

BUSINESS VEHICLES

STATE

Welcome TO STATE

Thank you for choosing State. You've made a great choice – we've been helping New Zealanders with their insurance needs for more than 100 years and are proud to be doing the same for you. If you have any questions about your policy or think it doesn't provide the cover you need, please call us straight away – we'll be happy to help.

IMPORTANT

This document is your Business Vehicles policy wording.

Please make sure you read it carefully as it contains important information you should know, including what your insurance covers – and what it doesn't.

Contact us

If you have a question, need help or want to make an insurance claim, just call us on **0800 80 24 24** or visit **state.co.nz**.

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Introduction

Welcome

Welcome to State. Thank you for selecting **us** as **your** insurer.

About this policy

Your Business Vehicles Policy consists of:

- (a) this policy document, and
- (b) the **schedule**, and
- (c) any endorsements or warranties that **we** apply, and
- (d) the information **you** have provided in the **application**.

Duty of disclosure

You have a legal duty of disclosure when **you** apply for insurance. This means **you** or anyone acting 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:

- (a) to accept or decline **your** insurance, and/or
- (b) 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 acting 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. There is a list of these words and what they mean in Section 17 – ‘Definitions’.

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.

1. Insurance agreement

1.1 Our agreement

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

2. Policy cover options

The **insured vehicles** will be covered under one of the following Policy cover options. The option that applies will be shown on the **schedule**.

Type of cover:	Provides:
2.1 Full cover	<ul style="list-style-type: none">(a) Cover under 'Section 1: Cover for the insured vehicle', and(b) Cover under 'Section 1: Automatic extensions', and(c) Cover under 'Section 2: Liability cover', and(d) Cover under 'Section 2: Automatic extensions', and(e) Cover under '13. Automatic extensions applicable to both Sections 1 and 2'.
2.2 Third Party, Fire and Theft	<ul style="list-style-type: none">(a) Cover under 'Section 1: Cover for the insured vehicle' only covering accidental loss to the insured vehicle caused by: fire, lightning, explosion, theft or illegal conversion, and(b) Cover under 'Section 1: Automatic extensions', only in respect of a claim covered under 2.2 (a) above, and(c) Cover under 'Section 1: Automatic extension 7.4 – Damage caused by an uninsured third party', and(d) Cover under 'Section 2: Liability cover', and(e) Cover under 'Section 2: Automatic extensions', and(f) Cover under '13. Automatic extensions applicable to both Sections 1 and 2'.
2.3 Third Party only	<ul style="list-style-type: none">(a) Cover under 'Section 1: Automatic extensions 7.4 – Damage caused by an uninsured third party', and(b) Cover under 'Section 2: Liability cover', and(c) Cover under 'Section 2: Automatic extensions', and(d) Cover under '13. Automatic extensions applicable to both Sections 1 and 2'.

3. When cover applies

3.1 When cover applies	<p>There is only cover under this policy when any vehicle insured under this policy is being used:</p> <ul style="list-style-type: none">(a) for the insured's business or occupation as advised to us prior to inception of this policy or any renewal, or(b) for the insured's private, social or domestic purposes, or(c) for a business or occupation comparable with the insured's business or occupation as above, when hired, rented or lent out by the insured, with or without a driver, provided that:<ul style="list-style-type: none">(i) all policy terms and conditions are observed at the time the loss occurs, and(ii) there is no other insurance which covers the loss. <p>There is no cover under this policy when any vehicle insured under this policy is used on a race track, or for pace making, reliability trials, hill climbs or speed tests, or while being used in preparation for any one of these activities.</p>
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4. Section 1: Cover for the insured vehicle

4.1 Accidental loss to the vehicle	We will cover the insured for accidental loss to an insured vehicle occurring anywhere in New Zealand during the period of insurance .
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5. Section 1: Exclusions

The following exclusions apply to Section 1: Cover for the insured vehicle, Section 1: Automatic extensions, and Section 1: Optional extensions.

IMPORTANT: Please also read 14 – General exclusions, that apply to all parts of this policy.

- 5.1 Types of loss not covered** This policy does not insure **loss** connected with:
- (a) wear and tear, or
 - (b) rust or corrosion, or
 - (c) the failure of, or any fault or defect in, the **insured vehicle's** design, specification or materials.
- However, this exclusion is limited to the part immediately affected and does not apply to any resultant **accidental loss** to any other part of the **insured vehicle**.
- 5.2 Ingestion or entanglement** This policy does not insure **loss** connected with the entanglement, ingestion, or entry of any foreign object into any mulching, chipping or agricultural implement or machine (e.g. *tractor or hay baler*).
- 5.3 Consequential loss** This policy does not insure:
- (a) loss of use of any kind whatsoever, or any costs or expenses that result from that loss of use, unless expressly insured under Section 1: Automatic or Optional extensions, or
 - (b) depreciation or loss in value.
- 5.4 Vehicle parts**
- (a) This policy does not insure **loss** to the following parts of an **insured vehicle**:
 - (i) engine and all engine parts,
 - (ii) cooling systems, including but not limited to radiators, heat exchangers, cooling fans, pressure caps, water pumps, thermostats and hoses,
 - (iii) hydraulic system, including but not limited to shock absorbers and suspension systems,
 - (iv) transmission system, including but not limited to gearbox, drive shafts, axles, differentials, clutches, and wheel hubs,
 - (v) fuel systems,
 - (vi) braking systems,
 - (vii) electrical/electronic systems, computer systems, and mechanical systems,
 - (viii) pumping and vacuuming systems,
 - (ix) any fixed plant machinery (including but not limited to food /drink preparation equipment),
 - (x) underground exploratory devices.
 - (b) However, this exclusion does not apply to **loss** that is the direct result of:
 - (i) fire,
 - (ii) the **insured vehicle** or a conveying **vehicle** overturning,
 - (iii) the **insured vehicle** suffering an impact or collision with an external object,
 - (iv) the **insured vehicle** being partly or fully immersed in a body of water,
 - (v) the **insured vehicle** being stolen or converted,
 - (vi) the **insured vehicle** being maliciously damaged,
 - (vii) the **insured vehicle** being accidentally operated with the incorrect fuel type (e.g. *diesel in a petrol engine or petrol in a diesel engine*). This does not include operating the **insured vehicle** with fuel of the correct type which is contaminated,
 - (viii) hail, snow, storm or lightning,
 - (ix) natural disaster,
 - (x) animals.
- 5.5 Drilling equipment** This policy does not insure **loss** to any drill shaft or bit of any type of drilling rig or machinery whilst being used for the purpose of drilling below ground or surface level.
- 5.6 Tyres** This policy does not insure damage to or destruction of tyres. However, this exclusion will not apply if the damage or destruction results from a **loss** otherwise covered under Section 1 of this policy.
- 5.7 Vehicles hired, rented or lent out** This policy does not insure **loss** resulting from theft or conversion of the **insured vehicle** by a person to whom the **insured vehicle** has been hired, rented or lent by the **insured**.

6. Section 1: Basis of settlement

- 6.1 Method of indemnity** Unless stated differently in this policy, **we** will indemnify the **insured** by whichever of the following options **we** choose.
- (a) If **we** consider the **insured vehicle** is economic to repair, **we** will at **our** option:
 - (i) pay the reasonable cost of repairs to the **insured vehicle**, or
 - (ii) pay the cash equivalent of the reasonable cost of repairs to the **insured vehicle**.
 - (b) If **we** consider the **insured vehicle** is a **total loss**, **we** will at **our** option:
 - (i) replace the **insured vehicle** with a **vehicle** of similar condition, or
 - (ii) pay an amount equal to the **market value** of the **insured vehicle** or the sum insured shown in the **schedule** for that **insured vehicle**, whichever is the lesser, unless the **insured vehicle** is leased, in which case **we** will pay an amount equal to the **market value** or **residual value** of the **insured vehicle**, whichever is the greater.
- 6.2 Maximum amount payable** Unless stated differently in this policy, the maximum amount **we** will pay is:
- (a) the **market value** of the **insured vehicle**, or
 - (b) the sum insured for the **insured vehicle** shown in the **schedule**,
- whichever is the lesser, unless the **insured vehicle** is leased, in which case **we** will pay an amount equal to the **market value** or **residual value** of the **insured vehicle**, whichever is the greater.
- 6.3 Improvements** **We** will not pay, or pay by way of cash equivalent, for that portion of any repair or replacement that improves the condition of the **insured vehicle** beyond its condition before the **loss**.
- 6.4 Obsolete parts** If any part or component of the **insured vehicle** is no longer manufactured, **we** will not pay for more than the supplier's or manufacturer's list price. Where no such list price applies, the most **we** will pay will be the lesser of:
- (a) the last known list price in New Zealand, or
 - (b) the price of the parts closest New Zealand equivalent, or
 - (c) the cost of making a new part.
- 6.5 Excess** The **excess** shown in the **schedule** and any **excess** payable under any Section 1: Automatic extension or Section 1: Optional extension will be deducted from the amount payable for each **event**.
- Where the cause of **loss** is theft or fire (fire not resulting from impact) to the **insured vehicle**, no **excess** will apply to the Section 1 claim unless stated in the **schedule** or payable under any Section 1: Automatic extension or Section 1: Optional extension.
- If more than one **insured vehicle** suffers **loss** from a single **event**, only one **excess** shown in the **schedule** will apply, being the highest **excess**, together with any **excess** payable under any Section 1: Automatic extension or Section 1: Optional extension.

7. Section 1: Automatic extensions

In addition to the cover under 'Section 1: Cover for the insured vehicle' above, **we** also provide the following automatic extensions.

Where a limit is specified in the extension, this is in addition to the maximum liability under 'Section 1: Basis of settlement'. Otherwise, any payment under an extension is subject to the maximum amount payable under 'Section 1: Basis of settlement'.

- 7.1 Appreciation – Mechanical plant** Section 1 is extended to cover the **insured** for appreciation of the **market value** of the **mechanical plant** specified in the **schedule** as a result of **loss** covered under Section 1 provided:
- (a) the specified **market value** of the **mechanical plant** was correct at the time of inception or renewal of this policy, and
 - (b) the appreciation shall be no greater than 25% of the value in the **schedule**.
- 7.2 Claim preparation costs** Section 1 is extended to cover reasonable costs incurred by the **insured** (other than the **insured's** internal costs) in having a claim prepared for a **loss** covered under Section 1, or proving that a **loss** is a claim under Section 1 (but not costs incurred in disputing the claim if it is declined).
- The most **we** will pay under this extension for any one **event** is \$2,500.
- An **excess** of \$500 applies to any claim under this extension.
- 7.3 Completion of journey costs** When, as a result of a **loss** covered under Section 1, the **insured's** journey cannot be continued, this policy covers the **insured's** reasonable costs incurred in:
- (a) hiring another **vehicle** of similar make and model to complete the journey, or to return the **insured** or **driver** to where the journey first commenced, and

- (b) returning the **insured vehicle** to the premises where it is normally based following its repair, or the cost of recovering it in the event of theft or conversion.

The most **we** will pay under this extension for any one **event** is \$2,000.

7.4 Damage caused by an uninsured third party

The **insured** is covered for any uninsured losses (including any **excess**) caused by an identifiable and uninsured driver of another **vehicle** occurring in New Zealand during the **period of insurance**, provided that:

- (a) full liability is admitted by that third party, or the **insured** has provided **us** with evidence establishing full liability of that third party, and
- (b) the **insured** supplies **us** with enough information to identify the third party (*such as the correct registration, their name and address*).

This extension is independent of cover provided under Section 1.

The most **we** will pay under this extension for any one **insured vehicle** for any one **event** is \$3,000.

7.5 Death by accident

If the **insured** or an employee of the **insured**, or any member of the immediate family (*e.g. father, mother, brother*) of the **insured** or the **insured's** employee, dies as a direct result of an **accident** causing **loss** to an **insured vehicle**, whether or not death occurs at the time of the **loss**, **we** will pay to the **insured** \$10,000, regardless of any other insurance.

7.6 Disability modifications

If the **insured** or an employee of the **insured** become permanently disabled as a direct result of **bodily injury** sustained in an **accidental loss** covered under Section 1 **we** will pay to the **insured** the reasonable costs of any necessary modifications in excess of any amount payable by the Accident Compensation Corporation, (*e.g. hand controls*) to any one **vehicle**.

The most **we** will pay under this extension for any one **event** is \$5,000.

7.7 Employees' vehicles

Section 1 is extended to cover **vehicles** owned by the **insured's** employees, provided that:

- (a) the **vehicle** is **used** in the course of the **insured's** business, and
- (b) the employee has personal motor vehicle insurance insuring the **vehicle**, and
- (c) that **use** results in the employee's personal motor vehicle insurance no longer applying, and
- (d) the person **using** the **vehicle** meets all the same terms of this policy that the **insured** must meet.

The most **we** will pay under this extension for any one **event** is \$50,000.

7.8 Expediting expenses

This policy is extended to cover the **insured** for the reasonable additional costs of express freight and overtime to expedite repairs to the **insured vehicle** as a result of **accidental loss** covered under Section 1.

The most **we** will pay under this extension for any one **event** is an additional 50% of the normal repair costs.

7.9 Funeral expenses

If the **insured**, an employee of the **insured**, member of the immediate family (*e.g. father, mother, brother*) of the **insured** or the **insured's** employee, dies as the direct result of an **accident** causing **loss** to an **insured vehicle**, whether or not death occurs at the time of the **loss**, **we** will pay to the **insured** all funeral expenses associated with the burial or cremation of the deceased, in excess of any amount payable by the Accident Compensation Corporation or any other insurer.

This policy extension also covers any travel costs within New Zealand of any immediate family member (*e.g. father, mother, brother*) of the deceased necessarily incurred as a result of attending the funeral.

The most **we** will pay under this extension for any one **event** is \$5,000.

7.10 Goods in transit

If an **insured vehicle** suffers **loss** arising from:

- (a) fire, or
- (b) collision, or
- (c) impact, or
- (d) overturning,

which is covered under Section 1, this extension covers **loss** to goods owned by the **insured** carried on or in the **insured vehicle** at the time of the **loss**.

For the purpose of this extension, "goods" does not include tools of trade, personal effects or items normally kept or stored in the **vehicle**.

The most **we** will pay under this extension for any one **event** is \$1,000.

An additional **excess** of \$250 applies to any claim under this extension.

7.11 Hoists

Section 1 is extended to cover the **insured** for **loss** during the **period of insurance** to hydraulic rams and hoists permanently attached to the **insured vehicle**, caused by mechanical breakdown or mechanical failure.

The cover provided by this extension does not apply if the mechanical breakdown or mechanical failure is caused by wear and tear.

Section 1: Exclusions, '5.4 – Vehicle parts', does not apply to this extension.

The most **we** will pay under this extension for any one **event** is \$2,500.

An **excess**:

- (a) of \$500, or
 - (b) the Section 1 **insured vehicle excess**, applies,
- whichever is the greater.

7.12 Keys and locks

Where any key giving access to the **insured vehicle** is lost, stolen or believed on reasonable grounds to have been duplicated without the **insured's** permission during the **period of insurance**, **we** will cover the costs reasonably incurred in replacing that key and altering or replacing the locking mechanism.

The most **we** will pay under this extension is:

- (a) \$2,500 per **vehicle** per **event**, and
- (b) \$10,000 in total for all **vehicles** per **event**.

An **excess** of \$250 per **vehicle** applies to any claim under this extension.

7.13 Load recovery

Section 1 of this policy is extended to cover the reasonable costs incurred in salvaging any load carried by an **insured vehicle** which has spilled onto a road, carriageway or parking area. This includes the reasonable costs of reloading or trans-shipping the load to the nearest place of safe storage.

We do not cover any fines or penalties payable by the **insured**.

The most **we** will pay under this extension for any one **event** is \$2,500.

7.14 New replacement vehicle

If a car, station wagon, utility, van or four wheel drive vehicle under 3,500kgs owned or leased by the **insured** suffers a **total loss** covered under Section 1 of this policy within 12 months of it being first registered as a new **vehicle** in New Zealand, **we** will either:

- (a) provide a new replacement **vehicle** of the same make, model and specification, or
- (b) if a new replacement is not available, pay an amount equal to the price for which such a **vehicle** was last available in New Zealand.

If the **insured** elects not to have the **insured vehicle** replaced in accordance with this extension, **we** will indemnify the **insured** in accordance with Section 1: Basis of settlement clause above.

7.15 Repair authorisation

The **insured** may authorise any reasonable repairs for **loss** to an **insured vehicle** without prior notice to **us**.

The most **we** will pay under this extension for any one **event** is \$1,000.

If the estimated repair costs exceed this limit, repairs must not be commenced without **our** consent or the assessor's consent.

7.16 Rewards

If an **insured vehicle** is stolen and the **loss** is covered under Section 1, **we** will pay any reward offered with **our** prior approval to secure the return of the **insured vehicle**.

The most **we** will pay under this extension for all rewards offered for any one **event** is \$2,500.

7.17 Salvage and safety

Section 1 of this policy is extended to cover the reasonable costs incurred in salvaging or recovering the **insured vehicle**, including the costs of ensuring its safety and delivery to a place of suitable repair or inspection, following a **loss** covered under Section 1.

7.18 Signwriting

Section 1 of this policy is extended to cover the reasonable cost incurred by the **insured** to:

- (a) reinstate damaged signwriting, vehicle wraps and artwork on the **insured vehicle** when the **insured vehicle** is economic to repair following a **loss** covered under Section 1, or
- (b) replicate signwriting, vehicle wraps and artwork on the **insured vehicle** at the time of the **loss**, in the event of a **total loss** of the **insured vehicle** covered under Section 1.

The most **we** will pay under this extension for each **insured vehicle** for any one **event** is \$5,000.

7.19 Theft – Hire of an alternative vehicle

Section 1 of this policy is extended to cover the reasonable costs incurred by the **insured** of hiring another **vehicle** of a similar make, model and specification, following a **loss** to the **insured vehicle** caused by theft or illegal conversion covered under Section 1, provided that:

- (a) cover under this extension begins on the date the **insured vehicle** is stolen,
- (b) the cost of the first 7 days of hire is not covered by this extension,
- (c) cover under this extension ends:
 - (i) if the **insured vehicle** is recovered and is not a **total loss**, and has been repaired and returned to the **insured**, or
 - (ii) when **we** have settled the **insured's** claim under Section 1 of this policy, whichever is the earlier date,
- (d) this extension does not cover the costs of insurance, petrol or normal running costs of the hire **vehicle**.

The most **we** will pay under this extension for any one **event** is \$1,000.

7.20 Tyre damage

Section 1 of this policy is extended to cover **loss** during the **period of insurance** to any tyre (including its inner tube) fitted to an **insured vehicle** not principally used for driving on a road, regardless of whether there has been **loss** to any other part of the **insured vehicle** or not.

We will at **our** option pay:

- (a) the cost to repair the damage, or
- (b) an amount equal to the reasonable cost of repair, or
- (c) the cost to replace the tyre, less a reasonable deduction for the damaged tyre's wear and tear, or
- (d) an amount equal to the value of the tyre immediately prior to the **loss**.

The most **we** will pay under this extension for any one **event** is \$2,500.

No **excess** will apply to this extension.

Section 1: Exclusions, '5.6 – Tyres' does not apply to this extension.

7.21 Windscreens and window glass

If the **insured's** claim under Section 1 is solely for **loss** to windscreens or window glass (including scratching or damage to bodywork resulting solely from broken glass):

- (a) no **excess** applies to the claim, unless otherwise specified on the **schedule**, and
- (b) if there was tinting or signwriting affixed to the windscreens or window glass, **we** will pay to have that portion of the tinting or signwriting reinstated. **We** will not pay for any costs associated with joining or associated tinting or signwriting on other parts of the **insured vehicle** under this extension.

8. Section 1: Optional extensions

Where a limit is specified in the extension, this is in addition to the maximum liability under 'Section 1: Basis of settlement'. Otherwise, any payment under an extension is subject to the maximum amount payable under 'Section 1: Basis of settlement'.

These extensions are optional and only apply where specified in the **schedule**.

8.1 Agreed value

In the event of a **total loss** covered under Section 1, **we** will pay the agreed value as specified in the **schedule**.

8.2 Ingestion or entanglement

We will indemnify the **insured** for **loss** resulting from entanglement, ingestion, or entry of any foreign object into any mulching, chipping or agricultural implement or machine, provided this occurs whilst the **insured vehicle** is operated for the purpose for which it has been designed, and is being used in conjunction with the agricultural implement or machine.

Section 1: Exclusions, '5.2 – Ingestion or entanglement' does not apply to this Optional extension.

The most **we** will pay under this extension for any one **event** is the limit shown in the **schedule**.

8.3 Loss of use

Section 1 of this policy is extended to cover the reasonable costs incurred by the **insured** of hiring another **vehicle** of a similar make, model and specification, following a **total loss** or pending repair of **loss** covered under Section 1, while the **insured vehicle** is unfit to be driven, provided that:

- (a) this extension applies only to an **insured vehicle** stated in the **schedule** as being subject to this extension, and
- (b) in the case of repair, the **insured** must have the repair carried out as soon as reasonably practicable after suffering the **loss**, and
- (c) this extension does not apply if the **insured** has available a free substitute **vehicle** or purchases an additional **vehicle**, and

- (d) cover under this extension begins:
 - (i) when the **insured vehicle** is delivered to the repairer agreed to by **us** to start the repair, or
 - (ii) the date of the **loss**, if the **insured vehicle** is unfit to be driven, or is deemed a **total loss** at that date, or
 - (iii) from the date the **insured vehicle** was stolen,
- (e) cover under this extension ends:
 - (i) in the case of a **total loss**, when **we** have settled the **insured's** claim under Section 1 of this policy,
 - (ii) in the case of repair, when the repairs are completed and the **insured vehicle** is available to be collected or delivered,
 - (iii) when the **insured** has returned the substitute hire **vehicle**, whichever is the earlier date, and
- (f) the cost of the first 7 days of hire is not covered by this extension, and
- (g) this extension does not cover the costs of insurance, petrol or normal running costs of the hire **vehicle**, and
- (h) this extension does not apply if the **insured** has made a claim under Section 1: Automatic extensions, '7.19 – Theft – Hire of an alternative vehicle'.

If no **vehicle** of a similar make, model and specification is available for hire (the **insured** having consulted with **us** as to availability of such a **vehicle**), following a **total loss** or pending repair of **loss** covered under Section 1, while the **insured vehicle** is unfit to be driven, subject to the application of and compliance with all other terms of this extension, **we** will pay to the **insured** the daily rate shown in the **schedule** from the date cover under this extension begins to the date cover under this extension ends.

The most **we** will pay under this extension for any one **event** is the limit shown in the **schedule**.

8.4 Portable electronic equipment

We will pay the reasonable replacement cost for **loss** of the **insured's** portable electronic devices specified in the **schedule** as covered by this extension.

The most **we** will pay under this extension for any one **event** is the limit shown in the **schedule**.

The **excess** as shown on the **schedule** will apply to each claim, including theft.

8.5 Taxi coverage

Section 1 of this policy is extended to cover an **insured vehicle used** as a taxi by the lawful holder of a licence to do so as follows:

(a) **De-installation/ Re-installation:**

If the **insured vehicle** is a **total loss**, **we** will contribute to the de-installation/ re-installation costs associated with **loss** to LPG or CNG units, in-vehicle cameras, meters and the like.

The most **we** will pay under this clause of this extension for any one **event** is \$2,500.

(b) **Employee and passenger effects:**

We will cover **loss** to passenger's baggage and employees' personal effects if the **loss** occurs during the taxi **driver's** paid shift period and the items are not covered under any other insurance policy.

This extension applies only to an **insured vehicle** stated in the **schedule** as being subject to this extension.

The most **we** will pay under this clause of this extension for any one **event** is \$2,500.

9. Section 2: Liability cover

9.1 Legal liability cover

We will indemnify the **insured** for legal liability arising from:

- (a) **accidental bodily injury**, or
- (b) **accidental loss** to any property,

occurring during the **period of insurance**, caused by or through or in connection with their **use** of an **insured vehicle** in New Zealand.

9.2 Litigation defence costs

We will indemnify the **insured** for legal defence costs and expenses necessarily and reasonably incurred to defend any civil proceeding (or threat of civil proceeding) brought against the **insured**, in relation to an alleged liability that, if proven, would be covered under 'Section 2: Legal liability cover'.

We will meet these costs and expenses even if the civil proceeding seems groundless.

If you are unsure whether we will pay your costs, please talk to us before you agree to any payments.

9.3 Legal liability of other users of an insured vehicle

We will cover the legal liability and litigation defence costs of any other person caused by or through or in connection with their **use** of an **insured vehicle** or a **vehicle** covered under Section 1: Automatic extensions, '7.7. – Employees' vehicles', in the same manner as **we** cover the **insured**, provided:

- (a) such **use** has the permission of the **insured**, and
- (b) their liability is not covered by any other insurance, and
- (c) the person **using** the **insured vehicle** meets all the same terms of this policy that the **insured** must meet.

10. Section 2: Exclusions

The following exclusions apply to Section 2: Liability Cover, and Section 2: Automatic extensions.

IMPORTANT: Please also read 14. – General exclusions, that apply to all parts of this policy.

- | | |
|---|--|
| 10.1 Airside liability | This policy does not insure liability arising out of the ownership, operation or maintenance of any vehicle within the restricted area of any airport used for scheduled commercial flights.
<i>Note: Please see Section 2: Automatic extensions, '12.1 – Airside liability'.</i> |
| 10.2 Contractual liability | This policy does not insure liability arising out of a contract or agreement unless the insured would have been liable even without such contract or agreement. |
| 10.3 Criminal offences | This policy does not insure any legal defence costs, fines or court costs arising from the prosecution of any offence under any Act of Parliament including any Regulations, Rules or By-Laws made under any Act of Parliament.
<i>Note: Please see Section 2: Automatic extensions, '12.3 – Criminal Court Action/Inquiries/Inquests'.</i> |
| 10.4 Drivers | This policy does not insure any liability of any driver , including the insured , for or arising from:
(a) bodily injury to, or
(b) loss to any property owned by,
that driver , who claims under Section 2 of this policy. |
| 10.5 Exemplary damages | This policy does not insure liability for punitive or exemplary damages.
<i>Note: Please see Section 2: Automatic extensions, '12.4 – Exemplary damages'.</i> |
| 10.6 Liability determined by a foreign court | This policy does not insure liability determined by any court outside New Zealand. |
| 10.7 Operation of plant or machinery | This policy does not insure liability arising out of the operation of any mechanical plant component while it is being used for the purpose for which it was designed (e.g. <i>the operation of a crane or back hoe</i>).
This exclusion does not apply to the operation of any vehicle mounted crane whilst being used to load or unload to or from that vehicle , or of any fork hoist. |
| 10.8 Property owned, in care, custody or control | This policy does not insure liability for loss to property that belongs to, or is, or was in the care, custody or control of the insured , other than:
(a) personal baggage and wearing apparel of any passenger, or
(b) a building leased or rented by the insured , or
(c) a vehicle (which is not insured under Section 1 of this policy or owned by the insured), which is being towed by an insured vehicle . However, this does not apply to vehicles which are towed or recovered for reward where the insured's business includes a vehicle recovery service. |
| 10.9 Transporting of a load | This policy does not insure liability arising from the transporting of a load to, or away from, the insured vehicle . However, this exclusion does not apply to the actual loading or unloading of the insured vehicle . |
| 10.10 Vehicles | This policy does not insure liability for loss to any vehicle that is insured under this policy. |
| 10.11 Vibration or weight | This policy does not insure liability for loss to any property (including roads) arising from:
(a) vibration caused by the insured vehicle , or
(b) the weight of the load carried by the insured vehicle , or
(c) the weight of the insured vehicle , or
(d) the combined weight of the load and the insured vehicle .
<i>Note: Please see Section 2: Automatic extensions, '12.11 – Vibration or weight damage'.</i> |

11. Section 2: Basis of settlement

- 11.1 Maximum amount payable** The most **we** will pay in total for any **event**:
- (a) for legal liability is \$20,000,000,
 - (b) for legal defence costs and expenses is \$1,000,000,
- unless different amounts are shown in the **schedule**.
- If **our** maximum amount payable is insufficient to cover both the **insured** and any other party entitled to cover under Section 2, it will apply first to the **insured** named in the **schedule**.
- 11.2 Excess** The **excess** shown in the **schedule** applies to any claim under Section 2.
- 11.3 Sub limits** The most **we** will pay under any automatic or optional extension is:
- (a) the limit specified in the automatic or optional extension, or
 - (b) the amount specified in the **schedule**,
- whichever is the greater.

12. Section 2: Automatic extensions

In addition to the cover under 'Section 2: Legal liability cover', **we** also provide the following automatic extensions.

- 12.1 Airside liability** Section 2 is extended to cover the **insured** for any liability arising out of the ownership, operation or maintenance of any **vehicles** within the restricted area of any airport used for scheduled commercial flights.
- The most **we** will pay under this extension for any **event** is \$1,000,000.
- Section 2: Exclusions, '10.1 – Airside liability' does not apply to claims under this extension.
- 12.2 Clean up costs** Section 2 is extended to cover all costs lawfully charged by any local government body or authority, or any other entity for cleaning or restoring the site of an accident covered under 'Section 1: Cover for the insured vehicle'.
- The most **we** will pay under this extension for any one **event** is \$10,000.
- An additional **excess** of \$500 applies for each **event**.
- 12.3 Criminal court action/ inquiries/ inquests** Section 2 is extended to cover legal costs and expenses necessarily and reasonably incurred to:
- (a) defend a charge of manslaughter, or dangerous driving causing death or careless driving causing death, and
 - (b) for legal representation at any inquiry or coroner's inquest related thereto,
- resulting from an **event** giving rise to a claim covered under Section 2 of this policy in connection with the **use** of a **vehicle** insured under this policy.
- The most **we** will pay under this extension for any **event** is \$5,000.
- Section 2: Exclusions, '10.3 – Criminal offences' does not apply to this extension.
- 12.4 Exemplary damages** Section 2 is extended to indemnify the **insured** against liability for punitive or exemplary damages arising from:
- (a) **accidental bodily injury**, or
 - (b) **accidental loss** to any property,
- occurring during the **period of insurance**, caused by or through or in connection with their **use** of the **insured vehicle** in New Zealand, provided that there is no indemnity under this extension:
- (i) arising from any dishonest, fraudulent or malicious act or omission by the **insured** or anyone acting on behalf of the **insured**, or
 - (ii) arising from any claim first notified to the **insured** but not notified to **us** within six months of that date.
- The most **we** will pay under this extension:
- (a) for any one **event** is \$500,000, and
 - (b) in total for all claims during an **annual period** is \$1,000,000.
- Section 2: Exclusions, '10.5 – Exemplary damages' does not apply to this extension.
- In addition to any other policy **excess**, each claim will be subject to an **excess** of 10% of any sum for which the **insured** is found legally liable. However, a minimum **excess** of \$5,000 applies to each claim.

- 12.5 Financial charge** Section 2 is extended to cover the balance of any outstanding charge on an **insured vehicle** where:
- (a) the **insured vehicle** is purchased during the **period of insurance**, and
 - (b) the **insured vehicle** suffers **loss** which is covered under Section 1 of the policy, and
 - (c) the **insured** has made proper enquires in relation to the existence of any charge before making the purchase, and
 - (d) the **insured** is liable to pay the outstanding charge.
- The most **we** will pay under this extension for any one **insured vehicle** is \$2,500.
- 12.6 Hired and rented vehicles** If the **insured** hires or rents a **vehicle** during the **period of insurance** and accepts the rental vehicle owner's statutory offer of insurance, this extension covers:
- (a) liability to third parties as provided under 'Section 2: Liability cover' and 'Section 2: Automatic extensions', but only for the difference between the amount payable for liability under the statutory offer of insurance, and the maximum amount payable under 'Section 2: Legal liability cover', and
 - (b) the difference between the Section 1 **excess** under this policy and any deductible applicable under the rental vehicle owner's insurance,
- for any **event**.
- Section 2: Exclusions, '10.8 – Property owned, in care, custody or control', General exclusions, '14.8 – Rented vehicles', and General conditions, How we administer this policy, '16.10 – Other insurance', do not apply to this extension.
- 12.7 Hired and rented vehicles – consequential loss** If the **insured** hires or rents a **vehicle** during the **period of insurance** and rejects the rental vehicle owner's statutory offer of insurance, this extension covers the **insured's** liability to the owner of that **vehicle** for consequential losses caused by **loss** covered under Section 1.
- The most **we** will pay under this extension for any **event** is \$50,000.
- 12.8 Marine liability** Section 2 is extended to cover general average and salvage charges that the **insured** is liable to meet as a result of the **insured vehicle** being carried by ship between places in New Zealand during the **period of insurance**.
- 12.9 Movement of other vehicles** Section 2 is extended to cover the **insured's** liability for:
- (a) **accidental bodily injury** to any person, or
 - (b) **accidental loss** to any property,
- occurring in New Zealand during the **period of insurance** and arising from the movement by the **insured** of any **vehicle** which:
- (i) is parked in a position which prevents or impedes the loading or unloading of the **insured vehicle**, or
 - (ii) prevents or impedes the legitimate passage of the **insured vehicle**.
- Section 2: Exclusions, '10.8 – Property owned, in care, custody or control' does not apply to the **vehicle** being moved.
- 12.10 Principals indemnity** Section 2 is extended to indemnify the principal of any construction or works project for their vicarious liability:
- (a) where the liability arises in connection with the **use** by the **insured** of an **insured vehicle** on that project, and
 - (b) the liability is for **accidental loss** to property or **accidental bodily injury** occurring in New Zealand during the **period of insurance**.
- 12.11 Vibration or weight damage** Section 2 is extended to indemnify the **insured** against liability for **loss** to any property (including roads) during the **period of insurance** caused by:
- (a) the weight of the load carried by the **insured vehicle**, or
 - (b) the weight of the **insured vehicle**, or
 - (c) the combined weight of the load and the **insured vehicle**.
- The most **we** will pay under this extension for any one **event** is \$500,000.
- An **excess** of \$2,000 applies to each **event**.
- Section 2: Exclusions, '10.11 – Vibration or weight' clauses (b), (c) and (d) do not apply to this extension.

13. Automatic extensions applicable to both Sections 1 and 2

These extensions automatically apply.

13.1 Additions and deletions

(a) Additions

Any **vehicle** purchased or leased by the **insured** during the **period of insurance** is an **insured vehicle** under this policy from the date of purchase or commencement of the lease, provided the **insured** notifies **us** within 30 days of purchasing or the lease commencing and pays the applicable premium. The maximum amount **we** will pay under 'Section 1: Basis of settlement' for each purchased or leased **vehicle** covered under this extension is \$75,000.

(b) Deletions

If an **insured vehicle** is sold or the lease ends during the **period of insurance**, it ceases to be an **insured vehicle** under this policy from the date of sale or the date the lease ends.

13.2 Breach of condition

Where there is a breach of any condition of this policy, the **insured** will be covered, provided that:

- (a) the breach occurs without knowledge or any **insured**, and
- (b) **we** are advised as soon as any **insured** is aware of the breach of condition, and
- (c) the **insured** pays **us** any additional premium **we** require.

13.3 Invalidation

This policy covers the **insured** for **loss** or liability that arises when an **insured vehicle** is **used** in any of the circumstances excluded in:

- (a) 'General Exclusions, 14.2 – Alcohol, drugs, and other intoxicating substances',
- (b) 'General Exclusions, 14.5 – Excessive loads',
- (c) 'General Exclusions, 14.6 – Intentional or reckless acts',
- (d) 'General Exclusions, 14.12 – Unlicensed drivers',
- (e) 'General Exclusions, 14.13 – Unsafe vehicles',
- (f) 'General Exclusions, 14.15 – Work time rules',

provided that:

- (i) the driving in those excluded circumstances was without the knowledge of the **insured**, and
- (ii) the **insured** has not waived any right of recovery against the **driver**, and
- (iii) the **insured** cooperates fully with **us** and the police in pursuit of reparation from the **driver**.

The liability of the **driver** or the person responsible for the **loss** or liability is not insured under this extension.

For the purposes of this extension only, the knowledge of the **insured** is deemed to include the knowledge of:

- (a) any person employed by the **insured** with the authority of the **insured** to control the conduct of the **driver** of the **vehicle** concerned, or
- (b) the **driver**, if the **driver** is of such senior position within the business of the **insured** that his/ her knowledge is by law deemed to be the knowledge of the **insured**.

14. General exclusions

These exclusions apply to all parts of this policy.

14.1 Accident Compensation Act

This policy does not insure:

- (a) liability for **bodily injury** which is covered by the Accident Compensation Act 2001 ('Act'), and
- (b) in particular, liability for **bodily injury** payable as **reparation** for any amounts which are covered by the Act, or would be covered but for:
 - (i) a failure by the victim of offending to correctly notify a claim to the Accident Compensation Corporation within the time required under the Act,
 - (ii) the victim's decision, for whatever reason, not to claim any amount he or she would be entitled to claim under the Act,
 - (iii) a decision by the Accident Compensation Corporation to decline a claim or limit its liability in whole or in part and for any reason whatsoever.

14.2 Alcohol, drugs, and other intoxicating substances

This policy does not insure **loss** or liability when the **insured vehicle** is being **used** by any person, including the **insured**, who:

- (a) has a proportion of alcohol in their breath or blood that exceeds the legal limit, or
- (b) is under the influence of any other intoxicating substance or drug, or

- (c) fails or refuses to supply a breath or blood sample as required by law, or
 - (d) fails or refuses to stop, or remain at the scene, following an accident (as required by law).
- This exclusion does not apply to any claim for **loss** arising from theft or illegal conversion of the **insured vehicle**.

14.3 Confiscation

This policy does not insure **loss** or liability in connection with confiscation, nationalisation, requisition or destruction of, or damage to property by order of government, public or local authority (unless the order is given to control any immediate and imminent threat of **loss** provided that the **loss** would be covered by this policy if it did occur).

14.4 Electronic data

This policy does not insure **loss** or liability of any type in connection with:

- (a) loss of, alteration of, or damage to, or
 - (b) a reduction in the functionality, availability or operation of,
- a computer system, hardware, programme, software, data, information repository, microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the **insured's** property or not, that do not in and of themselves constitute an event unless arising out of one or more of the following events:
- (i) fire, lighting, explosion, or
 - (ii) aircraft, or vehicle impact, falling objects, or
 - (iii) windstorm, hail, tornado, cyclone, hurricane, earthquake, volcano, tsunami, flood, freeze, weight of snow.

14.5 Excessive loads

This policy does not insure **loss** or liability while any **insured vehicle** is:

- (a) loaded or operated contrary to the manufacturer's recommended specifications, or
- (b) loaded or operated contrary to the law, or its ancillary plant or machinery being operated contrary to the law.

This exclusion does not apply to any claim for **loss** arising from theft or illegal conversion of any **insured vehicle**.

14.6 Intentional or reckless acts

This policy does not insure **loss** or liability arising from any intentional or reckless act or omission.

14.7 Nuclear

This policy does not insure **loss** or liability in connection with:

- (a) ionising radiation or contamination by radioactivity from:
 - (i) any nuclear fuel, or
 - (ii) any nuclear waste from the combustion or fission of nuclear fuel.
- (b) nuclear weapons material.

14.8 Rented vehicles

This policy does not insure any **vehicle** hired or rented by the **insured** when the **insured** has purchased insurance offered by the rental vehicle hirer.

Note: Please see Section 2: Automatic extensions, '12.6 – Hired and rented vehicles'.

14.9 Sanctions

This policy will not pay any claim when the payment would contravene:

- (a) any sanction, prohibition, or restriction under United Nations resolutions, or
- (b) the trade or economic sanctions, laws or regulations of New Zealand, Australia, United Kingdom, the United States of America or the European Union.

14.10 Seepage, pollution and contamination

This policy does not insure **loss** or liability of any type in connection with seepage, pollution or contamination, unless sudden, unintended and unexpected, occurring during the **period of insurance**. The coverage under this policy is limited to costs and expenses reasonably and necessarily incurred to:

- (a) remove, store and/or dispose of debris or the decontamination, demolish, dismantle, dewater, shore up, prop, underpin or carry out other temporary repairs consequent upon damage which is covered by the policy and caused by an insured **event**.
- (b) demolish and remove any property belonging to the **insured** which is no longer useful for the purpose it was intended for, provided such demolition and removal is necessary for the purpose of the reinstatement or replacement.
- (c) clean up and remove pollutants from land confined to insured premises if the discharge, dispersal, seepage, migration, release or escape of the pollutants is caused by an insured **event**.

14.11 Terrorism

This policy does not insure **loss**, liability, prosecution or expense of any type in connection with an **act of terrorism**, including in connection with controlling, preventing, suppressing, retaliating against, or responding to an **act of terrorism**.

14.12 Unlicensed drivers

This policy does not insure **loss** or liability when any **insured vehicle** is being **used** by a person who:

- (a) does not hold a driver's licence appropriate for the class or operation of the **insured vehicle** (or the **insured vehicle's** components), unless the:
 - (i) **driver** has held, (and is not disqualified from holding or obtaining) and actually obtains, such a licence without a further driving test, or
 - (ii) **insured vehicle** is being used for the purpose of teaching a learner to drive, and all the requirements of the law are being complied with, or
- (b) breaches any licence conditions that apply when driving the **insured vehicle** or the **insured vehicle's** components.

This exclusion does not apply to any claim for **loss** arising from theft or illegal conversion of the **insured vehicle**.

14.13 Unsafe vehicles

This policy does not insure **loss** or liability if the **insured vehicle** is being **used** in an unsafe condition. This includes any condition:

- (a) which is contrary to any recommendation by the manufacturer of the **insured vehicle**, or
- (b) as a result of which the **insured vehicle** is not fit to deal with any peril likely to be encountered during the course of its operation,

when the **insured**, or any **driver** was (or should have been) aware of that condition.

This exclusion does not apply to any claim for **loss** arising from theft or illegal conversion of the **insured vehicle**.

14.14 War

This policy does not insure **loss** or liability 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.

14.15 Work time rules

This policy does not insure **loss** or liability when any **insured vehicle** is being **used** in breach of any enactment or regulations relating to work time or logbook rules.

This exclusion does not apply to any claim for **loss** arising from theft or illegal conversion of the **insured vehicle**.

15. How to claim

15.1 What you must do

If anything happens that may lead to a claim under this policy, the **insured** must:

- (a) do what they can to take care of the **vehicle** and to prevent any further **loss**, expense or liability, and
- (b) tell **us** as soon as possible, and
- (c) notify the police as soon as possible if it is believed any loss was caused by an illegal act of a person other than a person covered by this policy, and
- (d) allow **us** to examine the **vehicle** before any permanent repairs are started, and
- (e) send to **us** as soon as possible anything received from anyone about a claim or possible claim against the **insured** or anyone else entitled to cover under this policy, and
- (f) give **us** any information or help that **we** ask for, and
- (g) consent to the **insured's** personal information in connection with the claim being:
 - (i) disclosed to **us**, and
 - (ii) transferred to Insurance Claims Register Limited, and
- (h) tell **us** immediately if the **insured** or anyone else entitled to cover under this policy are charged with any offence in connection with the **use** of an **insured vehicle** which resulted in **loss** of property or **bodily injury** to another person.

15.2 What you must obtain our agreement to do

The **insured** and anyone else entitled to cover under this policy must obtain **our** agreement before they:

- (a) incur any expenses in connection with any claim under this policy, or
- (b) negotiate, pay, settle, admit or deny any claim made against the **insured** or anyone else entitled to cover under this policy, or
- (c) negotiate, make or agree any offer of amends to a victim of offending by any person covered by this policy, or
- (d) do anything that may prejudice **our** rights of recovery.

15.3 Dishonesty

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

- (a) decline the claim, either in whole or in part, and/or
- (b) declare either this policy or all insurance the **insured** has 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.

15.4 Thing you must do after we pay a claim

The **insured** and anyone else entitled to cover under this policy must:

- (a) tell **us** if any lost or stolen property which was part of the claim is found or recovered, and hand it over to **us** if **we** request it.
- (b) tell **us** if any person is ordered to make reparation to the **insured** for any loss or cost which is part of the claim, and reimburse **us** for that payment as soon as any reparation is received.

Actions we may take

15.5 Subrogation

Once **we** have accepted any part of a claim under this policy, **we** may assume the **insured's** or any other person entitled to cover under this policy's legal right of recovery. If **we** initiate a recovery **we** will include any **excess**, and any other uninsured losses suffered. Where **we** do this, the **insured** (or other person entitled to cover) agree to pay their 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 the **excess** first. The **insured** (or any other person entitled to cover) must fully co-operate with any recovery process. If they do not, **we** may recover from the **insured** the amount paid in relation to the claim.

15.6 Conduct of defence

We have the sole right to act in the name of the **insured** or any other person insured under this policy, and on their behalf to defend, negotiate or settle any liability covered under 'Section 2: Liability cover' as **we** see fit (this will be done at **our** expense).

We may elect at any time to pay the maximum amount payable under this policy, or any lesser sum that the liability can be settled for. Once **we** have paid this (plus any defence costs and expenses covered by this policy and already incurred, but less any applicable **excess**) **our** responsibility to the **insured** or any other person covered under this policy is met in full.

The lawyers **we** instruct to act on behalf of the **insured** or other person entitled to cover, are authorised by the **insured** or such other person, to disclose to **us** any information the lawyers receive in that capacity, including information they receive from the **insured** or other person.

15.7 Waiver of subrogation (Group of related companies)

Where the **insured** is a parent or **subsidiary** in a group of related companies, **we** waive any right of recovery it may have against any other company in the same group.

A 'group of related companies' means a group of companies related to one another by virtue of such ownership.

15.8 Recoveries

If an **insured vehicle** or any property **we** have paid a claim for is later found or recovered, the **insured** must tell **us** immediately and hand it over to **us** if **we** request it. **We** have the right to keep the **insured vehicle** and any property that **we** have paid a claim for under this policy, including any proceeds if it is sold.

15.9 Reparation

If any person is ordered to make reparation to the **insured** for **loss** to an **insured vehicle** that **we** have paid a claim for under this policy, then they must tell **us**. Any payments received must first reimburse **our** claims payment up to the amount of any reparation received.

16. General conditions

Your obligations

16.1 Breach of any condition

If:

- (a) the **insured**, or
- (b) any other person **we** insure under this policy, or
- (c) anyone acting on the **insured's** behalf,

breaches any of the conditions of this policy, **we** may:

- (i) decline the claim either in whole or in part, and/or
- (ii) declare either this policy or all insurance the **insured** has with **us** to be unenforceable.

This is at **our** sole discretion.

- 16.2 True statements and answers** The **application** is the basis of this policy. True statements and answers must be given (whether by the **insured** or any other person) when the **insured**:
- (a) applies for this insurance, and/or
 - (b) notifies **us** regarding any change in circumstances, and/or
 - (c) makes a claim under this policy.
- 16.3 Reasonable care** The **insured**, and anyone **using an insured vehicle**, must take reasonable care at all times to avoid circumstances that could result in a claim.
There is no cover if the **insured** is reckless or grossly irresponsible.
- 16.4 Complying with this policy** **We** will not pay any claim unless the **insured**, or any person who acts on their behalf, complies with this policy. This also applies to any other person who can claim under the policy.
- 16.5 Changes in circumstances** The **insured** must tell **us** immediately if there are any:
- (a) modifications to an **insured vehicle**, or
 - (b) change in the use of an **insured vehicle**, or
 - (c) material changes that might alter the nature of the risk insured or increase the chance of a claim under this policy.
- 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.*
- The 'risk insured' refers to both:*
- (a) *the actual property or liabilities covered (known as physical hazard), and*
 - (b) *you or other persons covered by this policy (known as moral hazard).*
- 16.6 Vehicle values** All values of **insured vehicles** specified in the **schedule** must represent, as nearly as possible, their **market value**. Values such as book value, depreciated cost, written down value and residual value are not sufficient to comply with this policy condition.
We may require the **insured** to provide declarations showing their book value, depreciated cost, written down value or residual value in the **insured's** business records.

How we administer this policy

- 16.7 Cancellation** By the insured
The **insured** may cancel this policy at any time. If they do, **we** will refund any premium that is due based on the unused portion of the **period of insurance**.
By us
We may cancel this policy by giving the **insured** notice in writing or by electronic means at their last known address. The policy will be cancelled from 4pm on the 30th day after the date of the notice.
We will refund the **insured** any premium that is due based on the unused portion of the **period of insurance**.
- 16.8 Change of terms** **We** may change the terms of this policy (including the **excess**) by giving the **insured** notice in writing or by electronic means at the last known address **we** have for the **insured**. The policy will be changed from 4pm on the 30th day after the date of the notice.
- 16.9 Currency** Any amount shown in this policy or the **schedule** is in New Zealand dollars.
- 16.10 Other insurance** The **insured** must tell **us** as soon as they know about any other insurance which covers an **insured vehicle**. This policy does not cover loss or liability 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.
- 16.11 Goods and Services Tax** Where GST is recoverable by **us** under the Goods and Services Tax Act 1985:
- (a) all **vehicle** values specified in the **schedule** exclude GST, and
 - (b) all limits and sub limits exclude GST, and
 - (c) all **excesses** include GST, and
 - (d) GST will be added, where applicable, to claim payments.
- 16.12 Joint insurance** If this policy insures more than one person, then all persons are jointly insured. This means that a breach of this policy by any one person affects everyone's ability to claim under this policy.
We may choose to pay any claim in full to the person who is named first in the **schedule**, and this will meet all **our** obligations under this policy for that claim.

- 16.13 Interests of other parties** If **we** know of anyone who has a financial interest over an **insured vehicle we** can pay them part or all of any claim proceeds. This payment goes towards meeting **our** obligations under the policy. However, anyone recorded as having a financial interest under this policy is not covered by it and has no right to make a claim.
- We** are also authorised by the **insured** to disclose personal information about the **insured** to anyone who holds a financial interest in an **insured vehicle**.
- 16.14 Premium payment options** The **insured** may choose either an annual or a monthly renewable contract.
- If the **insured** has elected a monthly renewable contract, then:
- the **insured** must pay by direct debit using the Direct Debit Authority **we** require, and
 - the policy is for the initial **period of insurance** stated in the **schedule**, and
 - the policy will be renewed for further monthly periods of insurance upon receipt of the renewal premium due under the Deduction Authority, and
 - the policy terms, including the premium, will be reviewed on the anniversary date stated in the **schedule**.
- 16.15 Total loss** If **we** pay a claim for an **insured vehicle** that **we** determine is a **total loss**:
- that **insured vehicle** will become **our** property, and
 - that **vehicle** is no longer an **insured vehicle** under this policy, and
 - we** will not give any refund of premium, and
 - in the event premium for the **period of insurance** is to be paid in instalments, any unpaid premium for the **period of insurance** is due immediately and may be deducted from any payment made by **us**.

Laws and Acts that govern this policy

- 16.16 Disputes about this policy** The law of New Zealand applies to this policy and the New Zealand Courts have exclusive jurisdiction.
- 16.17 Legislation changes** Where this policy refers to any Act of Parliament, it also includes any sub-ordinate legislation made under it, and any subsequent Acts or Regulations.
- 16.18 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.

17. Definitions

The definitions apply to the plural and any derivatives of the bolded words. For example, the definition of 'accident' also applies to the words 'accidentally', 'accidental' and 'accidents'.

- accessory** A minor fitting or attachment that alters the performance, characteristics of, or is designed for use in, a vehicle to which it is attached but without which the vehicle would still operate, spare parts, and emergency aids, each used exclusively for the **insured vehicle** (including when temporarily removed from the **insured vehicle**) (e.g. on board computers, telephone installations, load securing or protection equipment in, on or in connection with the insured vehicle, and racking installed in tradesmen's vehicles).
- accident** Unexpected and unintended by the **insured**.
- act of terrorism** Any act, or preparation in respect of action, or threat of action designed to influence or coerce the government de jure or de facto of any nation or any political division thereof, or in pursuit of political, religious, ideological, or similar purposes to intimidate the public or a section of the public of any nation by any person or group(s) of persons whether acting alone or on behalf of or in connection with any organisation(s) or government(s) de jure or de facto, and that:
- involves violence against one or more persons, or
 - involves damage to property, or
 - endangers life other than that of the person committing the action, or
 - creates a risk to health or safety of the public or a section of the public, or
 - is designed to interfere with or disrupt an electronic system.

annual period	The period of insurance . However, if: (a) you pay the premium monthly, or (b) the period of insurance is for more than 12 months, the annual period is the current 12 month period calculated consecutively from the date this policy first started.
application	The information provided by the insured to us when they purchased this insurance or requested a quotation for this insurance from us . It also includes any subsequent information the insured provides us with.
bodily injury	The death of, or the bodily injury to any person during the period of insurance , including sickness, disease, disability, shock, fright, mental injury.
driver	The person driving or operating any component of the insured vehicle (<i>for example, a crane</i>).
excess	The first amount of any claim that the insured must pay for an event , specified in the schedule or in this policy.
event	An event, or series of events, arising from one source or original cause.
insured/you	The insured named on the schedule , including any: (a) subsidiary company, (b) associated managed company, (c) associated social or sporting club, (d) new company or organisation formed or acquired by the insured during the period of insurance . We may also use the term 'you' to describe 'insured'.
insured vehicle	All vehicles listed in the schedule . <i>Note: Additional vehicles purchased or leased during the period of insurance are covered under Automatic extensions applicable to both Sections 1 and 2 '13.1 – Additions and deletions' provided you notify us within 30 days of purchasing or the lease commencing.</i>
loss	Physical loss or physical damage.
market value	The reasonable sale price of the same or a comparable vehicle of similar pre-loss age, condition and specification, but disregarding the presence of any signwriting, vehicle wraps or artwork on the vehicle .
mechanical plant	A vehicle , that has either plant or machinery attached to it, or is primarily designed as mobile plant or mobile machinery.
period of insurance	The period of time stated in the schedule that specifies the start and end dates of this insurance contract or if this policy is renewed, the period of time stated in the most recent renewal schedule .
reparation	An amount ordered by a New Zealand Court to be paid to the victim of an offence under section 32 of the Sentencing Act 2002.
residual value	The residual value of an insured vehicle under a lease, hire purchase or similar agreement, calculated in accordance with that agreement but excluding: (a) penalties for early termination, or (b) penalties for any additional distance travelled, or (c) unpaid obligations under the lease at the time of the loss , or (d) penalties resulting from lack of servicing or poor maintenance, or (e) 'balloon' payments, or (f) the amount by which the residual value of the insured vehicle exceeds 120% of its market value .
schedule	The most recent schedule issued by us to the insured .

subsidiary	A company with more than half the nominal value of its equity share capital owned by a parent company, either directly or through other subsidiaries.
total loss	Actual total loss, or if we determine the insured vehicle is uneconomic to repair.
use	Includes driving, operating, parking, garaging or storing of the insured vehicle .
vehicle	Any type of machine on wheels, tracks or rollers (but not rails) that is propelled by its own power, and anything designed to be towed by such a machine, including any accessories .
we	State, a business division of IAG New Zealand Limited. We may also use the words 'us', 'our' or 'company' to describe State.

Business Vehicles Insurance

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