1. Liability

The most **we** will pay in total for all liability arising from:

- (i) any one **claim**, and
- (ii) all **claims**,

you first knew of during the **period of insurance** is the Liability Sum Insured shown in the **schedule** under Section 5 – Employers Liability.

2. Defence costs

The most **we** will pay in total for all **defence costs** arising from:

- (i) any one **claim**, and
- (ii) all **claims**,

you first knew of during the **period of insurance** is the Defence Costs Sum Insured shown in the **schedule** under Section 5 – Employers Liability.

For the avoidance of doubt, none of the Liability Sum Insured is available to meet **defence costs** and none of the Defence Costs Sum Insured is available to meet liability.

B. EXCESS

The **excess** shown in the **schedule** will be deducted from the amount **we** pay for a **claim** brought under Section 5 – 'What You Are Insured For A – Liability or 'What You Are Insured For B – Defence Costs'.

The **excess** shown in the **schedule** applies to each **injury** sustained by an **employee**.

SECTION 5 – DEFINITIONS

The following definitions apply only to Section 5 – Employers Liability.

Please also refer to the General Definitions on page 47, which also apply to this Section.

accidental

Unexpected and unintended by **you**.

claim

Any of the following:

1. any proceeding commenced against **you** in connection with an **employee** sustaining an **injury**,
2. any notice **you** receive from any other person that they intend to commence a proceeding against **you**, in connection with an **employee** sustaining an **injury**
3. any circumstance **you** become aware that is likely to result in 1 or 2 above, regardless of whether the claimed amount exceeds the **excess**.

event

Any one **claim** or series of **claims** arising from one source or original cause.

injury

The **accidental** death of, or the **accidental** bodily injury to any person during the **period of insurance**, including sickness, disease, disability, shock, fright, mental anguish or mental injury.

you

Any person or entity named in the **schedule** as 'Insured'.

We may also use the word 'Insured' to describe you.

SECTION 6 – EMPLOYMENT PRACTICES LIABILITY

Your **schedule** shows whether **you** have selected cover under Section 6 – Employment Practices Liability.

SECTION 6 – WHAT YOU ARE INSURED FOR

A. EMPLOYMENT LIABILITY

You are insured for **your liability** arising from an **error** that occurs after the **retroactive date** in connection with the **company**, provided:

1. **your liability** is not lawfully indemnifiable by the **company**, and
2. **you** first knew of the **claim** in relation to that **error** during the **period of insurance**, and
3. **you** have advised **us** of that **claim** as soon as possible, but no later than 30 days after the **period of insurance** ends.

B. DEFENCE COSTS

You are insured for all **defence costs** necessarily and reasonably incurred with **our** prior written consent to defend or settle:

1. a **claim** alleging **liability** covered by this Section, and
2. a criminal proceeding brought against **you** arising from an **error** covered by this Section, provided that **you** are **acquitted**. In the event that **you** are convicted of an offence in such a criminal proceeding, **you** are obliged to repay to **us** any monies **we** have paid in respect of **defence costs** in relation to that proceeding.

Defence costs covered by this Section are included within the sum insured for Section 6 – Employment Practices Liability, not paid in addition.

SECTION 6 – EXCLUSIONS

The following Exclusions apply only to Section 6 – Employment Practices Liability.

Please also refer to the General Exclusions on page 42, which also apply to this Section.

A. ACTS OF PARLIAMENT

You are not insured for **liability** or **defence costs** to pay any amount pursuant to any Act of Parliament other than the Employment Relations Act 2000.

B. COMPLIANCE COSTS

You are not insured for the cost of complying with any compliance order, or any other order in the nature of an injunction.

C. DISPUTES, STRIKES, LOCKOUTS

You are not insured for **liability** or **defence costs** in connection with:

1. an industrial dispute, strike, picket, lock-out, go slow or work to rule, or
2. union relations or union access.

D. EXISTING LITIGATION

You are not insured for **liability** or **defence costs** in connection with any litigation in existence at the commencement of the **period of insurance**.

E. KNOWN CLAIMS AND CIRCUMSTANCES

You are not insured for **liability** or **defence costs** in connection with any **claim** that **you** first knew of or ought to have known of, prior to the inception date of this policy.

F. LEGAL ADVICE

You are not insured for legal costs that **you** incur to obtain legal advice from an employment lawyer prior to the dismissal or disciplining of an **employee**.

G. PHYSICAL MODIFICATIONS

You are not insured for **liability** in connection with the cost of physical modifications to premises, plant or equipment owned or occupied by **you**.

H. UNFAIR CONTRACT

You are not insured for **liability** in connection with a contract of employment alleged to have been obtained by unfair bargaining.

I. UNFAIR DISMISSAL

You are not insured for **liability** in connection with the dismissal or disciplining of an **employee**, unless prior to this **you** had obtained and followed **our** advice or the advice of an employment lawyer approved by **us**.

SECTION 6 – BASIS OF SETTLEMENT

- A. MAXIMUM AMOUNT PAYABLE** The most **we** will pay in total, including **defence costs**, for:
1. any one **claim**, and
 2. all **claims**,
- you** first knew of during the **period of insurance** is the sum insured shown in the **schedule** for Section 6 – Employment Practices Liability.
- B. EXCESS** The **excess** shown in the **schedule** will be deducted from the amount **we** pay for a **claim** brought under Section 6 – Employment Practices Liability.
- The **excess** must also be paid when **we** only provide cover under Section 6 – What You Are Insured For 'B – Defence Costs'.
- We** will deduct only one **excess** for a series of **claims** arising from one **error**. If a **claim** arises from separate **errors** then an **excess** will apply to each **error**.

SECTION 6 – DEFINITIONS

The following definitions apply only to Section 6 – Employment Practices Liability.

Please also refer to the General Definitions on page 47, which also apply to this Section.

- acquitted** All charges against **you** are dismissed either prior to a hearing or after defending a hearing, or **you** are found not guilty on all charges against **you**.
- 'Acquitted' does not include:
1. a dismissal pursuant to a plea bargain when multiple charges have been laid, or
 2. a criminal prosecution where **you** have been charged with more than one offence and then convicted of at least one of those charges.
- claim** The earliest of the following:
1. service on **you** of a legal or arbitral proceeding by any third party, or
 2. **your** receipt of notice whether orally or in writing from any third party that they hold **you** legally liable, or intend to commence legal or arbitral proceedings against **you**, in connection with an **error** covered by this Section,
 3. a circumstance that **you** become aware of, that is likely to lead to either 1 or 2 above, regardless of whether the claimed amount exceeds the **excess**.
- company** Each company named in the **schedule** and any subsidiary company in existence at the inception date of this policy.
- error** Any actual or alleged:
1. unjustified dismissal or unjustified disadvantage, of an **employee**, or
 2. workplace harassment (whether sexual or otherwise) of an **employee**, or
 3. wrongful demotion of, wrongful failure to promote, wrongful deprivation of career opportunity of, wrongful discipline of or negligent evaluation of or negligent failure to grant tenure of employment to an **employee**, or
 4. workplace stress, or
 5. wrongful refusal to employ a potential **employee**, or
 6. defamation arising from employment-related matters, or
 7. misrepresentation or misleading advertising as to the terms and conditions of employment, or
 8. denial of natural justice to an **employee** concerning his or her employment, by **you** in **your** capacity as an employer.
- liability** Liability for damages (but not fines, penalties, or punitive or exemplary damages), interest, costs and expenses that a civil court or arbitrator orders **you** to pay (but not any penalties) or settlements in respect of such liability negotiated by **us**, in relation to a **claim**. It includes the legal costs of the person making the **claim**, for which **you** become liable.

you

The person(s) or entity named in the **schedule** as 'Insured'. Where the entity is a **company** it includes all its subsidiary companies.

'you' also includes an entity's directors, executive officers, **employees** and partners while they are acting in that capacity.

We may also use the word 'Insured' to describe you.

SECTION 7 – FIDELITY

Your **schedule** shows whether **you** have selected cover under Section 7 – Fidelity.

SECTION 7 – 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 in New Zealand, and
4. the **theft** has occurred after the **retroactive date** but no more than 3 years before the inception of the current **period of insurance**, and
5. the **theft** was in connection with the **employee's** employment with **you**, and
6. all cheques drawn or payment or withdrawals effected by **your employees** are authorised by two authorised persons, and
7. **you** have advised **us** of the **theft** as soon as possible, but no later than 30 days after the **period of insurance** ends.

SECTION 7 – AUTOMATIC EXTENSIONS

The following Automatic Extension applies to this Section subject to the provisions outlined in Section 7 – 'What You Are Insured For' and the terms of this policy.

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 Section.

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

The sum insured for this Extension is included within the sum insured for Section 7 – Fidelity, not paid in addition.

Section 7 Exclusion B – 'Claims Costs – Item 1' does not apply to this Extension.

SECTION 7 – OPTIONAL EXTENSION

This Optional Extension only applies to this Section if it is shown in the **schedule**.

Cover under this 'Optional Extension' is subject to the provisions outlined in Section 7 – Fidelity and the terms of this policy.

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 Section. 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 sum insured for this Optional Extension is included within the sum insured for Section 7 – Fidelity, not paid in addition.

The most **we** will pay, in total, under this Optional Extension during the **period of insurance** is the Sub-Limit for 'Investigation Specialists' shown in the **schedule** under Section 7 – Fidelity.

Section 7 Exclusion B – 'Claims Costs – Item 2' does not apply to this extension.

SECTION 7 – EXCLUSIONS

The following Exclusions apply only to Section 7 – Fidelity.

Please also refer to the General Exclusions on page 42, which also apply to this Section.

- | | |
|---|---|
| A. CEASING OF EMPLOYEES
EMPLOYMENT | This Section 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 | <p>This Section does not insure the costs, fees, or other expenses:</p> <ol style="list-style-type: none"> 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. CONSEQUENTIAL LOSS | <p>This Section does not insure any kind of consequential loss, including the following:</p> <ol style="list-style-type: none"> 1. penalties, or 2. loss of use of any property, or 3. delays, or 4. loss of market. |
| D. DUAL CUSTODY AND CONTROL | <p>This Section does not insure theft arising from:</p> <ol style="list-style-type: none"> 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. |
| E. ELECTRONIC DATA | <p>This Section does not insure theft in connection with loss of or damage to electronic data from any cause whatsoever including, but not limited to, a computer virus.</p> <p>This includes loss of use, reduction in functionality or any other associated loss or expense in connection with electronic data.</p> <p>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.</p> |
| F. FAILURE OF CHECKS
& PRECAUTIONS | <p>This Section does not insure theft arising from your failure to take adequate financial precautions, including failure to:</p> <ol style="list-style-type: none"> 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. |
| G. SUBSEQUENT ACTS OF THEFT | This Section 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 . |
| H. UNPROVEN LOSS | <p>This Section does not insure theft solely evidenced by:</p> <ol style="list-style-type: none"> 1. unexplained disappearances, or 2. shortages revealed only by the taking of any inventory, or 3. shortages resulting from clerical or accounting errors. |

SECTION 7 – BASIS OF SETTLEMENT

- A. MAXIMUM AMOUNT PAYABLE** The most **we** will pay in total for:
1. any one claim, and
 2. all claims,
- during the **period of insurance** is the sum insured shown in the **schedule** for Section 7 – Fidelity.
- B. EXCESS** The **excess** shown in the **schedule** will be deducted from the amount **we** pay for a claim under Section 7 – Fidelity.
- We** will deduct only one **excess** for a series of related dishonest acts or omissions using the same methodology by the **employee**. If a claim arises from separate dishonest acts or omissions then an **excess** will apply to each dishonest act or omission.

SECTION 7 – DEFINITIONS

The following definitions apply only to Section 7 – Fidelity.

Please also refer to the General Definitions on page 47, which also apply to this Section.

computer virus	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'.
electronic data	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.
investigation specialist	An independent fraud investigator, private investigator, security firm or specialist approved by us .
money	Any of the following, where they are associated solely with your operations: <ol style="list-style-type: none"> 1. current coin, bank and currency notes, 2. cheques and travellers' cheques, 3. bank drafts and money order, 4. phone cards, 5. unused postage and revenue stamps, 6. credit card vouchers, redeemable vouchers and tokens, 7. franking machine credits, 8. other negotiable instruments.
property	Any property (including money), owned by you , or for which you are legally responsible.
theft	As defined in Section 219 of the Crimes Act 1961, including taking by electronic means.
you	The person(s) or entity named in the schedule 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>

SECTION 8 – INTERNET LIABILITY

Your **schedule** shows whether **you** have selected cover under Section 8 – Internet Liability.

SECTION 8 – WHAT YOU ARE INSURED FOR

A. INTERNET LIABILITY

You are insured for all sums that **you** become legally liable to pay arising from **your** use of the **internet** that occurs anywhere in the world after the **retroactive date** in connection with the **business**, for any of the following:

1. unauthorised use of names (including domain names), trade names, trade addresses, service marks, service names, titles, slogans, formats, characters, character names, characterisations, plots, musical compositions, performances, logos, artwork, graphics, photographs or programme materials, or
2. passing off, or
3. unauthorised taking for use of any advertising idea, material, slogan, style or title of others, or
4. infringement or unauthorised use of intellectual property rights or alleged intellectual property rights, or
5. breach of confidence or infringement of any right to privacy, including alleged breach of the terms of the Privacy Act 1993, or
6. misuse of information which is confidential or subject to statutory restrictions on its use, or
7. defamation, or
8. any act that belittles the product or work (whether completed or not) of others, or
9. transmission of any **computer virus**,

provided:

- (a) **you** first knew, or ought to have known, of the **claim** during the **period of insurance**, and
- (b) **you** have advised **us** of that **claim** as soon as possible, but no later than 30 days after the **period of insurance** ends.

B. DEFENCE COSTS

You are insured for **defence costs** necessarily and reasonably incurred by **you** with **our** prior written consent, to defend any legal action (or threat of legal action) that if proven, would be insured under 'What You Are Insured For A – Internet Liability'.

SECTION 8 – EXCLUSIONS

The following Exclusions apply only to Section 8 – Internet Liability.

Please also refer to the General Exclusions on page 42, which also apply to this Section.

A. BREACH OF PATENT

You are not insured for **your** legal liability in connection with any alleged or actual breach of Patent.

B. EXISTING LITIGATION

You are not insured for legal liability in connection with any litigation in existence at the commencement of the **period of insurance**.

C. KNOWN CLAIMS AND CIRCUMSTANCES

You are not insured for legal liability in connection with any **claim** that **you** first knew of or ought to have known of, prior to the inception date of this policy.

D. OBSCENE MATTER

You are not insured for **your** legal liability in connection with any obscene matter of any kind (including pornography).

E. PERSONAL INJURY

You are not insured for **your** legal liability in connection with personal injury.

F. PROFESSIONAL SERVICES

You are not insured for **your** legal liability in connection with professional services provided by the insured.

G. SOCIAL MEDIA

You are not insured for **your** legal liability in connection with any social media including chat rooms and electronic bulletin boards.

SECTION 8 – BASIS OF SETTLEMENT

- A. MAXIMUM AMOUNT PAYABLE** The most **we** will pay in total, including **defence costs**, for:
1. any one **claim**, and
 2. all **claims**,
- during the **period of insurance** is the sum insured shown in the **schedule** for Section 8 – Internet Liability.
- B. EXCESS** The **excess** shown in the **schedule** will be deducted from the amount **we** pay for a **claim** brought under Section 8 – Internet Liability.
- The **excess** must also be paid when **we** only provide cover under Section 8 – What You Are Insured For 'B – Defence Costs'.
- We** will deduct only one **excess** for a series of **claims** arising from the same cause. If a **claim** arises from separate **causes** then an **excess** will apply to each **claim**.

SECTION 8 – DEFINITIONS

The following definitions apply only to Section 8 – Internet Liability.

Please also refer to the General Definitions on page 47, which also apply to this Section.

- claim** The earliest of the following:
1. service on **you** of a legal or arbitral proceeding by any third party arising from **your** use of the **internet**, or
 2. **your** receipt of notice whether orally or in writing from any third party that they hold **you** legally liable, or intend to commence legal or arbitral proceedings against **you**, arising from **your** use of the **internet**, or
 3. a circumstance that **you** become aware of, that is likely to lead to either 1 or 2 above, regardless of whether the claimed amount exceeds the **excess**.
- computer virus** 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'.
- internet** Internet, email, intranet, worldwide web.
- you** Any person or entity shown in the **schedule** as an Insured.
- 'you' also includes an entity's subsidiary companies and its directors, executive officers, **employees** and partners while they are acting in that capacity.
- We may also use the word 'Insured' to describe you.*

SECTION 9 – WORKPLACE LEGAL DEFENCE COSTS

Your **schedule** shows whether **you** have selected cover under Section 9 – Workplace Legal Defence Costs.

SECTION 9 – WHAT YOU ARE INSURED FOR

A. LEGAL COSTS

You are insured for all **legal costs** which **you** incur in defending a **legal proceeding** against **you**, occurring in New Zealand and after the **retroactive date**, arising in the course of **your** employment for the entity specified in the **schedule**, provided that:

1. **you** first knew or ought to have known of the **legal proceeding** or the intention to bring a **legal proceeding** during the **period of insurance**, and
2. **you** have advised **us** of the **legal proceeding** or the intention to bring a **legal proceeding** as soon as possible, but no later than 30 days after the **period of insurance** ends.

SECTION 9 – EXCLUSIONS

The following Exclusions apply only to Section 9 – Workplace Legal Defence Costs.

Please also refer to the General Exclusions on page 42, which also apply to this Section

A. APPEALS

You are not insured for **legal costs** in connection with any appeal unless **we** have given **our** prior written consent.

B. CROWN AGENCY ACTIONS

You are not insured for any **legal proceeding** in connection with any state funded grant, aid, revenue collection or subsidy.

C. DAMAGES & PENALTIES

You are not insured for any compensation, damages, restitution, profit, reparation, interest, penalties, or fines which **you** pay or are required to pay, or for any costs which **you** pay or are required to pay to any other party or to the court.

D. DELIBERATE EVENTS

You are not insured for **legal costs** of defending any **legal proceeding** that **you** have deliberately provoked or encouraged. **You** are not insured in respect of any **legal proceeding** brought or initiated by **you**.

E. DOMESTIC / FAMILY DISPUTES

You are not insured for **legal costs** of defending any **legal proceeding** instigated by, brought in the interests of, or resulting from any complaint by or on behalf of, **your** current or former spouse or partner or their relatives, or **your** relatives.

F. DRIVERS UNDER 25

If **you** were a driver under the age of 25 years at the time of an event giving rise to a prosecution in respect of an alleged **traffic offence**, **you** are not insured for the **legal costs** of defending the **legal proceeding**, unless **you** are at risk of being imprisoned for 3 months or more.

G. EMPLOYMENT DISPUTES

You are not insured for **legal costs** of defending any **legal proceeding** in connection with an employment issue or dispute with **your** employer, including but not limited to a **legal proceeding** in connection with the Employment Relations Act 2000.

H. EXISTING LITIGATION

You are not insured for the **legal costs** of defending any **legal proceeding** in connection with any prosecution in existence at the commencement of the **period of insurance**.

I. EXCLUDED TRAFFIC OFFENCES

You are not insured for **legal costs** of defending any **legal proceeding** involving an alleged **traffic offence** relating to drugs, alcohol, driving in excess of the speed limit, dangerous driving, road user charges, logbooks, or overloading.

J. FISHERIES / HUNTING LEGISLATION

You are not insured for **legal costs** of defending any **legal proceeding** in connection with legislation relating to fisheries or hunting.

K. GOVERNMENT BENEFITS AND PAYMENTS

You are not insured for **legal costs** of defending any **legal proceeding** arising in connection with any benefit, income-support, grant, subsidy or other assistance provided by central or local government. **You** are not insured for **legal costs** of defending any **legal proceeding** arising in connection with any tax, rates, payment to local government, contribution, maintenance, child support or similar.

L. KNOWN CLAIMS AND CIRCUMSTANCES	You are not insured for the legal costs of defending any legal proceeding in connection with any prosecution that you first knew of or ought to have known of, prior to the inception date of this policy.
M. PRIOR CHARGE OR CONVICTION	You are not insured for legal costs of defending a prosecution for an offence, including a traffic offence , if you have previously been charged with or convicted of the same or a similar offence.
N. PROFESSIONAL DUTIES	You are not insured for legal costs of defending any legal proceeding arising in connection with any alleged breach of duty owed as a professional, director, trustee or in connection with a power of attorney, or any other duty of a professional nature.
O. UNAUTHORISED LEGAL COSTS	You are not insured for legal costs of defending any legal proceeding incurred without our prior written consent.

SECTION 9 – BASIS OF SETTLEMENT

A. MAXIMUM AMOUNT PAYABLE	The most we will pay in total for: <ol style="list-style-type: none"> any one legal proceeding, and all legal proceedings, during the period of insurance is the sum insured shown in the schedule for Section 9 – Workplace Legal Defence Costs.
B. EXCESS	The excess shown in the schedule will be deducted from the amount we pay for a claim under Section 9 – Workplace Legal Defence Costs. We will deduct only one excess for a series of legal proceedings arising from the same cause. If a claim arises from separate causes then an excess will apply to each legal proceeding .

SECTION 9 – DEFINITIONS

The following definitions apply only to Section 9 – Workplace Legal Defence Costs.

Please also refer to the General Definitions on page 47, which also apply to this Section.

lawyer	Any solicitor or barrister appointed to act for you .
legal costs	The reasonable fees, expenses and disbursements charged by a lawyer to defend you in a legal proceeding .
legal proceeding	A legal proceeding means a court proceeding of any of the following types: <ol style="list-style-type: none"> any prosecution for any alleged criminal offence under any statute (other than a traffic offence), provided that you intend to plead not guilty and it is reasonable for you to do so, and any prosecution for any alleged traffic offence which may result in disqualification from driving, provided that you intend to plead not guilty and it is reasonable for you to do so.
traffic offence	A criminal offence under any of the Transport Act 1962, Transport (Vehicle and Driver Registration and Licensing) Act 1986, or Land Transport Act 1998.
you	Any employee of the entity specified in the schedule . <i>We may also use the word 'Insured' to describe you.</i>

SECTION 10 – LIABILITY CONSEQUENTIAL LOSS

Your **schedule** shows whether **you** have selected cover under Section 10 – Liability Consequential Loss.

SECTION 10 – WHAT YOU ARE INSURED FOR

A. LIABILITY CONSEQUENTIAL LOSS

You are insured for **your** financial loss incurred during the **indemnity period** calculated in accordance with Insured Items A and B below resulting from interruption to or interference with the **business**, provided:

1. the interruption or interference resulted from an **occurrence** during the **period of insurance**, and
2. **we** have indemnified **you** for **your** liability arising from that **occurrence** under either Section 3, Section 4 or Section 5 of this Policy and that liability resulted in interruption or interference with **your business**.

SECTION 10 – INSURED ITEMS

A. LOSS OF GROSS PROFIT AND/OR INCREASED COSTS

We will pay:

- (a) any reduction in the **income** that would normally have been earned during the **indemnity period** if there had been no **occurrence**, and
- (b) any additional expenses reasonably incurred during the **indemnity period** to avoid or minimise a reduction in **income** resulting from the **occurrence** or to resume or maintain normal business activities, and
- (c) an equitable allowance for any financial loss suffered for a maximum period of 3 months after the **indemnity period** ends because **your** stocks have been used to maintain **income** during the **indemnity period**, and
- (d) any net loss resulting directly from the **occurrence**, of collectable amounts owed to **you** plus the reasonable costs incurred in establishing, tracing and recovering of those debts, and
- (e) any reduction in value of undamaged stock, arising from the **occurrence**, due solely to **your** inability to process or sell that stock normally, measured by the replacement cost of that stock, or if not replaced its market value less any savings that can be achieved.

B. CLAIMS PREPARATION COSTS

We will pay the costs reasonably and necessarily incurred by an accountant appointed or approved by **us** for the preparation (but not negotiation) of the claim.

SECTION 10 – EXCLUSIONS

The following Exclusions apply only to Section 10 – Liability Consequential Loss.

Please also refer to the General Exclusions on page 42, which also apply to this Section.

A. FINES

You are not insured for any fines, penalties or liquidated damages.

B. LOSS OR DAMAGE

You are not insured for any costs of repairing or replacing loss or damage to real or personal property.

C. BUSINESS RECORDS

You are not insured for any costs of rewriting and reconstructing the business records not otherwise covered under this Section.

D. OTHER INSURANCE

You are not insured for any financial loss normally covered under a Fire or Material Damage Business Interruption or Consequential Loss Insurance Policy.

E. COMPLIANCE COSTS

You are not insured for any extra costs incurred in complying with any Act of Parliament, regulation, Order in Council, By-law, New Zealand or International Standard, or any other industry or professional code of practice or compliance standard.

F. RECEIVERSHIP, BANKRUPTCY OR SALE

You are not insured if **you**:

- (a) are put into receivership or liquidation, or
- (b) commit an act of bankruptcy or are adjudicated bankrupt, or
- (c) cease to own or control the business.

G. RIGHTS OR REMEDIES

You are not insured, if at **your** own expense, **you** fail to do or permit to be done everything which is reasonably required to enable **you** to action any rights or remedies in relation to any **occurrence**.

SECTION 10 – BASIS OF SETTLEMENT

A. MAXIMUM AMOUNT PAYABLE

The most **we** will pay in total for any one claim and all claims during the **period of insurance** is the sum insured shown on the **schedule** for Section 10 – Liability Consequential Loss.
The most **we** will pay for any one claim under Insured Items A (c) is 40% of the sum insured shown on the **schedule** for Section 10 – Liability Consequential Loss, during any 3 month period, or pro rata for any different period.

B. EXCESS

An **excess** will be deducted from the amount **we** pay for a claim under Section 10 – Liability Consequential Loss, of either:
(a) 10% of the actual loss, or
(b) 10% of the sum insured shown on the **schedule** for Section 10 – Liability Consequential Loss, whichever is the lesser.

C. WHAT WE WILL PAY

STANDARD ADJUSTMENTS

When calculating **your** claim, **we** will make allowance for adjustments that are necessary to provide for:

1. the trend of **your business** operations, and
 2. variations in **your business** operations, and
 3. other circumstances affecting **your business** operations,
- that:

- (a) occur before or after the start of the **indemnity period**, or
- (b) would have affected **your business** operations had the **occurrence** not happened, so that the final adjusted figures should represent, as close as is reasonably practicable, the results that would have been achieved during the relative period after the loss but for the **occurrence**.

We will deduct any savings made during the **indemnity period** in the business's costs and expenses resulting from the **occurrence**.

We will take into account both positive and negative adjustments to your business operations.

SECTION 10 – DEFINITIONS

The following definitions apply only to Section 10 – Liability Consequential Loss.

Please also refer to the General Definitions on page 47, which also apply to this Section.

indemnity period

The period commencing at 4.00pm on the day which **you** were first required to notify **us** of the **occurrence** under either Section 3, Section 4 or Section 5 of this Policy and expiring:

1. 12 months later or such other period as specified in the **schedule**, or
2. when the **business** returns to the level that the **business** would have attained but for the **occurrence**.

income

Revenue received or receivable in the course of the **business**, including revenue for goods sold, services rendered, rent and expenses from tenants, less the cost of goods sold and any other expenses of the **business** that vary with production and/or revenue.

occurrence

An event during the **period of insurance** for which **we** have accepted indemnity under either Section 3, Section 4 or Section 5 of this Policy and which results in interruption or interference with the **business**.

you

The entity named in the **schedule**.

We may also use the word 'Insured' to describe you.

GENERAL EXCLUSIONS

These General Exclusions apply to all Sections of this policy.

Please also refer to the Exclusions under each Section, as these detail exclusions that apply to a specific Section only.

- | | |
|--|--|
| A. ASBESTOS | This policy does not insure any claim of any type in connection with the presence of asbestos. |
| B. BUILDING DEFECTS | <p>This policy does not insure any claim of any type in connection with a building or structure being affected by:</p> <ol style="list-style-type: none"> 1. moisture or water build-up or the penetration of external moisture or water, or 2. the action or effects of mould, fungi, mildew, rot, decay, gradual deterioration, micro-organisms, bacteria, protozoa, or any similar or like forms, or 3. the failure of any building or structure to comply with or perform to the requirements of any building code or standard; to meet any standard of performance, quality, fitness or durability; or to be fit for its intended purpose. <p>This exclusion does not apply to any claim that is caused by, or directly arises from, the leakage of internal pipes, internal water systems or internal cisterns.</p> |
| C. DISHONESTY OR FRAUD | <p>This policy does not insure any claim of any type by you, your employees, your officers or directors, consultants, contractors, subcontractors or agents in connection with any:</p> <ol style="list-style-type: none"> 1. wilful breach of duty or wilful breach of an Act of Parliament, or 2. dishonest, fraudulent or malicious act or omission, or 3. act or omission committed with a criminal intent, or 4. unlawful profit or advantage, or 5. insider trading. |
| D. EMPLOYERS LIABILITY | This policy does not insure any claim of any type in connection with your capacity or obligations as an employer, other than the cover provided under Section 4 – ‘Statutory Liability’, Section 5 – ‘Employers Liability’ and Section 6 – ‘Employment Practices Liability’. |
| E. FINES AND EXEMPLARY DAMAGES | <p>You are not insured for:</p> <ol style="list-style-type: none"> 1. any fine or penalty imposed on you (whether under contract or statute), or 2. any punitive or exemplary damages awarded against you, <p>other than the cover provided under Section 4 – ‘Statutory Liability’ and Section 5 – ‘Employers Liability’.</p> |
| F. FOREIGN COURTS | <p>This policy does not insure any claim of any type in connection with:</p> <ol style="list-style-type: none"> 1. proceedings or a prosecution first brought in a court outside New Zealand (unless that country is shown under ‘Jurisdictional Limits’ in the schedule), or 2. proceedings or a prosecution brought in a court within New Zealand to enforce a judgment made by a court outside of New Zealand (unless that country is shown under ‘Jurisdictional Limits’ in the schedule), or 3. legal liability arising under the proper law of a country other than New Zealand (unless that country is shown under ‘Jurisdictional Limits’ in the schedule). |
| G. NUCLEAR | <p>This policy does not insure any claim of any type in connection with any:</p> <ol style="list-style-type: none"> 1. ionising radiation or contamination by radioactivity from: <ol style="list-style-type: none"> (a) any nuclear fuel, or (b) any nuclear waste from the combustion or fission of nuclear fuel, 2. nuclear weapons material. |
| H. SEEPAGE, POLLUTION AND CONTAMINATION | This policy does not insure any claim of any type in connection with seepage, pollution , or contamination other than the cover provided under Section 4 – ‘Statutory Liability’ and Section 5 – ‘Employers Liability’. |
| I. TERRORISM | This policy does not insure any claim 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 . |

J. WAR

This policy does not insure any claim 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.

GENERAL CONDITIONS

These General Conditions apply to all Sections of this policy.

A. HOW WE ADMINISTER THIS POLICY

1. Cancellation

BY YOU

You may cancel this policy at any time by notifying **us**. If **you** do, **we** will refund any premium that is due to **you** based on the unused portion of the **period of insurance**. **You** must pay any outstanding premium due for the used portion of the **period of insurance**.

BY US

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

2. Change of Terms

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

3. 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.

This policy does not cover **your** liability or loss at all if it is insured to any extent under any other insurance policy. **We** will not contribute towards any claim under any other insurance policy.

4. Separate Insurance (Cross Liability)

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, this does not increase the amount of cover available under this policy.

This condition applies only to Section 3 – Broadform Liability, Section 4 – Statutory Liability and Section 5 – Employers Liability.

5. Currency

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

6. GST

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

- (a) all sums insured exclude GST, and
- (b) all sub limits exclude GST, and
- (c) all **excesses** include GST, and
- (d) GST will be added, where applicable, to claim payments.

B. LAWS AND ACTS THAT GOVERN THIS POLICY

1. Governing Law and Jurisdiction

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

2. Legislation Changes

Any reference to any Act of Parliament or subordinate rules referred to in this policy includes any amendments made or substitutions to that law.

C. YOUR OBLIGATIONS

3. Insurance Law Reform Acts

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

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.

2. Breach of any Condition

If:

- (a) **you**, or
- (b) any other person or entity **we** cover under this policy, or
- (c) anyone acting on **your** behalf,

breaches any of the terms and/or conditions of this policy, **we** may:

- (i) decline **your** claim either in whole or in part, and/or
- (ii) declare either this policy or all insurance **you** have with **us** to be of no effect and to no longer exist.

3. True Statements and Answers

True statements and answers must be given, whether by **you** or any other person, when **you**:

- (a) apply for this insurance, and/or
- (b) notify **us** regarding any change in circumstances, and/or
- (c) make any claim under this policy, and provide any further communication regarding the claim.

4. 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.

5. Change in Circumstances

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

- (a) increase in the risk insured, or
- (b) 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:

- (i) declare this policy unenforceable, and/or
- (ii) 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.

For avoidance of any doubt, 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.

6. Confidentiality

You must not:

- (a) reveal that **you** hold this policy, or
- (b) disclose the terms of this policy.

You may only give this information if:

- (i) **we** agree in writing, or
- (ii) **you** are bound to give the information by law.

MANAGING YOUR CLAIM

These policy terms apply to all Sections of this policy.

A. YOUR OBLIGATIONS

1. Do Not Admit Liability

You must not:

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

2. Advise us

If **you** become aware of any event that is likely to give rise to a claim under a Section, **you** must contact **us** immediately.

3. Minimise the Loss

You must take all reasonable steps to minimise the claim and avoid any further loss or liability arising.

4. Notify the Police

You must immediately notify the Police if **you** suspect criminal activity has occurred.

5. Provide Full Information

When **you** make a claim **you** consent to **your** personal information in connection with the claim being:

- (a) disclosed to **us**, and
- (b) transferred to the Insurance Claims Register Limited.

You must:

- (i) give **us** free access to examine and assess the claim, and
- (ii) send any relevant correspondence or documents to **us**, and
- (iii) complete a claim form and/or statutory declaration to confirm the claim if **we** request it, and
- (iv) provide any other information, proof of ownership or assistance that **we** may require at any time.

6. Dishonesty

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

- (a) decline **your** claim either in whole or in part, and/or
- (b) declare either this policy or all insurance **you** have with **us** to be of no effect and to no longer exist from the date of the dishonest or fraudulent act.

This is at **our** sole discretion.

7. Do Not Dispose of Property

You must not destroy or dispose of anything that is or could be part of a claim until **we** have given **you** permission to do this.

8. What you must obtain our agreement to do

You must obtain **our** agreement before **you**:

- (a) incur any expenses in connection with any claim under this policy, or
- (b) negotiate, pay, settle, admit or deny any claim against **you**, or
- (c) do anything that may prejudice **our** rights of recovery.

B. MANAGING YOUR CLAIM

1. Allocation of defence costs

If a claim is covered only partly by this policy, then **we** will attempt to ensure fair and proper allocation of the **defence costs** for insured and uninsured portions.

If all parties are unable to agree upon the allocation of the **defence costs** then that allocation shall be referred to a lawyer that **we** and **you** agree to instruct, whose determination shall be binding upon all parties.

The cost of the lawyer's determination is to be taken as part of the **defence costs** covered under the applicable Section.

If the parties cannot agree on a lawyer, then a lawyer will be appointed by the President of the New Zealand Law Society.

2. Apportionment

If **we** pay costs and/or expenses in excess of the maximum amount payable, then:

- (a) **you** must refund to **us** all amounts in excess of the maximum amount payable, or
- (b) **we** can offset that payment against what **we** must pay to **you** under this policy.

3. Your Defence (Queens Counsel Clause)

We are not required to defend a claim against **you** unless a lawyer that **we** and **you** agree to instruct, advises that the claim should be defended. If the parties cannot agree on a lawyer, then a lawyer will be appointed by the President of the New Zealand Law Society.

In formulating his or her advice, the lawyer must be instructed to consider the:

- (i) economics of the matter, and
- (ii) damages and costs likely to be recovered, and
- (iii) likely costs of defence, and
- (iv) prospects of successfully defending the claim.

The costs of the lawyer's opinion is to be taken as part of the **defence costs** covered under the applicable Section.

If the lawyer advises that the claim should be settled and if the terms of settlement that **we** recommend are within limits that are reasonable (in the lawyer's opinion and in the light of the matters he/she is required to consider), then:

- (i) **you** cannot object to the settlement, and
- (ii) **you** must immediately pay the **excess** shown in the **schedule**.

4. Subrogation

Once **we** have accepted any part of **your** claim under this policy, **we** may assume **your** legal right of recovery. If **we** initiate a recovery **we** will include **your excess**, and any other uninsured losses suffered by **you**. Where **we** do this, **you** agree to pay **your** proportional share of the recovery costs, and subsequently the proceeds of the recovery will be shared on the same proportional basis, except that **we** will reimburse **your excess** first.

You must fully co-operate with any recovery process. If **you** do not, **we** may recover from **you** the amount paid in relation to the claim.

5. Defence of liability claims

After **you** have made a claim under this policy, subject to 'Managing Your Claim, Part B Item 3 – Your Defence (Queens Counsel Clause)', **we** have the sole right (which shall be a precedent to **your** right to be covered) to:

- (a) act in **your** name and on **your** behalf to defend, negotiate or settle the claim as **we** see fit (this will be done at **our** expense), and
- (b) defend or legally represent **you** at:
 - (i) legal or quasi legal process as covered by Section 1, 'Automatic Extension E Disciplinary Proceedings and Enquiries', or
 - (ii) an official investigation, examination or inquiry as covered by Section 2 'Automatic Extension I Official Investigations', and
- (c) publish a retraction or apology (in the case of defamation proceedings).

We may appoint **our** own lawyers to represent **you**. They will report directly to **us**.

6. Discharge of liability claims

We may elect at any time to pay **you**:

- (a) the maximum amount payable under the policy, or
- (b) any lesser sum that the claim against **you** can be settled for.

Once **we** have paid this (including any **defence costs** already incurred up to **our** date of election), **our** responsibility to **you** under the policy is met in full.

7. Waiver of Professional Privilege

The solicitors **we** instruct to act on behalf of **you** are at liberty to disclose to **us** any information they receive in that capacity, including information they receive from **you**.

You authorise the solicitors to disclose this information to **us**.

8. Recoveries

We will not recover any amount paid out:

- (a) as a claim under Section 1 – Professional Indemnity from any of **your employees** or former **employees** unless the claim arose from that employee's dishonest, fraudulent, criminal or malicious acts, omissions or conduct, and
- (b) as a claim under Section 2 – Directors and Officers Liability from:
 - (i) the **company**, unless cover is provided by Automatic Extension L – 'Preservation of Indemnity', and
 - (ii) **you**.

9. Money Due to Employee

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

9.1 **money** due by **you** to the **employee** who has committed the **theft**, or

9.2 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.

This Condition applies only to Section 7 – Fidelity.

GENERAL DEFINITIONS

These general definitions apply to all Sections of this policy.

act of terrorism	Includes any unlawful 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: <ul style="list-style-type: none"> (a) involves violence against one or more persons, or (b) involves damage to property, or (c) endangers life other than that of the person committing the action, or (d) creates a risk to health or safety of the public or a section of the public, or (e) is designed to interfere with or disrupt an electronic system.
business	The business described in the schedule .
defence costs	Legal costs and expenses.
employee	A person who is deemed to be employed by the company , business, or you pursuant to the Employment Relation Act 2000.
excess	The amount specified in the schedule under each Section, or stated in the relevant part of this policy.
period of insurance	The period you are insured for. This is shown in the schedule .
pollution/pollutants	Any solid, liquid, gaseous or thermal irritant or contaminant, including but not limited to smoke, vapour, soot, fumes, acid, alkalis, chemicals and waste. Waste includes material to be recycled, reconditioned or reclaimed.
retroactive date	The date shown in the schedule for the applicable Section.
schedule	The latest version of the Schedule we issue to you for this policy.
we	NZI, a business division of IAG New Zealand Limited. <i>We may also use the words 'us' or 'our' to describe NZI.</i>



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.

To find out more about the advantages of choosing NZI, talk to your broker or visit nzi.co.nz.

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