

Body Corporate Liability

Summary of key changes



This document is a summary only and details the most significant changes. We recommend that you read the new policy wording so you are familiar with all the amendments.

The NZI wording takes effect from 3 December 2018 and all quotations issued by NZI, both renewals and new business, will be quoted on the new wording.

	Lumley LB060 1215	NZI OFB0412 and OIA0314	New NZI Wording BC 1018
Insuring clauses			
Defence Costs	Lumley dealt with defence costs in addition to the limit of indemnity by endorsement to the policy in two ways, the options were: <ul style="list-style-type: none">▶ an additional amount for defence costs of 20% of Limit of Indemnity: or▶ a set specified limit selected by the insured.	OFB0412 - Limit of indemnity included defence costs. OIA0314 - Costs in addition up to the sum insured specified in the schedule.	Clause 2.2 Defence Costs Defence costs are payable in addition to the limit of indemnity. Now automatically provides a sub-limit for defence costs of \$5,000,000 or an amount equivalent to the limit of indemnity, whichever is the lesser.
Extensions			
Automatic reinstatement	✗	✓	✗ Not available under the new NZI policy.
Court attendance costs	✗	✗	✓ NEW - Extension 3.3 \$500 per day per committee member required to attend court in respect of a covered claim. \$20,000 sub-limit.
Defamation	✓	✗	✗ This extension is not available in the new wording but cover may be available under the definition of ‘wrongful act’.
Fair trading Act	✓	✗	✗ This extension is not available in the new wording but cover may be available under the definition of ‘wrongful act’.

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Extensions (continued)			
Investigations and inquiries	✓ Legally compellable attendance only. Policy limit applies.	✓ \$250,000 sub limit.	✓ Extension 3.7 Policy limit applies. The insured must refund defence costs to NZI where there is an admission, settlement, judgment or other final adjudication that an insured committed a dishonest, fraudulent or criminal act or a reckless or knowing breach of any law.
Loss of documents	✓	✗	✗ Not included.
Exclusions			
Sanctions	✗	✗	✓ Exclusion 4.15 Excludes cover for liability to the extent it would expose NZI to any sanction.
Conditions			
Allocation of defence costs	✗	✓	Condition 6.9 Provides clarity of operation of the policy if there are parts of a claim that are covered and parts that are not covered.
Severability	✗	✗	Condition 6.14 If a committee member has not disclosed, or has misrepresented, a material fact or breached a policy condition, this clause maintains cover for any committee member who did not commit the non-disclosure or misrepresentation or breach of a policy condition.

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Conditions (continued)			
Subrogation	✓	✓	✓ Condition 6.15 NZI will not seek recovery against a committee member unless there is an admission, settlement, judgment or other final adjudication that a committee member committed a dishonest, fraudulent or criminal act or reckless or knowing breach of any law.