



# Product Disclosure Statement



## Important information

# for prospective New Zealand Members of Capricorn Mutual

This Product Disclosure Statement (PDS) has been prepared in accordance with Australian law, with additional comments for prospective **Members of Capricorn Mutual** in New Zealand, and is not a PDS prepared for a regulated offer of financial products under the *Financial Markets Conduct Act 2013*.

This PDS contains information about membership with **Capricorn Mutual** and details of the **protections** available to **Members of Capricorn Mutual**.

Membership of **Capricorn Mutual** and the **protections** available to **Members of Capricorn Mutual** are principally governed by Australian rather than New Zealand law.

**Protections** provided by **Capricorn Mutual** are not insurance.

**Capricorn Mutual** is not regulated as an insurer in New Zealand law by the Reserve Bank of New Zealand and is not regulated as a provider of any other financial service by any other New Zealand regulator. This means that **Capricorn Mutual** is not subject to the same laws and regulations as an insurance company or financial service provider and that you may not have the same rights against **Capricorn Mutual** as you would against an insurer or financial service provider.

**Capricorn Mutual** is not regulated as an insurer in Australia by the Australian Prudential Regulatory Authority (APRA). **Capricorn Mutual** is regulated by the Australian Securities and Investments Commission (ASIC) and holds an Australian Financial Services Licence under the *Corporations Act 2001* (Cth). For this purpose, a **protection** is classified as a 'miscellaneous financial risk product'.

**Capricorn Mutual** is not a Member of any New Zealand based disputes resolution scheme but it is a Member of the Australian Financial Complaints Authority, (AFCA). **Members of Capricorn Mutual**, including those in New Zealand may raise complaints about **Capricorn Mutual** with AFCA. See section 5.3 of this Part A for more information.

If you are uncertain about whether membership of **Capricorn Mutual** or **protections** available to **Members of Capricorn Mutual** are appropriate for you, you should seek professional advice.

### What is a Product Disclosure Statement?

This PDS is an important legal document that contains information about membership with **Capricorn Mutual** and details of the **protections** available to **Members of Capricorn Mutual**. Under New Zealand law, Capricorn Mutual is not obliged to provide a PDS, but does so to help you understand what you need to know about **Capricorn Mutual** so that you can make an informed choice about whether or not to join **Capricorn Mutual** as a **Member** and to apply for the **protections** available to **Members**.

The **Constitution** sets out the objectives of **Capricorn Mutual** and the way in which it operates as a company limited by guarantee. It regulates the admission of **Members**, election of directors and conduct of general meetings of **Members**. Under the **Constitution**, the **Board** may make rules or by-laws for the management of **Capricorn Mutual**.

The **Rules of Capricorn Mutual** have been established and approved by the **Board** to regulate matters relating to membership and **protections**.

A **Member's** rights under a **protection** are governed by and arise under the **Constitution** and the **Rules**. This PDS sets out and summarises the terms of the **Capricorn Mutual Constitution** and the **Rules** that govern membership and the terms of **protections** issued by **Capricorn Mutual**.

The **Capricorn Mutual Rules** and **Constitution** are available by asking us for a copy or on the **Capricorn Mutual** website at the following address: [capricornmutual.com](http://capricornmutual.com).

If your membership application is accepted, you can apply for a **protection** with us. The cost of and level of any **protection** granted to you will be stated in your **schedule of protection**. Your **schedule of protection** also details the applicable excesses and government charges as well as any special conditions applicable to your **protection**.

### Contact details

For more information or copies of documents referred to in this PDS, contact **Capricorn Mutual**:

**By telephone:** New Zealand 0800 555 303

**By email:** [info@capricornrisk.com](mailto:info@capricornrisk.com)

**By mail:** Capricorn Mutual Limited, Locked Bag 3003, West Perth, WA 6872 AUSTRALIA

**Website:** [capricornmutual.com](http://capricornmutual.com)

### Issuer of the protection

**Capricorn Mutual** is the product issuer of the **protection** which is the product referred to in this PDS. **Protections** are available only to **Members of Capricorn Mutual**. Under Australian law, the **protections** that **Capricorn Mutual** issues, also known as 'miscellaneous financial risk products', are discretionary and a facility for managing financial risk. A **protection** is not a contract of insurance. Further detail about joining **Capricorn Mutual** and the **protection** it issues are set out below.

### Updated information

Information in this PDS may change from time to time. Information that has changed in relation to **Capricorn Mutual** that is not materially adverse but which **Capricorn Mutual** wishes to provide to **Members**, will be made available on **Capricorn Mutual's** website at [capricornmutual.com](http://capricornmutual.com). A printed copy of any updated information will be available from **Capricorn Mutual** free of charge upon request by calling **Capricorn Mutual** on 0800 555 303. **Capricorn Mutual** may issue a supplementary PDS to supplement any relevant

information not contained in this PDS, in accordance with its obligations under the *Corporations Act 2001* (Cth). Any supplementary PDS and updated information should be read together with this PDS. A copy of any supplementary PDS and other information regarding **Capricorn Mutual** will be made available on its website and a printed copy will be available from **Capricorn Mutual** free of charge upon request.

## Disclaimer

Before you make your decision, please read this PDS carefully. This PDS does not take into account your individual objectives, financial situation or needs. You should consider this information in relation to your own circumstances before making any decision about joining **Capricorn Mutual** as a **Member** and applying for a **protection**, which is only available to **Capricorn Mutual Members**. If you have difficulty understanding this document, it is important that you seek assistance before making any decision. Keep this PDS and your **schedule of protection** in a safe place for future reference.

## Interpretation

The bolded words and phrases in Part A have the meanings set out below. Where a word or phrase is defined, its other grammatical forms have a corresponding meaning.

Term	Definition
<b>Board</b>	The board of directors of <b>Capricorn Mutual</b> .
<b>Capricorn Mutual</b>	Capricorn Mutual Limited, (NZ Company No. 404 6200, ABN 24 104 601194, AFS Licence 230038).
<b>Capricorn Mutual Management</b>	Capricorn Mutual Management Pty Ltd, a manager and authorised representative (Authorised Representative number 324456) appointed by <b>Capricorn Mutual</b> .
<b>Capricorn Risk Services</b>	Capricorn Risk Services Pty Ltd, a manager and authorised representative (Authorised Representative number 460893) appointed by <b>Capricorn Mutual</b> .
<b>Capricorn Society</b>	Capricorn Society Limited (NZ Company No. 651162, Australian Company No. 008 347 313).
<b>Constitution</b>	The Constitution of <b>Capricorn Mutual</b> as amended from time to time.
<b>Contribution</b>	The amount(s) shown in your <b>schedule of protection</b> that you have to pay for the <b>protection Capricorn Mutual</b> provides to you.
<b>Endorsement</b>	Any amendment of the terms of the <b>protection</b> advised in writing by us.
<b>Liability or Loss</b>	'Legal liability', 'loss', 'damage', 'defence costs', 'personal injury', or 'property damage' (as those terms are defined in Annexures 1. and 2. of the <b>Rules</b> ) or any other claim, compensation payable, damages, cost, expense, injury or liability protected by a <b>protection</b> .
<b>Member</b>	A person, corporation, organisation or entity that has been admitted to membership of <b>Capricorn Mutual</b> in accordance with the <b>Constitution</b> .
<b>Member's Representative</b>	The individual(s), corporation, organisation or entity nominated by a <b>Member</b> and accepted by <b>Capricorn Mutual</b> to act on the <b>Member's</b> behalf in relation to <b>protections</b> issued to the <b>Member</b> .
<b>Period of Protection</b>	The duration of your <b>protection</b> as stated in your <b>schedule of protection</b> including as varied and understood by reference to <b>Rule 7(1)</b> .
<b>Protected Person</b>	A person who is not a <b>Member</b> and does not hold a <b>protection</b> , but to whom we agree to extend the application of a <b>protection</b> .  Your <b>schedule of protection</b> will record the name of any person who is a protected person, and identify which sections of this PDS apply to each protected person.
<b>Protection</b>	A miscellaneous financial risk product used to manage personal and business risks, issued to a <b>Member</b> in accordance with the <b>Constitution</b> and <b>Rules</b> and described in this PDS, the <b>schedule of protection</b> and any other documents <b>Capricorn Mutual</b> may agree with you form part of the product (including any supplementary PDS or any special conditions or <b>endorsements</b> issued by us to you in writing).
<b>Rule(s)</b>	The Rules of <b>Capricorn Mutual</b> Limited made under the <b>Constitution</b> and approved by the <b>Board</b> which set out the framework for issuing and administering <b>protections</b> , a copy of which is available on request or can be viewed at <a href="http://capricornmutual.com">capricornmutual.com</a> .
<b>Schedule of Protection</b>	The current schedule issued by us to you which sets out the scope and extent of the <b>protection</b> granted to you including any <b>endorsements</b> attached or issued by us.
<b>Subscription</b>	The annual membership fee of NZ\$10 (plus GST) payable by <b>Members</b> in accordance with the <b>Constitution</b> .

All references to monetary amounts throughout this PDS are in New Zealand dollars (NZ\$) unless expressly stated otherwise.

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# Part A: Introducing Capricorn Mutual

## Welcome to Capricorn Mutual

### 1.1 What is Capricorn Mutual?

**Capricorn Mutual** is a company limited by guarantee. It is a mutual association of people with common risks or goals whose businesses are primarily in the automotive industry.

**Capricorn Mutual** is operated for the benefit of its **Members** but not with the goal of generating dividends. Each **Member** of **Capricorn Mutual** has voting rights and is entitled to seek a **protection** if they maintain their membership by paying the annual membership **subscription** and making **contributions** to **Capricorn Mutual** for the **protection** they choose and which **Capricorn Mutual** agrees to issue to them.

**Capricorn Mutual's Members** are; **Capricorn Society** and the following, provided in each of their cases the person has been admitted to membership by the **Board** and has paid their relevant **subscription** and **contribution** and holds a **protection**:

- a) a subsidiary of **Capricorn Society**;
- b) a person who is a shareholder of **Capricorn Society**;
- c) a person who holds a trading account with **Capricorn Society**; or
- d) a person with an association with a person in (a) to (c) immediately above (that is also approved by the **Board** in its complete discretion).

**Capricorn Mutual** does not distribute its profits to **Members** but uses them to strengthen and further the objectives of its business. It was formed to address the needs of **Capricorn Society Members** and their associates to manage risks connected with their businesses.

The majority of the directors of the **Board** must be directors of **Capricorn Society** who are nominated by **Capricorn Society**. There may be up to three independent directors appointed by the **Board** for terms of up to three years. At every annual general meeting one-third of the directors (rounded down), excluding independent directors, are subject to retirement by rotation.

**Capricorn Mutual** only issues **protections** to **Members**. The key benefits and risks associated with membership and **protections** are set out in sections 2.1 - 2.3 of this Part A. Further details on membership are set out in sections 3.1 - 3.6 of this Part A. **Members** who hold **protections** are entitled to request the **Board** to exercise its discretion to indemnify themselves in respect of a **liability or loss** protected by the terms of the **protection**. A **Member's** rights under a **protection** is governed by and arise under the **Constitution** and the **Rules** made by the **Board**.

**Members** are also entitled to make a request for exercise of the discretion in respect of a person who is not a **Member** and does not hold a **protection**, but who **Capricorn Mutual** has agreed to extend the application of a **protection** to in an individual named capacity, as specified in a **schedule of protection**, such person being referred to herein as a **protected person**. A **protected person** has no right to make any claim in their own right and must comply with all obligations imposed on a **Member** in respect of disclosure and when a claim is made. A **protected person** is distinct from any person who a **Member** is responsible for as a matter of law, who may be protected as understood by reference to the terms of a **protection**, and who is not individually named in a **schedule of protection**.

A **protection** is designed to manage risk and is an alternative to traditional insurance. However, **protections** are not insurance, as there is no promise of indemnity. Rather, if there is a **liability or loss** protected by a **protection**, the holder of the **protection** asks **Capricorn Mutual** to exercise its discretion to indemnify it, and if the **Board** or its delegate agrees to grant indemnity, then the **liability or loss** will be protected to the extent of the indemnity granted (which may be in whole or part), as understood by reference to the terms of the **protection**. This is further explained below.

This PDS sets out and summarises the terms of the **Constitution** and the **Rules** that govern membership and the terms of **protections** issued by **Capricorn Mutual**. Under New Zealand law, **Capricorn Mutual** is not obliged to provide you with a copy of this PDS but does so to ensure that you are fully informed about the nature of the **protections** provided by **Capricorn Mutual**.

### 1.2 What is a protection?

**Capricorn Mutual** issues **protections** to its **Members** on a discretionary basis. This means the **Board** (or its delegates) must exercise its discretion to issue **protections** to **Members** and exercise its discretion to grant (in whole or part) or not grant indemnity when a claim is made by a **Member** to whom a **protection** applies. The discretion must be exercised fairly and on its merits in the interests of **Capricorn Mutual**, which may include the interests of all of its **Members**.

Through **protections**, **Capricorn Mutual** is able to provide **Members** management of certain business and personal risks without establishing an insurance company. **Capricorn Mutual** is regulated by the Australian Securities and Investments Commission (ASIC) and holds an Australian Financial Services Licence under the *Corporations Act 2001* (Cth). For this purpose, a **protection** is classified as a 'miscellaneous financial risk product'. **Capricorn Mutual's** licence conditions and obligations at law include having sufficient assets to meet its liabilities, adequate cash and surplus liquid funds to meet its expenses and its obligations under **protections**, compliance with financial services laws, adequate risk management, sufficient human and technological resources, appropriate conflicts management processes, professional indemnity insurance and a dispute resolution system.

The rights and obligations under a **protection** are governed by the **Constitution** and the **Rules** made under the **Constitution**. The **Rules**, which are summarised in this PDS, set out the framework for issuing and administering **protections**.

The **protections** governed by the **Capricorn Mutual Constitution** and the **Rules**, and set out in this document are subject to the laws of Western Australia and the parties agree to submit to the jurisdiction of the courts of Western Australia, Australia.

A **protection** is not insurance.

The Australian Prudential Regulation Authority (APRA) regulates insurance companies, not discretionary mutuals such as **Capricorn Mutual**. Because it is not an insurance company, **Capricorn Mutual** is not subject to the same laws and regulations as an insurance company. Specifically:

- a) it is not required to be authorised under the *Insurance Act 1973* (Cth). The Insurance Act establishes the system of financial supervision of general insurers including capital and solvency levels. **Capricorn Mutual** is regulated by ASIC,
- b) the *Insurance Contracts Act 1984* (Cth) does not apply to this product. However, the *Corporations Act 2001* (Cth) does apply and this is why **Capricorn Mutual** provides **Members** with a Product Disclosure Statement before they acquire any **protections** issued by **Capricorn Mutual**; and
- c) certain taxes on insurance including stamp duty and fire services levy are not payable in relation to the **contributions** paid by **Members** because the product is not insurance.

In New Zealand **Capricorn Mutual** is not regulated as an insurer or as a provider of any other financial service. This means that **Capricorn Mutual** is not subject to the same laws and regulations as an insurance company or financial service provider and that you may not have the same rights against **Capricorn Mutual** as you would against an insurer or financial service provider. Specifically:

- The activities of **Capricorn Mutual** as a discretionary mutual do not amount to carrying out insurance business for the purposes of the *Insurance (Prudential Supervision) Act 2010* and therefore **Capricorn Mutual** is not regulated by the Reserve Bank of New Zealand, including in regards to its capital and solvency levels. However, **Capricorn Mutual's** licence conditions, which are regulated by ASIC, do place on it certain prudential requirements, including holding adequate cash and surplus liquid funds to meet its expenses and its obligations under all **protections**, including those issued to New Zealand **Members**.
- **Capricorn Mutual's** activities in New Zealand do not constitute giving financial advice requiring licensing or registration under the *Financial Advisers Act 2008* nor do they constitute financial services requiring registration under the *Financial Service Providers (Registration and Dispute Resolution) Act 2008*.
- **Capricorn Mutual** is not a Member of any New Zealand based disputes resolution scheme but it is a Member of the Australian Financial Complaints Authority, (AFCA). **Members** of **Capricorn Mutual**, including those in New Zealand, may raise complaints about **Capricorn Mutual** with AFCA. See section 5.3 of this Part A for more information.
- **Protections** provided by **Capricorn Mutual** over residential properties, land and contents are not covered by EQCover provided by the Earthquake Commission, or the New Zealand government guarantee of EQCover.
- While **Capricorn Mutual** is not an insurer required to pay levies under the *Fire Services Act 1975*, **Capricorn Mutual** makes voluntary contributions to the Fire and Emergency New Zealand.

**Capricorn Mutual** reviews each claim in accordance with the **Constitution** and the **Rules**. The standard terms of each type of **protection** are summarised in Parts B and C of this document. A **protection** issued to a **Member** will also incorporate a **schedule of protection** setting out details of the **protection** particularly relevant to the holder and any variation of the standard terms.

The **Board** has absolute discretion to refuse to grant an indemnity in respect of a claim under a **protection**. The **Board** also has absolute discretion to consider and, if thought fit, to grant an indemnity in whole or in part or meet a claim in unexpected or special or unusual circumstances not strictly covered by the **Rules**.

The **Board** has delegated its authority to exercise its discretion to **Capricorn Mutual Management** but any **Member** whose claim is refused under such delegation has an ultimate right to refer such claim to the **Board**.

### 1.3 Who arranges protections and manages Capricorn Mutual?

**Capricorn Risk Services**, under the *Australian Corporations Act 2001* (Cth), is authorised to arrange protections issued by **Capricorn Mutual** and is involved in the sales promotion, distribution and servicing of **Capricorn Mutual's** protections.

**Capricorn Mutual Management** is authorised under the *Australian Corporations Act 2001* (Cth) to:

- a) arrange and manage memberships of **Capricorn Mutual**;
- b) approve and implement the grant of **protections**. It acts as the delegate of the **Board** in granting **protections** and exercising the discretion to grant or not grant indemnity; and
- c) provide management services for **Capricorn Mutual** on a day to day basis and, in particular, handle claims following grants of indemnity.

**Capricorn Risk Services** and **Capricorn Mutual Management** use their own resources and employees for these tasks but may also use systems and resources of **Capricorn Society**.

A reference in this PDS to **Capricorn Mutual** arranging or managing your membership or **protection** includes where those actions are performed by **Capricorn Risk Services** or **Capricorn Mutual Management** as managers and authorised representatives of **Capricorn Mutual**.

# Summary of benefits and risks set out in the Constitution and the Rules

## 2.1 What are the key features and benefits?

Feature or Benefit	Description
Capricorn Mutual is Member owned	As a mutual and company limited by guarantee, <b>Capricorn Mutual</b> is owned by its <b>Members</b> and operates solely for the benefit of its <b>Members</b> . Capricorn has no third-party shareholders and cannot pay dividends. This means that any profits are retained for the benefit of <b>Members</b> in meeting the objectives of <b>Capricorn Mutual</b> , including to support <b>Capricorn Mutual's</b> financial capability to meet claims which the <b>Board</b> , in its absolute discretion, may grant in whole or part.
Protections are a benefit of membership	Membership in <b>Capricorn Mutual</b> entitles the <b>Member</b> to apply for the issue of a <b>protection</b> , and if issued, to request the <b>Board</b> exercises its discretion to indemnify the <b>Member</b> in respect of a <b>liability or loss</b> protected by the terms of the <b>protection</b> . <b>Capricorn Mutual</b> may issue property and <b>liability or loss protection</b> which are suited to businesses in the automotive industry. <b>Capricorn Mutual</b> may also issue <b>protection</b> against some personal risks.
Claims are determined by the Board	You have the right to refer any claim to the <b>Board</b> , which will ultimately determine whether or not <b>Capricorn Mutual</b> will exercise its discretion to indemnify you in respect of any liability of loss. The <b>Board</b> must at all times be made up of a majority of directors of <b>Capricorn Society</b> and who are nominated by <b>Capricorn Society</b> . This means that claims are ultimately determined by a <b>Board</b> that includes automotive business owners – people who understand firsthand the risks and challenges of operating in the automotive industry.
Capricorn Mutual holds an Australian Financial Services Licence	As a financial services business, <b>Capricorn Mutual</b> is regulated by ASIC and holds an Australian Financial Services Licence. This means that <b>Capricorn Mutual</b> must: <ul style="list-style-type: none"> <li>a) meet certain financial requirements, including having sufficient assets to meet its liabilities including adequate cash and surplus liquid funds to meet the expenses of <b>Capricorn Mutual</b> and its obligations under <b>protections</b>;</li> <li>b) lodge audited financial statements with ASIC each year; and</li> <li>c) be a <b>Member</b> of an independent disputes resolution scheme, with whom you may lodge a complaint with if you are not satisfied with the way in which <b>Capricorn Mutual</b> has resolved any issue you have.</li> </ul> <p>These requirements apply to <b>Capricorn Mutual's</b> New Zealand operations as well, but the <b>protections</b> provided by <b>Capricorn Mutual</b> are not regulated in New Zealand as insurance or as any other type of financial service. See section 1.2 of this Part A for more details.</p>
Payment of Contributions through Capricorn Society account	It is possible to pay your <b>contributions</b> using your <b>Capricorn Society</b> account and in most circumstances payments can be made monthly (subject to an initial upfront payment of 1 month <b>contribution</b> ) at no additional cost to you. <b>Capricorn Society</b> gives you reward points when you pay with your <b>Capricorn Society</b> account.
Members can request extension of protections to protected persons	<b>Members</b> are entitled to request that the <b>Board</b> exercises its discretion to grant a claim in respect of a person who is not a <b>Member</b> and does not hold a <b>protection</b> , but who <b>Capricorn Mutual</b> has agreed to extend the application of a <b>protection</b> to in an individual named capacity, as specified in a <b>schedule of protection</b> , such person being referred to herein as a <b>protected person</b> . The <b>protected person</b> has no right to make any claim in their own right and must comply with all obligations imposed on a <b>Member</b> in respect of disclosure and when a claim is made. A <b>protected person</b> is distinct from any other person who may be protected under the terms of a <b>protection</b> , but who is not individually named in a <b>schedule of protection</b> .

## 2.2 What are the significant risks?

Risk of Product	Description
Protection is not the same as insurance	<b>Capricorn Mutual</b> issues a 'miscellaneous financial risk product'. This is not an insurance product as there is no promise of indemnity. Rather, if there is a <b>liability or loss</b> , the holder of the <b>protection</b> asks <b>Capricorn Mutual</b> to exercise its discretion to indemnify it and if the <b>Board</b> or its delegate agrees to grant indemnity, then <b>Capricorn Mutual</b> will indemnify the holder for the <b>liability or loss</b> subject to the terms of the <b>protection</b> and any additional terms notified by the <b>Board</b> or its delegate.



Risk of Product	Description
<p>Protection is not the same as insurance (cont.)</p>	<p>In Australia, <b>Capricorn Mutual</b> is not regulated by APRA but is regulated by ASIC. In New Zealand, <b>Capricorn Mutual</b> is not regulated as an insurer by the Reserve Bank of New Zealand and is not regulated by any other regulator as a provider of financial services. See section 1.2 of this Part A for more details.</p> <p>As <b>Capricorn Mutual</b> is not an insurer, <b>Members</b> cannot participate in statutory schemes which support policyholders; for example, support from the Australian Financial Claims Scheme in the event of the financial failure of <b>Capricorn Mutual</b> or support from the New Zealand Earthquake Commission under EQCover in the event of certain natural disasters.</p> <p>The insurance laws which protect consumers do not apply to the <b>protections</b> and <b>Capricorn Mutual</b> is not regulated in the same way as an insurance company.</p>
<p>You must be a Member of Capricorn Mutual at all times</p>	<p>You must be a <b>Member</b> of <b>Capricorn Mutual</b> or eligible to become a <b>Member</b> of <b>Capricorn Mutual</b> to apply for and continue to hold <b>protections</b>. In order to apply for and maintain your membership, you must satisfy the eligibility requirements for <b>Members</b> set out in the <b>Constitution</b> and the <b>Rules</b>.</p> <p>Acceptance of membership applications is at the discretion of the <b>Board</b>.</p> <p><b>Members</b> can be removed from the membership register in accordance with the <b>Capricorn Mutual Constitution</b> and the <b>Rules</b>. Membership may cease immediately without notice in the event of the failure to pay for the <b>protection</b> when due, due to a change in the nature of the business, where a <b>Member</b> chooses not to renew and hold any <b>protections</b>, or death or mental incapacity in the case of an individual. Membership may also end on the cancellation of your <b>protection</b> (see section 4.9 of this Part A for more detail).</p> <p>To remain a Member of <b>Capricorn Mutual</b>, you must at all times also remain a financial Member of <b>Capricorn Society</b>. This requires paying any monies owed to <b>Capricorn Society</b> in full and on time.</p>
<p>The Board has discretion in granting indemnity</p>	<p><b>Capricorn Mutual</b> issues <b>protections</b> to its <b>Members</b> and persons entitled to become <b>Members</b> on a discretionary basis. This means the <b>Board</b> (or its delegate) must exercise its discretion to issue <b>protections</b> to <b>Members</b> and exercise its discretion to grant (in whole or part) or not grant indemnity when a claim is made by a <b>Member</b> to whom a <b>protection</b> applies. The discretion will be exercised fairly and on its merits in the interests of <b>Capricorn Mutual</b>, which may include the interests of all of its <b>Members</b>. For more details see section 1.2 of this Part A.</p>
<p>Your protection may be cancelled in certain situations</p>	<p>Your continuing rights under a <b>protection</b> may be adversely affected if you cease to be a <b>Member</b>.</p> <p>If you cease to be a <b>Member</b> because of a failure to pay a <b>Member subscription</b> or any other amount due to <b>Capricorn Mutual</b>, your right to seek indemnity under a <b>protection</b> will cease. However, this may vary depending on the type of <b>protection</b> you hold and the terms and conditions applicable to that <b>protection</b>.</p> <p><b>Capricorn Mutual</b> may, at its discretion, give notice in writing to you before the end of the <b>period of protection</b> that it will cease to issue you <b>protection</b> beyond that period. In this event, the <b>protection</b> will cease at the time shown on your <b>schedule of protection</b>. Your <b>protection</b> will also immediately expire:</p> <ol style="list-style-type: none"> <li>a) if you fail to pay your <b>contributions</b> or any other sum of money due to <b>Capricorn Mutual</b> after <b>Capricorn Mutual</b> has served you with a notice requiring payment of the money by a specified date, and you fail to pay in full the amount on or before that date;</li> <li>b) if the <b>period of protection</b> specified in your <b>schedule of protection</b> has expired;</li> <li>c) if you: <ol style="list-style-type: none"> <li>i) are declared bankrupt or insolvent or commit an act of bankruptcy;</li> <li>ii) die (in which case <b>Capricorn Mutual</b> may accept your legal representative or trustee as a <b>Member</b> for the purpose of your <b>protection</b> on and from the date of death); or</li> <li>iii) become mentally incapacitated or you or your estate become liable to be dealt with in any way under the laws relating to mental health (in which case <b>Capricorn Mutual</b> may accept your legal representative or trustee as a <b>Member</b> for the purpose of your <b>protections</b> on and from the date of mental incapacitation); or</li> </ol> </li> <li>d) if: <ol style="list-style-type: none"> <li>i) your business commits an act of insolvency;</li> <li>ii) a liquidator is appointed in connection with the winding up of your business; or</li> <li>iii) an order is made by a court for the winding up or de-registration of your business.</li> </ol> </li> </ol> <p>There is also no guarantee that your <b>protection</b> will be renewed as this is at the discretion of the <b>Board</b>.</p>

Risk of Product	Description
Your protection may be cancelled in certain situations (cont.)	<p><b>Capricorn Mutual</b> must give reasonable notice if it is proposing to cancel your <b>protection</b> on renewal and this has to be done before the expiry of the <b>period of protection</b>.</p> <p><b>Capricorn Mutual</b> may cancel your <b>protection</b>:</p> <ol style="list-style-type: none"> <li>where the information you provide relevant to <b>Capricorn Mutual's</b> decision to issue you a <b>protection</b> and determine the <b>contributions</b> payable is not true, correct or complete or material information is not provided which, with reasonable diligence, would have been ascertained;</li> <li>by notice where, in respect of the renewal of a <b>protection</b>, the making of a claim or the <b>Member's</b> obligation to notify <b>Capricorn Mutual</b> of varied information relevant to the decision to issue you a <b>protection</b> or determine the <b>contributions</b> payable, information is provided which is not true, correct or complete or material information is not provided which, with reasonable diligence, would have been ascertained;</li> <li>where you cease to be a <b>Member</b> other than in circumstances of death or mental incapacity provided <b>Capricorn Mutual</b> accepts the legal representative or trustee of the estate as a <b>Member</b> in substitution; or</li> <li>where the <b>Board</b>, acting reasonably, is of the opinion that you have engaged in fraudulent or dishonest conduct (including omission) in respect of a <b>protection</b> (including in relation to the application for, renewal or claim). Cancellation in such circumstances will take effect on and from the <b>protection's</b> date of commencement. If <b>Capricorn Mutual</b> cancels a <b>protection</b> given such fraudulent or dishonest conduct, it may cancel all other <b>protections</b> held by the <b>Member</b> on and from the date of the relevant fraudulent or dishonest act or omission by the <b>Member</b>.</li> </ol> <p>You may not cancel your <b>protection</b> without consent from the <b>Board</b>. You can request the <b>Board</b> consent by calling <b>Capricorn Mutual</b> on 0800 555 303.</p>
Catastrophic events may affect Capricorn Mutual's ability to meet claims	In the event that a catastrophic event causes an extraordinary number of requests for indemnity by <b>Members</b> , there is a risk that the <b>Board</b> will be less likely to exercise its discretion to grant such indemnities. To lessen this risk, <b>Capricorn Mutual</b> has arrangements in place which allow it to access insurance and reinsurance markets through its related companies Capricorn (Isle of Man) Limited and CML NZ Limited.
Capricorn Mutual is subject to counterparty risk	The counterparties with which <b>Capricorn Mutual</b> has arrangements, including <b>Capricorn Risk Services, Capricorn Mutual Management, Capricorn (Isle of Man) Limited</b> and <b>CML NZ Limited</b> , may become insolvent or may not otherwise be able to meet their obligations. <b>Capricorn Mutual</b> does have step-in rights under the arrangements with <b>Capricorn Risk Services</b> and <b>Capricorn Mutual Management</b> .
Changing market and economic conditions may affect Capricorn Mutual's ability to meet claims	There is a risk that <b>Capricorn Mutual's</b> ability to meet claims may be affected by changing economic or market conditions beyond <b>Capricorn Mutual's</b> control. These may include movements in securities markets, inflation, consumer spending, employment and the performance of individual local, state, national and international economies.
Claim proceeds may be used to pay for monies owed to Capricorn Society	If you are entitled to a payment under your <b>protection</b> and, at the time payment is due, you owe an outstanding debt to <b>Capricorn Society, Capricorn Mutual</b> may use all or part of that payment to offset your debt.

## 2.3 What are the fees and charges?

Summary of Fees and Costs	Description
Subscription	An annual membership fee of NZ\$10 plus GST applies.

Summary of Fees and Costs	Description
Contributions for protection	<p><b>Contributions</b> are payable by you for your <b>protection</b> in accordance with the <b>Constitution</b> and the <b>Rules</b>. The amount, which is determined by <b>Capricorn Mutual</b> in its absolute discretion, will be stated in your <b>schedule of protection</b>.</p> <p>The amount of your <b>contribution</b> reflects the nature of the risks you wish to protect, as well as the amount of risks protected, any optional <b>protection</b> you have selected, as well as the general pricing approach adopted by <b>Capricorn Mutual</b>.</p> <p>Associated with any <b>endorsement</b>, <b>Capricorn Mutual</b> will advise you of any additional <b>contribution</b> required or any reduction to your existing <b>contribution</b>.</p> <p>For more details about the factors that influence the pricing of <b>contributions</b> see section 4.7 of this Part A.</p>
Taxes and Charges	<p>Your <b>contribution</b> is subject to goods and services tax and a payment to the New Zealand Fire Services equal to the fire services levy that would have been applicable to your <b>protections</b> if they were insurance.</p> <p>The amount of any taxes and charges will be stated in your <b>schedule of protection</b>.</p>
Interest	<p><b>Members</b> are liable to pay interest to <b>Capricorn Mutual</b> on any amount payable for <b>contributions</b>, or any other payment due under the <b>Constitution</b> and the <b>Rules</b>, that is not paid when it is due or on any amount received in respect of a claim whose acceptance has been revoked by <b>Capricorn Mutual</b>. Interest is calculated in accordance with the <b>Rules</b>.</p>
Excesses	<p>When you make a request to the <b>Board</b> (or its delegate) to exercise its discretion to indemnify you in respect of a <b>liability or loss</b> protected by the terms of the <b>protection</b>, the <b>Board</b> may require you to pay an amount towards the cost of your claim. Your <b>schedule of protection</b> will state the excess that applies to each of your <b>protections</b>.</p>
Guarantee	<p>As <b>Capricorn Mutual</b> is a company limited by guarantee, you will be required to pay the amount of your outstanding <b>contributions</b> together with an amount of NZ\$1.00 if <b>Capricorn Mutual</b> is wound up whilst you are a <b>Member</b> or within one year of you ceasing to be a <b>Member</b>. <b>Members</b> in the last financial year (based on <b>Capricorn Mutual's</b> financial year of 1 July to 30 June) who have paid all <b>contributions</b> may be able to participate in the distribution of any surplus funds.</p>

## Membership of Capricorn Mutual

### 3.1 How do I become a Member of Capricorn Mutual?

Membership applications are available by calling us on 0800 555 303 or emailing info@capricornrisk.com. **Capricorn Mutual** has the discretion to decide whom to admit to membership. You must pay the annual **subscription** of NZ\$10 plus GST for membership when you apply.

**Members** and trading account holders of **Capricorn Society** and persons associated with them are amongst those persons eligible for membership. **Capricorn Mutual** only issues **protections** to **Members** and persons entitled to become **Members**. A **Member's** rights under a **protection** are governed by and arise under the **Constitution** and the **Rules** made by the **Board**.

When you apply for membership of **Capricorn Mutual**, you will be asked a series of questions relevant to your eligibility for membership. You must ensure that all information given in answering these questions, and in the course of applying for membership generally, is, after making reasonable inquiry, true, correct and complete to the best of your knowledge. The answers you provide will be used to assess your application for membership, and will, if your membership is accepted, be deemed to be part of the terms of your admission as a **Member**. If the information provided is not true, correct and complete, you may be refused membership or expelled from membership if a membership has already been granted.

If you decide to apply for membership of **Capricorn Mutual**, contact us for a quotation on the **protection** you require at the same time.

If you are accepted as a **Member** of **Capricorn Mutual** and have paid your **subscription**, you will be informed of your **Capricorn Mutual** membership number and the period of membership. Please quote this membership number on all your correspondence and in all your contact with us. When you receive details of your membership, please check the details carefully and notify us immediately if there are any changes needed.

### 3.2 What is involved in maintaining my membership?

You will be required to pay an annual **subscription** of NZ\$10 plus GST for each year you remain a **Member**. Failure to pay this **subscription** can lead to your membership being cancelled.

You must also continue to hold at least one **protection** in each year to remain a **Member** of **Capricorn Mutual**. If you cease to hold any **protection**, including where **Capricorn Mutual** does not renew your **protection** or your **protection** is otherwise cancelled, your membership will automatically cease. If, however, you are issued with a new **protection** within six months of your membership ceasing, your membership will be deemed to be continuing including during the period in which no **protection** was held.

You must also pay your **contributions** for the **protections** you hold in each year. These are the amounts stated in your **schedule of protection**. You can also ask for a quotation for additional **protections** at any time.

### 3.3 Are there any other payments I must make?

Aside from paying your **subscription** and the **contributions** for your **protection**, as a **Member** of **Capricorn Mutual** there may be other payments that you are required to make under the **Capricorn Mutual Constitution and Rules**. These include:

- a) the excesses or deductibles that apply to each **protection** in the event of a claim;
- b) interest on any overdue payment, which will be calculated at the New Zealand Reserve Bank Official Cash Rate plus 5% from the date immediately following the **Member** payment due date; and
- c) if **Capricorn Mutual** is wound up whilst you are a **Member** or within 1 year of you ceasing to be a **Member**, you will have to pay NZ\$1.00 plus any outstanding **contributions**. **Capricorn Mutual** is a company limited by guarantee so whilst there is a liability to make this payment on winding-up, **Members** who have paid all **contributions** in the last Financial Year may also participate in the distribution of any surplus assets on winding-up.

### 3.4 How do I change my details?

If your personal details such as your email, residential, business or postal address, telephone number or other contact details change, you need to tell us so we can contact you at the correct address. If you forget to inform us of these details, your membership may not be renewed in time.

If the change relates to the **protections** you hold, see section 4.6 of this Part A for details of how to notify **Capricorn Mutual** of changes in your circumstances.

### 3.5 Can I be removed as a Member or cancel my membership?

**Members** can be removed from the membership register in accordance with the **Capricorn Mutual Constitution** and by consequence of the operation of the **Rules**. Membership may cease immediately without notice in the event of bankruptcy, insolvency, where a **Member** chooses not to renew and hold any **protections**, or death or mental incapacity in the case of an individual (in which case **Capricorn Mutual** may accept your legal representative or trustee as a **Member** for the purpose of your **protection** on and from the date of death or mental incapacity). **Capricorn Mutual** can also remove you as a **Member** where you no longer hold a **protection** which can be as a consequence of **Capricorn Mutual** deciding not to renew your **protection** or cancelling your **protection** for the reasons described in further detail below.

You can request your membership be cancelled at any time by giving notice in writing to **Capricorn Mutual**. You may receive a refund or partial refund at the discretion of **Capricorn Mutual** in such a circumstance. Please note, if you do this you will lose **protection** benefits automatically from the date that you choose to end your membership.

### 3.6 Who can act on behalf of a Member?

**Capricorn Mutual** may recognise a person as a **Member's representative**, and that person then may act on behalf of the **Member** such person represents. All acts, omissions and knowledge of the **Member's representative**, who is also bound by the same obligations as the **Member**, are taken to be those of the **Member** it represents in respect of dealings with **Capricorn Mutual** including in respect of membership and **protections**.

In the event of the death or mental incapacity of a **Member**, a **Member's** legal representative or the trustee of the **Member's** estate may be accepted by **Capricorn Mutual** for the purposes of continuing to hold **protections** issued to the former **Member** and exercising any associated rights, powers and privileges.

## Protections issued by Capricorn Mutual

### 4.1 What types of protections are issued by Capricorn Mutual?

**Capricorn Mutual** issues its **Members** and persons entitled to become **Members** with **protections** for their business and personal risks and the costs associated with those risks. A **protection** is designed to manage risk and is an alternative to traditional insurance products. However, it is not insurance as there is no promise of indemnity. Rather, if there is a **liability or loss** protected by the **protection**, the holder of the **protection** asks **Capricorn Mutual** to exercise its discretion to indemnify it and, if the **Board** or its delegate agrees to grant indemnity, then the **liability or loss** will be protected to the extent of the indemnity granted (which may be in whole or part), as understood by reference to the terms of the **protection**.

A **Member's** rights under a **protection** are governed by and arise under the **Constitution** and the **Rules** made by the **Board**. The **Rules** are governed by the law of Western Australia and each party irrevocably and unconditionally agrees that any disputes between them can be determined by the courts of Western Australia, in this respect.

The information below is a summary only and you should read the full details of the **protections** set out in Part B and Part C of this PDS before applying for **protection**. There are a number of additional and optional **protections** provided in each section and you may elect to have those additional and optional **protections** when you apply.

Please note that, where it is stated in this section that a **protection** ‘protects’ certain **liability or loss**, this is subject to the **Board** (or its delegate) exercising its discretion to grant an indemnity (in whole or part) in respect of the relevant **liability or loss**.

The terms shown in bold below are defined in Parts B and C of the PDS - see page 20 for details of their meaning in relation to business **protections** and page 83 for details of their meaning in relation to personal **protections**.

## Business Protections:

Type of Protection	Summary of Protection
<b>Section 1. Business Buildings</b>	This section protects loss or damage to your ‘Business Buildings’ from sudden and unforeseen occurrences caused by a protected event. These include fire, explosion or implosion, lightning, storm, wind, rain or snow, escape of liquid, impact by vehicles, animals, watercraft, aircraft or other aerial devices, riots, strikes and civil commotion, malicious acts and earthquake, subterranean fire or volcanic eruption, and others where applicable. See page 32 for more details about what is a protected event. <b>Members</b> can also apply for optional benefits like <b>protection</b> for flood and accidental loss or damage.
<b>Section 2. Business Contents</b>	This section protects loss or damage to your ‘Business Contents’ from sudden and unforeseen occurrences caused by a protected event. See above and page 37 for more details about what is a protected event. <b>Members</b> can also apply for optional benefits like <b>protection</b> for flood and accidental loss or damage.
<b>Section 3. Burglary</b>	This section protects loss or damage to your property for ‘Burglary’. See page 42 for more details.
<b>Section 4. Money</b>	This section protects loss or damage of ‘Money’ relating to your business which occurs during the <b>period of protection</b> . See page 45 for more details.
<b>Section 5. Engineering</b>	This section protects malfunction, breakdown or burning out of any part of your machinery and electronic equipment which causes its normal use to cease and that is sudden and unforeseen. See page 47 for more details.
<b>Section 6. Business Interruption</b>	This section protects you for financial loss and the increased cost of operating your business as a result of interruption to your business during the <b>period of protection</b> due to loss or property damage which is protected under sections 1, 2, 3, 4, 5 or 7. See page 49 for more details.
<b>Section 7. General Property</b>	This section protects loss or damage to your specified ‘General Property’ caused by a protected event, burglary or accidental loss or damage. See page 52 for more details.
<b>Section 8. Goods in Transit</b>	This section protects loss or damage to your contents or stock in the course of being transported or stored and caused by a protected event, burglary or collision or overturning of the conveying vehicle. See page 54 for more details.
<b>Section 9. Public and Products Liability</b>	This section protects you for the amounts for which you become legally liable to pay as compensation in respect of personal injury and property damage caused by or arising out of an occurrence in connection with your business. This also includes defence costs. See page 56 for more details.
<b>Section 10. Professional Protection</b>	This section protects you for your civil liability to pay compensation arising out of a breach of your professional duty when providing advice for a fee. This also includes defence costs. See page 62 for more details.
<b>Section 11. Legal Expenses</b>	This section protects your legal costs and expenses incurred to defend or pursue a number of disputes, including contract and consumer disputes, arising and instituted in New Zealand. See page 66 for more details.
<b>Section 12. Tax Audit</b>	This section protects you for the professional fees incurred by you in connection with a tax audit. See page 68 for more details.
<b>Section 13. Commercial Vehicles</b>	This section protects your commercial vehicle(s) for loss or damage and your legal liability for property damage arising from the use of your commercial vehicle. See page 69 for more details.
<b>Section 14. Customers Vehicles</b>	This section protects your customers’ vehicle(s) whilst in your care when the vehicle(s) are being tested, repaired, delivered or left on your premises. See page 76 for more details.

Type of Protection	Summary of Protection
Section 15. Stock Vehicles	This section protects vehicles owned by the business and kept as stock for sale for loss or damage and your legal liability for property damage arising from the use of your stock vehicle. See page 79 for more details.

## Personal Protections:

Type of Protection	Summary of Protection
Section 1. Home Buildings	<p>This section protects you for loss or damage to your 'Home Buildings' from sudden and unforeseen occurrences caused by a protected event. These include fire, implosion and explosion, lightning, storm, wind, rain or snow, escape of liquid, impact by vehicles, animals, watercraft or other aerial devices, riots and strikes, malicious acts, burglary, earthquake, volcanic eruption, and others where applicable.</p> <p>You are also protected for your legal liability for property damage or personal injury to any other person arising from the ownership of your property.</p> <p>You can also apply for optional benefits such as <b>protection</b> for flood. See page 93 for more details.</p>
Section 2. Home Contents	<p>This section protects you for loss or damage to your 'Home Contents' from sudden and unforeseen occurrences caused by a protected event.</p> <p>You are also protected for your legal liability for property damage or personal injury to any other person arising from the ownership of your property.</p> <p>You can also apply for optional benefits such as <b>protection</b> for flood. See page 98 for more details.</p>
Section 3. Private Motor Vehicles	This section protects your personal 'Private Motor Vehicles' for loss or damage and your legal liability for property damage arising from the use of your motor vehicle(s). See page 103 for more details.

## 4.2 How do I apply for protection?

A **Member** or a person who intends to become a **Member** of **Capricorn Mutual** can apply for **protection** for business and personal risks by calling us on 0800 555 303 and completing an application form.

When you apply for **protection** you will be asked to provide information that is relevant to the **protection** you are seeking and to the rating of the **contribution** you will be asked to pay for that **protection**. The information you provide will be used to consider whether or not to accept your application for **protection** and to assess your **contributions**.

The information provided on your application form is relevant to whether or not the **Board** accepts your application for a **protection**.

If the information and particulars you provide to **Capricorn Mutual**, after making reasonable inquiry, is incorrect, inaccurate, incomplete, misleading, not true or is information material to the application and which, with reasonable diligence was ascertainable but was not provided, the **Board** may refuse to approve your application for **protection** or, if a **protection** is issued, refuse your request for an indemnity or cancel the **protection**. If the information provided is personal information, how we use and disclose personal information is described in section 6.1 of this Part A.

You need to tell us immediately when changes happen that may require changes to your **protection** or increase the risks that are relevant to your **protection**. In particular, you need to tell us if any of the answers provided in your application form for a **protection** are no longer correct. If you do not provide this information, the **Board** may refuse any claim you make.

If your application is successful and the **protection** granted, **Capricorn Mutual** will issue you with a **schedule of protection** and any **endorsements**. Your **schedule of protection** will record your **protection**, the limits that may be paid for each **protection**, the excesses or deductibles that apply to each **protection** and other important matters about your **protection** such as the date on which each **protection** starts and expires as well as any special conditions applying to your **protection**. **Endorsements** are written changes relevant to the **protection** we issue you and can affect the **protection** provided to you.

Your **schedule of protection** will also record the **contributions** payable by you to **Capricorn Mutual**. Your **contributions** become due and payable at the time your selected **protection** commences. Your **contribution** can be paid upfront in one payment or monthly **contribution** using your **Capricorn Society** account (at no additional cost to you). See section 4.8 of this Part A for details on how to pay your **contributions**.

If you are not a **Member** at the time you make your application, the agreement to provide you with **protection** is conditional on you paying your **subscription** and becoming a **Member**.

### 4.3 How can I check that I am properly protected?

When we send your **schedule of protection**, please check the document carefully and tell us immediately if any changes are required. Please note:

- a) it is your responsibility to ensure that the limits of your **protection** are correct. You should regularly review the adequacy of your **protection** during the **period of protection** and prior to renewal annually;
- b) if you do not tell us the correct value of your property or the correct amount of your gross profits so that you have not obtained adequate **protection** under any of Business Buildings, Business Contents or Business Interruption **protections**, the **Board** may refuse to grant you an indemnity under your **protection** or, if it agrees to exercise its discretion to pay you an indemnity, reduce the amount payable. Your claim may be adjusted in the event that you are underprotected and Part B of this PDS sets out and summarises **Capricorn Mutual's** position in this respect; and
- c) while retaining its absolute discretion to grant or reject a request for indemnity made by a **Member** in accordance with the **Constitution** and the **Rules**, the **Board** may reject a request for indemnity or accept a request but reduce the indemnity payable by **Capricorn Mutual** if:
  - i) in the opinion of the **Board**, the **Member** making the request for indemnity has not taken reasonable steps to mitigate a **liability or loss**;
  - ii) any relevant claim against a **Member** has been settled, or any liability has been admitted by or on behalf of the **Member** without the prior consent in writing of **Capricorn Mutual** and there has, in the sole opinion of the **Board**, been prejudice to **Capricorn Mutual** by such action; or
  - iii) the **Member** has failed to comply with any of the obligations under the **Rules**, the **Constitution** or a directive made at any time by **Capricorn Mutual** in connection with the handling or settlement of a claim protected by a **protection**. Please see section 5.2 of this Part A for more detail.

It is also important to tell us if your circumstances change (including the risks protected). Failure to do so may affect whether or not **Capricorn Mutual** agrees to grant an indemnity in whole or in part in respect of a claim. See section 4.6 of this Part A for details.

### 4.4 How long am I protected for?

Your **protection** will be valid for 12 months unless otherwise indicated in the relevant **schedule of protection**. This is called the **period of protection**. Before the **period of protection** expires, **Capricorn Mutual** will give you a written notification identifying the basis on which it will consider applications for renewal of the **protection** and the relevant **contributions** payable. There is no guarantee that your **protection** will be renewed as this is at the discretion of the **Board**.

The dates for the **period of protection** will be clearly stated in your **schedule of protection**.

### 4.5 How do I renew my protection?

All **protection** renewals are governed by, and must be given in accordance with, the **Constitution** and the **Rules** made by the **Board**. To be eligible to renew your **protection**, you must maintain or renew your membership of **Capricorn Mutual** (that is, by paying your **subscription**). Whether your **protection** is renewed or not is at the discretion of the **Board**.

Before the **period of protection** expires, **Capricorn Mutual** will give you a written notification of the basis on which it will consider applications for renewal of the **protection** and the **contribution** payable by you for the renewal of that **protection**. Whether your **protection** is renewed or not is at the discretion of the **Board** and will be based on the information you provide including information about any changes to your circumstances, as well as **Capricorn Mutual's** overall business strategy and approach.

If the **Board** exercises its discretion to renew your **protection**, the renewal will be given on the terms and conditions set out in the **Constitution** and the **Rules** applicable at the time of the renewal. If your application to renew your **protection** is successful, you will be asked to pay the **contribution** for your **protection** prior to the expiry of the **period of protection**. The amount of the **contribution** will depend on the risks that you want to protect and the **protection** you have selected, as well as **Capricorn Mutual's** overall approach to pricing. More details on how **contributions** are calculated are in section 4.7 of this Part A.

### 4.6 What should I do if my circumstances change?

Notify **Capricorn Mutual** of any changes to your circumstances immediately, as this can affect your **protection** including your eligibility to make a claim or may necessitate other changes. **Capricorn Mutual** may vary unilaterally the terms and conditions of your **protection** including the **contributions** payable if it becomes aware that any information you have provided to **Capricorn Mutual** in applying for a **protection** ceases to be true, correct or complete.

Any changes required to your **protection** to take into account your changed circumstances or risks during your **period of protection** will be at the discretion of the **Board**. The **Board** at its discretion may issue you with a new **schedule of protection** or it may add an **endorsement** to your existing **schedule of protection** in respect of the new details or circumstances. The **Board** may recalculate the **contributions** payable by you to account for your change in circumstances.

If you would like to apply for additional **protection**, simply contact us with the details for consideration. The **Board** may, in its absolute discretion, issue new **protection** to you. If the **Board** exercises its discretion to issue you new **protections**, the new **protection** may run for 12 months with the **period of protection** for that **protection** commencing from the date when your application was successful. Alternatively, it may run to the common renewal date for your existing **protection**. The **period of protection** for any new **protection** will be reflected in a **schedule of protection**.

#### 4.7 How are my contributions calculated?

The **Board** has the discretion to set the cost of **contributions** payable by you for each **protection** product you hold. Quotations are provided by **Capricorn Mutual Management** which calculates the cost of each **protection** in accordance with pricing policies approved by the **Board**.

**Capricorn Mutual** considers a range of factors when determining your **contribution** for a requested **protection**. These factors vary according to the **protection** requested and include but are not limited to:

- a) your location and the usual location of the asset you wish to protect;
- b) your occupation and the activities carried out at your business premises;
- c) your previous claims history;
- d) the size of your business;
- e) the type of security you have in place;
- f) your general risk profile;
- g) your annual payroll or your annual turnover or both;
- h) in the case of Business Interruption **protection**, your gross profit;
- i) in the case of motor vehicles, the age of the driver;
- j) the nature, features, value and general condition of the asset you wish to protect;
- k) the limit of **protection** you select;
- l) any additional or higher excess that you choose to pay;
- m) the answers you provide in your application form; and
- n) **Capricorn Mutual's** overall financial performance, pricing strategy and desired risk portfolio.

**Capricorn Mutual** relies on **contributions** received each year to meet its claims liabilities. To ensure that it has sufficient funds to pay its claims liabilities, **Capricorn Mutual** has voluntarily adopted the Insurance Liability Valuation Reporting standards as specified in APRA's GPS 320, which imposes a minimum value on insurance liabilities of 75% level of sufficiency. **Capricorn Mutual** obtains independent actuarial valuations of its claims liabilities at least annually to ensure that a 75% level of sufficiency is held at each balance date.

#### 4.8 How can I pay my contributions and are there any rights of set-off?

##### Paying up front

Your **schedule of protection** will state how much you have to pay for your **contributions** and how much time you have for payment. You must pay by the due date.

If you pay after the due date, **Capricorn Mutual** can reject your payment which means that your **protection** will not start, and, in the case of a renewal, your **protection** will not be renewed. If your late payment is accepted, your **protection** commences from the date of payment unless we agree otherwise. Any payment reminders sent to you do not change the expiry of your **protection** or the due date for payment.

If you do not pay the **contribution** and other charges in full after being notified to do so by **Capricorn Mutual**, your **protection** will immediately expire without further notice. This means that you may not hold a **protection** for the full **period of protection** specified on your **schedule of protection**.

##### Paying monthly

You can pay your **contributions** monthly from your **Capricorn Society** account. To arrange this, you must sign the authority form which accompanies your quotation or renewal and return it to us or otherwise communicate such instruction in a form we deem acceptable.

If you pay by monthly instalments, you must pay the first 1 month instalment up front and 11 monthly instalments thereafter. If you pay your **contributions** by monthly instalments and your payment is overdue, **Capricorn Society** will give you notice to bring your payments up to date and may withdraw use of your **Capricorn Society** account if you fail to do so. If you do not pay your **contributions** owing by the date stated in the notice, you may lose your right to have a claim for **protection** considered and accepted.

##### Interest on overdue amounts

Interest is charged on overdue **contributions**. Interest will be calculated at the Reserve Bank of New Zealand Official Cash Rate plus 5% and will be calculated from the date immediately following the **Member** payment due date.



## Rights of set-off

**Capricorn Mutual** is entitled to set-off any **contributions** or other sums of whatsoever nature due to **Capricorn Mutual** or **Capricorn Society** against the whole or any part of any amounts payable by **Capricorn Mutual** to the **Member**. A **Member** has no right of set-off against **Capricorn Mutual** in respect of any amounts payable by **Capricorn Mutual** to the **Member**.

## 4.9 Can I cancel my protection?

### Cooling off period

Within the cooling off period, you are entitled to cancel **protection** issued to you, by notifying us in writing.

The cooling off period ends 14 days after the commencement date of the **period of protection** as stated in your **schedule of protection**.

If you cancel within the cooling off period, we will refund you any **contributions** paid for the **protection**. The cooling off period does not apply if you make a claim or, in the case of **protection** protecting transit risks (section 8 of Part B), from the date when your first transit journey commences.

### Other cancellations

After the cooling off period ends, you cannot cancel your **protection** during the **period of protection**, other than with the consent of the **Board** and on the terms that the **Board**, in its discretion, thinks fit including whether the **Board** will require you to pay unpaid **contributions** in respect of the balance of the **period of protection**. **Capricorn Mutual** will approve a cancellation or **endorsement** of a **protection** where the sale of vehicles or properties protected by the **protection** are completed.

## 4.10 Can Capricorn Mutual cancel my protection?

**Capricorn Mutual** can cancel your **protection**:

- a) if you fail to pay your **contributions** or any other sum of money due to **Capricorn Mutual** under the **Constitution** and **Rules**;
- b) if you are declared bankrupt or insolvent or commit an act of bankruptcy;
- c) if you fail to pay for the **protection** when due;
- d) where the information you provide relevant to **Capricorn Mutual's** decision to accept a **protection** and determine the **contributions** payable is not true, correct or complete or material information is not provided, which with reasonable diligence, would have been ascertained;
- e) by notice, where, in respect of the renewal of a **protection**, the making of a claim or the **Member's** obligation to notify **Capricorn Mutual** of varied information relevant to the decision to accept a **protection** or determine the **contributions** payable, information is provided which is not true, correct or complete or material information is not provided, which with reasonable diligence, would have been ascertained;
- f) where you cease to be a **Member** other than in circumstances of death or mental incapacity, provided **Capricorn Mutual** accepts the legal representative or trustee of the estate as a **Member** in substitution in such circumstances; or
- g) where the **Capricorn Mutual Board**, acting reasonably, is of the opinion that you have engaged in fraudulent or dishonest conduct (including by omission) in respect of a **protection** (including in relation to the application, renewal or a claim). Cancellation in such circumstances will take effect on and from the **protection's** date of commencement and, if applicable, will include the revocation of the acceptance of any claim made by the **Member** in respect of that **protection**. Any amount paid in satisfaction of a claim in such circumstances must be repaid to **Capricorn Mutual** by the **Member** with interest.

If **Capricorn Mutual** cancels a **protection** from the date of its commencement given such fraudulent or dishonest conduct by a **Member**, **Capricorn Mutual** must repay any **contributions** in relation to that **protection** and may cancel all **protection** held by the **Member** on and from the date of the relevant fraudulent or dishonest act or omission by the **Member**. If **Capricorn Mutual** cancels all other **protection** held by the **Member**, the **Member** is required to pay **Capricorn Mutual** any unpaid **contributions** in respect of the **protection**.

## Making claims for Protection

### 5.1 What if I have a claim?

If anything happens which gives rise, or may give rise to a claim, you must follow the claims procedures set out in the **Constitution** and the **Rules** for your claim to be considered, which are in turn summarised in the General Conditions in Part B (for business **protections**) and Part C (for personal **protections**) of this PDS. These include:

- a) notifying us immediately with all relevant information and the provision of relevant documentation in respect of the claim, notifying the police if there has been a criminal act, taking all reasonable precautions to prevent or minimise further loss and saving any damaged or defective property which might provide evidence in any claim, including taking all reasonable steps to recover any lost or stolen property;
- b) not admitting liability, altering or repairing anything until we have had the opportunity of an inspection, unless such alteration or repair is necessary for safety reasons;
- c) taking all reasonable steps to obtain details of any other person, property or vehicle involved and any witnesses and provide all other reasonable assistance as **Capricorn Mutual** may require in respect of the claim; and
- d) if required, providing proof of ownership when your claim is considered. If you are unable to provide proof when it is requested, this could delay the **Board's** consideration of your claim or the **Board** may refuse your claim. In some cases you may be asked to obtain a quote for repair or replacement from a repairer or valuer nominated by **Capricorn Mutual**.

Where you are protected for a loss to another person for which you are legally liable (other than a **protected person**), for example **protection** for the loss of an employee's tools or a driver of your vehicle, you must make the claim in your name on behalf of that person. Please note, where we pay your claim by a cash settlement instead of a payment for a relevant acquisition, we will reduce the amount of the payment by the amount of any input tax credit that you would have been entitled to had the payment been applied to a relevant acquisition.

Under the **Rules**, you are taken to have directed us to make any payment to or in respect of a **protected person** to that **protected person** in full satisfaction of our obligations under the **protection**. **Capricorn Mutual** will also satisfy its obligations in respect of a claim by making payment to or in respect of the third party who claims that a **Member** has a **liability or loss** in respect of it.

**Capricorn Mutual is operated to benefit its Members. Assistance with your claim is just a phone call away. Telephone as soon as a problem occurs and we will give you detailed instructions as to what to do next. Call us on 0800 555 303. All calls are toll free.**

## 5.2 Who decides if my claim will be paid?

As a **Member** of **Capricorn Mutual** and a holder of **protection**, you will have a right to request that the **Board** indemnifies you in respect of **liability or loss** within the terms of your **protection**. The **Board** may, in its absolute discretion, grant or not grant such requests for indemnity made by you. No interest is paid by **Capricorn Mutual** on any claim. The **Board** has given **Capricorn Mutual Management** delegated authority to exercise its discretion to grant or not grant an indemnity to you within the terms of your **protection**. **Capricorn Mutual Management** may refer particular requests for indemnity to the **Board** and make recommendations on whether or not to accept a request for indemnity and the amount to be paid.

The exercise of the **Board's** discretion will be based on, among other things, the **protection** terms specified in your **schedule of protection**, the **Constitution** and the **Rules**, as well as your actions both prior to and after the claim and the nature of the claim itself. While retaining its absolute discretion to grant or reject a request for indemnity made by you in accordance with the **Constitution** and the **Rules**, **Capricorn Mutual** may reject a claim or accept a claim but reduce the sum payable in various circumstances including where:

- a) the information you provide in respect of the claim is not true, correct or complete including where you fail to provide information in respect of a claim which would have been ascertainable with reasonable diligence;
- b) in respect of the renewal of a **protection**, the making of a claim or your obligation to notify **Capricorn Mutual** of varied information relevant to the decision to accept a **protection** or determine the **contributions** payable, information is provided which is not true, correct or complete or material information is not provided, which with reasonable diligence, would have been ascertained;
- c) reasonable steps have not been taken to mitigate the **liability or loss** that is subject of the claim;
- d) you have acted inconsistently with **Capricorn Mutual's** right of subrogation;
- e) the claim has been settled or liability admitted without **Capricorn Mutual's** consent or to **Capricorn Mutual's** prejudice;
- f) you have failed to comply with your obligations as a **protection** holder or a directive from **Capricorn Mutual** as to how the claim is to be handled;
- g) you have obtained inadequate **protection** including by reason of your understatement of gross profits or protected property value;
- h) you alter or repair property prior to **Capricorn Mutual's** right of inspection unless such alteration or repair is necessary for safety reasons; or
- i) by any act or omission, you or any **protected person** otherwise increase or affect detrimentally (or likely increases or affects detrimentally) the **liability or loss** that is subject of the claim.

Acceptance of a claim by **Capricorn Mutual** can be revoked and any amounts paid in satisfaction of the claim recovered including applicable interest thereon where in respect of the application for or renewal of a **protection**, the making of a claim or your obligation to notify **Capricorn Mutual** of varied information relevant to the decision to accept a **protection** or determine the **contributions** payable, you (or those for whom you are responsible):

- a) provide information which is not true, correct or complete;
- b) do not provide material information which, with reasonable diligence, would have been ascertained; or
- c) engage in conduct (by act or omission) that **Capricorn Mutual** reasonably considers to be prejudicial to its interests.

## 5.3 What if I am not happy with a claim decision?

If you have a complaint about the way a claim has been handled or any other aspect of our services, contact **Capricorn Mutual**:

**By telephone:** 0800 555 303 (free call)

**By email:** [complaints@capricornmutual.com](mailto:complaints@capricornmutual.com)

**By mail:** Capricorn Mutual Limited, Locked Bag 3003, West Perth, WA 6872 AUSTRALIA

Your complaint will be dealt with promptly and fairly. Any complaint that is not satisfactorily resolved will be referred to **Capricorn Mutual Management** who will review your complaint and respond within five working days.

If you are not satisfied with the decision, you can request that the complaint be referred to the **Board**. The **Board** will independently consider the complaint. It will instruct **Capricorn Mutual Management** to implement any decision it makes to resolve the complaint. The **Board's** review will be guided by the principles of good faith, equity and merit.

If an issue has not been resolved to your satisfaction, you can lodge a complaint with the Australian Financial Complaints Authority, (AFCA). AFCA provides fair and independent financial services complaint resolution that is free to consumers. Contact AFCA:

**By telephone:** 1800 931 678 (free call)  
**By email:** [info@afca.org.au](mailto:info@afca.org.au)  
**By mail:** Australian Financial Complaints Authority, GPO Box 3, Melbourne VIC 3001 AUSTRALIA  
**Website:** [afca.org.au](http://afca.org.au)

## 5.4 What rights does Capricorn Mutual have on any acceptance of a claim?

Upon acceptance of any claim in whole or part, **Capricorn Mutual**:

- a) has the right to control or direct the conduct of any legal or other proceedings involving that claim, including the right to require the **Member** or **protected person** to settle, compromise or otherwise dispose of the **liability or loss** that is subject of the claim; and
- b) is entitled to the residual value of any property that is subject of a **liability or loss**. Such property is deemed to be assigned to **Capricorn Mutual** which can dispose or deal with the property as it sees fit. A **Member** is not entitled to abandon to **Capricorn Mutual** any property that is subject of a **liability or loss**.

## Privacy

### 6.1 Our Privacy Policy

**Capricorn Mutual** is committed to handling your personal information in accordance with the *Privacy Act 1993* and the *Information Privacy Principles*. When you complete an application form or make a claim we collect and hold information about you. We collect your personal information to:

- a) process your application for membership and **protection**;
- b) provide you with quotations;
- c) administer your membership and the **protection** you select;
- d) calculate and collect your **contributions**;
- e) assess and pay eligible claims made by you or your personal representative; and
- f) communicate with you.

If you do not provide some or all of the information we request, we may be unable to assess your application for membership or **protection** or any claim you make. This may result in your application for membership or **protection** or a claim being declined.

From time to time, we will use your contact details to send you direct marketing communications including offers, updates and newsletters that are relevant to your membership and the **protection** we provide. We always give you the option of electing not to receive these communications and you can unsubscribe at any time by notifying us that you wish to do so.

Consistent with the purposes described above, we may disclose your personal information to our managers, **Capricorn Mutual Management** and **Capricorn Risk Services**, which provide us services so that we may assess your application for membership, issue you **protection**, calculate your **contributions**, manage your **protection**, assess any claims you may make and manage all other aspects of our business. We may also disclose your personal information to **Capricorn Risk Services** where you have appointed them to arrange and manage insurance and **protection** on your behalf. Where necessary, we will also disclose your information to selected third parties who provide service related to membership, **protection** and claims (such as lawyers, loss assessors, repairers, brokers, medical practitioners and reinsurers). In order to obtain reinsurance it may be necessary for us to disclose your information to reinsurers who are located overseas. The reinsurers that we use are located throughout the world and may be changed by us from time to time. We may also disclose your information to related companies or agents in New Zealand and the Isle of Man who provide us with computer hosting, support services and reinsurance services.

By providing us with your personal information you consent to its collection and use for these purposes. You have the right access and correct the information we hold about you. Our Privacy Policy contains information about how we handle personal information and how you can access the information we hold about you, ask us to correct it, or make a privacy related complaint. You can obtain a copy by contacting our Privacy Officer on:

**By telephone:** 0800 555 303 (free call)  
**By email:** [privacy@capricornmutual.com](mailto:privacy@capricornmutual.com)  
**Website:** [capricornmutual.com](http://capricornmutual.com)

# Part B: Business Protections

## General provisions applying to all business protection sections:

Capricorn Mutual only offers **protection** to its **Members** on a discretionary basis. This means the Board (or its delegate) must exercise its discretion to issue **protections** to **Members** and exercise its discretion to grant indemnity when a claim is made by a **Member** to whom a **protection** applies. Any statement to the effect that Capricorn Mutual will 'protect', 'pay', 'reinstate' or 'compensate' **protection**-holders, or any similar provision imposing an obligation on Capricorn Mutual only operates where the Board has exercised its discretion to grant an indemnity in respect of a claim.

A **Member's** rights and obligations (including the payment of **subscriptions** and **contributions**) in respect of any **protection** issued are governed by and arise under the Constitution of Capricorn Mutual and the **Rules** made by the Board. All terms and conditions in respect of the payment of benefits and claims in Part B and Part C of this **PDS** for each of the **protection sections** are incorporated into the Constitution and the **Rules** of Capricorn Mutual. **Your** entitlements are subject to the Constitution and the **Rules**. **Your schedule of protection** is incorporated in and is a part of the **Rules**.

### 1. General Definitions

These general definitions apply to all **business protection sections** unless stated otherwise. Defined words appear in bold. The definitions apply to the plural and any derivatives of the bolded words.

Term	Definition
Accident	<b>Loss</b> or <b>damage</b> arising out of an unexpected or unintended cause.
Accidental Loss or Damage	<b>Loss</b> , destruction or <b>damage</b> that is unexpected, unintentional, sudden and unforeseen.
Actual Value	The value: a) to replace <b>your business building(s)</b> including professional fees and other government charges, but excluding <b>GST</b> ; b) to replace all of <b>your business content(s)</b> including other government charges, but excluding <b>GST</b> ; or c) of <b>your gross profit</b> ; as assessed by us at the time of the claim.
Breakdown	Sudden and unforeseen electronic, electrical or mechanical malfunction or distortion of any part or component part of <b>machinery</b> or <b>electronic equipment</b> which causes its normal use to cease.
Burglary	The act of stealing or attempted stealing: a) occurring with physical evidence of forcible or violent entry or exit to <b>your premises</b> or <b>vehicle/watercraft</b> ; or b) following violent intimidation, armed hold-up or assault.
Business	The enterprise undertaken by <b>you</b> as stated in <b>your schedule of protection</b> .
Business Building(s)	Any permanent building(s) at <b>your premises</b> including: a) fixtures and fittings, services, walls, gates, car parks, private roads, pavements, paving and fences around and belonging to <b>your business building(s)</b> ; b) fixed signs and blinds, awnings, aerials, masts and satellite dishes; and c) other improvements of a structural nature at the <b>premises</b> which <b>you</b> own or for which <b>you</b> are legally liable for under a contract. Business building(s) does not include <b>gardens and landscaping</b> .
Business Hours	The period during each working day at which <b>your premises</b> are attended for <b>business</b> purposes by <b>you</b> or any person authorised by <b>you</b> . In the case of <b>businesses</b> without <b>premises</b> (i.e. mobile <b>businesses</b> ), the period each working day during which <b>you</b> are operating <b>your business</b> .

Term	Definition
Communicable Disease	<p>Any disease which can be transmitted by means of any substance or agent from any organism to another organism where:</p> <ol style="list-style-type: none"> <li>the substance or agent includes, but is not limited to, a virus, bacterium, parasite or other organism or any variation thereof, whether deemed living or not;</li> <li>the method of transmission, whether direct or indirect, includes but is not limited to, airborne transmission, bodily fluid transmission, transmission from or to any surface or object, solid, liquid or gas or between organisms; and</li> <li>the disease, substance or agent can cause or threaten harm to human health or human welfare or can cause or threaten harm to, deterioration of, loss of value of, marketability of, or loss of use of, property.</li> </ol>
Contents	<p>Items that <b>you</b> own and are used for <b>your business</b>.</p> <p>Contents does not include the following unless shown in <b>your schedule of protection</b>:</p> <ol style="list-style-type: none"> <li><b>stock</b> or <b>motor fuels</b>;</li> <li><b>vehicles</b> or <b>watercraft</b>;</li> <li>Automatic Teller Machines;</li> <li>tobacco or alcohol;</li> <li><b>business</b> records;</li> <li><b>electronic data</b>;</li> <li>works of art including antiques, collectibles and ornaments; or</li> <li><b>gardens and landscaping</b>.</li> </ol>
Contractor	<p>A person who is not an <b>employee</b> but is engaged by <b>you</b> to work in <b>your business</b> or to perform services required by <b>your business</b>.</p>
Contribution	<p>Any monies payable to Capricorn Mutual by a <b>Member</b> as shown on <b>your schedule of protection</b> and pursuant to <b>Rule 8</b>.</p>
Customer's Goods	<p>Property (but excluding <b>vehicles</b> and <b>watercraft</b>) that belongs to <b>your</b> customer and are left temporarily in <b>your</b> physical or legal control in connection with <b>your business</b>.</p>
Customer's Vehicle	<p>A <b>watercraft</b> or <b>vehicle</b> owned by <b>your</b> customer that is in <b>your</b> care, custody and control in the course of <b>your business</b>, including customer's <b>watercraft</b> or <b>vehicles</b> on a trade plate, but not customer's <b>watercraft</b> or <b>vehicles</b> held on consignment for sale.</p>
Damage(d)	<p>Physical harm to tangible property that impairs its value, usefulness or normal function.</p>
Declared Value(s)	<p>The value of:</p> <ol style="list-style-type: none"> <li><b>business building(s)</b> limit of protection;</li> <li>business <b>content(s)</b> limit(s) of protection; or</li> <li>the value of <b>gross profit</b> stated on <b>your schedule of protection</b>.</li> </ol>
Defence Costs	<p>The reasonable legal costs incurred by <b>you</b>, with <b>our</b> written consent, necessary to defend a claim made against <b>you</b> or any <b>protected person</b>.</p>
Electronic Data	<p>Facts, concepts and information converted to a form useable for communication, display, distribution, interpretation or processing by electronic or electromechanical data processing or electronically-controlled equipment.</p>
Electronic Equipment	<p>Electronic equipment including, but not limited to, computers, diagnostic equipment and scanners.</p> <p>Electronic equipment does not include mobile phones, smartphones, tablets, <b>stock</b>, or equipment which forms part of, or is attached to, a <b>vehicle</b> or <b>watercraft</b>.</p>

Term	Definition
Employee(s)	<p>Any person while employed by <b>you</b> in the <b>business</b> under a contract of service and who <b>you</b> compensate by salary, wages or commission and have the right at all times to govern, control and direct in the performance of their work.</p> <p>Employee does not include:</p> <ul style="list-style-type: none"> <li>a) any broker, consultant, agent, consignee or <b>contractor</b>; or</li> <li>b) any partner, director, manager or trustee unless that person is also <b>your</b> employee.</li> </ul>
Endorsement	Any amendment of the terms of the <b>protection</b> advised in writing by <b>us</b> .
Event	An incident or several incidents of a series consequent on, or attributable to, one source or original source.
Excess(es)	The amount(s) which <b>you</b> are required to contribute to each claim.
Family Member	<p>Any person who is:</p> <ul style="list-style-type: none"> <li>a) a mother, father, sister, brother, grandparent or child (whether adopted or biological) of a <b>Member</b> who is a natural person; or</li> <li>b) the spouse or de facto partner of a <b>Member</b> who is a natural person, and whose ordinary place of residence is the same as the <b>Member's</b> ordinary place of residence.</li> </ul>
Flood	<p>The covering of normally dry land by water that has escaped or been released from the normal confines of any of the following:</p> <ul style="list-style-type: none"> <li>a) a lake (whether or not it has been altered or modified);</li> <li>b) a river (whether or not it has been altered or modified);</li> <li>c) a creek (whether or not it has been altered or modified);</li> <li>d) another natural watercourse (whether or not it has been altered or modified);</li> <li>e) a reservoir;</li> <li>f) a canal; or</li> <li>g) a dam.</li> </ul>
Gardens and Landscaping	Loose or compacted soil, gravel, pebbles, plants, shrubs, trees, grass and lawns.
General Provisions	The terms contained in Part B applying to all <b>business protection sections</b> subject to any <b>endorsement</b> .
Gross Profit	<p>The sum of <b>your business'</b>:</p> <ul style="list-style-type: none"> <li>a) annual turnover;</li> <li>b) closing <b>stock</b>; plus</li> <li>c) closing <b>work in progress</b>.</li> </ul> <p>Less the sum of <b>your business'</b>:</p> <ul style="list-style-type: none"> <li>d) annual <b>stock</b> purchases;</li> <li>e) opening <b>stock</b>;</li> <li>f) opening <b>work in progress</b>; plus</li> <li>g) any unprotected working expenses.</li> </ul> <p>The amounts of opening, closing, and purchased <b>stock</b>, and <b>work in progress</b> will be calculated in accordance with the <b>Member's</b> normal accountancy methods, with provision being made for depreciation.</p>
GST	Goods and services tax per the meaning given in the <i>Goods and Services Tax Act 1985</i> .
Legal Liability	Where <b>you</b> are legally required to pay <b>compensation</b> .
Limit(s) of Protection	The applicable limit(s) provided by the <b>protections you</b> hold, as stated in <b>your schedule of protection</b> .

Term	Definition
Loss, Losses, Lost	Sudden and unforeseen physical loss.
Machinery	Any machinery used in connection with <b>your business</b> that is not <b>stock</b> (including, but not limited to, refrigeration units, air-conditioning units, electrical motors, fans, pumps, air compressors, boilers or pressure vessels). Machinery does not include: a) machinery which forms part of a <b>vehicle</b> or which is attached to a <b>vehicle</b> ; b) machinery which forms part of a <b>watercraft</b> or aircraft or which is attached to a <b>watercraft</b> or aircraft; or c) elevators or escalators.
Member	A person, corporation, organisation or entity that has been admitted to membership of Capricorn Mutual in accordance with the Constitution.
Money	Cash or any <b>negotiable instrument</b> belonging to <b>your business</b> or for which <b>you</b> are legally liable.
Motor Fuels	<b>Stock</b> of petroleum products, diesel, liquefied petroleum gas or any other similar fuel owned by <b>you</b> or for which <b>you</b> are legally liable used to power <b>vehicles</b> or <b>watercraft</b> and held in storage tanks, petrol pumps or like containers.
Negotiable Instrument	A legal document that represents <b>money</b> and that can be legally transferred in title from one person to another.
New Zealand	The country of New Zealand, excluding dependencies and self-governing states in free association.
Occurrence	An <b>event</b> including continuous or repeated exposure to substantially the same conditions which results in <b>personal injury</b> or <b>property damage</b> that is neither expected nor intended.
Period of Protection	The duration of <b>your protection</b> as stated in <b>your schedule of protection</b> including as varied and understood by reference to <b>Rule 7(1)</b> .
Personal Effects	Clothing and personal possessions that are not otherwise protected and are not used in connection with the <b>business</b> , but are located at the <b>business premises</b> at the time of <b>loss</b> or <b>damage</b> . Personal effects does not include any <b>vehicle</b> or <b>watercraft</b> .
Personal Injury	Bodily injury, death, disease, illness or nervous shock, false arrest, wrongful detention, wrongful eviction, assault or battery.
Pollutant	Any solid, liquid, gaseous or thermal irritant or contaminant, including, but not limited to, smoke, vapour, soot, fumes, cinders, dust, asbestos, acids, alkalis, chemicals or waste. Waste includes materials to be recycled, reconditioned or reclaimed.
Premises	The <b>business</b> situation(s) specified in <b>your schedule of protection</b> .
Product Disclosure Statement (PDS)	The document named Product Disclosure Statement issued by Capricorn Mutual in accordance with the requirements of Chapter 7 of the <i>Corporations Act 2001</i> (Cth) and includes: a) the terms contained in Introducing Capricorn Mutual (Part A); b) the <b>general provisions</b> and terms contained in <b>sections 1–15</b> (Part B) in respect of any <b>business protections</b> granted to <b>you</b> ; and c) the <b>general provisions</b> and terms contained in <b>sections 1–3</b> (Part C) in respect of personal <b>protections</b> granted to <b>you</b> .
Property Damage	Physical <b>loss</b> , physical destruction or physical injury to tangible property, specifically excluding <b>personal injury</b> to any person.
Protected Event	Any of the following perils: a) fire; b) explosion or implosion (but not for <b>loss</b> or <b>damage</b> to boilers, economisers, or vessels under pressure themselves, or their contents); c) lightning; d) storm, wind, rain or snow;

Term	Definition
Protected Event (cont.)	<ul style="list-style-type: none"> <li>e) escape of liquid resulting from discharging, leaking, bursting or overflowing of pipes, tanks, heating or water apparatus (but not for <b>loss</b> or <b>damage</b> to the actual pipes, tanks, heating or water apparatus themselves);</li> <li>f) hail (but not for <b>loss</b> or <b>damage</b> to <b>vehicles</b> or <b>watercraft</b> unless specified in <b>your schedule of protection</b>);</li> <li>g) impact by <b>vehicles</b>, animals, <b>watercraft</b>, aircraft or other aerial devices, or falling trees or objects;</li> <li>h) riots, strikes and civil commotion;</li> <li>i) malicious acts; or</li> <li>j) earthquake, tsunami, subterranean fire or volcanic eruption.</li> </ul>
Protected Person	A person who is not a <b>Member</b> and does not hold a <b>protection</b> , but to whom <b>we</b> agree to extend the application of a <b>protection</b> .
Protection(s)	A miscellaneous financial risk product used to manage <b>business</b> and personal risks, issued to a <b>Member</b> in accordance with the Capricorn Mutual Constitution and the <b>Rules</b> .
Rule(s)	The document called 'Rules of Capricorn Mutual Limited' that governs membership and the terms of <b>protections</b> offered by Capricorn Mutual.
Safe / Strong Room	A reinforced room or vessel for safe storage, designed to withstand fire or forcible or violent entry and used for the storage of <b>money</b> and valuables.
Schedule of Protection	The current schedule issued by <b>us</b> to <b>you</b> which sets out the scope and extent of the <b>protection(s)</b> granted to <b>you</b> including any <b>endorsements</b> attached or issued by <b>us</b> . Each schedule of protection is taken to be incorporated and part of the Capricorn Mutual <b>Rules</b> .
Section(s)	The individual sections 1 – 15 that <b>you</b> have selected and <b>we</b> have granted to <b>you</b> from the types of <b>protection</b> governed by the Constitution and the <b>Rules</b> and detailed in Part B of the <b>Product Disclosure Statement</b> .
Stock	<p>Stock and materials in trade (including <b>vehicles</b> and <b>watercraft</b> if specified in <b>your schedule of protection</b>), which belong to <b>you</b>, or for which <b>you</b> are legally liable and for the purposes of sale by <b>you</b>. Stock also includes stock and materials in trade which have been fitted to <b>your customers' vehicles</b> as part of <b>your work in progress</b> whilst the <b>customers' vehicles</b> are in <b>your</b> care, custody or control but which have not left <b>your</b> care, custody or control.</p> <p>Stock includes consignment stock held by <b>you</b>, but not consignment <b>vehicles</b> or <b>watercraft</b> held by <b>you</b>. <b>We</b> will not protect stock that is on consignment to other parties.</p>
Storm Surge	An offshore rise of seawater associated with a low pressure weather system, typically cyclones.
Subscription	The annual membership fee of NZ\$10 (plus <b>GST</b> ) payable by <b>Members</b> in accordance with the Constitution of Capricorn Mutual as amended from time to time.
Theft	The act of stealing or attempted stealing.
Tools of Trade	<p>Tools used for and in connection with <b>business</b> activities; including any hand-held devices powered solely by the person using it.</p> <p>Tools of trade does not include any home office equipment, <b>vehicles</b> or <b>watercraft</b>.</p>
Total Loss	<b>Loss</b> that occurs when the protected property is totally destroyed or is <b>damaged</b> in such a way that it can be neither recovered nor repaired for further use.
Vehicle	<p>Any mechanically propelled vehicle designed for use on land only including a motor vehicle, motorcycle, goods carrying vehicle, trailer or caravan, and extending to include any standard equipment, modifications and accessories attaching to that vehicle which are provided by the manufacturer.</p> <p>Vehicle does not include a train or rolling stock, aircraft or spare/unattached part.</p>



Term	Definition
Watercraft	A vessel, craft or thing, made or intended to float on or in, or travel on or through water including any standard equipment, modifications and accessories attaching to that watercraft which are provided by the manufacturer.
We, Us, Our(s)	Capricorn Mutual Ltd. (Company No. 4046200, ABN 24 104 601194).
Wholesale Cost	The lesser of the price of goods that <b>you</b> would reasonably be expected to pay to <b>your</b> supplier at the time of <b>loss</b> or the price for which the goods were purchased.
Work in Progress	Work or repairs that <b>you</b> are undertaking for <b>your</b> customers, being the materials and <b>stock</b> that <b>you</b> have used but which have not left <b>your</b> care, custody or control.  Work in progress does not include the labour cost of the work <b>you</b> have done.
You, Your(s), Yourself	A <b>Member</b> who holds a <b>protection</b> as described in your <b>schedule of protection</b> .

## 2. General Conditions

These general conditions apply to all **protection sections** unless stated otherwise.

Term	Condition
1. Protections	<b>You</b> are entitled to seek a discretionary <b>protection</b> in accordance with the <b>Rules</b> , if <b>you</b> agree to become a <b>Member</b> of Capricorn Mutual, pay the annual membership <b>subscription</b> and make the relevant <b>contribution</b> and any other fees and charges for the <b>protection</b> <b>you</b> choose, and which Capricorn Mutual agrees to issue to <b>you</b> .
2. Contribution	The <b>contribution</b> to be paid for the <b>protection</b> <b>you</b> have selected and which <b>we</b> have issued to <b>you</b> is specified in <b>your schedule of protection</b> .  In deciding to issue <b>you</b> with a <b>protection</b> and in determining <b>your contribution</b> , <b>we</b> will consider and rely upon a number of factors including: <ul style="list-style-type: none"> <li>a) <b>your</b> past claims history;</li> <li>b) the information <b>you</b> provide in <b>your</b> application for <b>protection</b> including the nature and type of <b>your business</b>; and</li> <li>c) any circumstances that may increase <b>your</b> risk.</li> </ul> <p>If <b>you</b> pay <b>your contribution</b> by monthly instalments, <b>you</b> are required to make payments when due. <b>Your protection</b> will immediately expire if <b>you</b> fail to pay <b>your contribution</b> or any other sum of <b>money</b> due to Capricorn Mutual under its Constitution and the <b>Rules</b>.</p>
3. Excess(es)	The <b>excess</b> is the amount(s) which <b>you</b> are required to contribute to each claim.  <b>You</b> will only be required to pay one <b>excess</b> on any claim <b>you</b> make if the claim arises from one <b>event</b> , except in the case of <b>vehicles</b> where <b>you</b> may be required to pay more than one <b>excess</b> .  Where a claim arises from one <b>event</b> and <b>you</b> are entitled to <b>protection</b> under more than one <b>section</b> , <b>you</b> will be required to pay the highest single <b>excess</b> applicable irrespective of the number of <b>excesses</b> applying to individual <b>sections</b> .  <b>You</b> may request a larger <b>excess</b> . If <b>we</b> agree with <b>your</b> request, this may change the amount of <b>contribution</b> <b>you</b> pay.
4. Reasonable Care	<b>You</b> must take all reasonable care (and if applicable, ensure that <b>protected persons</b> , <b>employees</b> and <b>contractors</b> take all reasonable care) to prevent or minimise <b>accidents</b> , <b>property damage</b> , <b>personal injury</b> or any other <b>occurrences</b> or <b>events</b> which may give rise to a claim under <b>your business protection section(s)</b> .  This includes: <ul style="list-style-type: none"> <li>a) complying with statutory obligations, by-laws, regulations, public authority requirements and safety requirements, laws, standards and manufacturers' recommendations relating to the use, inspection and safety of property and/ or the safety of people; and</li> <li>b) maintaining <b>your</b> property to a reasonable standard.</li> </ul>
5. Changes to Risk	<b>You</b> must immediately notify <b>us</b> if the risk of <b>loss</b> , <b>damage</b> or liability changes or increases, because of a change in <b>your business</b> or a change in the risk (for example, <b>you</b> change <b>premises</b> ). <b>Your</b> increased risk will not be protected unless <b>we</b> agree to do so in writing.  This condition includes changes that occur during the <b>period of protection</b> and changes that may affect <b>our</b> decision to protect <b>you</b> at each renewal of <b>your business section(s)</b> .

Term	Condition
6. Claims Procedures	<p>Before <b>your</b> claim will be considered, <b>you</b> or a <b>protected person</b> must comply with the applicable obligations under the <b>Rules</b> in respect of making a claim, and upon <b>you</b> becoming aware of any <b>event</b>, incident or <b>occurrence</b> which gives rise or may give rise to that claim, <b>you</b> must immediately notify <b>us</b>. If anything happens which gives rise or may give rise to a claim the following applies:</p> <p>a) <b>You</b> or a <b>protected person</b> (if applicable) must:</p> <ul style="list-style-type: none"> <li>i) mitigate and reduce any <b>legal liability, loss, damage, defence costs, personal injury or property damage</b> (or any other claim, compensation, cost, expense, injury or liability protected by a <b>protection</b>), including reasonable steps requested to be taken by Capricorn Mutual;</li> <li>ii) promptly notify <b>us</b> of any information, documents or reports in relation to the claim of which <b>you</b> or the <b>protected person</b> are aware or which <b>you</b> or the <b>protected person</b> possess, giving full particulars of the facts and circumstances, including any <b>legal liability, loss, damage, defence costs, personal injury or property damage</b> (or any other claim, compensation, cost, expense, injury or liability protected by a <b>protection</b>) incurred by <b>you</b> or the <b>protected person</b>, and details of any proceedings instituted against <b>you</b> or the <b>protected person</b>;</li> <li>iii) immediately notify the police if a criminal act may have caused or contributed to the <b>legal liability, loss, damage, defence costs, personal injury or property damage</b> (or any other claim, compensation, cost, expense, injury or liability protected by a <b>protection</b>);</li> <li>iv) take all reasonable precautions to prevent or minimise further <b>legal liability, loss, damage, defence costs, personal injury or property damage</b> (or any other claim, compensation, cost, expense, injury or liability protected by a <b>protection</b>);</li> <li>v) take all reasonable steps to recover any lost or stolen property;</li> <li>vi) take reasonable steps to obtain details of any other person, property or <b>vehicle</b> involved and any witnesses;</li> <li>vii) provide all reasonable information and assistance <b>we</b> may require or that may be material to our decision to accept or reject <b>your</b> claim;</li> <li>viii) use <b>your</b> or a <b>protected person's</b> best efforts to save any <b>damaged</b> or defective property which might provide evidence in relation to any claim;</li> <li>ix) provide <b>us</b> with details of any sources of indemnity or insurances which cover or may cover the same or similar risks relating to the <b>legal liability, loss, damage, defence costs, personal injury or property damage</b> (or any other claim, compensation, cost, expense, injury or liability protected by a <b>protection</b>) or the subject of the claim; and</li> <li>x) <b>you</b> or a <b>protected person</b> are not entitled to abandon any property the subject of a <b>legal liability, loss, damage, defence costs, personal injury or property damage</b> (or any other claim, compensation, cost, expense, injury or liability protected by a <b>protection</b>) to <b>us</b>.</li> </ul> <p>b) <b>We</b> have the right to control or direct the conduct of any legal or other proceedings in respect of a claim for which <b>we</b> exercise <b>our</b> discretion to grant indemnity.</p> <p>c) After payment for or replacement of any property <b>loss</b> or <b>damage</b>, except for <b>business building(s)</b>, <b>we</b> have a right of salvage, and the property becomes <b>ours</b>.</p> <p>d) <b>We</b> may reject a claim or accept a claim and reduce the sum payable by <b>us</b> in respect of the claim, if:</p> <ul style="list-style-type: none"> <li>i) information provided by <b>you</b> or a <b>protected person</b> in respect of a claim is not true, correct and complete to the best of <b>your</b> or the <b>protected person's</b> knowledge;</li> <li>ii) <b>you</b> or a <b>protected person</b> fail(s) to provide information to <b>us</b> in respect of a claim which would, with reasonable diligence, have been ascertainable by <b>you</b> or the <b>protected person</b>;</li> <li>iii) in the opinion of the Board, <b>you</b> or a <b>protected person</b> have not taken reasonable steps to mitigate the <b>loss, damage, injury</b> or liability;</li> <li>iv) <b>loss, damage, injury</b> or liability (or any other claim, compensation, cost, expense protected by a <b>protection</b>) to which the claim relates has been settled, or any liability has been admitted, by <b>you</b> or on behalf of <b>you</b> or a <b>protected person</b> without <b>our</b> prior consent in writing, and there has, in the sole opinion of the Board, been prejudice to <b>us</b> by such action;</li> <li>v) <b>you</b> or a <b>protected person</b> has failed to comply with any of <b>your</b> or the <b>protected person's</b> obligations under the <b>Rules</b>, the Constitution or a directive made at any time by <b>us</b> (or <b>our</b> delegate) in connection with the handling or settlement of the <b>loss, damage, injury</b> or liability; or</li> <li>vi) <b>you</b> alter or repair any building, appliance, plant, or thing the subject of any <b>loss, damage, injury</b> or liability in relation to a claim before <b>we</b> have had the opportunity of an inspection, unless such alteration or repair is necessary for safety reasons.</li> </ul>

Term	Condition
7. Goods and Services Tax (GST)	<p>When protecting <b>your</b> assets, the values <b>you</b> elect to protect will depend on <b>your GST</b> status. It is important that <b>you</b> do not include any <b>GST</b> component in the value of the assets <b>you</b> wish to protect if the assets are wholly used for <b>your GST</b> registered <b>business</b>.</p> <p>If <b>we</b> arrange for the repair or replacement of an item which is the subject of a claim, <b>we</b> will pay the cost of repair or replacement inclusive of <b>GST</b>.</p> <p>If <b>we</b> settle <b>your</b> claim by making a payment to <b>you</b>, <b>we</b> will reduce the amount of the payment by the amount of any input tax credits to which <b>you</b> would be entitled if <b>you</b> made an acquisition to repair or replace the item.</p> <p>If <b>you</b> overstate the value of <b>your business</b> assets by not disclosing or understating <b>your</b> entitlement to claim <b>GST</b>, <b>you</b> may be paying for <b>protection</b> in excess of <b>your loss</b>. When making a claim <b>you</b> may be entitled to be indemnified only to the extent of <b>your loss</b> (which will not include <b>GST</b> in the case of <b>business</b> assets).</p> <p><b>We</b> will not protect <b>you</b> for any penalty, charge or fine for which <b>you</b> may be liable.</p>
8. Automatic Reinstatement	<p>Where a <b>loss</b> occurs, except for <b>section 9</b> Public &amp; Products Liability, <b>section 10</b> Professional Protection and <b>section 13</b> Commercial Vehicles, <b>we</b> will reinstate the relevant <b>limit(s) of protection</b> provided that:</p> <ol style="list-style-type: none"> <li><b>you</b> have continued to comply with <b>your</b> obligations under the <b>protection</b> and the <b>Rules</b>;</li> <li>there is no written request to the contrary by either <b>you</b> or <b>us</b>;</li> <li>there has been no material change to the subject matter of the <b>protection</b>; and</li> <li><b>you</b> pay the <b>contribution</b> which <b>we</b> may require for the reinstatement within the time specified by <b>us</b>.</li> </ol>
9. Our Rights if You Claim	<p>If <b>you</b> make a claim, and <b>we</b> agree to grant <b>your</b> claim, <b>you</b> agree that <b>we</b> are entitled to:</p> <ol style="list-style-type: none"> <li>have complete control over all claim(s) settlements;</li> <li>take over the defence or settlement of a claim made against <b>you</b> or a <b>protected person</b> including the right to join other parties or commence separate proceedings against other parties;</li> <li>require <b>you</b> or a <b>protected person</b> to settle, compromise or otherwise dispose of a <b>loss</b> or liability in such manner and upon such terms as <b>we</b> in <b>our</b> sole and absolute discretion see fit;</li> <li>issue proceedings or take any action, in <b>your</b> name, to recover or seek <b>contribution</b> or indemnity of any payment made to <b>you</b> or on <b>your</b> behalf by <b>us</b> (this is known as subrogation – see ‘subrogation’ condition below). <b>You</b> must cooperate with <b>us</b> and provide reasonable assistance in relation to any such proceedings;</li> <li>enter <b>your premises</b> with <b>your</b> permission where <b>damage</b> or <b>personal injury</b> has occurred;</li> <li>deal with <b>your</b> property for which <b>you</b> experience <b>total loss</b> in any way <b>we</b> think is appropriate; and</li> <li>keep any part of <b>your</b> property as salvage that <b>we</b> replace or for which we pay the cost of replacement.</li> </ol>
10. Subrogation	<p>If <b>we</b> exercise <b>our</b> discretion to provide an indemnity against any <b>legal liability, loss, damage, defence costs, personal injury</b> or <b>property damage</b> (or any other claim, compensation, cost, expense, injury or liability protected by a <b>protection</b>) for which <b>you</b> make a claim under a <b>protection</b>, <b>you</b> or a <b>protected person</b> agree to subrogate, assign or otherwise transfer to <b>us</b> any and all of <b>your</b> rights of recourse against third parties.</p>
11. Subrogation Waiver	<p><b>We</b> waive any rights, remedies or relief to which <b>we</b> are entitled by subrogation against <b>you</b> or <b>protected persons</b>, other than in the case of an <b>employee of yours</b>, where the claim arose from or related to the <b>employee’s</b> dishonest, criminal, fraudulent or malicious act or omission.</p>
12. Unattended Premises	<p>A minimum level of security is required when <b>your premises</b> are unattended. If <b>your premises</b> are left unattended for any period of time, <b>you</b> must ensure:</p> <ol style="list-style-type: none"> <li>all <b>safes</b> and doors are locked and the keys removed from <b>your premises</b>;</li> <li>all windows are locked and the keys removed from the window locks; and</li> <li>any intruder alarm system, smoke alarms, detectors or sprinklers are armed and maintained in full and efficient working order.</li> </ol> <p><b>You</b> must immediately notify <b>us</b> if <b>your premises</b> will be unattended for a period of 30 days or more. <b>We</b> will not protect <b>your premises</b> and <b>contents</b> in the unattended period unless <b>we</b> expressly agree to do so in writing.</p>

Term	Condition
<p><b>13. Minimum Security and Fire Prevention</b></p>	<p><b>You</b> must maintain the following security at <b>your premises</b>.</p> <p>Where an intruder alarm system is required by <b>us</b> and is installed at <b>your premises</b>, the following conditions apply:</p> <ul style="list-style-type: none"> <li>a) the intruder alarm system must be agreed by <b>us</b>;</li> <li>b) the intruder alarm system must be put into operation and working whenever <b>your premises</b> are left unattended;</li> <li>c) the intruder alarm system must be maintained in full and efficient working order under a contract to provide both corrective and preventative maintenance with the installing company or another company agreed by <b>us</b>; and</li> <li>d) <b>your premises</b> must not be left without a responsible person in attendance when any responsible person is aware that the method of communication used to transmit signals is not in full operation.</li> </ul> <p>Where smoke alarms, detectors or sprinklers are required by <b>us</b> and are installed at <b>your premises</b>, the following conditions apply:</p> <ul style="list-style-type: none"> <li>a) the smoke alarm, detector and sprinklers must be agreed by <b>us</b>;</li> <li>b) the smoke alarm, detector and sprinklers must be put into operation and working at all times;</li> <li>c) the smoke alarm, detectors and sprinklers must be maintained in full and efficient working order under a contract to provide both corrective and preventative maintenance with the installing company or another company agreed by <b>us</b>; and</li> <li>d) <b>your premises</b> must not be left without a responsible person in attendance when any responsible person is aware that the method of communication used to transmit signals is not in full operation.</li> </ul> <p>All fire extinguishers are required to comply in accordance with applicable laws, regulations, standards or industry codes.</p>
<p><b>14. Trade Waste</b></p>	<p>All oily and greasy waste must be kept in closed metal receptacles and removed away from <b>your premises</b> regularly. All other combustible waste must be:</p> <ul style="list-style-type: none"> <li>a) swept up each day when work ceases and deposited in bags or bins; and</li> <li>b) disposed of in accordance with applicable laws, regulations, standards or industry codes.</li> </ul>
<p><b>15. Use of Heat</b></p>	<p><b>You</b> must not use any electric, oxyacetylene or similar welding or cutting equipment, blow lamps, blow torches or similar equipment for the application of heat other than in accordance with applicable laws, regulations, standards or industry codes.</p> <p>Any <b>loss, damage</b>, liability, financial loss, <b>personal injury</b>, cost or expense arising directly or indirectly from or in connection with cutting, heating, welding or grinding will be excluded except where <b>you</b> have complied with the current <i>NZ Standard 4781 Code of practice for safety in welding and cutting</i> (as amended, updated or replaced from time to time) and any other applicable industry standards or codes that apply to activities involving hot works.</p>
<p><b>16. Underground Services</b></p>	<p><b>We</b> will only protect <b>you</b> in respect of <b>property damage</b> to existing underground services, cables, pipes or equipment provided that:</p> <ul style="list-style-type: none"> <li>a) <b>you</b> call 'Before You Dig' on 0800 248 344, or <a href="http://www.beforeudig.co.nz">www.beforeudig.co.nz</a> to locate the position of all underground services and obtain this information;</li> <li>b) prior to the commencement of any work <b>you</b> have enquired with the relevant authorities or company as to the location of underground services;</li> <li>c) the location of such services has been conveyed to those who are carrying out such work on behalf of <b>you</b>;</li> <li>d) a written record is maintained of the precautions taken in respect of any excavation; and</li> <li>e) <b>you</b> take all reasonable precautions to prevent <b>personal injury</b> or <b>property damage</b> but, in any event: <ul style="list-style-type: none"> <li>i) any liability arising out of work carried out more than 5 metres below ground level is excluded; and</li> <li>ii) any liability arising out of work carried out underground by directional drilling or by a thrusting or boring machine is excluded.</li> </ul> </li> </ul>

Term	Condition
17. Motor Fuels, Petroleum, LPG, Underground Tanks and Systems	We will only protect <b>you</b> for any <b>loss, damage</b> , liability, financial loss, <b>personal injury</b> , cost or expense arising directly or indirectly from, or in connection with, the delivery, transport and storage (including installation and operation) of <b>motor fuels</b> , petroleum, LPG and underground tanks and systems, where <b>you</b> have complied with all relevant legal requirements and industry codes or standards.
18. Non-Accumulation	<p>If <b>you</b> are entitled to <b>protection</b> for <b>your</b> claim under more than one <b>section</b> or part of a <b>section</b>, <b>you</b> may nominate the <b>section</b> or part under which <b>you</b> require the claim to be paid by <b>us</b>. If <b>you</b> do not make a nomination, <b>we</b> will pay the claim under the <b>section</b> or part that is most favourable to <b>you</b>. Provided that under no circumstances are <b>you</b> entitled to be indemnified more than once for the same claim, <b>we</b> will not pay <b>you</b> for any one <b>loss</b>, liability or expense under more than one <b>section</b> or part of a <b>section</b>.</p> <p>The exception to this general condition is where <b>your schedule of protection</b> shows <b>sections 14 Customers Vehicles or 15 Stock Vehicles</b> and they are also protected under <b>section 2 Business Contents</b> or <b>section 3 Burglary</b> where the <b>protection</b> is cumulative.</p>
19. Other Protection or Insurance	Where there is another <b>protection</b> or insurance policy which applies to a claim, <b>we</b> will only pay over and above the amount payable by the other <b>protection</b> or insurance policy.
20. Jurisdiction	The <b>protections</b> governed by the Capricorn Mutual Constitution and the <b>Rules</b> , and set out in this document are subject to the laws of Western Australia and the parties agree to submit to the jurisdiction of the courts of Western Australia.
21. Underprotection	<p>Underprotection will apply where the <b>declared value</b> is less than 80% of the <b>actual value</b>.</p> <p>It is <b>your</b> responsibility to ensure that the <b>declared value(s)</b> are correct. <b>You</b> should regularly review the adequacy of <b>your protection</b> during the <b>period of protection</b> and prior to renewal.</p> <p>If <b>you</b> do not tell <b>us</b> the correct <b>declared value(s)</b> so that <b>you</b> have not obtained adequate <b>protection</b>, <b>we</b> may refuse to agree to <b>your</b> claim for <b>protection</b> in full and may reduce the amount paid, at <b>our</b> discretion, under the following <b>sections</b>:</p> <ul style="list-style-type: none"> <li>• Business Buildings;</li> <li>• Business Contents; and</li> <li>• Business Interruption.</li> </ul> <p>If <b>we</b> choose to reduce the amount paid, the claim sum to be paid will be calculated as follows:</p> $\frac{\text{declared value}}{80\% \text{ actual value}} \times \text{loss} = \text{claim sum paid}$ <p>Example:</p> <p><b>Your</b> property is worth NZ\$20,000 (<b>actual value</b>). <b>You</b> only protect it for NZ\$10,000 (<b>declared value</b>). <b>You</b> suffer a <b>loss</b> of NZ\$5,000. The claim sum amount that <b>you</b> may recover will be NZ\$3,125.</p> $\frac{\text{NZ\$10,000}}{80\% \text{ of NZ\$20,000}} \times \text{NZ\$5,000} = \text{NZ\$3,125}$ <p>Any <b>excess(es)</b> will still be applied.</p> <p>Every 'situation' or 'item' protected is separately subject to this general condition.</p>

### 3. General Exclusions

These general exclusions apply to all **protection sections** unless stated otherwise. **We** will not protect **you** for:

Term	Exclusion
1. Pre-Existing Circumstances	Any <b>loss, damage</b> , liability, financial loss, <b>personal injury</b> or other circumstance in existence prior to the commencement of the <b>period of protection</b> which <b>you</b> or <b>your</b> representative knew or ought to reasonably have known might give rise to a claim.
2. Loss of Value	Any <b>loss</b> of <b>market value</b> beyond the cost of repair or replacement.
3. Confiscation, Expropriation, Nationalisation	Any <b>loss, damage</b> , liability, financial loss, <b>personal injury</b> , cost or expense arising from confiscation, nationalisation, requisition, removal, entry to the <b>premises</b> or destruction by order of any government, public body, municipal, local or customs authority, court or police.

Term	Exclusion
4. Consequential Loss	<p>Any <b>loss</b> resulting indirectly or secondarily to a protected <b>loss</b>. Consequential <b>loss</b> includes, but is not limited to, a financial loss that arises, directly or indirectly, out of a protected <b>loss</b>, such as penalties, <b>loss</b> of use of property, delays, depreciation, lack of performance, loss of contract or opportunity or loss of <b>market value</b>.</p> <p>This general exclusion does not apply to <b>section 6</b> Business Interruption.</p>
5. War Risks	<p>Any <b>loss, damage, liability, financial loss, personal injury, cost or expense</b> arising from war, invasion, actions of foreign enemies, hostilities (whether or not war has been declared), civil war, civil commotion arising directly or indirectly from war or civil war, rebellion, revolution, insurrection, military action or coup.</p>
6. Sonic Bangs	<p>Any <b>loss, damage, liability, financial loss, personal injury, cost or expense</b> arising from pressure waves caused by aircraft or other aerial devices travelling at sonic or supersonic speeds.</p>
7. Nuclear	<p>Any <b>loss, damage, liability, financial loss, personal injury, cost or expense</b>, directly or indirectly caused by or contributed to or arising from:</p> <ol style="list-style-type: none"> <li>the combustion of nuclear fuel;</li> <li>nuclear fission; or</li> <li>nuclear weapons material.</li> </ol>
8. Toxic Mould	<p>Any <b>loss, damage, liability, financial loss, personal injury, cost or expense</b> arising from or relating to fungal pathogens or bacteria.</p> <p>For the purposes of this general exclusion, fungal pathogens means any fungus or mycota or any by-product or type of infestation produced by such fungus or mycota including, but not limited to, mould, mildew, mycotoxins, spores or any biogenic aerosols.</p>
9. Cyber Risks	<p>Any <b>loss, damage, liability, financial loss, personal injury, cost or expense</b> arising from, in whole or in part by:</p> <ol style="list-style-type: none"> <li>the use or misuse of the internet or similar facility;</li> <li>any electronic transmission of <b>electronic data</b> or other information;</li> <li>any computer virus, worm, logic bomb, 'Trojan Horse' or similar problem;</li> <li>the use or misuse of any internet address, website or similar facility;</li> <li>any <b>electronic data</b> or other information posted on a website or similar facility;</li> <li>any <b>loss of electronic data</b> to any computer system, including, but not limited to, hardware or software;</li> <li>the functioning or malfunctioning of the internet or similar facility or of any internet address, website or similar facility; or</li> <li>any infringement whether intentional or unintentional of any intellectual property rights including, but not limited to, trademarks, copyright or patents.</li> </ol>
10. Specific Sites	<p>Any <b>loss, damage, liability, financial loss, personal injury, cost or expense</b> arising from or in connection with work on or at or in relation to any:</p> <ol style="list-style-type: none"> <li>power station or nuclear installation;</li> <li>oil rig, oil drilling platform or refinery or associated structures or vessels or while travelling to or from them;</li> <li>chemical laboratory or manufacturer;</li> <li>aircraft, airport, ship, dock, pier, wharf or any body of water;</li> <li>computer installation or computer room;</li> <li>tower, steeple, chimney shaft, blast furnace, dam, canal, viaduct, bridge or tunnel; or</li> <li>underground mining or underground mining equipment.</li> </ol>
11. Terrorism	<p>Any <b>loss, damage, liability, financial loss, personal injury, cost or expense</b> arising from or directly or indirectly caused by:</p> <ol style="list-style-type: none"> <li>any act of terrorism, which means an act including, but not limited to, the use of force or violence or threat of any person or group whether acting alone or on behalf of or in connection with any organisation(s) or government(s) which from its nature or context is done for, or in connection with, political, religious, ideological, ethnic or similar purposes or reasons, including the intention to influence any government or to put the public, or any section of the public, in fear; or</li> <li>any action taken in controlling, preventing, suppressing or in any way relating to any act of terrorism.</li> </ol>

Term	Exclusion
12. Hazardous Goods	Any <b>loss, damage</b> , liability, financial loss, <b>personal injury</b> , cost or expense arising directly or indirectly from or in connection with circumstances where <b>you</b> are in breach of any law, by-law, municipal or any other regulation dealing with the storage of dangerous or hazardous goods or substances at <b>your premises</b> .
13. Fair Wear and Tear	Any <b>loss, damage</b> , liability, financial loss, <b>personal injury</b> , cost or expense arising directly or indirectly from or in connection with wear, tear, rust, corrosion, erosion, oxidation, scale or gradual deterioration, lack of maintenance, evaporation, shrinkage, loss of weight, dampness, dryness, wet rot or dry rot, insects, woodworm or vermin or any other gradually operating cause which occurs in the course of ordinary use of property.
14. Warranties / Guarantees	Any <b>loss</b> for parts, labour or travel costs recoverable under any supplier, manufacturer, repairers warranty or guarantee, or which would have been protected but for a breach of <b>your</b> obligations under the terms of the warranty or guarantee.
15. Fines and Penalties	Punitive, exemplary or aggravated damages awarded against <b>you</b> or any penalties or fines imposed on <b>you</b> .
16. Watercraft	<b>Loss</b> or <b>damage</b> to any <b>watercraft</b> more than 8 metres in length unless specified in <b>your schedule of protection</b> .
17. Non-Motor Trade Sideline Business	Any non-motor trade sideline <b>business</b> or other ventures of <b>yours</b> unless <b>we</b> specifically agree to do so in writing.
18. Deliberate Actions, Fraud and Dishonesty	Any <b>loss, damage</b> , liability, financial loss, <b>personal injury</b> , cost or expense arising directly or indirectly from or in connection with any dishonest, fraudulent, illegal, criminal, malicious, deliberate or reckless acts by <b>you</b> , any <b>protected person</b> , <b>contractor</b> or a <b>family member</b> .
19. Claims Embargo	<b>Loss</b> or <b>damage</b> occurring within 72 hours from the commencement of the <b>period of protection</b> caused by or arising from bushfire, <b>flood</b> or caused by a cyclone named by the MetService. This exclusion does not apply if the <b>period of protection</b> commences directly after: <ul style="list-style-type: none"> <li>a) an expiring <b>protection</b> protecting the same <b>premises</b> without a break in the <b>period of protection</b>;</li> <li>b) an insurance policy covering the same <b>premises</b> without a break in period of cover;</li> <li>c) <b>you</b> entered into a contract of sale to purchase the <b>premises</b>; or</li> <li>d) <b>you</b> entered into a contract to lease the <b>premises</b>.</li> </ul>
20. Sanctions	<b>We</b> will not protect, pay or provide any services or benefit to <b>you</b> or to any other party to the extent that such <b>protection</b> , payment, service or benefit would contravene any applicable trade or economic sanctions, law or regulation.
21. Asbestos Liability	Any actual or alleged liability arising out of or relating (directly or indirectly) to asbestos or any materials containing asbestos, in whatever form or quantity.
22. Related Parties Liability	Any <b>legal liability</b> to: <ul style="list-style-type: none"> <li>a) a <b>protected person</b>;</li> <li>b) a <b>contractor</b>;</li> <li>c) an <b>employee</b>; or</li> <li>d) a <b>family member</b>.</li> </ul>
23. Communicable Disease	Any <b>loss, damage</b> , liability, financial loss, <b>personal injury</b> , cost or expense caused or contributed to by, or resulting or arising directly or indirectly from or in connection with a <b>communicable disease</b> or the fear or threat (whether actual or perceived) of a <b>communicable disease</b> regardless of any other cause.

# BUSINESS PROTECTION SECTIONS:

## Section 1. Business Buildings

### Specific definitions

In this **section** the following words have the following meaning:

<b>Glass</b>	<ul style="list-style-type: none"> <li>a) Fixed external glass (including perspex and plastic material used in external windows, doors and skylights); and</li> <li>b) fixed internal glass (including perspex and plastic material in internal partitions, doors, windows, counters, shelves, showcases, mirrors, wash basins, sinks, toilet pans and cisterns) belonging to <b>you</b> or for which <b>you</b> are legally responsible or have assumed responsibility for prior to the <b>loss</b> or <b>damage</b>.</li> </ul>
<b>Business Buildings Limit of Protection Amount</b>	<p>The <b>limit of protection</b> for <b>your business building(s)</b> as stated in <b>your schedule of protection</b>. This amount must be adequate to include the cost of replacement and an allowance for all of the additional benefits listed within <b>section 1</b> additional benefits - part A. If <b>you</b> do not select an adequate limit for the replacement value and those additional benefits, <b>you</b> may find that <b>your protection</b> is inadequate in the event of a claim.</p>

### What is protected?

If 'Business Buildings' is specified in **your schedule of protection**, **we** will protect **you** for **loss** or **damage** to **your business building(s)** and caused by a **protected event** during the **period of protection**.

### Basis of settlement

The maximum **we** will pay for any one **event** under this **section 1** is the **limit(s) of protection** for 'Business Buildings' shown in **your schedule of protection**, unless **you** make a claim that includes **protection** under **section 1** additional benefits - part B.

If there is **loss** or **damage** to **your business building(s)**, **we** will, at **our** option, repair or replace the part of the building where there is **loss** or **damage** as far as possible to a condition substantially the same as but not better or more extensive than when new, using materials that are easily available in **New Zealand**; and only if the repair or replacement is carried out as soon as possible after the **loss** or **damage** has occurred.

If there is a **total loss** to **your business building(s)**, **we** will pay the cost to erect a new building to the same design and specification as the destroyed building up to the **limit of protection**. **You** have the option of rebuilding at the location where the **loss** happened, or at any other location in **New Zealand** subject to **our** agreement, but **our** payment is limited to the actual cost of rebuilding up to the **limit of protection** as shown in **your schedule of protection**.

If, at **our** option, **we** provide a cash settlement, or if repair or replacement is not carried out, **we** will only pay the lesser of:

- a) the cost of repairing the **business building(s)** less an equitable allowance for age, wear and tear, depreciation, or betterment;
- b) the pre-**damage** value of the **business building(s)** at the time of its **loss** or destruction; or
- c) the **limit of protection** applicable to such property where separately specified.

Where 'Underprotection' applies, as described under Part B, 2 General Conditions, Item 21 of this document and Annexure 1 of the **Rules**, the basis of the calculation for payments made by **us** in respect of a claim will be the **limit(s) of protection** specified in **your schedule of protection**.

**We** will not pay the amount stated as the **excess(es)** in **your schedule of protection** for this **section 1**.

### Additional benefits - part A - included within the limit(s) of protection

If 'Business Buildings' is specified in **your schedule of protection**, and **you** make a claim that is protected under this **section 1**, **we** will protect **you** for the following additional benefits if they are applicable to **your** claim. Additional benefits may include sub-limits of **protection**. Where such limits apply they are stated in the table below or in **your schedule of protection**, as applicable. Any additional benefits - part A limits shown are included in the business buildings limit of protection amount.

<b>1. Buildings Clean-Up</b>	<p><b>We</b> will pay for the cost of removing or disposing of debris, demolishing, dismantling or shoring up <b>your business building(s)</b>.</p> <p>The maximum <b>we</b> will pay for this additional benefit is 30% of the <b>business buildings limit of protection amount</b> per <b>event</b>.</p>
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<p><b>2. Extra Costs of Building Reinstatement</b></p>	<p><b>We</b> will pay for the extra costs necessary to repair or replace <b>your business building(s)</b> which are incurred in order to comply with any building requirements of any Act of Parliament, or regulation made under an act or by-law or the regulation of any municipal or statutory authority, subject to the <b>limit(s) of protection</b>, terms and conditions of this <b>protection</b>, and the following provisions:</p> <ul style="list-style-type: none"> <li>a) work being commenced and carried out in a reasonable time;</li> <li>b) no additional costs to comply with any requirement that <b>you</b> were required to comply with prior to the <b>loss or damage</b> occurring; and</li> <li>c) the costs of compliance for any part of the <b>business building</b> that is not <b>damaged</b>.</li> </ul> <p>The maximum <b>we</b> will pay for this additional benefit is 10% of the <b>business buildings limit of protection amount</b> or NZ\$100,000, whichever is less.</p>
<p><b>3. Government Fees</b></p>	<p><b>We</b> will pay for any fee payable to any government or other statutory authority where payment of the fee is a condition precedent to the obtaining of consent to reinstate any protected property. This excludes any fines or penalties imposed by authorities upon <b>you</b>.</p> <p>The maximum <b>we</b> will pay for this additional benefit is NZ\$5,000 per <b>event</b> and in total for the <b>period of protection</b>.</p>
<p><b>4. Heritage Building Costs</b></p>	<p><b>We</b> will pay the extra cost of repairing, replacing or reinstating <b>your</b> protected <b>business building(s)</b>, which is subject to a heritage listing to comply with standards imposed by the lawful heritage protection authority at the same location, and that are related to obtaining special materials or employing specialised labour to match up or reproduce unique or distinctive ornamental or architectural features of the <b>business building(s)</b>.</p> <p>The maximum <b>we</b> will pay for this additional benefit is 10% of the <b>business buildings limit of protection amount</b> or NZ\$100,000, whichever is less, to rebuild, replace or repair any protected building to a reasonably equivalent appearance and capacity using original design and suitable modern equivalent materials, if the original materials are not available.</p>
<p><b>5. Professional Fees</b></p>	<p><b>We</b> will pay for architects', surveyors' and legal fees necessarily incurred by <b>you</b> in the repair or replacement of <b>your business building(s)</b>.</p> <p>The maximum <b>we</b> will pay for this additional benefit is NZ\$25,000 per <b>event</b>.</p>

## Additional benefits - part B - in addition to the limit of protection

If 'Business Buildings' is specified in **your schedule of protection** and **you** make a claim that is protected under this **section 1**, in addition to the **business buildings limit of protection amount**, **we** will protect **you** for the following additional benefits if they are applicable to **your** claim. **Our** liability for these additional benefits will be limited to:

- a) the amount(s) stated in **your schedule of protection**; or
- b) the amount(s) stated below if there is no amount stated in **your schedule of protection**.

<p><b>1. Inflation Protection</b></p>	<p>The <b>business buildings limit of protection amount</b> will be increased monthly, during the <b>period of protection</b> in line with the <b>New Zealand</b> Consumer Price Index. At the renewal of <b>your business building(s) protection</b>, <b>your contribution</b> will be based on the increased <b>limit of protection</b>. This indexation will continue during the period of repair or replacement of <b>your business building(s)</b> under this <b>section 1</b>.</p>
<p><b>2. Capital Additions</b></p>	<p><b>We</b> will pay for the cost of repair or replacement for <b>loss or damage</b> to any additions, alterations, improvements and extensions undertaken to <b>your</b> existing <b>business building(s)</b> during the <b>period of protection</b>.</p> <p><b>You</b> must tell <b>us</b> about any new building, alterations, additions or improvements as soon as possible.</p> <p><b>We</b> will not pay under this additional benefit for any increase in value to <b>your</b> existing building.</p> <p>The maximum <b>we</b> will pay for this additional benefit is 10% of the <b>business buildings limit of protection amount</b> or NZ\$50,000, whichever is less..</p>
<p><b>3. Fire Fighting Costs</b></p>	<p><b>We</b> will pay for the fee, levy or account charged to <b>you</b> by any rural or metropolitan fire brigade to extinguish a fire at <b>your premises</b> including the replenishment of fire-fighting appliances, if the <b>loss or damage</b> caused by the fire is protected under this <b>section 1</b>.</p> <p>The maximum <b>we</b> will pay for this additional benefit is NZ\$30,000 per <b>event</b>.</p>

<p><b>4. Gardens and Landscaping</b></p>	<p><b>We</b> will pay for <b>loss</b> or <b>damage</b> to <b>gardens and landscaping</b> belonging to <b>you</b>, or for which <b>you</b> are legally responsible, at the <b>premises</b> and caused by a <b>protected event</b> (but excluding <b>loss</b> or <b>damage</b> caused by wind, rain, hail, snow or escape of liquid).</p> <p>The maximum <b>we</b> will pay for this additional benefit is NZ\$5,000 per <b>event</b>.</p>
<p><b>5. Loss of Metered Water</b></p>	<p><b>We</b> will pay for any <b>loss</b> of metered water for which <b>you</b> are responsible, following <b>damage</b> protected by this <b>section 1</b> to any part of the water apparatus forming part of <b>your business building(s)</b>.</p> <p>The maximum <b>we</b> will pay for this additional benefit is NZ\$5,000 per <b>event</b>.</p>
<p><b>6. Prevention of Imminent Damage</b></p>	<p><b>We</b> will pay the reasonable and necessary costs <b>you</b> incur at <b>your business building</b> in order to prevent or diminish imminent <b>damage</b> to <b>your</b> property as a result of a <b>protected event</b>.</p> <p>The maximum <b>we</b> will pay for this additional benefit is NZ\$5,000 per <b>event</b> and in total for the <b>period of protection</b>.</p>
<p><b>7. Replacement Locks</b></p>	<p><b>We</b> will pay for replacement locks or lock mechanisms of external doors, gates, <b>safe / strong rooms</b> and intruder alarm systems installed in <b>your business building(s)</b> if the keys are <b>damaged</b> or <b>lost</b> during the <b>period of protection</b>.</p> <p>The maximum <b>we</b> will pay for this additional benefit is NZ\$5,000 per <b>event</b>.</p>
<p><b>8. Trace and Access</b></p>	<p><b>We</b> will pay for the costs of locating the source of:</p> <ul style="list-style-type: none"> <li>a) water escaping from any fixed tank, pipe or apparatus in <b>your business building(s)</b> during the <b>period of protection</b>; or</li> <li>b) oil escaping from any heating system in <b>your business building(s)</b> during the <b>period of protection</b>; and subsequently making good <b>damage</b> caused by the search.</li> </ul> <p>The maximum <b>we</b> will pay for this additional benefit is NZ\$5,000 per <b>event</b>.</p>

## Optional benefits

If 'Business Buildings' is specified in **your schedule of protection**, **you** may request the following optional benefits to be added to **section 1**.

Optional benefits are extra **protections** not included in the standard **protection** available for 'Business Buildings'. **You** can request as part of **your** application, for **your section 1** to be extended to include any of the optional benefits listed below. If **we** agree to add any optional benefits requested by **you**, the optional benefits will be stated in **your schedule of protection** and **your contributions** will be adjusted to account for the optional benefits. **We** will pay up to the limit shown in **your schedule of protection**.

<p><b>1. Accidental Loss or Damage</b></p>	<p>If 'Accidental Loss or Damage' is specified in <b>your schedule of protection</b>, <b>we</b> will protect <b>you</b> for <b>accidental loss or damage</b> to <b>your business building(s)</b> occurring during the <b>period of protection</b>.</p> <p>Specific exclusion 2(ab) of this <b>section 1</b> does not apply to this optional benefit.</p> <p>The maximum <b>we</b> will pay for this optional benefit is the limit stated for 'Accidental Loss or Damage' in <b>your schedule of protection</b>.</p>
<p><b>2. Loss of Rent</b></p>	<p>If 'Loss of Rent' is specified in <b>your schedule of protection</b>, <b>we</b> will pay for loss of rent if <b>your business building(s)</b> are occupied by tenants and <b>your business building(s)</b>, or any part of them, become unfit to be occupied as a result of <b>loss</b> or <b>damage</b> protected by this <b>section 1</b>.</p> <p>Once <b>we</b> repair or reinstate <b>your business building(s)</b> or pay <b>you</b> the cost of doing so, <b>we</b> will stop paying <b>you</b> for loss of rent.</p> <p>General Exclusion 4 Consequential Loss does not apply to this optional benefit.</p> <p>The maximum <b>we</b> will pay for this optional benefit is the limit stated for 'Loss of Rent' in <b>your schedule of protection</b>.</p>
<p><b>3. Glass</b></p>	<p>If 'Glass' is specified in <b>your schedule of protection</b>, <b>we</b> will pay for the repair or replacement of fixed <b>glass</b> forming part of or attached to the <b>business building</b> following <b>loss</b> or <b>damage</b> which is caused by a <b>protected event</b> or <b>accidental loss or damage</b>.</p> <p><b>We</b> will also pay for:</p> <ul style="list-style-type: none"> <li>a) repairing or replacing fixed <b>glass</b> signs which are <b>damaged</b> or broken;</li> <li>b) the reasonable cost of temporary repairs or shuttering necessary to protect <b>your premises</b> following breakage of <b>glass</b>;</li> <li>c) signwriting, ornamentation, tinting and alarm foil following <b>damage</b> caused by breakage of <b>glass</b>; and</li> <li>d) <b>damage</b> to framework following breakage of <b>glass</b>.</li> </ul>

<p><b>3. Glass (cont.)</b></p>	<p><b>We will not pay for:</b></p> <ul style="list-style-type: none"> <li>a) <b>glass</b> forming part of <b>your contents</b> or <b>stock</b>;</li> <li>b) <b>loss</b> or <b>damage</b> caused by any fracture, scratching, chipping or cracking of fixed <b>glass</b> where such cracking does not extend through the entire thickness of the <b>glass</b>;</li> <li>c) <b>loss</b> or <b>damage</b> caused while <b>glass</b> is being fitted into position or removed from its fitting;</li> <li>d) <b>loss</b> or <b>damage</b> caused by breakage arising from the deliberate application of heat; or</li> <li>e) <b>glass</b> in light fittings, <b>electronic equipment</b> or electrical items.</li> </ul> <p>Specific exclusion 2(c) of this <b>section 1</b> does not apply to this optional benefit.</p> <p>The maximum <b>we</b> will pay for this optional benefit is the amount stated for 'Glass' in <b>your schedule of protection</b>.</p>
<p><b>4. Flood Damage</b></p>	<p>If 'Flood Damage' is specified in <b>your schedule of protection</b>, <b>we</b> will protect <b>you</b> for <b>loss</b> or <b>damage</b> to <b>your business building(s)</b> caused by <b>flood</b> during the <b>period of protection</b>.</p> <p>Specific exclusion 2(n) of this <b>section 1</b> does not apply to this optional benefit.</p> <p>The maximum <b>we</b> will pay for this optional benefit is the limit stated for 'Flood Damage' in <b>your schedule of protection</b>.</p>
<p><b>5. Landslide</b></p>	<p>If 'Landslide' is specified in <b>your schedule of protection</b>, <b>we</b> will protect <b>you</b> for <b>loss</b> of <b>damage</b> to <b>your business building(s)</b> caused by landslide during the <b>period of protection</b>.</p> <p>Specific exclusion 2(aa) of this <b>section 1</b> does not apply to this optional benefit.</p> <p>The maximum <b>we</b> will pay for this optional benefit stated for 'Landslide' in your <b>schedule of protection</b>.</p>

## What is not protected?

Unless:

- a) an exclusion is stated in **your schedule of protection** as being not applicable; or
- b) an exclusion is stated in an additional or optional benefit as being not applicable

then **section 1** does not protect any claim in connection with or attributable to the following:

### 1. General exclusions

Any applicable general exclusions set out in Part B, 3 General Exclusions of this document and Annexure 1 of the **Rules**.

### 2. Specific exclusions

**We** will not pay for **loss** or **damage** to:

- a) any item that is not intended to be heated where there is deliberate application of heat to that item;
- b) glasshouses or their contents, gates, fences, signs, retaining walls, or property in the open air unless such property comprises or is part of a permanent structure designed to function without the protection of walls or a roof, caused by hail, snow, rain and wind;
- c) **glass**, unless 'Glass' is specified in **your schedule of protection**;
- d) any building or property undergoing construction, erection, renovation or demolition when the value of the work exceeds 10% of the **business buildings limit of protection amount** or NZ\$50,000, whichever is less; or
- e) any electrical device where the **loss** or **damage** is caused by a power surge, unless the power surge is as a result of lightning strike or storm.

**We** will not pay for **loss** or **damage** caused by or arising from:

- f) wet or dry rot, mould, mildew, fungus, insects, woodworm or vermin;
- g) evaporation, shrinkage, loss of weight, dampness, dryness, steam, condensation, contamination, escape of fumes, flue gases or pollution;
- h) rust, corrosion, oxidation, fading, exposure to light or darkness;
- i) wear and tear, gradual deterioration or any gradually operating cause;
- j) change in colour or texture;
- k) defect or built-in faults, or faulty design, plan, specification, materials, workmanship;
- l) dyeing, cleaning, repairing or renovating;
- m) a government or public authority legally taking **your** property;
- n) **flood**;
- o) any action of the sea (except tsunami), tidal wave or **storm surge**;

- p) **burglary or theft;**
- q) falling trees or branches by lopping or felling by **you** or with **your** consent;
- r) denting, bruising, tearing, scratching, splitting or marring;
- s) seepage or percolation of water, or water entering the **premises** as a result of structural defects;
- t) tree roots;
- u) any electronic, electrical or mechanical **breakdown**, failure or malfunction;
- v) fusion of electric motors;
- w) erosion, subsidence, landslide, cracking, shrinkage or expansion of foundations or structures, or normal settling or any earth movement other than earthquake;
- x) variation in atmospheric conditions;
- y) an intentional act, reckless act, criminal act, **vandalism** or **malicious damage** caused directly or indirectly by **you**, **your** tenant, an **employee**, a **contractor**, a **family member** or any other person at the **premises** with **your** consent;
- z) pets, any live animals or birds; or
- aa) landslide.

**We** will not pay for:

- ab) **accidental loss or damage** unless it is caused by a **protected event**; or
- ac) repairs, replacement, or the costs of repairing carpets, curtains, internal blinds or other wall, floor or ceiling coverings in rooms, halls or passages where the **loss** or **damage** did not occur.

## Section 2. Business Contents

### Specific definitions

In this **section** the following words have the following meaning:

#### Business Contents Limit of Protection Amount

The sum of the **limit(s) of protection** for **your** 'Contents', 'Stock', 'Motor Fuels', 'Stock Vehicle/Watercraft' and 'Customer Vehicle/Watercraft' as stated in **your schedule of protection**. The **limit(s) of protection** must be adequate to include the cost of replacement and an allowance for all the additional benefits listed within **section 2** additional benefits - part A. If **you** do not allow enough for the replacement value and those additional benefits, **you** may find that **your protection** is inadequate in the event of a claim.

### What is protected?

If 'Business Contents' is specified in **your schedule of protection**, **we** will protect **you** for **loss** or **damage** to any property as shown in **your schedule of protection**, at **your premises** and caused by a **protected event** during the **period of protection**.

### Basis of settlement

The maximum **we** will pay for any one **event** under this **section 2** 'Business Contents' is the **limit(s) of protection** stated in **your schedule of protection**, unless **you** make a claim that includes **protection** under **section 2** additional benefits - part B.

#### (A) Contents (other than Stock, Motor Fuels and Vehicles/Watercraft)

If 'Contents' is specified in **your schedule of protection** and an item of **your contents** is **damaged**, **we** will, at **our** option, repair or replace the part of the item where there is **damage** as far as possible to its original condition, using materials that are easily available in **New Zealand**. Or, at **our** option, **we** will pay **you** the reasonable cost to do so, up to the **limit of protection** as stated in **your schedule of protection**.

If there is a **loss** to an item of **your contents**, **we** will pay to replace the item as if it was new at the time of the **loss**. Or, at **our** option, **we** will pay **you** the reasonable cost to do so, up to the **limit of protection** as stated in **your schedule of protection**.

If, at **our** option, **we** provide a cash settlement, or if replacement or reinstatement is not carried out, **we** will only pay the lesser of:

- i) the cost of repairing the protected property less an equitable allowance for age, wear and tear, depreciation, or betterment;
- ii) the pre-**damage** value of the property at the time of its **loss** or destruction; or
- iii) the **limit of protection** applicable to such property where separately specified.

#### (B) Stock (other than Motor Fuels and Vehicles/Watercraft)

If 'Stock' is specified in **your schedule of protection** and there is **loss** or **damage** to an item of **your stock**, **we** will, at **our** option:

- i) repair or replace **your stock** as far as possible to the condition it was in immediately before it was **lost** or **damaged**;
- ii) pay **you** the **wholesale cost** to replace **your stock** at the time of the **loss** or **damage**; or
- iii) pay **you** the contract price if **you** have sold but not delivered **your stock** and the sale is cancelled due to **loss** or **damage** to **your stock**.

#### (C) Motor Fuels

If 'Motor Fuels' is specified in **your schedule of protection** and there is **loss** of any of **your motor fuels**, **we** will pay the **wholesale cost** for the **loss**.

#### (D) Vehicles/Watercraft

If 'Stock Vehicles/Watercraft' or 'Customers Vehicles/Watercraft' is specified in **your schedule of protection** and there is **loss** or **damage** to a **vehicle/watercraft**, **we** will, at **our** option, pay the lesser of:

- i) repair or replacement;
- ii) the **limit of protection** stated in **your schedule of protection**;
- iii) the **market value** of the **vehicle**; or
- iv) the value of the **vehicle** and any improvements recorded in the **stock** records (for **stock vehicles**).

Where 'Underprotection' applies, as described under Part B, 2 General Conditions, Item 21 of this document and Annexure 1 of the **Rules**, the basis of the calculation for payments made by **us** in respect of a claim will be the **limit(s) of protection** specified in **your schedule of protection**.

**We** will not pay the amount stated as the **excess(es)** in **your schedule of protection** for this **section 2**.

## Additional benefits - part A - included within the limit of protection

If 'Business Contents' is specified in **your schedule of protection**, and **you** make a claim that is protected under this **section 2**, **we** will protect **you** for the following additional benefits if they are applicable to **your** claim. Additional benefits may include limits and where limits apply they are stated in the table below or in **your schedule of protection**, as applicable. Any additional benefits – part A limits shown are included in the **business contents limit of protection amount**.

<p><b>1. Extra Costs of Reinstatement – Plant and Machinery</b></p>	<p><b>We</b> will pay the extra costs necessary to reinstate or replace <b>your</b> plant or <b>machinery</b> which are incurred in order to comply with any requirement of any law or regulation subject to the following provisions:</p> <ul style="list-style-type: none"> <li>a) work being commenced and carried out in a reasonable time;</li> <li>b) no <b>protection</b> is provided for any additional costs necessary to comply with any requirement that <b>you</b> were required to comply with prior to the <b>loss</b> or <b>damage</b> occurring; and</li> <li>c) no <b>protection</b> is provided for the costs of ensuring the compliance with law or regulation of any part of the plant or <b>machinery</b> that is not <b>damaged</b>.</li> </ul> <p>The maximum <b>we</b> will pay for this additional benefit is 10% of the <b>business contents limit of protection amount</b>, or NZ\$50,000, whichever is less.</p>
<p><b>2. Removal of Debris</b></p>	<p><b>We</b> will pay for the cost of removing or disposing of debris, or demolishing, dismantling or shoring up <b>your business contents</b>.</p> <p>The maximum <b>we</b> will pay for this additional benefit is NZ\$10,000 per <b>event</b>.</p>

## Additional benefits - part B - in addition to the limit(s) of protection

If 'Business Contents' is specified in **your schedule of protection**, and **you** make a claim that is protected under this **section 2**, in addition to the **business contents limit of protection amount**, **we** will protect **you** for the following additional benefits if they are applicable to **your** claim. **Our** obligations in respect of these additional benefits will be limited to:

- a) the amount(s) stated in **your schedule of protection**; or
- b) the amount(s) stated below if there is no amount stated in **your schedule of protection**.

<p><b>1. Capital Additions</b></p>	<p><b>We</b> will pay for additions, alterations, improvements and extensions undertaken to <b>your</b> existing <b>business contents</b> during the <b>period of protection</b>.</p> <p><b>You</b> must tell <b>us</b> about any new <b>business contents</b>, alterations, additions or improvements as soon as possible.</p> <p><b>We</b> will not pay under this additional benefit for any increase in value to <b>your</b> existing <b>business contents</b>.</p> <p>The maximum <b>we</b> will pay for this additional benefit is 10% of the <b>business contents limit of protection amount</b> or NZ\$15,000, whichever is less.</p>
<p><b>2. Inflation Protection</b></p>	<p>The <b>limit(s) of protection</b> for <b>your business contents</b> under this <b>section 2</b> will be increased monthly during the <b>period of protection</b> in line with the <b>New Zealand</b> Consumer Price Index. At the renewal of <b>your protection</b>, <b>your contribution</b> will be based on the increased <b>limit(s) of protection</b>. This indexation will continue during the period of repair or replacement of <b>your business contents</b> protected under this <b>section 2</b>.</p>
<p><b>3. Seasonal Increase</b></p>	<p><b>We</b> will protect <b>you</b> for seasonal increases during the following periods:</p> <ul style="list-style-type: none"> <li>a) Christmas: 40 days before Christmas Day to the 20th day following (both days inclusive);</li> <li>b) Easter: 20 days before Easter Sunday to the 10th day following (both days inclusive); and</li> <li>c) Public Holidays: Gazetted public holidays.</li> </ul> <p>The <b>limit of protection</b> for <b>your stock</b> under this <b>section 2</b> is increased by 25% during these periods.</p>
<p><b>4. Customer's Goods</b></p>	<p><b>We</b> will pay for <b>loss</b> or <b>damage</b> caused by a <b>protected event</b> to goods belonging to <b>your</b> customers and left temporarily in <b>your</b> care, custody or control at <b>your premises</b>. This excludes any <b>vehicle</b> or <b>watercraft</b>.</p> <p>The maximum <b>we</b> will pay for this additional benefit is NZ\$5,000 in total for the <b>period of protection</b>.</p>
<p><b>5. Employee Tools of Trade</b></p>	<p><b>We</b> will pay for <b>loss</b> or <b>damage</b> caused by a <b>protected event</b> for <b>employee tools of trade</b> which are owned by the <b>employee</b> and are at <b>your premises</b> for <b>business</b> purposes.</p> <p>The maximum <b>we</b> will pay for this additional benefit is NZ\$5,000 per <b>employee</b> and NZ\$10,000 per <b>event</b> in the <b>period of protection</b>.</p>

<p><b>6. Personal Effects</b></p>	<p><b>We will pay for loss or damage</b> caused by a <b>protected event</b> to <b>your</b> and <b>your employees’ personal effects</b> at <b>your premises</b>.</p> <p>The maximum <b>we</b> will pay for this additional benefit is NZ\$2,500 per <b>employee</b> and NZ\$5,000 per <b>event</b> in the <b>period of protection</b>.</p>
<p><b>7. Restoration of Records</b></p>	<p><b>We will pay for the costs</b> to restore computer or <b>business records</b> and <b>electronic data</b> onto new equipment following <b>loss or damage</b> to <b>your business contents</b> during the <b>period of protection</b> under this <b>section 2</b>.</p> <p><b>We will not pay for the value</b> of the information that is <b>lost</b>.</p> <p>The maximum <b>we</b> will pay for this additional benefit is NZ\$25,000 in total for the <b>period of protection</b>.</p>
<p><b>8. Temporary Removal of Business Contents</b></p>	<p><b>We will pay for loss or damage</b> to <b>your business contents</b> while temporarily removed from <b>your premises</b> and stored at a temporary storage facility, self storage unit or bulk storage facility, during the <b>period of protection</b>.</p> <p><b>Your business contents</b> temporarily removed must remain within <b>New Zealand</b> and must not have been moved from <b>your premises</b> for a period longer than 20 consecutive days.</p> <p><b>We will not protect:</b></p> <ul style="list-style-type: none"> <li>a) <b>business contents</b> while being transported for storage;</li> <li>b) <b>stock</b> in trade that is on consignment to other parties;</li> <li>c) <b>accidental loss or damage</b> unless optional benefit 1 is taken under this <b>section 2</b>; or</li> <li>d) <b>business contents</b> left unattended whilst in the open air.</li> </ul> <p>This additional benefit does not apply to any other temporary <b>premises</b> where the physical security and protection are of a lower standard than at the current protected <b>premises</b>.</p> <p>The maximum <b>we</b> will pay for this additional benefit is 20% of the <b>limit of protection</b> for <b>business contents</b>.</p>
<p><b>9. Works of Art</b></p>	<p><b>We will pay for loss or damage</b> caused by a <b>protected event</b> to <b>your</b> works of art including antiques, collectibles and ornaments, at <b>your premises</b>.</p> <p>The maximum <b>we</b> will pay for this additional benefit is NZ\$2,000 for any one item or NZ\$5,000 per <b>event</b> in the <b>period of protection</b>.</p>

## Optional benefits

If ‘Business Contents’ is specified in **your schedule of protection**, **you** may request the following optional benefits to be added to **section 2**.

Optional benefits are extra **protections** not included in the standard **protection** available for ‘Business Contents’. **You** can request as part of **your** application for **section 2** to be extended to include any of the optional benefits listed below. If **we** agree to add any optional benefits requested by **you**, the optional benefits will be stated in **your schedule of protection** and **your contributions** will be adjusted. **We will pay up to the limit** shown in **your schedule of protection**.

<p><b>1. Accidental Loss or Damage</b></p>	<p>If ‘Accidental Loss or Damage’ is specified in <b>your schedule of protection</b>, <b>we</b> will protect <b>you</b> for <b>accidental loss or damage</b> to <b>your contents</b> occurring during the <b>period of protection</b>.</p> <p>‘Accidental Loss or Damage’ does not protect <b>loss or damage</b> to any <b>vehicles, watercraft</b> or <b>personal effects</b> and items not owned by <b>you</b>.</p> <p>Specific exclusion 2(ar) of this <b>section 2</b> does not apply to this optional benefit.</p> <p>The maximum <b>we</b> will pay for this optional benefit is the limit stated for ‘Accidental Loss or Damage’ in <b>your schedule of protection</b>.</p>
<p><b>2. Flood Damage</b></p>	<p>If ‘Flood Damage’ is specified in <b>your schedule of protection</b>, <b>we</b> will protect <b>you</b> for <b>loss or damage</b> to <b>your business contents</b> caused by <b>flood</b> during the <b>period of protection</b>.</p> <p>Specific exclusion 2(ac) of this <b>section 2</b> does not apply to this optional benefit.</p> <p>The maximum <b>we</b> will pay for this optional benefit is the limit stated for ‘Flood Damage’ in <b>your schedule of protection</b>.</p>
<p><b>3. Hail Damage to Vehicles or Watercraft in Stock</b></p>	<p>If ‘Hail Damage to Vehicles or Watercraft in Stock’ is specified in <b>your schedule of protection</b>, <b>we</b> will pay for <b>loss or damage</b> to <b>vehicles</b> in <b>stock</b> caused by hail <b>damage</b> during the <b>period of protection</b>.</p> <p>The maximum <b>we</b> will pay for this optional benefit is the limit stated for ‘Hail Damage to Vehicles or Watercraft in Stock’ in <b>your schedule of protection</b>.</p>

<b>4. Landslide</b>	<p>If 'Landslide' is specified in <b>your schedule of protection</b>, we will protect <b>you</b> for <b>loss of damage</b> to <b>your business contents</b> caused by landslide during the <b>period of protection</b>.</p> <p>Specific exclusion 2(ap) of this <b>section 2</b> does not apply to this optional benefit.</p> <p>The maximum <b>we</b> will pay for this optional benefit stated for 'Landslide' in <b>your schedule of protection</b>.</p>
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## What is not protected?

Unless:

- a) an exclusion is stated in **your schedule of protection** as being not applicable; or
- b) an exclusion is stated in an additional or optional benefit as being not applicable

then **section 2** does not protect any claim in connection with, arising out of or attributable to the following:

### 1. General exclusions

Any applicable general exclusions set out in Part B, 3 General Exclusions of this document and Annexure 1 of the **Rules**.

### 2. Specific exclusions

**We** will not pay for **loss** or **damage** to:

- (a) any item not intended to be heated where there is deliberate application of heat to that item;
- (b) jewellery, furs, bullion, precious metal or stones;
- (c) **money**;
- (d) pets, any live animals or birds;
- (e) any property undergoing construction, erection, renovation or demolition when the value of the work exceeds 10% of the **limit of protection** or NZ\$15,000, whichever is less;
- (f) sporting or recreational equipment whilst in use;
- (g) any electrical device where **loss** or **damage** is caused by a power surge, unless the power surge is as a result of lightning strike or storm;
- (h) any goods in transit;
- (i) landlord's fixtures and fittings;
- (j) gaming, amusement or external vending machines;
- (k) deeds, bonds, bills of exchange or **money**;
- (l) plants or shrubs in the ground, trees (except impact by falling trees), lawn, turf or landscaping;
- (m) **watercraft** which exceed 8 metres in length; or
- (n) **stock** held by automotive dismantlers or wrecking yards stored in the open air caused by hail.

**We** will not pay for **loss** or **damage** caused by or arising from:

- (o) wet or dry rot, mould, mildew, fungus, insects, woodworm or vermin;
- (p) undergoing any process of production, manufacturing, packing, treatment, testing, commissioning, servicing or repair of **contents**;
- (q) evaporation, shrinkage, loss of weight, dampness, dryness, steam, condensation, contamination, escape of fumes, flue gases or pollution;
- (r) rust, corrosion, oxidation, fading, exposure to light or darkness;
- (s) wear and tear, gradual deterioration or any gradually operating cause;
- (t) denting, bruising, tearing, scratching, splitting or marring;
- (u) dyeing, cleaning, repairing or renovating;
- (v) defect or built-in faults, or faulty designs, plans, specifications, materials or workmanship;
- (w) a government or public authority legally taking **your** property;
- (x) falling trees or branches as a result of lopping or felling of trees by **you** or with **your** consent;
- (y) erosion, subsidence, landslide, cracking, shrinkage or expansion of foundations or structures, or normal settling or any earth movement other than earthquake;
- (z) variation in atmospheric conditions;
- (aa) change in colour or texture;
- (ab) seepage or percolation of water;
- (ac) **flood**;



- (ad) **burglary or theft;**
  - (ae) malicious act of any person(s) lawfully occupying the **premises;**
  - (af) testing or experiments;
  - (ag) failure of the supply of water, gas, electricity or fuel;
  - (ah) computer virus or **electronic data** corruption;
  - (ai) any electronic, electrical or mechanical **breakdown**, failure or malfunction;
  - (aj) fusion of electric motors;
  - (ak) the use or operation of **vehicle** or **watercraft;**
  - (al) any action of the sea (except tsunami), tidal wave or **storm surge;**
  - (am) explosives;
  - (an) any intentional, reckless, or criminal act, vandalism or malicious **damage** caused by **you, your** tenant, an **employee**, a **contractor**, a **family member** or any other person at the **premises** with **your** consent;
  - (ao) pets, any live animals or birds; or
  - (ap) landslide.
- We** will not pay for:
- (aq) any **vehicle/watercraft** driving risk;
  - (ar) **accidental loss or damage** unless it is caused by a **protected event**; or
  - (as) unexplained inventory shortages or disappearances; or shortage in the supplies.

## Section 3. Burglary

### What is protected?

If 'Burglary' is specified in **your schedule of protection**, we will protect **you** for **loss** or **damage** to any property as shown on **your schedule of protection** as a result of **burglary** at **your premises** during the **period of protection**.

### Basis of settlement

The maximum **we** will pay for any one **event** under this **section 3 Burglary** is the **limit(s) of protection** stated in **your schedule of protection**, subject to additional benefits 3, 4 and 10.

#### (A) Contents (other than Stock and Motor Fuels)

If there is **loss** or **damage** to a protected item as a result of **burglary**, **we** will, at **our** option, repair or replace the item or the part of the item where there is **damage** as far as possible to the original condition of the item, using materials that are easily available in **New Zealand**. Or, at **our** option, **we** will pay **you** the reasonable cost to do so up to the **limit of protection** as stated in **your schedule of protection**.

If there is a **loss** to a protected item due to **burglary**, **we** will pay to replace it as new at the time of the **loss**. Or, at **our** option, **we** will pay **you** the reasonable cost to do so up to the **limit of protection** as stated in **your schedule of protection**.

If, at **our** option, **we** provide a cash settlement, or if reinstatement is not carried out, **we** will only pay the lesser of:

- i) the cost of repairing the protected property less an equitable allowance for age, wear and tear, depreciation, or betterment;
- ii) the pre-**damage** value of the property at the time of its **loss** or destruction; or
- iii) the **limit of protection** applicable to such property where separately specified.

#### (B) Stock (other than Motor Fuels and Vehicles/Watercraft)

If there is **loss** or **damage** to an item of **your stock** as a result of **burglary**, **we** will, at **our** option:

- i) repair or replace **your stock** as far as possible to the condition it was in immediately before it was **lost** or **damaged**;
- ii) pay **you** the **wholesale cost** to replace **your stock** at the time of the **loss** or **damage**; or
- iii) pay **you** the contract price if **you** have sold but not delivered **your stock** and the sale is cancelled due to **loss** or **damage** to **your stock**.

#### (C) Motor Fuels

Where there is **loss** as a result of **burglary** of any **motor fuels**, **we** will pay the **wholesale cost** for the **loss**.

#### (D) Vehicles/Watercraft

If 'Stock Vehicles/Watercraft' or 'Customers Vehicles/Watercraft' is specified in **your schedule of protection** and there is **loss** or **damage** to a **vehicle** as a result of **burglary**, **we** will, at **our** option, pay the lesser of:

- i) repair or replacement;
- ii) the **limit of protection** stated in **your schedule of protection**;
- iii) the **market value** of the **vehicle**; or
- iv) the value of the **vehicle** and any improvements recorded in the **stock** records (for **stock vehicles**).

**We** will not pay the amount stated as the **excess(es)** in **your schedule of protection** for this **section 3**.

### Additional benefits

If 'Burglary' is specified in **your schedule of protection**, and **you** make a claim that is protected under this **section 3**, **we** will protect **you** for the following additional benefits if they are applicable to **your** claim. **Our** obligations in respect of these additional benefits will be limited to:

- a) the amount(s) stated in **your schedule of protection**; or
- b) the amount(s) stated below if there is no amount stated in **your schedule of protection**.

1. Works of Art	<p><b>We</b> will pay for <b>loss</b> or <b>damage</b> to <b>your</b> works of art including antiques, collectibles and ornaments, as a result of <b>burglary</b> at <b>your premises</b>.</p> <p>The maximum limit <b>we</b> will pay for this additional benefit is NZ\$1,500 for any one item or NZ\$3,000 per <b>event</b> in the <b>period of protection</b>.</p>
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<p><b>2. Employee Tools of Trade</b></p>	<p><b>We will pay for loss or damage to your employees' tools of trade</b> used in connection for <b>your business</b> as a result of <b>burglary</b> at <b>your premises</b>.</p> <p>The maximum <b>we</b> will pay for this additional benefit is NZ\$2,000 per <b>employee</b> and NZ\$5,000 per <b>event</b> in the <b>period of protection</b>.</p>
<p><b>3. Personal Effects</b></p>	<p><b>We will pay for loss or damage to you and your employees' personal effects</b> as a result of <b>burglary</b> at <b>your premises</b>.</p> <p>The maximum <b>we</b> will pay for this additional benefit is NZ\$1,000 per <b>employee</b> and NZ\$3,000 per <b>event</b> in the <b>period of protection</b>.</p>
<p><b>4. Customer's Goods</b></p>	<p><b>We will pay for loss or damage</b> due to <b>burglary</b> to goods belonging to <b>your</b> customers and temporarily left in <b>your</b> care, custody or control at <b>your premises</b>. This excludes any <b>vehicle</b> or <b>watercraft</b>.</p> <p>The maximum <b>we</b> will pay for this additional benefit is NZ\$2,500 in total for the <b>period of protection</b>.</p>
<p><b>5. Damage caused by Burglary</b></p>	<p><b>We will pay for damage to your business building(s)</b> under <b>section 1</b> caused as a consequence of and during the course of <b>burglary</b> protected under this <b>section 3</b>.</p> <p>If <b>you</b> are not the owner of <b>your business buildings(s)</b>, <b>you</b> are required to notify <b>us</b> and give <b>us</b> details of any insurance held by the owner of which <b>you</b> are aware that provides <b>protection</b> for this risk.</p> <p>The maximum <b>we</b> will pay for this additional benefit is NZ\$5,000 per <b>event</b> in the <b>period of protection</b>.</p>
<p><b>6. Replacement Locks</b></p>	<p><b>We will pay for replacement locks or lock mechanisms of external doors, gates, safe / strong rooms</b> and intruder alarm systems installed in <b>your business building(s)</b> if the keys are stolen during the <b>period of protection</b>.</p> <p>The maximum <b>we</b> will pay for this additional benefit is NZ\$5,000 per <b>event</b> in the <b>period of protection</b>.</p>
<p><b>7. Restoration of Records</b></p>	<p><b>We will pay for the reasonable costs to restore your computer or your business records and electronic data</b> onto new equipment following <b>loss or damage</b> due to <b>burglary</b> during the <b>period of protection</b>.</p> <p><b>We will not pay for the value of the information that is lost.</b></p> <p>The maximum <b>we</b> will pay for this additional benefit is NZ\$10,000 in total for the <b>period of protection</b>.</p>
<p><b>8. Temporary Removal of Property</b></p>	<p><b>We will pay for loss or damage</b> due to <b>burglary</b> to <b>your</b> property as stated in <b>your schedule of protection</b> while temporarily removed from <b>your premises</b> and stored at a temporary storage facility, self storage unit or bulk storage facility, during the <b>period of protection</b>.</p> <p><b>Your</b> protected property temporarily removed must remain within <b>New Zealand</b> and must not have been moved from <b>your premises</b> for a period longer than 20 consecutive days.</p> <p><b>We will not protect:</b></p> <ol style="list-style-type: none"> <li>a) property while being transported for storage;</li> <li>b) <b>stock</b> in trade that is on consignment to other parties; or</li> <li>c) property left unattended whilst in the open air.</li> </ol> <p>This additional benefit does not apply to any other temporary <b>premises</b> where the physical security and protection are of a lower standard than at the current protected <b>premises</b>.</p> <p>The maximum <b>we</b> will pay for this additional benefit is 20% of the total property <b>limit(s) of protection</b> as stated in <b>your schedule of protection</b> for <b>section 3</b>.</p>
<p><b>9. Temporary Security</b></p>	<p><b>We will pay for the reasonable costs incurred by you, including the employment of security services, for the temporary protection and safety of your property at your premises</b> as a result of <b>burglary</b>.</p> <p>The maximum <b>we</b> will pay for this additional benefit is NZ\$15,000 in total for the <b>period of protection</b>.</p>
<p><b>10. Seasonal Increase</b></p>	<p><b>We will protect you</b> for seasonal increases during the following periods:</p> <ol style="list-style-type: none"> <li>a) Christmas: 40 days before Christmas Day to the 20th day following (both days inclusive);</li> <li>b) Easter: 20 days before Easter Sunday to the 10th day following (both days inclusive); and</li> <li>c) Public Holidays: Gazetted public holidays.</li> </ol> <p>The <b>limit of protection</b> of <b>your stock</b> under this <b>section 3</b> is increased by 25% during these periods.</p>

## Optional benefits

If 'Burglary' is specified in **your schedule of protection**, **you** may request the following optional benefits to be added to **section 3**. Optional benefits are extra **protections** not included in the standard **protection** available for 'Burglary'. **You** can request as part of **your** application for **your section 3** to be extended to include the optional benefit listed below. If **we** agree to add the optional benefit requested by **you**, the optional benefit will be stated in **your schedule of protection** and **your contributions** will be adjusted. **We** will pay up to the limit shown in **your schedule of protection**.

1. Theft	<p>If 'Theft' is specified in <b>your schedule of protection</b>, <b>we</b> will protect <b>you</b> for <b>loss</b> or <b>damage</b> occurring in the <b>period of protection</b> for property as stated in <b>your schedule of protection</b>, but only for <b>theft</b> occurring from <b>your premises</b> or <b>vehicle/watercraft</b>.</p> <p>Specific exclusion 2(g) of this <b>section 3</b> does not apply to this optional benefit.</p> <p>The maximum <b>we</b> will pay for this optional benefit in the <b>period of protection</b> is the limit stated for 'Theft' in <b>your schedule of protection</b>.</p>
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## What is not protected?

Unless:

- a) an exclusion is stated in **your schedule of protection** as being not applicable; or
- b) an exclusion is stated in an additional or optional benefit as being not applicable

then **section 3** does not protect any claim in connection with or attributable to the following:

### 1. General exclusions

Any applicable general exclusions set out in Part B, 3 General Exclusions of this document and Annexure 1 of the **Rules**.

### 2. Specific exclusions

**We** will not pay for:

- (a) **burglary** or **theft** of alcohol or tobacco, unless stated in **your schedule of protection**;
- (b) **burglary** or **theft** of **motor fuels**, unless stated in **your schedule of protection**;
- (c) **burglary** or **theft** of any **vehicle** or **watercraft** where:
  - i) the keys are left on or in the **vehicle** or **watercraft**; or
  - ii) the keys are left in an unlocked cabinet;
- (d) **burglary** or **theft** of any **vehicle** or **watercraft** where the **loss** occurs as a result of deception or false pretences or larceny by a bailee or fraudulent conversion;
- (e) **burglary** or **theft**:
  - i) by **you**, a **protected person**, an **employee**, a **contractor**, a **family member** or any other person at the **premises** with **your** consent;
  - ii) by shoplifting, unless **theft** is stated in **your schedule of protection**;
  - iii) discovered through stocktake or shrinkage records; or
  - iv) of **money**;
- (f) **burglary** or **theft** of landlord's fixtures and fittings where the **premises** are leased or rented by **you**;
- (g) **theft**;
- (h) **burglary** or **theft** by trickery;
- (i) **loss** by credit card fraud, dishonoured cheques or unpaid monies;
- (j) **burglary** or **theft** of any protected items from an unlocked and unattended **vehicle** or from a container on the **vehicle** (unless the container is locked);
- (k) **burglary** or **theft** of any goods in **transit**; or
- (l) **theft** of any goods or property whilst left in the open air (except where protected goods or property are in a fenced compound).

## Section 4. Money

### What is protected?

If 'Money' is specified in **your schedule of protection**, **we** will protect **you** for **loss** or **damage** to **money** arising in **New Zealand** as requested from the following options (but only to the extent stated in **your schedule of protection**):

- (a) **money** on the **premises** during **business hours**;
- (b) **money** on the **premises** outside **business hours**;
- (c) **money** in a locked **safe** or **strongroom**;
- (d) **money** in **transit**;
- (e) **money** held overnight at **your** or an authorised person's private residence; or
- (f) **money** in an ATM or bank ATM at **your premises** for which **you** are liable by contract during the **period of protection**.

### Basis of settlement

The maximum **we** will pay for any one **event** under this **section 4** 'Money' is the **limit(s) of protection** stated in **your schedule of protection**, subject to additional benefit 1.

(A) Money (other than Securities, Stamps, Cheques, Vouchers or Tickets)

**We** will pay **you** the face value of lost or **damaged money**.

(B) Cheques and Securities

**We** will pay **you** the cost of replacement of lost or **damaged** securities. If the securities cannot be replaced then, at **our** option, **we** will pay **you** the greater of:

- i) the original purchase price; or
- ii) the closing **market value** on the last **business** day prior to the date of discovery of the **loss** or **damage**.

(C) Stamps, Vouchers, Tickets and other Negotiable Instruments

**We** will pay **you** the original purchase price incurred by **you**.

**We** will not pay the amount stated as the **excess(es)** in **your schedule of protection** for this **section 4**.

### Additional benefits

If 'Money' is specified in **your schedule of protection**, and **you** make a claim that is protected under this **section 4**, **we** will protect **you** for the following additional benefits if they are applicable to **your** claim. **Our** obligations in respect of these additional benefits will be limited to:

- a) the amount(s) stated in **your schedule of protection**; or
- b) the amount(s) stated below if there is no amount stated in **your schedule of protection**.

<b>1. Seasonal Increase</b>	<p><b>We</b> will protect <b>you</b> for seasonal increases during the following periods:</p> <ul style="list-style-type: none"><li>a) Christmas: 40 days before Christmas Day to the 20th day following (both days inclusive).</li><li>b) Easter: 20 days before Easter Sunday to the 10th day following (both days inclusive).</li><li>c) Public Holidays: Gazetted public holidays.</li></ul> <p>The amounts protected under this <b>section 4</b> are increased by 25% during these periods.</p>
<b>2. Damage to Safe / Strong Rooms</b>	<p><b>We</b> will pay for the reasonable costs for <b>damage</b> caused by unauthorised persons trying to gain entry to <b>safe / strong rooms</b> or cash carrying bags.</p> <p>The maximum <b>we</b> will pay for this additional benefit is NZ\$500 per <b>event</b> in the <b>period of protection</b>.</p>

### Optional benefits

If 'Money' is specified in **your schedule of protection**, **you** may request the following optional benefits to be added to **section 4**.

Optional benefits are extra **protections** not included in the standard **protection** available for 'Money'. **You** can request as part of **your** application for **your section 4** to be extended to include the optional benefit listed below. If **we** agree to add the optional benefit requested by **you**, the optional benefit will be stated in **your schedule of protection** and **your contributions** will be adjusted. **We** will pay up to the limit shown in **your schedule of protection**.

<p><b>1. Employee Dishonesty</b></p>	<p>If 'Employee Dishonesty' is specified in <b>your schedule of protection</b>, we will pay <b>you</b> for <b>loss of money</b> as a direct result of <b>employee</b> dishonesty by any of <b>your employees</b> occurring during the <b>period of protection</b> and discovered within 45 days of it occurring if:</p> <ul style="list-style-type: none"> <li>a) <b>you</b> are able to identify which <b>employee</b> is responsible;</li> <li>b) the <b>loss</b> is reported to police immediately upon discovery; and</li> <li>c) the <b>loss</b> is reported to <b>us</b> within 21 days of discovery.</li> </ul> <p>For the purposes of this optional benefit 1, specific exclusions 2(a) and 2(f) do not apply where the <b>loss of money</b> is by an <b>employee</b>.</p> <p>The maximum <b>we</b> will pay for this optional benefit for the <b>period of protection</b> is the limit for 'Employee Dishonesty' stated in <b>your schedule of protection</b>.</p>
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## What is not protected?

Unless:

- (a) an exclusion is stated in **your schedule of protection** as being not applicable; or
- (b) an exclusion is stated in an additional or optional benefit as being not applicable

then **section 4** does not protect any claim in connection with or attributable to the following:

### 1. General exclusions

Any applicable general exclusions set out in Part B, 3 General Exclusions of this document and Annexure 1 of the **Rules**.

### 2. Specific exclusions

**We** will not pay **loss** or **damage** to or arising from:

- (a) an intentional, reckless, or criminal act, fraud, dishonesty, embezzlement, misappropriation, wilful acts or omissions, **burglary** or **theft** by an **employee**, a **family member**, a **protected person**, a **contractor** or any other person at the **premises** with **your** consent;
- (b) errors, omissions or depreciation in value;
- (c) an unattended or unlocked **vehicle**;
- (d) a gaming, amusement or external vending machine;
- (e) **money** which has not been banked at least weekly;
- (f) the use of a combination, code or key to a **safe / strong room** or ATM left at the **premises** unless the combination, code or key is obtained by force;
- (g) a cause which is expected or intended by **you**;
- (h) **money** in transit where there has been a substantial deviation from the most direct route between the start point and end point of the planned journey, or where there has been an interruption to the journey of more than 1 hour. Once the **money** has arrived at **your** private residence, financial institution or **premises**, it is no longer deemed to be in transit;
- (i) shortages resulting from clerical or accounting errors, or loss due to errors in receiving or paying out **money**;
- (j) **loss** or **damage** not discovered within 5 **business** days of the **loss** or **damage** occurring;
- (k) the carriage or control of **money** by professional **money** carriers, professional carriers or common carriers;
- (l) ransom or extortion, other than actual assault or threat of immediate violence to any persons at the **premises**; or
- (m) the payment of **money** in exchange for any cheque that is subsequently dishonoured.

## Section 5. Engineering

### What is protected?

If 'Engineering' is specified in **your schedule of protection**, we will protect **you** for **loss or damage** to **machinery** and **electronic equipment** due to **breakdown** of such equipment at **your premises** during the **period of protection**.

### Basis of settlement

The maximum **we** will pay for any one **breakdown** under this **section 5 Engineering** is the **limit(s) of protection** for **machinery** and **electronic equipment** stated in **your schedule of protection**.

**We** will, at **our** option, repair or replace, or pay **you** the cost to repair or replace, **loss or damage** to **machinery** and **electronic equipment** to a condition equal to but not better than its condition when new.

If the cost of repairs exceeds the replacement cost of the **damaged** item of **machinery** or **electronic equipment**, then the most **we** will pay is the replacement cost or the **limit of protection** for that item of **machinery** or **electronic equipment** stated in **your schedule of protection**, whichever is less.

Unless otherwise agreed, the value of any salvage may be deducted from any claim and the salvage will remain **your** property.

**We** will not pay the amount stated as the **excess(es)** in **your schedule of protection** for this **section 5**.

### Additional benefits

If 'Engineering' is specified in **your schedule of protection** and **you** make a claim that is protected under this **section 5**, **we** will protect **you** for the following additional benefit if it is applicable to **your** claim. **Our** obligations in respect of these additional benefit will be limited to:

- the amount(s) stated in **your schedule of protection**; or
- the amount(s) stated below if there is no amount stated in **your schedule of protection**.

<b>1. Temporary Hire Costs</b>	<b>We</b> will pay for the reasonable costs incurred by <b>you</b> for the temporary hire of any <b>machinery</b> or <b>electronic equipment</b> following a <b>breakdown</b> that is protected under <b>section 5</b> . The maximum <b>we</b> will pay for this additional benefit is NZ\$2,000 per <b>event</b> for the <b>period of protection</b> .
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### Optional benefits

If 'Engineering' is specified in **your schedule of protection**, **you** may request the following optional benefits to be added to **section 5**.

Optional benefits are extra **protections** not included in the standard **protection** available for 'Engineering'. **You** can request as part of **your** application for **your section 5** to be extended to include any of the optional benefits listed below. If **we** agree to add any optional benefits requested by **you**, the optional benefits will be stated in **your schedule of protection** and **your contributions** will be adjusted. **We** will pay up to the limit shown in **your schedule of protection**.

<b>1. Deterioration of Stock</b>	<p>If 'Deterioration of Stock' is specified in <b>your schedule of protection</b>, <b>we</b> will protect <b>you</b> for the deterioration of <b>your</b> perishable <b>stock</b> which resulted from a change in temperature caused by a <b>breakdown</b> in the refrigeration <b>machinery</b>.</p> <p><b>We</b> will pay the <b>wholesale cost</b> for the deteriorated <b>stock</b>.</p> <p>For the purposes of this optional benefit 1 the definition of '<b>stock</b>' excludes <b>vehicles</b> and <b>watercraft</b>.</p> <p>Specific exclusion 2(b) of this <b>section 5</b> does not apply to this optional benefit.</p> <p>The maximum <b>we</b> will pay for this optional benefit for the <b>period of protection</b> is the limit for 'Deterioration of Stock' stated in <b>your schedule of protection</b>.</p>
<b>2. Loss of Information</b>	<p>If 'Loss of Information' is specified in <b>your schedule of protection</b>, <b>we</b> will pay the reasonable cost of restoring <b>electronic data</b> or information onto repaired or new <b>machinery</b> or <b>electronic equipment</b> following a <b>breakdown</b> that is protected under <b>section 5</b>.</p> <p><b>We</b> will not pay for the value to <b>you</b> of the information <b>lost</b>.</p> <p>Specific exclusion 2(c) of this <b>section 5</b> does not apply to this optional benefit.</p> <p>The maximum <b>we</b> will pay for this optional benefit for the <b>period of protection</b> is the limit for 'Loss of Information' stated in <b>your schedule of protection</b>.</p>

<p><b>3. Increased Costs of Working</b></p>	<p>If 'Increased Costs of Working' is specified in <b>your schedule of protection</b>, <b>we</b> will pay <b>you</b> for the increased costs of working incurred during a period not exceeding 3 months from the date that increased working costs are first incurred, following interruption to the normal operation of a protected item for which <b>we</b> have agreed to meet a claim under this <b>section</b>, provided that:</p> <ul style="list-style-type: none"> <li>a) the cost is proved to have been necessarily and reasonably incurred during the period, over and above the normal expenses <b>you</b> would have incurred during the period in respect of the operation of the item; and</li> <li>b) <b>we</b> will not pay for more than the costs actually incurred by <b>you</b>.</li> </ul> <p>Specific exclusion 2(d) of this <b>section</b> 5 does not apply to this optional benefit.</p> <p>The maximum <b>we</b> will pay for this optional benefit for the <b>period of protection</b> is the limit for 'Increased Costs of Working' stated in <b>your schedule of protection</b>.</p>
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## What is not protected?

Unless:

- a) an exclusion is stated in **your schedule of protection** as being not applicable; or
- b) an exclusion is stated in an additional or optional benefit as being not applicable

then **section** 5 does not protect any claim in connection with or attributable to the following:

### 1. General exclusions

Any applicable general exclusions set out in Part B, 3 General Exclusions of this document and Annexure 1 of the **Rules**.

### 2. Specific exclusions

**We** will not pay for **loss** or **damage** arising from:

- (a) **breakdown** which was intended by **you**;
- (b) any deterioration of **stock**;
- (c) any **loss** of information;
- (d) any increased costs of working;
- (e) any existing defects or faults known to **you** prior to such **breakdown** occurring;
- (f) **breakdown** as a result of any deliberate act of a power supplier;
- (g) **breakdown** as a result of testing or commissioning of **machinery** or **electronic equipment**;
- (h) **breakdown** as a result of the adjustment, repair or maintenance of **machinery** or **electronic equipment**;
- (i) **breakdown** as a result of tests involving abnormal stresses or as a result of **machinery** or **electronic equipment** being intentionally overloaded or operated outside of the manufacturer's operating specifications;
- (j) (except where contrary to the **New Zealand** laws) **breakdown** for which the manufacturer, supplier or other parties are responsible under a maintenance or warranty agreement;
- (k) **breakdown** as a result of **your** failure to comply with statutory requirements;
- (l) **breakdown** as a result of wear, tear, rust, corrosion, erosion, oxidation, scale or gradual deterioration;
- (m) **breakdown** as a result of dampness, dryness, steam, condensation, contamination, escape of fumes, flue gases or pollution;
- (n) any type of safety devices, not attached to, but used for the safe operation of the **machinery** or **electronic equipment**;
- (o) international freight charges (unless the costs are incurred with **our** consent);
- (p) the cost of repairing or replacing any belt, rope, wire, chain, tyre, filter, refrigerant dryer, fuse, electric heating element, electrical contact, thermostat, thermostatic expansion valve, gland packing, seal, cutting blade, die, refractory material, glass component, lubricant, fuel or operating medium;
- (q) **breakdown** as a result of **accidental loss or damage**;
- (r) **breakdown** as a result of impact by any animal, **vehicle**, **watercraft** or aircraft;
- (s) **breakdown** as a result of wind, rain, snow or lightning;
- (t) **breakdown** as a result of any action of the sea, tidal wave, tsunami, or **storm surge**;
- (u) **breakdown** as a result of water leakage from any vessel, tank, pipe or system;
- (v) **breakdown** as a result of earthquake, subsidence, erosion, landslide, subterranean fire, volcanic eruption, or earth movement, whether natural or man-made, no matter how caused;
- (w) **breakdown** as a result of **flood damage**; or
- (x) **breakdown** as a result of **burglary** or **theft**.



## Section 6. Business Interruption

### Specific definitions

In this **section** the following words have the following meaning:

<b>Additional Increased Cost of Working</b>	Additional expenditure, but only up to the <b>limit of protection</b> stated in <b>your schedule of protection</b> , not otherwise recoverable under this <b>section 6</b> which is reasonably and necessarily incurred by <b>you</b> during the <b>indemnity period</b> for the sole purpose of resuming <b>your</b> normal <b>business</b> operations and minimising disruption following <b>loss</b> or <b>damage</b> protected under <b>sections 1</b> Business Buildings; <b>2</b> Business Contents; <b>3</b> Burglary; <b>4</b> Money; <b>5</b> Engineering or <b>7</b> General Property.
<b>Annual Turnover</b>	The amount (less discounts allowed) paid or payable to <b>you</b> for goods sold and delivered and for services rendered in the course of <b>your business</b> in the financial year preceding the date of <b>loss</b> or <b>damage</b> . If this is the first year of the operation of <b>your business</b> , the annual turnover is the annual proportional equivalent of the <b>money</b> received by <b>you</b> or payable to <b>you</b> for goods sold and delivered and for services rendered in the course of <b>your business</b> between the commencement of <b>your business</b> and the date of <b>loss</b> or <b>damage</b> .
<b>Increased Cost of Working</b>	Additional expenditure necessarily incurred by <b>you</b> for the sole purpose of avoiding the reduction in income excluding the expenditure incurred on the purchase of <b>stock</b> in trade.
<b>Indemnity Period</b>	The period beginning when the <b>loss</b> or <b>damage</b> took place (provided this is during the <b>period of protection</b> ) and ending on the earliest of the following: a) when <b>your business</b> is no longer affected by the <b>loss</b> or <b>damage</b> ; b) when the period of indemnity ends as stated in <b>your schedule of protection</b> ; c) when <b>you</b> cease to operate <b>your business</b> or <b>you</b> sell or otherwise dispose of <b>your business</b> ; or d) if and when <b>you</b> or <b>your business</b> become insolvent.
<b>Rate of Gross Profit</b>	The rate of gross profit expressed as a percentage, earned on the <b>turnover</b> during the financial year immediately before the date of the <b>loss</b> or <b>damage</b> .
<b>Turnover</b>	The amount (less discounts allowed) paid or payable to <b>you</b> for goods sold and delivered and for services rendered in the course of <b>your business</b> .
<b>Unprotected Working Expenses</b>	Any expense <b>you</b> choose not to protect as stated in <b>your schedule of protection</b> including, but not limited to, expenses for payroll.

### What is protected?

If 'Business Interruption' is specified in **your schedule of protection**, we will protect **you** for **your** financial **loss** and the **increased cost of working** to **your business** as a result of interruption to **your business** during the **period of protection**, due to **loss** of, or **damage** to property which is protected under **sections 1** Business Buildings; **2** Business Contents; **3** Burglary; **4** Money; **5** Engineering; or **7** General Property. Where a **Member** leases a **premises**, then at the time of the happening of the **loss** or **damage**, there will be in force an insurance or **protection** covering the interest of the **Member** in the **premises** against such **loss** or **damage**, and payment will have been made or liability admitted therefore under such insurance or **protection**.

### Basis of settlement

This is limited to the **loss** of **gross profit** due to a reduction in **turnover** and the increase in **your** cost of working. The amount payable will be:

- In respect of reduction of **turnover**, the sum produced by applying the **rate of gross profit** to the **loss** in **turnover** during the **indemnity period** (taking into account financial history and the trends of **your business**); and
- In respect of the increase in **your** cost of working, the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in **turnover** which would have taken place during the **indemnity period** in consequence of the **loss** or **damage**. However, **our** payment will not exceed the sum produced by applying the **rate of gross profit** to the amount of reduction thereby avoided. **We** will deduct any sum saved during the **indemnity period** in respect of such charges and expenses of **your business** payable out of **gross profit** as may cease or be reduced in consequence of the **loss** or **damage**.

In applying 'Underprotection' as described under Part B, 2 General Conditions, Item 21 of this document and Annexure 1 of the **Rules**, the basis of the calculation will be the **gross profit** amount.

**We** will not pay for any financial loss or **increased cost of working** during the period stated as the 'Standard Excesses' in the **schedule of protection** for this **section 6**.

## Additional benefits

If 'Business Interruption' is specified in **your schedule of protection** and **you** make a claim that is protected under this **section 6**, **we** will protect **you** for the following additional benefits if they are applicable to **your** claim. **Our** obligations in respect of these additional benefits will be limited to:

- a) the amount(s) stated in **your schedule of protection**; or
- b) the amount(s) stated below if there is no amount stated in **your schedule of protection**.

<p><b>1. Prevention of Access</b></p>	<p><b>We</b> will protect <b>you</b> for financial <b>loss</b> and the increased cost of operating <b>your business</b> resulting from <b>damage</b> to property in the vicinity of the <b>premises</b> if the <b>damage</b> hinders the use of or access to the <b>premises</b> and where such <b>damage</b> would have been protected under <b>sections</b> 1 Business Buildings; 2 Business Contents; 3 Burglary; 4 Money; 5 Engineering or 7 General Property had it occurred at the <b>premises</b>.</p> <p>The maximum <b>we</b> will pay for this additional benefit is the <b>gross profit</b> amount stated in <b>your schedule of protection</b>.</p>
<p><b>2. Public Utilities</b></p>	<p><b>We</b> will protect <b>you</b> for financial <b>loss</b> and the increased cost of operating <b>your business</b> resulting from <b>damage</b> to the property of a utility in <b>New Zealand</b> that supplies services directly to <b>your business</b> including telecommunications, electricity, gas or water, and where such <b>damage</b> would have been protected under <b>sections</b> 1 Business Buildings; 2 Business Contents; 3 Burglary; 4 Money; 5 Engineering; or 7 General Property had it occurred at the <b>premises</b>.</p> <p>The maximum <b>we</b> will pay for this additional benefit is 20% of the <b>gross profit</b> stated in <b>your schedule of protection</b>.</p>
<p><b>3. Suppliers and Customers' Premises</b></p>	<p><b>We</b> will protect <b>you</b> for financial <b>loss</b> and the increased cost of operating <b>your business</b> resulting from interruption or interference with <b>your business</b> caused by <b>damage</b> to property within <b>New Zealand</b> at any:</p> <ol style="list-style-type: none"> <li>a) <b>premises</b> from where <b>you</b> are supplied with goods or services (<b>your</b> suppliers do not include a public utility); or</li> <li>b) <b>premises</b> of any customer of <b>your business</b>, and where such <b>damage</b> would have been protected under <b>sections</b> 1 Business Buildings; 2 Business Contents; 3 Burglary; 4 Money; 5 Engineering; or 7 General Property had it occurred at the <b>premises</b>.</li> </ol> <p>The maximum <b>we</b> will pay for this additional benefit is 20% of the <b>gross profit</b> stated in <b>your schedule of protection</b>.</p>

## Optional benefits

If 'Business Interruption' is specified in **your schedule of protection**, **you** may request the following optional benefits to be added to **section 6**.

Optional benefits are extra **protections** not included in the standard **protection** available for 'Business Interruption'. **You** can request as part of **your** application, for **your section 6**, to be extended to include any of the optional benefits listed below. If **we** agree to add any optional benefit requested by **you**, the optional benefit will be stated in **your schedule of protection** and **your contributions** will be adjusted. **We** will pay up to the limit shown in **your schedule of protection**.

<p><b>1. Claims Preparation Costs</b></p>	<p>If 'Claims Preparation Costs' is specified in <b>your schedule of protection</b>, <b>we</b> will pay accountants', auditors' or other professional fees which <b>you</b> reasonably incur to prepare claims following <b>loss</b> or <b>damage</b> protected under <b>sections</b> 1 Business Buildings; 2 Business Contents; 3 Burglary; 4 Money; 5 Engineering; or 7 General Property.</p> <p>Specific exclusion 2(e) of this <b>section 6</b> does not apply to this optional benefit.</p> <p>The maximum <b>we</b> will pay for this optional benefit for the <b>period of protection</b> is the limit stated for 'Claims Preparation Costs' in <b>your schedule of protection</b>.</p>
<p><b>2. Accounts Receivable</b></p>	<p>If 'Accounts Receivable' is specified in <b>your schedule of protection</b> and <b>you</b> cannot trace or collect <b>money</b> owed to <b>you</b> by <b>your</b> customer(s) because <b>your business</b> records have been <b>lost</b> or <b>damaged</b> by a <b>protected event</b> under <b>sections</b> 1 Business Buildings; 2 Business Contents; 3 Burglary; 4 Money; 5 Engineering; or 7 General Property, we will pay:</p> <ol style="list-style-type: none"> <li>a) the difference between the <b>money</b> owed to <b>you</b> and the <b>money</b> collected; and</li> <li>b) the expenses <b>you</b> reasonably incur with <b>our</b> permission in trying to trace <b>money</b> owed to <b>you</b>.</li> </ol> <p>Specific exclusion 2(f) of this <b>section 6</b> does not apply to this optional benefit.</p> <p>The maximum <b>we</b> will pay for this optional benefit for the <b>period of protection</b> is the limit stated for 'Accounts Receivable' in <b>your schedule of protection</b>.</p>

<p><b>3. Additional Increased Costs of Working</b></p>	<p>If 'Additional Increased Costs of Working' is specified in <b>your schedule of protection</b>, we will protect <b>you</b> for the <b>additional increased costs of working</b> to <b>your business</b>.</p> <p>Specific exclusion 2(g) of this <b>section 6</b> does not apply to this optional benefit.</p> <p>The maximum <b>we</b> will pay for this optional benefit for the <b>period of protection</b> is the limit stated for 'Additional Increased Costs of Working' in <b>your schedule of protection</b>.</p>
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## What is not protected?

Unless:

- a) an exclusion is stated in **your schedule of protection** as being not applicable; or
- b) an exclusion is stated in an additional or optional benefit as being not applicable

then **section 6** does not protect any claim in connection with or attributable to the following:

### 1. General exclusions

Any applicable general exclusions set out in Part B, 3 General Exclusions of this document and Annexure 1 of the **Rules**.

### 2. Specific exclusions

**We** will not pay for:

- (a) any interruption if **your business** is wound up or carried on by a liquidator, receiver or administrator;
- (b) a decision by **you** not to resume **your business**;
- (c) industrial disputes or deliberate acts of telephone, electricity, gas or water suppliers;
- (d) any interruption lasting less than the period stated as the 'Standard Excess' in the **schedule of protection**, or any interruption outside the actual period of hindrance or prevention of access to **your premises**;
- (e) any claims preparations costs as a result of **your business** interruption;
- (f) any accounts receivable as a result of **your business** interruption;
- (g) any **additional increased costs of working** as a result of **your business** interruption;
- (h) more than the **gross profit**, which would have been earned taking into account trends in **your business**; or
- (i) any interruption to **your business** caused by or arising out of a **vehicle** or **watercraft**, except under item (g) of the General Definition of **protected event**.

# Section 7. General Property

## Specific definitions

In this **section** the following words have the following meaning:

<b>General Property</b>	Any property described in <b>your schedule of protection</b> .
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## What is protected?

If 'General Property' is specified in **your schedule of protection**, **we** will protect **you** for **loss** or **damage** to **your general property** anywhere in **New Zealand** caused by:

- a **protected event**;
- burglary**; or
- accidental loss or damage** during the **period of protection**.

## Basis of settlement

**Protection** is limited to NZ\$2,000 per any one item unless the item is specified in **your schedule of protection**. The maximum **we** will pay for any one **event** under this **section 7** General Property is the **limit(s) of protection** stated in **your schedule of protection**.

**We** will, at **our** option, repair or replace **your general property**, or pay **you** the costs of repair or replacement of **your general property**, that is **lost** or **damaged** with similar items to a condition no better than when new, up to the **limit(s) of protection** as stated in **your schedule of protection**.

If **you** do not repair or replace **your general property**, **we** will make a deduction for wear, tear and depreciation.

**We** will not pay the amount stated as the **excess(es)** in **your schedule of protection** for this **section 7**.

## Optional benefits

If 'General Property' is specified in **your schedule of protection**, **you** may request the following optional benefit to be added to **section 7**.

Optional benefits are extra **protections** not included in the standard **protection** available for **general property**. **You can** request as part of **your** application for **your section 7** to be extended to include the optional benefit listed below. If **we** agree to add the optional benefit requested by **you**, the optional benefit will be stated in **your schedule of protection** and **your contributions** will be adjusted. **We** will pay up to the limit shown in **your schedule of protection**.

<b>1. Flood Damage</b>	<p>If 'Flood Damage' is specified in <b>your schedule of protection</b>, <b>we</b> will protect <b>you</b> for <b>loss</b> or <b>damage</b> to <b>your general property</b> caused by <b>flood</b> during the <b>period of protection</b>.</p> <p>Specific exclusion 2(n) of this <b>section 7</b> does not apply to this optional benefit.</p> <p>The maximum <b>we</b> will pay for this optional benefit for the <b>period of protection</b> is the limit stated for 'Flood Damage' in <b>your schedule of protection</b>.</p>
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## What is not protected?

Unless:

- an exclusion is stated in **your schedule of protection** as being not applicable; or
  - an exclusion is stated in an additional or optional benefit as being not applicable
- then **section 7** does not protect any claim in connection with or attributable to the following:

### 1. General exclusions

Any applicable general exclusions set out in Part B, 3 General Exclusions of this document and Annexure 1 of the **Rules**.

### 2. Specific exclusions

**We** will not pay **loss** or **damage** for:

- an intentional, reckless or criminal act caused by **you**, a **protected person**, an **employee**, a **family member**, a **contractor** or any other person at **your premises** with **your** consent;
- wet or dry rot, mould, mildew, fungus, insects, woodworm or vermin;
- evaporation, shrinkage, loss of weight, rust, corrosion;
- dyeing, cleaning, repairing, renovating, denting, bruising, chipping, scratching, splitting, tearing or marring;

- (e) defect or built-in faults, faulty designs, plans, specifications, materials or workmanship;
- (f) wear and tear, gradual deterioration or any gradual cause;
- (g) electronic, electrical or mechanical **breakdown**, failure or malfunction;
- (h) fusion of electric motors;
- (i) dampness, dryness, steam, condensation, contamination, escape of fumes, flue gases or pollution;
- (j) a government or public authority legally taking **your** property;
- (k) unexplained inventory shortage or disappearance;
- (l) failure of the supply of water, gas, electricity or fuel;
- (m) falling trees or branches as a result of felling or lopping by **you** or with **your** consent;
- (n) **flood damage**;
- (o) seepage or percolation of water;
- (p) variation in atmospheric conditions;
- (q) change in colour or texture;
- (r) **vehicles** or **watercraft**;
- (s) goods maintained in a temperature-controlled environment;
- (t) any item intended to be heated where there is deliberate application of heat to that item;
- (u) any process of production, packing, treatment, testing, commissioning, servicing or repair, but if the process does not involve applying heat, then **we** will pay for **loss** or **damage** caused by fire or explosion;
- (v) **money**;
- (w) sporting equipment, guns, musical instruments, furs and leather, jewellery, bullion, precious metals or stones;
- (x) **personal effects** or personal property that is not related to or used in connection to the **business** or operation of the **business** by a **protected person** or a **contractor**;
- (y) **electronic data** stored or **electronic data** corruption, or computer virus;
- (z) any electrical device where **loss** or **damage** is caused by a power surge, unless the power surge is as a result of lightning strike or storm;
- (aa) **theft**;
- (ab) **loss** from any **building** or **vehicle** unless the protected property was securely locked in the **building**, or in, or on, the **vehicle**, and the **burglary** happens after forcible or violent damage to the **building** or **vehicle**;
- (ac) goods in transit for the purposes of being transported or delivered from one place to another;
- (ad) any action of the sea (except tsunami), tidal wave or **storm surge**; or
- (ae) claims arising outside of **New Zealand**.

# Section 8. Goods in Transit

## Specific definitions

In this **section** the following words have the following meaning:

<b>Transit</b>	Being transported in or on a <b>vehicle</b> , or by rail, from one place to another including loading and unloading of the <b>vehicle</b> .
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## What is protected?

If 'Goods in Transit' is specified in **your schedule of protection**, **we** will protect **your contents** and **stock** for **loss** or **damage** caused by:

- a) a **protected event**;
- b) **burglary**; or
- c) collision or overturning of the conveying **vehicle**

which occurs in the course of being transported (including loading and unloading), or while being stored (for up to 30 days) anywhere in **New Zealand** occurring during the **period of protection**.

## Basis of settlement

The maximum **we** will pay for any one **event** under this **section 8** Goods in Transit is the **limit of protection** stated in **your schedule of protection**.

### (A) Contents (other than Stock)

If 'contents' is specified in **your schedule of protection** and an item of **your contents** is **damaged**, **we** will, at **our** option, repair or replace the part of the item where there is **damage** as far as possible to its original condition, using materials that are easily available in **New Zealand**. Or, at **our** option, **we** will pay **you** the reasonable cost to do so, up to the **limit of protection** as stated in **your schedule of protection**.

If there is a **loss** to an item of **your contents**, **we** will pay to replace the item as if it was new at the time of the **loss**. Or, at **our** option, **we** will pay **you** the reasonable cost to do so, up to the **limit of protection** as stated in **your schedule of protection**.

If, at **our** option, **we** provide a cash settlement, or if replacement or reinstatement is not carried out, **we** will only pay the lesser of:

- i) the cost of repairing the protected property less an equitable allowance for age, wear and tear, depreciation, or betterment; or
- ii) the pre-**damage** value of the property at the time of its **loss** or destruction; or
- iii) the **limit of protection** applicable to such property where separately specified.

### (B) Stock

**We** will pay, at **our** option:

- i) the cost of replacement of **stock lost** or **damaged** in **transit** at the time when the **loss** or **damage** occurs;
- ii) pay **you** the **wholesale cost** to replace **your stock** at the time of the **loss** or **damage**; or
- iii) the contract price if **you** have sold but not delivered the **stock** and the sale is cancelled because of **loss** or **damage** to the **stock** in **transit**.

If **you** do not repair or replace **your stock**, **we** will make a deduction for wear, tear and depreciation.

**We** will not pay the amount stated as the **excess(es)** in **your schedule of protection** for this **section 8**.

## What is not protected?

Unless an exclusion is stated in **your schedule of protection** as being not applicable, then **section 8** does not protect any claim in connection with or attributable to the following:

### 1. General exclusions

Any applicable general exclusions set out in Part B, 3 General Exclusions of this document and Annexure 1 of the **Rules**.

### 2. Specific exclusions

**We** will not pay for:

- (a) breakage of glass, china (and similar brittle materials), bruising or scratching of furniture, leakage, spillage, electrical or mechanical **breakdown** unless caused by fire, **burglary**, collision or overturning of the conveying **vehicle**;
- (b) clerical error, omissions or deliveries to the wrong consignee;

- (c) **burglary**, fraud or dishonesty by a **protected person** or a **contractor**;
- (d) wear and tear, moths, vermin, insects, fungus or a gradually operating cause;
- (e) **breakdown** or malfunctioning of cooling or heating **machinery** unless caused by fire, **burglary**, overturning or collision of the conveying **vehicle**;
- (f) evaporation, shrinkage, loss of weight, dampness, dryness, steam, condensation, contamination, escape of fumes, flue gases or pollution;
- (g) exposure to weather conditions unless the conveying **vehicle** is enclosed; or
- (h) **burglary** from an unattended **vehicle**, unless the **vehicle** is in a locked building.

## Section 9. Public and Products Liability

### Specific definitions

In this **section** the following words have the following meaning:

<b>Product(s)</b>	Anything (including goods, containers or packaging, directions, markings, instructions, warnings or specifications) manufactured, deemed manufactured, grown, extracted, produced, processed, assembled, constructed, sold, supplied, re-supplied, distributed, installed, erected, repaired, treated, altered or serviced by <b>you</b> , or on <b>your</b> behalf, in connection with <b>your business</b> after physical possession has been passed to others.
<b>Safety Critical Parts</b>	Any <b>products</b> used by <b>you</b> that are designed for use in <b>vehicles</b> which could be classified as critical components of <b>vehicles</b> being structural, driving equipment, wheel frame, brakes, steering equipment and tyres.
<b>Territorial Limit</b>	<ul style="list-style-type: none"> <li>a) Anywhere in <b>New Zealand</b> or its external territories; and</li> <li>b) anywhere else in the world, but only in respect of: <ul style="list-style-type: none"> <li>i) travelling salespeople or executives who normally reside in <b>New Zealand</b> and do not undertake any manual work or supervise work of any kind (but excluding USA and Canada or any country, territory or protectorate to which the laws of USA and Canada apply); and</li> <li>ii) <b>your product(s)</b> exported (but excluding USA and Canada or any country, territory or protectorate to which the laws of USA and Canada apply).</li> </ul> </li> </ul>

### What is protected?

If 'Public and Products Liability' is specified in **your schedule of protection**, we will protect **you** for the amount that **you** are **legally liable** to pay as compensation for:

- a) **personal injury** to any person; and
- b) **property damage** happening during the **period of protection** arising from an **occurrence** within the **territorial limit** in connection with **your business**.

### Basis of settlement

We will pay for the compensation, including the legal costs of a person claiming against **you** and **your defence costs**, all inclusive in the **limit(s) of protection** as stated in **your schedule of protection**.

The maximum we will pay during the **period of protection** is up to the **limit(s) of protection** for any one **occurrence** and in the aggregate as set out in **your schedule of protection**.

We will not pay the amount stated as the **excess(es)** in **your schedule of protection** for this **section 9**.

### Additional benefits

If 'Public and Products Liability' is specified in **your schedule of protection** and **you** make a claim that is protected under this **section 9**, we will protect **you** for the following additional benefits if they are applicable to **your** claim. Additional benefits may include limits and where limits apply they are stated in the table below or in **your schedule of protection**, as applicable. Any additional benefit limits shown are included in the **limit of protection** as stated in **your schedule of protection**.

<b>1. Indemnity to Other Persons</b>	We will protect <b>you</b> for liability to indemnify any principal with whom <b>you</b> have entered into a contract or agreement in connection with <b>your business</b> , and the terms of the contract or agreement requires that <b>you</b> must indemnify the principal for <b>personal injury</b> or <b>property damage</b> caused by <b>you</b> or <b>your employees</b> whilst performing work for the principal, but only if the liability relates to the work performed by <b>you</b> or <b>your employees</b> and would have been implied by law in the absence of the contract or agreement and <b>you</b> would be entitled to <b>protection</b> under <b>section 9</b> , if the claim was made against <b>you</b> .
<b>2. Cross Liabilities</b>	Where <b>you</b> are more than one party or additional benefit 1 applies, the <b>protection</b> in this <b>section</b> applies to each <b>protected person</b> or entity protected by this <b>section</b> as if each of them had separately applied for <b>protection</b> . However, this additional benefit and additional benefit 1 do not operate to increase the <b>limit of protection</b> shown in <b>your schedule of protection</b> .



<p><b>3. Compensation for Court Attendance</b></p>	<p>If, at <b>our</b> request, <b>you</b> or another <b>protected person</b> attends court as a witness in connection with a claim for which <b>you</b> are protected under this <b>section 9</b>, <b>we</b> will compensate <b>you</b> for the attendance at court.</p> <p>The maximum limit <b>we</b> will pay for this additional benefit is:</p> <ol style="list-style-type: none"> <li>for <b>you</b>, up to NZ\$500; or</li> <li>for any other <b>protected person</b>, up to NZ\$250 for each day that attendance is required, up to a maximum of 14 days for the <b>period of protection</b>.</li> </ol>
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## Optional benefits

If 'Public and Products Liability' is specified in **your schedule of protection**, **you** may request the following optional benefits to be added to **section 9**.

Optional benefits are extra **protections** not included in the standard **protection** available for 'Public and Products Liability'. **You** can request as part of **your** application, for **your section 9**, to be extended to include any of the optional benefits listed below. If **we** agree to add any optional benefits requested by **you**, the optional benefits will be stated in **your schedule of protection** and **your contributions** will be adjusted. Any optional benefit limits as shown in **your schedule of protection** are included in the **limit of protection**.

<p><b>1. Property in your Care, Custody or Control</b></p>	<p>If 'Property in your Care, Custody or Control' is specified in <b>your schedule of protection</b>, <b>we</b> will protect <b>you</b> for <b>your legal liability</b> to pay compensation occurring during the <b>period of protection</b> for <b>damage</b> to property that is in <b>your</b> physical possession or legal control that consists of:</p> <ol style="list-style-type: none"> <li><b>premises</b> which <b>you</b> occupy under a lease or tenancy agreement;</li> <li><b>premises</b> and their <b>contents</b> that are not owned by <b>you</b> but are temporarily occupied by <b>you</b> for the purpose of carrying out work in connection with <b>your business</b> (but not for <b>property damage</b> to that part of the property on which <b>you</b> are or have been working on which arises out of such work, unless optional benefit 5 is taken);</li> <li><b>vehicles</b> not belonging to <b>you</b> but in <b>your</b> care, custody or control, and used in connection with <b>your business</b> in a car park (but not an impound yard) that <b>you</b> operate at no cost for <b>your</b> customers;</li> <li><b>customers' vehicles</b> in <b>your</b> care, custody or control used in connection with <b>your business</b> whilst being driven or moved for the purposes of servicing, repairing, delivery or testing (but not for <b>property damage</b> to that part of the property on which <b>you</b> are or have been working on which arises out of such work, unless optional benefit 5 is taken); or</li> <li>other forms of tangible property not included in (a) to (d) above (except land or buildings) not owned by <b>you</b> but in <b>your</b> physical or legal control, and that <b>you</b> have not assumed responsibility to obtain insurance (but not for <b>property damage</b> to that part of the property on which <b>you</b> are or have been working on which arises out of such work, unless optional benefit 5 is taken).</li> </ol> <p>Specific exclusion 2(p) of <b>section 9</b> does not apply to this optional benefit.</p> <p>The maximum <b>we</b> will pay for this optional benefit for the <b>period of protection</b> is the limit for 'Property in your Care, Custody or Control' stated in <b>your schedule of protection</b>.</p>
<p><b>2. Contractors and Subcontractors</b></p>	<p>If 'Contractors and Subcontractors' is specified in <b>your schedule of protection</b>, <b>we</b> will protect <b>you</b> for <b>your legal liability</b> to pay compensation for <b>personal injury</b> or <b>property damage</b> caused by any <b>contractor</b> or subcontractor whilst working in <b>your business</b> and for whose actions <b>you</b> are legally liable.</p> <p>However, <b>we</b> will not <b>protect you</b> for <b>legal liability</b> arising when <b>contractors</b> or subcontractors are working directly or indirectly on any <b>watercraft</b>.</p> <p>Specific exclusion 2(o) of <b>section 9</b> does not apply to this optional benefit.</p> <p>The maximum <b>we</b> will pay for this optional benefit for the <b>period of protection</b> is the limit for 'Contractors and Subcontractors' stated in <b>your schedule of protection</b>.</p>
<p><b>3. Assumed Liability</b></p>	<p>If 'Assumed Liability' is specified in <b>your schedule of protection</b>, <b>we</b> will protect <b>you</b> for liability assumed by <b>you</b> under a hire, lease or other agreement, provided that a copy of the agreement is given to <b>us</b> prior to the commencement of the <b>period of protection</b> and is stated in <b>your schedule of protection</b>.</p> <p>Specific exclusion 2(f) of <b>section 9</b> does not apply to this optional benefit.</p> <p>The maximum <b>we</b> will pay for this optional benefit for the <b>period of protection</b> is the limit for 'Assumed Liability' stated in <b>your schedule of protection</b>.</p>

<p><b>4. Damage Resulting from Faulty Workmanship</b></p>	<p>If 'Damage Resulting from Faulty Workmanship' is specified in <b>your schedule of protection</b>, we will protect <b>you</b> for <b>your legal liability</b> to pay compensation for <b>personal injury</b> or <b>property damage</b> resulting from <b>your</b> faulty workmanship, service or repair.</p> <p><b>We</b> will not protect <b>you</b> for any unpaid accounts.</p> <p>The cost of rectifying the faulty workmanship itself is excluded under this optional benefit 4.</p> <p>Specific exclusion 2(g) of <b>section 9</b> does apply to this optional benefit.</p> <p><b>We</b> will not protect claims arising from faulty designs or specifications.</p> <p>The maximum <b>we</b> will pay for this optional benefit for the <b>period of protection</b> for <b>personal injury</b> or <b>property damage</b> resulting from <b>your</b> faulty workmanship is the limit for the 'Damage Resulting from Faulty Workmanship' stated in <b>your schedule of protection</b>.</p> <p>Where applicable for a <b>property damage loss</b>, <b>we</b> will only pay the lesser of:</p> <ol style="list-style-type: none"> <li>the <b>wholesale cost</b> for parts, reasonable freight costs and net labour costs reasonably incurred; or</li> <li>the limit for 'Damage Resulting from Faulty Workmanship' stated in <b>your schedule of protection</b>.</li> </ol>
<p><b>5. Cost of Rectifying Faulty Workmanship</b></p>	<p>If 'Cost of Rectifying Faulty Workmanship' is specified in <b>your schedule of protection</b>, we will protect <b>you</b> for <b>your legal liability</b> to pay for the cost of rectifying, performing, re-performing, completing or improving work on a <b>vehicle</b> or <b>watercraft</b> that was originally performed during the <b>period of protection</b>, and where such rectification, performance, re-performance, completion or improvement is consequent upon faulty workmanship.</p> <p><b>We</b> will not protect <b>you</b> for any unpaid accounts, or claims arising from faulty designs or specifications.</p> <p>Specific exclusion 2(h) of <b>section 9</b> does apply to this optional benefit.</p> <p>The maximum <b>we</b> will pay for this optional benefit for the <b>period of protection</b> for the cost of rectifying <b>your</b> faulty workmanship is the lesser of:</p> <ol style="list-style-type: none"> <li>the cost of the <b>wholesale cost</b> for parts, reasonable freight costs and net labour costs reasonably incurred; or</li> <li>the limit for the 'Cost of Rectifying Faulty Workmanship' stated in <b>your schedule of protection</b>.</li> </ol>
<p><b>6. Equipment, Goods or Vehicles Hired to Others</b></p>	<p>If 'Equipment, Goods or Vehicles Hired to Others' is specified in <b>your schedule of protection</b>, we will protect <b>you</b> for <b>your legal liability</b> to pay compensation for <b>personal injury</b> or <b>property damage</b> arising out of or in connection with equipment, goods or <b>vehicles you</b> hire to others.</p> <p>Specific exclusion 2(l) of <b>section 9</b> do not apply to this optional benefit.</p> <p>The maximum <b>we</b> will pay for this optional benefit for the <b>period of protection</b> is the limit for 'Equipment, Goods or Vehicles Hired to Others' stated in <b>your schedule of protection</b>.</p>

## What is not protected?

Unless:

- an exclusion is stated in **your schedule of protection** as being not applicable; or
- an exclusion is stated in an additional or optional benefit as being not applicable

then **section 9** does not protect any claim attributable to the following:

### 1. General exclusions

Any applicable general exclusions set out in Part B, 3 General Exclusions of this document and Annexure 1 of the **Rules**.

### 2. Specific exclusions

Actual or alleged liability arising out of or relating (directly or indirectly) to:

#### (a) **Products Liability**

- Property damage** to any **product(s)** or part of such **product(s)** where such **property damage** is attributable to any defect therein, defective design, formula, pattern or specification, however this exclusion does not apply to **personal injury** or **property damage** resulting therefrom;
- any defect in **your product(s)** sold or supplied by **you** which **you** knew or should have known about;
- failure or inadequacy of **your product(s)** to meet the level of performance, quality, fitness or durability represented by **you**;
- the cost of investigating the cause of any defect or deficiency of **your product(s)**; or

- v) the cost of tracing, recalling, withdrawing, repairing, refunding, replacing or **loss** of use of **your product(s)** or any property of which **your product(s)** form part of if **your product(s)** are withdrawn from the market or from use because of a known or suspected fault.

(b) **Vehicles Owned by You**

The ownership, possession, operation or use by **you** or anyone on **your** behalf of any **vehicle**:

- i) which is registered;
- ii) which is required by law to be registered;
- iii) for which a temporary permit has been issued for the purpose of travel on a public road; or
- iv) for which compulsory third party insurance or statutory liability insurance is required.

This exclusion does not apply to liability arising out of:

- i) the loading or unloading of goods to or from any **customer vehicle**;
- ii) the use of any tool or plant forming part of or attached to a **vehicle** or used in connection with a **vehicle** or any **vehicle** used as plant, other than when the **vehicle** is in use or moving;
- iii) operation or use of a **vehicle** designed primarily for lifting, lowering, loading or unloading whilst being operated in the course of **your business**; or
- iv) any **customer vehicle**.

(c) **Watercraft**

The ownership, possession, operation maintenance, repair, service or use by **you** or on **your** behalf of any **watercraft** which exceeds 8 metres in length.

(d) Aircraft, Rail or Underground Mining Equipment

- i) The ownership, possession, operation, maintenance, repair, service or use by **you** or on **your** behalf of any aircraft or aerial device, railway or train, or underground mining equipment; or
- ii) **product(s)** intended for, installed in, on or forming part of any aircraft or aerial device, railway or train, or underground mining equipment.

(e) Employer's Liability

- i) **Loss or damage** to property owned by an **employee**;
- ii) **personal injury** to any of **your employees** arising out of their employment in **your business**;
- iii) **personal injury** to any person if **you** are required by law to protect or insure, through self-insurance, statutory fund or statutory scheme, all or part of any common law liability for such **personal injury**; or
- iv) imposed by any workers' compensation or accident compensation law, or the provisions of any industrial award or agreement or determination.

(f) Assumed Liability

Liability assumed by **you** under any contract or agreement other than liability **you** would have had without the contract or agreement.

(g) Damage Resulting from Faulty Workmanship

**Loss or damage** resulting from faulty workmanship, service or repair.

(h) Cost of Rectifying Faulty Workmanship

The cost of performing, completing, correcting or improving any work done by **you**.

(i) Professional Protection

Any advice given by **you** for a fee.

(j) Building(s) Under Construction

The erection, demolition, or addition to any **business building(s)** or structure at **your premises** if the contract price for those works exceeds NZ\$250,000.

(k) Pollution

Any act, error or omission, inactivity or activity which results in the discharge, dispersal, transmission, release or escape of any **pollutant** into or onto land, soil, vegetation, crop, foodstuff, stockfeed, building, structure, watercourse, underground water supply, body of water or into the atmosphere.

This exclusion does not apply if the discharge, dispersal, transmission, release or escape of the **pollutant** was fortuitous, sudden and **accidental** and took place at a clearly identifiable time, provided that:

- (i) **we** will not pay more than the **limit of protection** stated in the **schedule of protection**; if such discharge, dispersal, transmission, release, or escape extends beyond more than one **period of protection**;
- (ii) **we** will not pay any costs where such discharge, dispersal, transmission, release, or escape of **pollutants** was caused by any of **your product(s)** that have been discarded, dumped or abandoned by others;

- (iii) **we** will not pay any costs of preventing the escape of **pollutants**; and
- (iv) **our** total liability for claims in the **period of protection** is limited to the **limit of protection**.

(l) Equipment or Goods Hired to Others

Equipment, goods or **vehicles** hired to others by **you**.

(m) Damages

Punitive, aggravated or exemplary damages.

(n) Fines and Penalties or Reparation Orders

Fines, penalties or any other monetary penalties.

(o) Contractors and Subcontractors

Any **product(s)** supplied, or work carried out by any **contractor** or subcontractor on **your** behalf.

(p) Property in **Your** Care Custody or Control

Any property left in **your** care, custody or control.

(q) Tobacco

Tobacco or tobacco smoke.

(r) Underground Works

Any work undertaken at a depth greater than 3 metres from the surface of the ground.

(s) Libel, Slander and Defamation

Libel or slander or defamation.

(t) Loss of Use

**Loss** of use of tangible property which has not been physically **lost** or **damaged** resulting from:

- (i) delay in or lack of performance by **you** or on **your** behalf of any contract or agreement; or
- (ii) the failure of **your product(s)** or work performed by **you** to meet the level of performance, quality, fitness or durability expressly or impliedly warranted or represented by you. However, t(ii) does not apply to **loss** of use of other tangible property resulting from sudden and **accidental** physical **damage** to or destruction of **your product(s)** after **your product(s)** have been put to use by any person or organisation other than **you**.

(u) Critical Motor Parts

Any **safety critical parts** where the value of **safety critical parts** imported or manufactured by **you** exceeds either NZ\$1,000,000 or 30% of **your** turnover annually, whichever is lower.

(v) Motor Sports

**Loss** or **damage** resulting directly or indirectly from participation in motor sport including, but not limited to, racing, rallying, hill-climbing, speedway, drag racing, track days (timed or untimed) or sprint events.

(w) Tyres

Any manufacture, recapping, retreading or remoulding of tyres by **you**, or directed by **you** where **your** predominant **business** is tyre manufacturing and retreading. This exclusion does not apply to the resale or installing of tyres which are not manufactured, recapped, retreaded or remoulded by **you** or someone working on **your** behalf.

(x) Oil and Gas

Any activities relating to work undertaken offshore, including, but not limited to, offshore platforms, wells and permits, offshore pipelines and gathering systems, offshore exploration and offshore drilling and production, as well as any and all operations related to any such activities, or work on parts or equipment intended for use in any such activities.

(y) On - Hook Liability

**Loss** or **damage** to any **vehicle** whilst being:

- i) towed by;
- ii) carried by;
- iii) loaded onto; or
- iv) unloaded from

a **vehicle** owned by **you** or under **your** control, or the control of a driver who is a **protected person**, a **contractor**, an **employee** or a **family member**.

(z) Plant and Equipment Hire

**Loss** or **damage** resulting from the operation of any:

- i) tool, plant or equipment; or
- ii) tool, plant or equipment forming part of or attached to or used in connection with any **vehicle** whilst being hired or leased out by **you** to any third party regardless of who the operator is.

However, this exclusion does not apply to the extent that the **loss** or **damage** was caused by **your** negligence.

(aa) Property Owners Liability

If 'Property Owners Liability' is specified in **your schedule of protection** we will not protect **you** against actual or alleged liability arising out of or relating (directly or indirectly) to:

- i) any **business**, profession, trade or manufacturing operation conducted by **you**, except that of property owner of the property noted in the **schedule of protection**; or
- ii) any **business**, profession, trade or manufacturing operation performed by any tenant occupying **your** property.

(ab) Run Off Liability

If 'Run Off Liability' is specified in **your schedule of protection**:

- i) **we** will protect **your** liability where the first occurrence happens before the **period of protection** and the **loss** happens during the **period of protection**; and
- ii) **we** will not protect **you** against any actual or alleged liability where the first occurrence happens during the **period of protection**.

ac) Theft of Vehicle

**Theft** of any **customer vehicle** if, at the time of **theft**:

- i) the **vehicle's** keys are left on or in the **vehicle** unless **you**, an **employee**, or a **contractor** are working on the **vehicle**; or
- ii) it is outside **business hours** and the **vehicle's** keys are not in a locked **safe / strong room**, or key cabinet.

# Section 10. Professional Protection

## Introduction

### Claims Made and Notified Basis of Protection

This section 10 Professional Protection is issued to **you** on a 'Claims made and notified' basis.

This means the **protection** responds to:

- a) claims first made against **you** during the **period of protection** and notified to **us** during the **period of protection**, provided **you** were not aware at any time prior to the **period of protection** of circumstances which would have put a reasonable person in **your** position on notice that a claim may be made against **you**; and
- b) written notification of facts. The facts that **you** may decide to notify are those which might give rise to a claim against **you**. Such notification must be given as soon as reasonably practicable after **you** become aware of the facts and prior to the expiry of the **period of protection**. If **you** give written notification of such facts, the **protection** will respond even though a claim arising from those facts is made against **you** after the **period of protection** has expired.

When the **period of protection** expires, no new notification of facts can be made once the **period of protection** expires even though the relevant **event** giving rise to the claim against **you** may have occurred during the **period of protection**.

## Specific definitions

In this section the following words have the following meaning:

Civil Liability	Liability for the damages, costs and expenses that a civil court orders <b>you</b> to pay on a claim including legal costs of the person making the claim for which <b>you</b> become liable. It does not include criminal liability or penalties.
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## What is protected?

If 'Professional Protection' is specified in **your schedule of protection**, **we** will protect **you** and **your employees** for **your civil liability** for any claim for compensation first made against **you**, and notified to **us**, during the **period of protection** arising out of a breach of professional duty by **you** when providing professional advice for a fee in the conduct of **your business** in **New Zealand**.

## Basis of settlement

**We** will pay for:

- a) the compensation that **you** are liable to pay; and
- b) **your defence costs**

both of which are included in the **limit of protection**.

The maximum **we** will pay for any one claim and in the aggregate for the **period of protection** is the **limit of protection** under section 10. 'Professional Protection' as stated in **your schedule of protection**.

**We** will not pay the amount stated as the **excess(es)** in **your schedule of protection** for this section 10.

## Additional benefits

If 'Professional Protection' is specified in **your schedule of protection**, and **you** make a claim that is protected under this section 10, **we** will protect **you** for the following additional benefits if they are applicable to **your** claim.

Additional benefits may include limits and where limits apply they are stated in the table below or in **your schedule of protection**, as applicable. Any additional benefit limits shown are included in the **limit of protection** as stated in **your schedule of protection**.

1. Additional Parties	<p><b>We</b> will protect:</p> <ol style="list-style-type: none"><li>a) <b>your employees</b> whilst working for the <b>business</b> other than for claims relating to dishonest, fraudulent or malicious acts or omissions;</li><li>b) a <b>protected person</b> in respect of a <b>civil liability</b> arising in their capacity as a principal, director or partner of a prior <b>business</b>; and</li><li>c) entities merged with or acquired by <b>you</b> during the <b>period of protection</b> but only:<ol style="list-style-type: none"><li>i) for a maximum of 30 days from the date of the merger or acquisition; or</li><li>ii) until the <b>protection</b> expires whichever is the earlier.</li></ol></li></ol> <p><b>We</b> may agree to extend this period subject to payment of an additional <b>contribution</b>.</p> <p>The retroactive date for the <b>protection</b> is the date of the merger or acquisition by <b>you</b>, unless <b>we</b> otherwise agree in writing.</p>
2. Competition and Consumer Liability	<p><b>We</b> will protect <b>you</b> for <b>your civil liability</b> under the <i>Fair Trading Act 1986</i> for claims during the <b>period of protection</b> for misleading or deceptive conduct by a <b>protected person</b> or <b>you</b>, but not for criminal liability.</p>

<b>3. Infringement of Copyright</b>	<p><b>We</b> will protect <b>you</b> for <b>your</b> liability for any unintentional infringement of copyright, trademarks, registered designs or patents, or breach of confidentiality during the <b>period of protection</b>.</p>
<b>4. Lost Documents</b>	<p><b>We</b> will pay for the costs, if reasonably incurred, of replacing or restoring documents or records <b>lost</b> or destroyed during the <b>period of protection</b> and incurred in the course of <b>your business</b> and which relate to professional services rendered by <b>you</b>.</p> <p>If <b>you</b> claim under this <b>section</b>, <b>you</b> will be required to show that <b>you</b> have the relevant bills or accounts and <b>we</b> are entitled to submit these to a relevant expert of <b>our</b> choosing for verification.</p> <p>The maximum <b>we</b> will pay for this additional benefit is NZ\$5,000 for the <b>period of protection</b>.</p>
<b>5. Claim Investigation Costs</b>	<p><b>We</b> will pay for the cost of investigating a potential claim during the <b>period of protection</b> under this <b>section 10</b> if:</p> <ol style="list-style-type: none"> <li><b>we</b> incur the costs; or</li> <li><b>you</b> incur the costs with <b>our</b> prior written consent.</li> </ol> <p>The maximum <b>we</b> will pay for this additional benefit is NZ\$5,000 for the <b>period of protection</b>.</p>
<b>6. Non-Imputation</b>	<p>Where there is more than one <b>protected person</b> or <b>contractor</b> stated in <b>your schedule of protection</b>, <b>we</b> will protect an innocent <b>protected person</b> or <b>contractor</b> protected under this <b>section 10</b> where there has been a failure of another <b>protected person</b> or <b>contractor</b> to:</p> <ol style="list-style-type: none"> <li>accurately, completely and truthfully disclose information to <b>us</b> which is relevant to <b>our</b> decision to provide <b>protection</b> under this <b>section 10</b>; or</li> <li>comply with an obligation, term or condition contained in this <b>Product Disclosure Statement</b> during the <b>period of protection</b>.</li> </ol>
<b>7. Continuous Protection</b>	<p>If:</p> <ol style="list-style-type: none"> <li>a claim is notified by <b>you</b>; and</li> <li><b>you</b> are aware of a fact or circumstance that might reasonably give rise to a claim which <b>you</b> could have elected to notify</li> </ol> <p><b>us</b> under an earlier <b>protection</b> issued by <b>us</b> but <b>you</b> failed to notify <b>us</b> within the relevant notification period under an earlier <b>protection</b>, in the absence of fraudulent non-disclosure <b>we</b> may accept notification of such claim, fact or circumstance under this <b>protection</b> if <b>you</b> notify <b>us</b> in writing of such claim, fact or circumstance during this <b>period of protection</b>.</p> <p>This <b>protection</b> only applies if <b>you</b> have been continuously protected, without interruption, under a <b>protection</b> issued by <b>us</b> between the commencement of the <b>period of protection</b> and whichever is earlier of:</p> <ol style="list-style-type: none"> <li>such claim was first made against <b>you</b>; or</li> <li><b>you</b> first became aware of such fact or circumstance.</li> </ol> <p><b>We</b> may be entitled to reduce <b>our</b> liability for claims under this automatic <b>protection</b> by the amount that represents any prejudice <b>we</b> have suffered due to such late notification.</p> <p>This additional benefit only applies if such claim or liability arising out of such fact or circumstance would have been protected under the earlier <b>protection</b> current on the date:</p> <ol style="list-style-type: none"> <li>such claim was first made against <b>you</b>;</li> <li><b>you</b> first became aware of such fact or circumstance, but for the late notification and is also protected under this <b>protection</b>.</li> </ol> <p>The maximum <b>we</b> will pay for this additional benefit is the lesser of the terms, conditions and limit for this <b>protection</b>, and the terms, conditions and limit available under such earlier <b>protection</b>.</p>

## Optional benefits

If 'Professional Protection' is specified in **your schedule of protection**, **you** may request the following optional benefits to be added to **section 10**.

Optional benefits are extra **protections** not included in the standard **protection** available for 'Professional Protection'. **You** can request as part of **your** application for **your section 10** to be extended to include any of the optional benefits listed below. If **we** agree to add any optional benefits requested by **you**, the optional benefits will be stated in **your schedule of protection** and **your contributions** will be adjusted. Any optional benefit limits shown in **your schedule of protection** are included in the **limit of protection**.

<p><b>1. Contractors and Subcontractors</b></p>	<p>If ‘Contractors and Subcontractors’ is specified in <b>your schedule of protection</b>, <b>we</b> will protect <b>you</b> for breach of professional duty by any <b>contractor</b> or subcontractor when providing professional advice for a fee in the conduct of <b>your business</b> and for whose actions <b>you</b> are legally liable.</p> <p>Specific exclusion 2(p) of <b>section 10</b> does not apply to this optional benefit.</p> <p>The maximum <b>we</b> will pay for this optional benefit for the <b>period of protection</b> is the limit for ‘Contractors and Subcontractors’ stated in <b>your schedule of protection</b>.</p>
<p><b>2. Retroactive Protection</b></p>	<p>If ‘Retroactive Protection’ is specified in <b>your schedule of protection</b>, <b>we</b> will protect any <b>loss</b> that is within the time of discovery of a <b>loss</b> or the time when a <b>loss</b> occurred, if this <b>protection</b> is substituted for any prior insurance policy of professional protection/indemnity <b>you</b> held that is cancelled, terminated or expired at the time of substitution, provided that:</p> <ol style="list-style-type: none"> <li>a) the <b>loss</b> would have been protected under this <b>section 10</b> had this <b>section</b> been in force when the act causing the <b>loss</b> was committed;</li> <li>b) the <b>loss</b> would have been recoverable by <b>you</b> under the prior insurance policy except for the fact that the time within which to discover any <b>loss</b> had expired; and</li> <li>c) recovery under this <b>section</b> for the <b>loss</b> will not exceed the amount that would: <ol style="list-style-type: none"> <li>i) be recoverable under this <b>section</b> had the act been committed immediately before discovery; or</li> <li>ii) have been recoverable under the prior insurance policy had it continued in force until the discovery of the <b>loss</b>, whichever is the lesser.</li> </ol> </li> </ol> <p><b>We</b> will not be liable for any <b>loss</b> arising from any act, error or omission committed more than 12 months before the commencement of this <b>section 10</b> of the <b>protection</b>.</p>
<p><b>3. Vehicle Assessment</b></p>	<p>If ‘Vehicle Assessment’ is specified in <b>your schedule of protection</b>, <b>we</b> will protect <b>you</b> for <b>your</b> liability to pay compensation for a claim during the <b>period of protection</b> arising out of a breach of professional duty by <b>you</b> when providing assessment or evaluation of a <b>vehicle</b> where <b>you</b> provide:</p> <ol style="list-style-type: none"> <li>a) a <b>vehicle</b> roadworthy certificate, <b>vehicle</b> condition report or <b>vehicle</b> compliance report;</li> <li>b) a <b>vehicle</b> pre-purchase report; or</li> <li>c) a <b>vehicle</b> safety report.</li> </ol> <p>Specific exclusion 2(r) of <b>section 10</b> does not apply to this optional benefit.</p> <p>The maximum <b>we</b> will pay for this optional benefit for the <b>period of protection</b> is the limit for ‘Vehicle Assessment’ stated in <b>your schedule of protection</b>.</p>
<p><b>4. Vehicle Breakdown</b></p>	<p>If ‘Vehicle Breakdown’ is specified in <b>your schedule of protection</b>, <b>we</b> will protect <b>you</b> for <b>your</b> liability to pay compensation for a claim during the <b>period of protection</b> arising out of a breach of professional duty by <b>you</b> when providing roadside assistance or towing.</p> <p>Specific exclusion 2(q) of <b>section 10</b> does not apply to this optional benefit.</p> <p>The maximum <b>we</b> will pay for this optional benefit for the <b>period of protection</b> is the limit for ‘Vehicle Breakdown’ stated in <b>your schedule of protection</b>.</p>

## What is not protected?

Unless:

- a) an exclusion is stated in **your schedule of protection** as being not applicable; or
- b) an exclusion is stated in an additional or optional benefit as being not applicable

then **section 10** does not protect any claim in connection with or attributable to the following:

### 1. General exclusions

Any applicable general exclusions set out in Part B, 3 General Exclusions of this document and Annexure 1 of the **Rules**.

### 2. Specific exclusions



**We** will not pay for:

- (a) any claim **you** were aware of at the inception of **your protection** or any claim arising from any fact or circumstance of which **you** were aware, or ought reasonably to have been aware, that may give rise to a claim prior to the inception of this **protection**;
- (b) any claim by an **employee**;
- (c) **your** function and duties as a director or officer of any legal entity, corporation or other incorporated body;
- (d) any claim arising from **you** providing advice in relation to financial services whether or not for a fee or arising from the arranging or issuing of financial **product(s)** or providing financial advice;
- (e) claims arising out of libel or slander or defamation;
- (f) claims arising out of invasion of personal rights or privacy;
- (g) claims arising from the manufacture, production, processing, assembly, construction, erection, installation, repair, service, sale, supply or distribution of goods by or on behalf of **you** or claims arising in connection with property owned by **you** or in **your** care, custody or control;
- (h) claims arising from evaporation, shrinkage, loss of weight, dampness, dryness, steam, condensation, contamination, escape of fumes, flue gases or pollution;
- (i) claims brought or maintained against **you** by any person who is residing with **you** or has resided with **you**;
- (j) claims in consequence of any trading debt incurred by **you**, or claims for refund of professional fees or charges;
- (k) claims arising out of the ownership, operation or use of any **vehicle, watercraft** or aircraft by **you** or on **your** behalf;
- (l) claims arising out of wrongful entry or eviction;
- (m) claims in relation to physical **loss** or **damage of money**;
- (n) claims arising from acts or omissions happening before the retroactive date stated in **your schedule of protection**;
- (o) claims arising from liability assumed by **you** under an express term of a contractual warranty, guarantee, undertaking or agreement unless **you** would have had that liability without the agreement;
- (p) any breach of professional duty by any **contractor** or subcontractor for whose actions **you** are **legally liable**;
- (q) claims arising from providing roadside assistance or towing following **breakdown**; or
- (r) claims arising from assessment or evaluation of a **vehicle**.

# Section 11. Legal Expenses

## Specific definitions

In this **section** the following words have the following meaning:

<b>Competition and Consumer Act Dispute</b>	A dispute arising from: a) the operation of the <i>Fair Trading Act 1986</i> , <i>Consumer Guarantees Act 1993</i> or the <i>Commerce Act 1988</i> ; or b) any act or omission arising out of the <i>Fair Trading Act 1986</i> , <i>Consumer Guarantees Act 1993</i> or the <i>Commerce Act 1988</i> which leads to the prosecution of a <b>protected person</b> in a court of criminal jurisdiction.
<b>Contract Dispute</b>	A dispute concerning a contract for the buying, renting, or supply of goods or services in relation to the <b>business</b> .
<b>Employment Dispute</b>	a) A dispute arising from a contract or alleged contract of employment with an <b>employee</b> , ex- <b>employee</b> or a prospective <b>employee</b> ; or b) a dispute arising from any act or omission or alleged act or omission of a <b>protected person</b> arising out of or in the course of their normal employment in <b>your business</b> which leads to: i) their prosecution in a court of criminal jurisdiction; ii) civil proceedings being taken against them under any anti-discrimination legislation; or iii) civil proceedings being taken against them as trustee of any superannuation fund.
<b>Employer's Prosecution Defence</b>	Defence of <b>your</b> prosecution in a court of criminal jurisdiction for breach of any workplace health or safety law.
<b>Legal Proceedings</b>	Any <b>employment dispute</b> , <b>employer's prosecution defence</b> , <b>contract dispute</b> , <b>property dispute</b> or <b>Competition and Consumer Act dispute</b> .
<b>Property Dispute</b>	A dispute arising from: a) <b>loss</b> or <b>damage</b> to land or buildings owned by <b>you</b> or for which <b>you</b> are responsible for the purpose of the <b>business</b> ; or b) <b>loss</b> or <b>damage</b> to goods owned by <b>you</b> or for which <b>you</b> are responsible whilst contained in or on such land or buildings.

## What is protected?

If 'Legal Expenses' is specified in **your schedule of protection**, **we** will pay for reasonable legal costs and expenses incurred by **you** to defend or pursue:

- employment disputes**;
- employer's prosecution defences**;
- contract disputes**;
- property disputes**; and
- Competition and Consumer Act disputes**, arising and instituted in **New Zealand** during the **period of protection**.

## Basis of settlement

The maximum **we** will pay for any one **legal proceeding** under this **section 11** is the **limit of protection** for 'Legal Expenses' stated in **your schedule of protection**.

**We** will pay **your** legal costs and expenses incurred with **our** prior written consent in pursuing or defending any **legal proceedings** protected by this **section 11**.

**We** will not pay the amount stated as the **excess(es)** in **your schedule of protection** for this **section 11**.

## What is not protected?

Unless an exclusion is stated in **your schedule of protection** as being not applicable, then **section 11** does not protect any claim in connection with or attributable to the following:

## 1. General exclusions

Any applicable general exclusions set out in Part B, 3 General Exclusions of this document and Annexure 1 of the **Rules**.

## 2. Specific exclusions

**We** will not pay for:

### (a) Property

- i) Any dispute arising under a contract for the sale or lease of buildings or land;
- ii) any dispute arising from goods lent, leased or hired to third parties; or
- iii) any dispute arising from goods at **premises** not occupied by **you** unless they are there for the purposes of installation or use in work to be carried out by **you**.

### (b) Certain Claims

- i) Civil proceedings where the amount in dispute is less than NZ\$5,000;
- ii) any act, error, omission or dispute which occurred prior to the commencement of the **period of protection** and which **you** knew or ought to have known was likely to give rise to a claim or **legal proceedings** by or against **you**;
- iii) legal costs and expenses, attendance expenses and opponents' legal costs incurred without **our** written consent;
- iv) defamation, slander or libel;
- v) a dispute with **us**;
- vi) the use, ownership or possession by a **protected person** or a **contractor** of any **vehicle** or **watercraft**;
- vii) patents, copyrights, trademarks, merchandise marks, registered designs, intellectual property and secrecy and confidentiality agreements;
- viii) disputes concerning undefended debts or concerning debts owed by or to private individuals for non-**business** purposes;
- ix) a contract of insurance where the dispute arises only in respect of the amount of **money** or other compensation payable under that contract;
- x) **money** owed by **you**, where the claim is made 6 months or more after the **money** became due and payable;
- xi) landslip, subsidence or lack of support;
- xii) damages for death, **personal injury**, disease or illness of or to any person;
- xiii) **damage** to any property;
- xiv) the transit of any goods or property by air or by sea;
- xv) **personal injury** or **loss** of or **damage** to property or financial loss resulting from contamination or pollution caused by any trade waste, smoke, soot, fumes, liquids, gases or other substances discharged, dispersed, released or which have escaped into or upon land, the atmosphere or any watercourse or body of water unless that discharge, dispersal, release or escape is instantaneously caused by a sudden, unexpected and unintended happening;
- xvi) the compulsory purchase, confiscation, nationalisation, requisition or destruction of or restrictions or controls placed on or **damage** to any property;
- xvii) the actual, planned or proposed construction or demolition of buildings or other works by or under the order of any government, local or public authority;
- xviii) payment of fines or other penalties;
- xix) costs which a **protected person** is ordered to pay by a criminal jurisdiction;
- xx) relating to any criminal act committed deliberately or with wilful intent by a **protected person**;
- xxi) for the breach or alleged breach of any professional duty, including advice by a **protected person**; or
- xxii) damages, fines, penalties or any order that **you** pay another person's legal costs.

### (c) Your Actions

Where **You**:

- i) pursue or defend **legal proceedings** without **our** consent or contrary to advice from the appointed solicitor;
- ii) fail to give proper instructions in due time to the appointed solicitor or counsel appointed by them;
- iii) are responsible for delay which is prejudicial to the successful outcome of the **legal proceedings**; or
- iv) are bankrupt or have committed an act of bankruptcy or have made an arrangement with **your** creditors or have entered into a deed of arrangement or are in liquidation or part or all of **your** affairs or property are in the care or control of a receiver.

# Section 12. Tax Audit

## Specific definitions

In this **section** the following words have the following meaning:

<b>Audit</b>	Tax audit in respect of <b>your</b> liability to pay income tax, goods and services tax, payroll tax, fringe benefits tax, sales tax, capital gains tax or superannuation contributions tax following lodgement by <b>you</b> of a return.
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## What is protected?

If 'Tax Audit' is specified in **your schedule of protection**, **we** will protect **you** for expenses reasonably and necessarily incurred by **you** in connection with an **audit** in relation to **your business** by a **New Zealand** statutory authority which commenced during the **period of protection** if **you** operate **your business** in **New Zealand**.

## Basis of settlement

The maximum **we** will pay for any one **audit** under this **section 12** is the **limit of protection** for 'Tax Audit' stated in **your schedule of protection**.

**We** will pay for the professional fees reasonably and necessarily incurred by **you** in connection with an **audit**.

**We** will not pay the amount stated as the **excess(es)** in **your schedule of protection** for this **section 12**.

## What is not protected?

Unless an exclusion is stated in **your schedule of protection** as being not applicable, then **section 12** does not protect any claim in connection with or attributable to the following:

### 1. General exclusions

Any applicable general exclusions set out in Part B, 3 General Exclusions of this document and Annexure 1 of the **Rules**.

### 2. Specific exclusions

**We** will not pay for:

- (a) an **audit** if a return in relation to which the **audit** is proposed to be conducted:
  - i) had not been lodged either at all or properly, or by the due date; or
  - ii) was not prepared or reviewed by an accountant or registered tax agent prior to lodgement.
- (b) an **audit** if in relation to taxation matters if **you**:
  - i) have not properly maintained records which **you** were required to keep in the ordinary course of **business**; and
  - ii) are notified by the auditor that **you** have not satisfied record keeping requirements or that the standard of **your** records is unsatisfactory.
- (c) any **audit** where **you** have had notice of the **audit** prior to the **period of protection**;
- (d) any tax, interest, fines or penalties imposed as a result of the **audit**; or
- (e) any claim, if **you**, without lawful justification, refused or failed to comply with a request made by or on behalf of the auditor for the production of documents or the supply of information.

# Section 13. Commercial Vehicles

## Specific definitions

In this **section** the following words have the following meaning:

<b>Agreed Value</b>	The agreed amount of <b>protection</b> for a <b>commercial vehicle</b> as stated in <b>your schedule of protection</b> .
<b>Business Use</b>	The use of a <b>commercial vehicle</b> primarily in connection with <b>your business</b> and including occasional use for social, domestic and pleasure purposes.
<b>Commercial Vehicle</b>	A <b>watercraft</b> or <b>vehicle</b> owned by <b>you</b> for <b>your business use</b> , and which is stated in <b>your schedule of protection</b> as an itemised <b>commercial vehicle</b> but excludes a <b>customer's vehicle</b> or a <b>stock vehicle</b> .
<b>Market Value</b>	The cost to buy a <b>commercial vehicle</b> of similar kilometres, age, make, model and condition as the <b>commercial vehicle</b> at the date immediately prior to the <b>loss</b> or <b>damage</b> to the <b>commercial vehicle</b> , taking into account <b>your</b> location.

## What is protected?

If 'Commercial Vehicles' is specified in **your schedule of protection**, **we** will protect **you** in relation to any **commercial vehicle** but only for **business use** in **New Zealand** and in accordance with the terms of the **protection** option **you** select, which is stated in **your schedule of protection**.

**You** are required to choose a **protection** option from 'Comprehensive', 'Third Party, Fire and Theft', 'Fire and Theft' or 'Third Party Only' options below:

### Option 1. Comprehensive

What is protected?	Basis of settlement
<p>If <b>your schedule of protection</b> states that <b>you</b> have 'Comprehensive' <b>protection</b>, <b>we</b> will protect <b>you</b> for:</p> <p>a) <b>loss</b> or <b>damage</b> to <b>your commercial vehicle</b>; and</p> <p>b) <b>your legal liability</b> for <b>property damage</b> arising from use of <b>your commercial vehicle</b>.</p>	<p>a) <b>Loss or damage</b></p> <p>If 'Market Value' is shown in <b>your schedule of protection</b>, <b>we</b> will, at <b>our</b> option:</p> <ol style="list-style-type: none"> <li>repair <b>your commercial vehicle</b> and at <b>our</b> option:               <ol style="list-style-type: none"> <li>arrange for a repairer to repair the <b>damage</b>; or</li> <li>request <b>you</b> to obtain a quote from two repairers of <b>your</b> choice and <b>we</b> arrange for one of them to repair the <b>damage</b>;</li> </ol> </li> <li>replace <b>your commercial vehicle</b>;</li> <li>pay the cost of repair or replacement of <b>your commercial vehicle</b>; or</li> <li>pay the <b>market value</b> of <b>your commercial vehicle</b> plus any non-standard accessories and modifications as shown in <b>your schedule of protection</b>.</li> </ol> <p>If 'Agreed Value' is shown in <b>your schedule of protection</b>, <b>we</b> will, at <b>our</b> option:</p> <ol style="list-style-type: none"> <li>repair <b>your commercial vehicle</b> and at <b>our</b> option:               <ol style="list-style-type: none"> <li>arrange for a repairer to repair the <b>damage</b>; or</li> <li>request <b>you</b> to obtain a quote from two repairers of <b>your</b> choice and <b>we</b> arrange for one of them to repair the <b>damage</b>;</li> </ol> </li> <li>replace <b>your commercial vehicle</b>;</li> <li>pay the cost of repair or replacement of <b>your commercial vehicle</b>; or</li> <li>pay the <b>agreed value</b> of <b>your commercial vehicle</b> as shown in <b>your schedule of protection</b>.</li> </ol> <p>If <b>we</b> opt to repair <b>your commercial vehicle</b>, <b>we</b> may approve repairs using good quality second hand parts unless the <b>commercial vehicle</b> is less than 2 years old, in which case <b>we</b> may approve repairs using new parts.</p> <p>If the <b>loss</b> or <b>damage</b> to <b>your commercial vehicle</b> results in it becoming a <b>total loss</b> within 1 year of its original registration, a new <b>commercial vehicle</b> will be supplied of the same make, model and series. <b>We</b> will not pay registration costs. If a replacement <b>commercial vehicle</b> is not available or cannot be sourced locally, <b>we</b> will pay the <b>market value</b> or <b>agreed value</b>, whichever is shown in <b>your schedule of protection</b>.</p> <p>If <b>your commercial vehicle</b> is used for mixed use (<b>business</b> and private), <b>we</b> will apportion the <b>GST</b> amount accordingly.</p> <p>If <b>your commercial vehicle</b> is a <b>total loss</b> and a financier is noted as an interested party, <b>we</b> will pay the amount outstanding to the financier, up to the applicable value. Any residual amount will be paid to <b>you</b>. A <b>commercial vehicle</b> will be a <b>total loss</b> if:</p>

What is protected?	Basis of settlement
	<p>1. the <b>commercial vehicle</b> is stolen and not recovered within 14 days of the <b>theft</b> of the <b>commercial vehicle</b> being reported to the police; or</p> <p>2. <b>we</b> consider it uneconomical to repair the <b>commercial vehicle</b>.</p> <p>The maximum <b>we</b> will pay under this option 1 <i>Comprehensive protection</i> for any one <b>event</b> is the applicable <b>limit(s) of protection</b> shown in <b>your schedule of protection</b>.</p> <p>b) <b>Your Legal Liability</b></p> <p><b>We</b> will pay for compensation that <b>you</b> are legally liable to pay for <b>property damage</b>, including the legal costs of a person claiming against <b>you</b> arising from:</p> <ol style="list-style-type: none"> <li>1. <b>your use of your commercial vehicle</b>, or the towing of a trailer or caravan connected to <b>your commercial vehicle</b>, or a trailer or caravan becoming detached from <b>your commercial vehicle</b>; and</li> <li>2. the use of a <b>commercial vehicle</b> not owned by <b>you</b>, but in <b>your</b> legal custody and control, and being used as a temporary substitute for <b>your commercial vehicle</b>, if <b>your commercial vehicle</b> is not in a useable condition at the time. <b>We</b> will not protect <b>legal liability</b> arising from the use of the substitute <b>vehicle</b> if it is already protected by another insurance policy.</li> </ol> <p><b>We</b> will also pay <b>your defence costs</b> in defending any claim made against <b>you</b> arising from <b>your use of a commercial vehicle</b>.</p> <p>The maximum <b>we</b> will pay for any one <b>accident</b> is up to the <b>limit of protection</b> shown in <b>your schedule of protection</b>. <b>Your defence costs</b> are included in the <b>limit of protection</b>.</p> <p><b>We</b> will not pay the amount stated as the <b>excess(es)</b> in <b>your schedule of protection</b> for this section 13.</p>

### Option 2. Third Party, Fire and Theft

What is protected?	Basis of settlement
<p>If <b>your schedule of protection</b> states that <b>you</b> have 'Third Party, Fire and Theft' protection, <b>we</b> will protect <b>you</b> for:</p> <p>a) <b>loss or damage to your commercial vehicle</b> caused by fire or <b>theft</b>; and</p> <p>b) <b>your legal liability for property damage</b> arising from use of <b>your commercial vehicle</b>.</p>	<p>a) <b>Loss or damage</b></p> <p>If 'Market Value' is shown in <b>your schedule of protection</b>, <b>we</b> will, at <b>our</b> option:</p> <ol style="list-style-type: none"> <li>1. repair <b>your commercial vehicle</b> and at <b>our</b> option: <ol style="list-style-type: none"> <li>a) arrange for a repairer to repair the <b>damage</b>; or</li> <li>b) request <b>you</b> to obtain a quote from two repairers of <b>your</b> choice and <b>we</b> arrange for one of them to repair the <b>damage</b>;</li> </ol> </li> <li>2. replace <b>your commercial vehicle</b>;</li> <li>3. pay the cost of repair or replacement of <b>your commercial vehicle</b>; or</li> <li>4. pay the <b>market value</b> of <b>your commercial vehicle</b> at the time of the <b>loss or damage</b> plus any non-standard accessories and modifications as shown in <b>your schedule of protection</b>, but only for <b>loss</b> caused by fire, <b>theft</b> or attempted <b>theft</b>.</li> </ol> <p>If 'Agreed Value' is shown in <b>your schedule of protection</b>, <b>we</b> will, at <b>our</b> option:</p> <ol style="list-style-type: none"> <li>1. repair <b>your commercial vehicle</b> and at <b>our</b> option: <ol style="list-style-type: none"> <li>a) arrange for a repairer to repair the <b>damage</b>; or</li> <li>b) request <b>you</b> to obtain a quote from two repairers of <b>your</b> choice and <b>we</b> arrange for one of them to repair the <b>damage</b>;</li> </ol> </li> <li>2. replace <b>your commercial vehicle</b>;</li> <li>3. pay the cost of repair or replacement of <b>your commercial vehicle</b>; or</li> <li>4. pay the <b>agreed value</b> of <b>your commercial vehicle</b> as shown in <b>your schedule of protection</b>, but only for <b>loss</b> caused by fire, <b>theft</b> or attempted <b>theft</b>.</li> </ol> <p>If <b>we</b> opt to repair <b>your commercial vehicle</b>, <b>we</b> may approve repairs using good quality second hand parts unless the <b>commercial vehicle</b> is less than 2 years old, in which case <b>we</b> may approve repairs using new parts.</p> <p>If <b>your commercial vehicle</b> is used for mixed use (<b>business</b> and private), <b>we</b> will apportion the <b>GST</b> amount accordingly.</p> <p>If <b>your commercial vehicle</b> is a <b>total loss</b> and a financier is noted as an interested party, <b>we</b> will pay the amount outstanding to the financier, up to the applicable value. Any residual amount will be paid to <b>you</b>. A <b>commercial vehicle</b> will be a <b>total loss</b> if:</p> <ol style="list-style-type: none"> <li>1. the <b>commercial vehicle</b> is stolen and not recovered within 14 days of the <b>theft</b> of the <b>commercial vehicle</b> being reported to the police; or</li> <li>2. <b>we</b> consider it uneconomical to repair the <b>commercial vehicle</b>.</li> </ol>

What is protected?	Basis of settlement
	<p>The maximum <b>we</b> will pay under this option 2 <i>Third Party, Fire and Theft</i> protection for any one <b>event</b> is the applicable <b>limit(s) of protection</b> shown in <b>your schedule of protection</b>.</p> <p>b) <b>Your Legal Liability</b></p> <p><b>We</b> will pay for compensation that <b>you</b> are legally liable to pay for <b>property damage</b>, including the legal costs of a person claiming against <b>you</b> arising from:</p> <ol style="list-style-type: none"> <li>1. <b>your</b> use of <b>your commercial vehicle</b>, or the towing of a trailer or caravan connected to <b>your commercial vehicle</b>, or a trailer or caravan becoming detached from <b>your commercial vehicle</b>; and</li> <li>2. the use of a <b>commercial vehicle</b> not owned by <b>you</b>, but in <b>your</b> legal custody and control, and being used as a temporary substitute for <b>your commercial vehicle</b>, if <b>your commercial vehicle</b> is not in a useable condition at the time. <b>We</b> will not protect <b>legal liability</b> arising from the use of the substitute <b>vehicle</b> if it is already protected by another insurance policy.</li> </ol> <p><b>We</b> will also pay <b>your defence costs</b> in defending any claim made against <b>you</b> arising from <b>your</b> use of a <b>commercial vehicle</b>.</p> <p>The maximum <b>we</b> will pay for any one <b>accident</b> is up to the <b>limit of protection</b> shown in <b>your schedule of protection</b>. <b>Your defence costs</b> are included in the <b>limit of protection</b>.</p> <p><b>We</b> will not pay the amount stated as the <b>excess(es)</b> in <b>your schedule of protection</b> for this section 13.</p>

### Option 3. Fire and Theft

What is protected?	Basis of settlement
<p>If <b>your schedule of protection</b> states that <b>you</b> have '<i>Fire and Theft</i>' protection, <b>we</b> will protect <b>you</b> for;</p> <p>a) <b>loss or damage</b> to <b>your commercial vehicle</b> caused by fire or <b>theft</b>.</p>	<p>a) <b>Loss or damage</b></p> <p>If 'Market Value' is shown in <b>your schedule of protection</b>, <b>we</b> will, at <b>our</b> option:</p> <ol style="list-style-type: none"> <li>1. repair <b>your commercial vehicle</b> and at <b>our</b> option: <ol style="list-style-type: none"> <li>a) arrange for a repairer to repair the <b>damage</b>; or</li> <li>b) request <b>you</b> to obtain a quote from two repairers of <b>your</b> choice and <b>we</b> arrange for one of them to repair the <b>damage</b>;</li> </ol> </li> <li>2. replace <b>your commercial vehicle</b>;</li> <li>3. pay the cost of repair or replacement of <b>your commercial vehicle</b>; or</li> <li>4. pay the <b>market value</b> of <b>your commercial vehicle</b> at the time of the <b>loss or damage</b> plus any non-standard accessories and modifications as shown in <b>your schedule of protection</b>, but only for <b>loss</b> caused by fire, <b>theft</b> or attempted <b>theft</b>.</li> </ol> <p>If 'Agreed Value' is shown in <b>your schedule of protection</b>, <b>we</b> will, at <b>our</b> option:</p> <ol style="list-style-type: none"> <li>1. repair <b>your commercial vehicle</b> and at <b>our</b> option: <ol style="list-style-type: none"> <li>a) arrange for a repairer to repair the <b>damage</b>; or</li> <li>b) request <b>you</b> to obtain a quote from two repairers of <b>your</b> choice and <b>we</b> arrange for one of them to repair the <b>damage</b>;</li> </ol> </li> <li>2. replace <b>your commercial vehicle</b>;</li> <li>3. pay the cost of repair or replacement of <b>your commercial vehicle</b>; or</li> <li>4. pay the <b>agreed value</b> of <b>your commercial vehicle</b> as shown in <b>your schedule of protection</b> but only for <b>loss</b> caused by fire, <b>theft</b> or attempted <b>theft</b>.</li> </ol> <p>If <b>we</b> opt to repair <b>your commercial vehicle</b>, <b>we</b> may approve repairs using good quality second hand parts unless the <b>commercial vehicle</b> is less than 2 years old, in which case <b>we</b> may approve repairs using new parts.</p> <p>If <b>your commercial vehicle</b> is used for mixed use (<b>business</b> and private), <b>we</b> will apportion the <b>GST</b> amount accordingly.</p> <p>If <b>your commercial vehicle</b> is a <b>total loss</b> and a financier is noted as an interested party, <b>we</b> will pay the amount outstanding to the financier, up to the applicable value. Any residual amount will be paid to <b>you</b>. A <b>commercial vehicle</b> will be a <b>total loss</b> if:</p> <ol style="list-style-type: none"> <li>1. the <b>commercial vehicle</b> is stolen and not recovered within 14 days of the <b>theft</b> of the <b>commercial vehicle</b> being reported to the police; or</li> <li>2. <b>we</b> consider it uneconomical to repair the <b>commercial vehicle</b>.</li> </ol> <p>The maximum <b>we</b> will pay under this option 3 <i>Fire and Theft</i> protection for any one <b>event</b> is the applicable <b>limit(s) of protection</b> shown in <b>your schedule of protection</b>.</p> <p><b>We</b> will not pay the amount stated as the <b>excess(es)</b> in <b>your schedule of protection</b> for this section 13.</p>

## Option 4. Third Party Only

What is protected?	Basis of settlement
<p>If your schedule of protection states that you have 'Third Party Only' protection, we will protect you for your legal liability for property damage arising from use of your commercial vehicle.</p>	<p>We will pay for compensation that you are legally liable to pay for <b>property damage</b>, including the legal costs of a person claiming against you arising from:</p> <ol style="list-style-type: none"> <li>1. your use of your <b>commercial vehicle</b>, or the towing of a trailer or caravan connected to your <b>vehicle</b>; or a trailer or caravan becoming detached from your <b>commercial vehicle</b>; and</li> <li>2. the use of a <b>vehicle</b> not owned by you, but in your legal custody and control, and being used as a temporary substitute for your <b>commercial vehicle</b>, if your <b>commercial vehicle</b> is not in a useable condition at the time. We will not protect <b>legal liability</b> arising from the use of the substitute <b>vehicle</b> if it is already protected by an insurance policy.</li> </ol> <p>We will also pay your <b>defence costs</b> in defending any claim made against you arising from your use of a <b>commercial vehicle</b>.</p> <p>The maximum we will pay for any one <b>accident</b> is up to the <b>limit of protection</b> shown in your <b>schedule of protection</b>. Your <b>defence costs</b> are included in the <b>limit of protection</b>.</p> <p>We will not pay the amount stated as the <b>excess(es)</b> in your <b>schedule of protection</b> for this <b>section 13</b>.</p>

## Additional benefits

If 'Commercial Vehicles' is specified in your **schedule of protection**, and you make a claim that is protected under this **section 13**, we will protect you for the following additional benefits if they are applicable to your claim. Our obligations in respect of these additional benefits will be limited to:

- a) the amount(s) stated in your **schedule of protection**; or
- b) the amount(s) stated below if there is no amount stated in your **schedule of protection**

<p><b>1. Protection for Others</b></p>	<p>Subject to any restrictions stated in your <b>schedule of protection</b>, we will protect a <b>protected person</b> or any other person driving a <b>commercial vehicle</b> with your consent subject to the terms and limits of this <b>section</b>.</p>
<p><b>2. Change of Vehicle</b></p>	<p>If you sell any protected <b>vehicle</b> and replace it, we will automatically extend this <b>protection</b> for the replacement <b>commercial vehicle</b> from the date of purchase until the expiry date stated in your <b>schedule of protection</b> but only if:</p> <ol style="list-style-type: none"> <li>a) you tell us about the replacement <b>commercial vehicle</b> within 14 days of its purchase;</li> <li>b) you pay us any additional <b>contribution</b> we ask for; and</li> <li>c) you agree to accept any changes to the terms and conditions of the <b>protection</b>.</li> </ol> <p>If the value of the replacement <b>commercial vehicle</b> is greater than the <b>commercial vehicle</b> it is replacing, then the value of the replacement <b>vehicle</b> is limited to NZ\$50,000 unless we agree otherwise.</p> <p>This additional benefit only applies if your <b>schedule of protection</b> states 'Comprehensive', 'Third Party, Fire and Theft', 'Fire and Theft', or 'Third Party Only' <b>protection</b>.</p>
<p><b>3. Hire Car Costs following Theft</b></p>	<p>If your <b>commercial vehicle</b> is stolen, we will pay the reasonable cost, up to NZ\$65 per day, to hire a temporary replacement <b>commercial vehicle</b> of a similar type:</p> <ol style="list-style-type: none"> <li>a) for up to 14 days;</li> <li>b) until the date your <b>commercial vehicle</b> is recovered in a useable and roadworthy condition; or</li> <li>c) the date we pay your claim if it is a <b>total loss</b></li> </ol> <p>whichever is the earliest date.</p> <p>This additional benefit only applies if your <b>schedule of protection</b> states 'Comprehensive' <b>protection</b>.</p>
<p><b>4. Towing Costs</b></p>	<p>We will pay the reasonable cost of towing your <b>commercial vehicle</b> to a suitable place of repair following <b>damage</b> which is protected under this <b>section 13</b>.</p> <p>The maximum we will pay for this additional benefit is NZ\$1,000 per <b>vehicle</b> for the <b>period of protection</b>.</p> <p>This additional benefit only applies if your <b>schedule of protection</b> states 'Comprehensive', 'Third Party, Fire and Theft' or 'Fire and Theft' <b>protection</b>.</p>



<p><b>5. Recovery Costs following Theft</b></p>	<p><b>We</b> will pay the reasonable cost of returning <b>your commercial vehicle</b> to <b>you</b> following <b>theft</b>.</p> <p>The maximum <b>we</b> will pay for this additional benefit is NZ\$1,000 per <b>vehicle</b> for the <b>period of protection</b>.</p> <p>This additional benefit only applies if <b>your schedule of protection</b> states 'Comprehensive', 'Third Party, Fire and Theft' or 'Fire and Theft' <b>protection</b>.</p>
<p><b>6. Stolen Keys</b></p>	<p>If the remote or keys to <b>your commercial vehicle</b> are stolen, <b>we</b> will pay to replace the keys or recode the locks. The <b>theft</b> of the keys or remote must have been reported to the police to be eligible for this additional benefit.</p> <p>This additional benefit does not apply if the keys or remote were stolen by a <b>protected person</b>, a <b>contractor</b>, an invitee, a <b>family member</b> or anyone who resides with <b>you</b>.</p> <p>The maximum <b>we</b> will pay for this additional benefit is NZ\$1,000 per <b>vehicle</b> and NZ\$5,000 in total for the <b>period of protection</b>.</p> <p>This additional benefit only applies if <b>your schedule of protection</b> states 'Comprehensive' <b>protection</b>.</p>
<p><b>7. Excess Waiver for Windscreen and Window Glass</b></p>	<p>If the windscreen or window glass of <b>your commercial vehicle</b> is broken, <b>we</b> will pay the reasonable cost of repairing or replacing the windscreen or window glass for the protected <b>vehicle</b>. <b>You</b> will not be required to pay an <b>excess</b> for the first windscreen or window glass claim for each protected <b>commercial vehicle</b> during the <b>period of protection</b>.</p> <p>This additional benefit only applies if <b>your schedule of protection</b> states 'Comprehensive' <b>protection</b>.</p>
<p><b>8. Unprotected Third Party</b></p>	<p><b>We</b> will protect <b>you</b> for <b>loss</b> or <b>damage</b> to <b>your commercial vehicle</b> that <b>you</b> suffer as a result of an <b>accident</b> involving <b>your commercial vehicle</b> caused by an uninsured or unprotected third party. <b>Protection</b> will only apply if:</p> <ul style="list-style-type: none"> <li>a) the driver of <b>your commercial vehicle</b> is completely blame free;</li> <li>b) the name and the address of the driver and registration number of the <b>vehicle</b> driven by the negligent party is established; and</li> <li>c) the other party did not have valid insurance.</li> </ul> <p>The maximum <b>we</b> will pay for this additional benefit is the <b>market value</b> of <b>your commercial vehicle</b>, or up to NZ\$3,000 in total, whichever is less, for the <b>period of protection</b>.</p> <p>This additional benefit only applies if <b>your schedule of protection</b> states 'Third Party Only' <b>protection</b>.</p>
<p><b>9. Flood Damage</b></p>	<p><b>We</b> will protect <b>you</b> for <b>loss</b> or <b>damage</b> to <b>your commercial vehicle</b> caused by <b>flood</b> up to the protected value of the <b>commercial vehicle</b> during the <b>period of protection</b>.</p> <p>This additional benefit only applies if <b>your schedule of protection</b> states 'Comprehensive' <b>protection</b>.</p>
<p><b>10. Excess Waiver</b></p>	<p>If, in the event of an <b>accident</b> which gives rise to a claim:</p> <ul style="list-style-type: none"> <li>a) <b>you</b> satisfy <b>us</b> that the third party driver is at fault;</li> <li>b) <b>you</b> can supply the name, phone number and address of the third party driver; and</li> <li>c) the registration number of the third party <b>vehicle</b> is established</li> </ul> <p><b>you</b> will not be required to pay any <b>excess(es)</b>.</p> <p>In the event that the fault of the <b>accident</b> which gives rise to a claim is disputed, <b>you</b> will be required to pay any <b>excess(es)</b> due, and the <b>excess(es)</b> will be refunded at such point that <b>we</b> are successful in establishing the fault of the third-party driver.</p>

## Optional benefits

If 'Commercial Vehicles' is specified in **your schedule of protection**, **you** may request the following optional benefit to be added to **section 13**.

Optional benefits are extra **protections** not included in the standard **protection** available for 'Commercial Vehicles'. **You** can request as part of **your** application for **your section 13** to be extended to include the optional benefit below. If **we** agree to add the optional benefit requested by **you**, the optional benefit will be stated in **your schedule of protection** and **your contributions** will be adjusted to account for the optional benefit.

<b>On-Hook Towing Protection</b>	<p>If 'On-Hook Towing Protection' is specified in <b>your schedule of protection</b>, we will protect <b>you</b> for <b>damage</b> to any <b>customer's vehicle</b> whilst being:</p> <ul style="list-style-type: none"> <li>a) towed by;</li> <li>b) carried by;</li> <li>c) loaded onto; or</li> <li>d) unloaded from</li> </ul> <p>a <b>commercial vehicle</b> owned by <b>you</b> and under <b>your</b> control, or the control of a driver who is a <b>protected person</b> or a <b>contractor</b> provided that the driver has:</p> <ul style="list-style-type: none"> <li>a) complied with the laws applicable in the <b>New Zealand</b> in respect of towing, carrying and transportation of <b>vehicles</b> or <b>watercraft</b>; and</li> <li>b) complied with the <b>vehicle</b> manufacturer's towing and carrying instructions in respect of the <b>vehicle</b> or <b>watercraft</b> being towed or carried.</li> </ul> <p>Specific exclusion 2(af) of <b>section 13</b> does not apply to this optional benefit.</p> <p>This optional benefit only applies if <b>your schedule of protection</b> states '<i>Comprehensive</i>', '<i>Third Party, Fire and Theft</i>' or '<i>Third Party Only</i>' <b>protection</b>.</p>
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## What is not protected?

Unless:

- a) an exclusion is stated in **your schedule of protection** as being not applicable; or
- b) an exclusion is stated in an additional or optional benefit as being not applicable

then **section 13** does not protect any claim in connection with or attributable to the following:

### 1. General exclusions

Any applicable general exclusions set out in Part B, 3 General Exclusions of this document and Annexure 1 of the **Rules**.

### 2. Specific exclusions

**We** will not pay for:

- (a) **your commercial vehicle**, if '*Third Party Only*' **protection** is stated in **your schedule of protection**;
- (b) **your commercial vehicle** other than **loss** or **damage** caused by fire or **theft**, if '*Third Party, Fire and Theft*' is stated in **your schedule of protection**;
- (c) depreciation;
- (d) wear and tear, rust or corrosion;
- (e) **damage** to tyres caused by the road, the application of brakes or by punctures, cuts or bursts;
- (f) any structural, mechanical, electrical, electronic or hydraulic **breakdown**, failure or breakage;
- (g) where the **commercial vehicle** has been let or hired or is being used to carry passengers or goods for hire or reward, except where hire or rental **vehicles** are an activity of **your business** operations as advised to **us**;
- (h) claims arising when the **commercial vehicle** or any caravan or trailer attached to the **commercial vehicle** is towing hazardous goods in bulk or in breach of any law relating to carrying hazardous goods;
- (i) claims for **personal injury** to any person;
- (j) **theft** by **you**, any declared driver, any **protected person**, a **contractor** or any other person driving a **commercial vehicle** with **your** consent where the **commercial vehicle** has been let or hired and not returned, unless **you**:
  - i) have a hire or courtesy **vehicle** procedure in place;
  - ii) have a contract in place between **you** and the hirer or borrower which specifies the length of the loan;
  - iii) have a bond in place or an authority hold or frozen amount on the credit card;
  - iv) hold contact details (name, address and phone number) and hold a copy of a driver's license of the hirer or borrower; and
  - v) lodge a police report in the event of **theft**

and if this is the case, **you** are required to pay an additional **excess** of NZ\$2,000 in addition to any other **excess(es)** stated on **your schedule of protection** for this **section 13**;

- (k) property, except for the **commercial vehicle**, owned by **you**, any declared driver, a **protected person**, a **contractor**, an **employee**, a **family member** or any other person driving a **commercial vehicle** with **your** consent;
- (l) **theft** of a **commercial vehicle** if the keys are left on or in the **commercial vehicle**;
- (m) any **commercial vehicle** that is not registered where the law requires it to be registered;
- (n) any claim arising from being used by **you** for illegal purposes;
- (o) any **loss** of use of **your commercial vehicle**;

- (p) any **commercial vehicle** being used in connection with or tested in preparation for racing, pacemaking, reliability trials, rallying, speedway, drag racing, track days (timed or untimed), sprint events or hill-climbing tests;
- (q) any **commercial vehicle** being used in an experiment, trial or demonstration;
- (r) any **commercial vehicle** being used for an unlawful purpose by **you**, a **protected person**, a **contractor** or is being so used by some other person with the express or implied consent of **you**, a **protected person** or **contractor**;
- (s) **you**, a **protected person** or a **contractor** driving the **commercial vehicle** when the person is not authorised under the law in force in **New Zealand** in which the **commercial vehicle** is being driven, being a law with respect to the licensing of drivers of **vehicles**, to drive the **commercial vehicle**;
- (t) a person other than **you**, a **protected person** or a **contractor** driving the **commercial vehicle** with the express or implied consent of **you**, a **protected person** or a **contractor** when the person is not authorised under the law in force in **New Zealand** in which the **commercial vehicle** is being driven, being a law with respect to the licensing of drivers of **vehicles**, to drive the **commercial vehicle**, and **you**, a **protected person** or a **contractor** knew or should reasonably have known at the time when the consent was given or impliedly given, that that person was not so authorised;
- (u) where the driver of the **commercial vehicle** is under the influence of alcohol or drugs or was found to be in excess of the blood alcohol limit, or refuses to undergo a police alcohol or drug test. **We** may pay a claim if **you** can prove that **you** did not know the driver was affected by alcohol or drugs;
- (v) where the driver of the **commercial vehicle** is younger than the age restriction as stated in **your schedule of protection**;
- (w) the **commercial vehicle** where the driver does not hold a current valid driver's licence where the law requires the driver to be licensed;
- (x) the expropriation or confiscation of the **commercial vehicle**;
- (y) war or warlike activities;
- (z) the use, existence or escape of nuclear weapons material, or ionising radiation from, or contamination by radioactivity from, any nuclear fuel or any nuclear waste from the combustion of nuclear fuel;
- (aa) the unroadworthy or unsafe condition of the **commercial vehicle** concerned, being a condition that was known to **you**, a **protected person** or a **contractor** at the time of the **accident** or the incurring of the liability;
- (ab) **you**, a **protected person** or a **contractor** failing to take steps that are in the circumstances reasonable for the security of the **commercial vehicle** after **damage** has occurred to it;
- (ac) the incurring of a liability by a person other than **you**, a **protected person** or a **contractor** and that person driving:
  - i) is not authorised under the law in force in the State or Territory in which the **commercial vehicle** is being driven; being a law with respect to the licensing of drivers of **vehicles**, to drive the **commercial vehicle**; or
  - ii) is under the influence of intoxicating liquor or of a drug;
- (ad) compensation in respect of **loss** or **damage** where:
  - i) the **loss** or **damage** occurred as a result of the use of a trailer or caravan attached to the **vehicle**; and
  - ii) there were at the time the **loss** or **damage** occurred, two or more trailers or caravans, or one or more trailers and one or more caravans, attached to the **vehicle**;
- (ae) the load or contents of the **commercial vehicle**;
- (af) any **vehicle** whilst towed or carried by the **commercial vehicle**;
- (ag) any **legal liability** for any claims in connection with pollution or **pollutants**;
- (ah) a **commercial vehicle** use, other than on land; or
- (ai) **damage** to the **commercial vehicle** where such **damage** is caused by mechanical repairs, refuelling or maintenance carried out by **you** or someone with **your** consent.

## Section 14. Customers Vehicles

### Specific definitions

In this **section** the following words have the following meaning:

<b>Business Use</b>	The use of a <b>customer's vehicle</b> primarily in connection with <b>your business</b> .
<b>Market Value</b>	The cost to buy a <b>customer's vehicle</b> of similar kilometres, age, make, model and condition as the <b>customer's vehicle</b> , at the date immediately prior to the <b>loss</b> or <b>damage</b> to the <b>customer's vehicle</b> , taking into account <b>your</b> location.

### What is protected?

If 'Customers Vehicles' is specified in **your schedule of protection**, **we** will protect **you** in relation to a **customer's vehicle(s)** in **your** care, custody or control but only for **business use** and within **New Zealand**.

What is protected?	Basis of settlement
<p>If <b>your schedule of protection</b> states that <b>you</b> have <b>protection</b> for <b>customers' vehicles</b>, <b>we</b> will protect <b>you</b> for:</p> <p>a) <b>loss</b> or <b>damage</b> to a <b>customer's vehicle</b>; and</p> <p>b) <b>your legal liability</b> for <b>property damage</b> arising from <b>your</b> use of a <b>customer's vehicle</b>.</p>	<p>a) <b>Loss or damage</b></p> <p><b>We</b> will, at <b>our</b> option:</p> <ol style="list-style-type: none"> <li>1. repair or replace a <b>customer's vehicle</b>;</li> <li>2. pay the cost of repair or replacement of a <b>customer's vehicle</b>; or</li> <li>3. pay the <b>market value</b> of a <b>customer's vehicle</b> at the time of the <b>loss</b> or <b>damage</b>.</li> </ol> <p>If <b>we</b> opt to repair a <b>customer's vehicle</b>, <b>we</b> may approve repairs using good quality second hand parts unless the <b>customer's vehicle</b> is less than 2 years old, in which case, <b>we</b> may approve repairs using new parts.</p> <p>If a <b>customer's vehicle</b> is used for mixed use (<b>business</b> and private), <b>we</b> will apportion the <b>GST</b> amount accordingly.</p> <p>If a <b>customer's vehicle</b> is a <b>total loss</b>, <b>we</b> will pay the <b>market value</b> of a <b>customer's vehicle</b> at the time of the <b>loss</b>. A <b>customer's vehicle</b> will be a <b>total loss</b> if:</p> <ol style="list-style-type: none"> <li>1. the <b>customer's vehicle</b> is stolen and not recovered within 14 days of the <b>theft</b> of the <b>customer's vehicle</b> being reported to the police; or</li> <li>2. <b>we</b> consider it uneconomical to repair the <b>customer's vehicle</b>.</li> </ol> <p>The maximum <b>we</b> will pay for any one <b>event</b> is the applicable <b>limit(s) of protection</b> shown in <b>your schedule of protection</b>.</p> <p>b) <b>Your Legal Liability</b></p> <p><b>We</b> will pay for compensation that <b>you</b> are legally liable to pay for <b>property damage</b>, including the legal costs of a person claiming against <b>you</b> arising from <b>your</b> use of a <b>customer's vehicle</b>, or the towing of a trailer or caravan connected to a <b>customer's vehicle</b>, or a trailer or caravan becoming detached from a <b>customer's vehicle</b>.</p> <p><b>We</b> will also pay <b>your defence costs</b> in defending any claim made against <b>you</b> arising from <b>your</b> use of a <b>customer's vehicle</b>.</p> <p>The maximum <b>we</b> will pay for any one <b>accident</b> is up to the <b>limit of protection</b> shown in <b>your schedule of protection</b>. <b>Your defence costs</b> are included in the <b>limit of protection</b>.</p> <p><b>We</b> will not pay the amount stated as the <b>excess(es)</b> in <b>your schedule of protection</b> for this <b>section 14</b>.</p>

### Additional benefits

If 'Customers Vehicles' is specified in **your schedule of protection** and **you** make a claim that is protected under this **section 14**, **we** will protect **you** for the following additional benefits if they are applicable to **your** claim. **Our** obligations in respect of these additional benefits will be limited to:

- a) the amount(s) stated in **your schedule of protection**; or
- b) the amount(s) stated below if there is no amount stated in **your schedule of protection**.

<b>1. Protection for Others</b>	Subject to any restrictions stated in <b>your schedule of protection</b> , <b>we</b> will protect a <b>protected person</b> or any other person driving a <b>customer's vehicle</b> with <b>your</b> consent, subject to the terms and limits of this <b>section</b> .
<b>2. Towing Costs</b>	<b>We</b> will pay the reasonable cost of towing a <b>customer's vehicle</b> to a suitable place of repair following <b>damage</b> which is protected under this <b>section 14</b> .  The maximum <b>we</b> will pay for this additional benefit is NZ\$1,000 per <b>vehicle</b> for the <b>period of protection</b> .
<b>3. Recovery Costs following Theft</b>	<b>We</b> will pay the reasonable cost of returning a <b>customer's vehicle</b> to <b>you</b> following <b>theft</b> .  The maximum <b>we</b> will pay for this additional benefit is NZ\$1,000 per <b>vehicle</b> for the <b>period of protection</b> .
<b>4. Stolen Keys</b>	If the remote or keys to a <b>customer's vehicle</b> are stolen, <b>we</b> will pay to replace the keys or recode the locks. The <b>theft</b> of the keys or remote must have been reported to the police to be eligible for this additional benefit. This additional benefit does not apply if the keys or remote were stolen by a <b>protected person</b> , a <b>contractor</b> , invitee, <b>family member</b> or anyone who resides with <b>you</b> .  The maximum <b>we</b> will pay for this additional benefit is NZ\$1,000 per <b>vehicle</b> and NZ\$5,000 in total for the <b>period of protection</b> .
<b>5. Flood Damage</b>	<b>We</b> will protect <b>you</b> for <b>loss</b> or <b>damage</b> to a <b>customer's vehicle</b> caused by <b>flood</b> up to the protected value of the <b>customer's vehicle</b> during the <b>period of protection</b> .

## What is not protected?

Unless:

- a) an exclusion is stated in **your schedule of protection** as being not applicable; or
- b) an exclusion is stated in an additional or optional benefit as being not applicable

then **section 14** does not protect any claim in connection with or attributable to the following:

### 1. General exclusions

Any applicable general exclusions set out in Part B, 3 General Exclusions of this document and Annexure 1 of the **Rules**.

### 2. Specific exclusions

**We** will not pay for:

- (a) depreciation;
- (b) wear and tear, rust or corrosion;
- (c) **damage** to tyres caused by the road, the application of brakes or by punctures, cuts or bursts;
- (d) any structural, mechanical, electrical, electronic or hydraulic **breakdown**, failure or breakage;
- (e) where a **customer's vehicle** has been let or hired or is being used to carry passengers or goods for hire or reward;
- (f) claims arising when a **customer's vehicle** or any caravan or trailer attached to a **customer's vehicle** was towing hazardous goods in bulk or in breach of any law relating to carrying hazardous goods;
- (g) claims for **personal injury** to any person;
- (h) **theft** by **you**, a **protected person**, a **contractor** or any person driving a **customer's vehicle** with **your** consent;
- (i) **theft** of a **customer's vehicle** if the **vehicle's** keys are left on or in the **customer's vehicle** unless **you**, an **employee**, or a **contractor** are working on the **customer's vehicle** at the time of the **theft**;
- (j) **theft** of a **customer's vehicle** outside of **business hours** if the **vehicle's** keys are not in a locked **safe / strong room** or key cabinet;
- (k) property owned by **you**, a **protected person**, a **contractor** or any person driving a **customer's vehicle** with **your** consent;
- (l) any **customer's vehicle** that is not registered where the law requires it to be registered;
- (m) any claim arising from any **customer's vehicle** being used by **you** for illegal purposes;
- (n) any **loss** of use of a **customer's vehicle**;
- (o) a **customer's vehicle** being used in connection with or tested in preparation for racing, pacemaking, reliability trials, rallying, speedway, drag racing, track days (timed or untimed), sprint events or hill-climbing tests;
- (p) a **customer's vehicle** being used in connection with an experiment, trial or demonstration;

- (q) a **customer's vehicle** being used for an unlawful purpose by **you**, a **protected person**, a **contractor** or being so used by some other person with the express or implied consent of **you**, a **protected person** or a **contractor**;
- (r) **you**, a **protected person** or a **contractor** driving a **customer's vehicle** that is not authorised under the law in force in **New Zealand** in which a **customer's vehicle** is being driven, being a law with respect to the licensing of drivers of **customer's vehicles**, to drive a **customer's vehicle**;
- (s) a person other than **you**, a **protected person** or a **contractor** driving a **customer's vehicle** with the express or implied consent of **you**, a **protected person** or **contractor** and is not under the law in force in **New Zealand** in which a **customer's vehicle** is being driven, being a law with respect to the licensing of drivers of a **customer's vehicle**, to drive a **customer's vehicle**, and **you**, a **protected person** or a **contractor** knew or should reasonably have known at the time when the consent was given or implied, that that person was not so authorised;
- (t) a **customer's vehicle** where the driver of a **customer's vehicle** is under the influence of alcohol or drugs and was found to be in excess of the blood alcohol limits, or refuses to undergo a police alcohol or drug test. **We** may pay a claim if **you** can prove that **you** did not know the driver was affected by alcohol or drugs;
- (u) a **customer's vehicle** where the driver is younger than the age limit for the youngest driver stated in **your schedule of protection**;
- (v) a **customer's vehicle** where the driver does not hold a current valid driver's licence where the law requires the driver to be licenced;
- (w) the expropriation or confiscation of a **customer's vehicle**;
- (x) war, or warlike activities;
- (y) the use, existence or escape of nuclear weapons material, or ionising radiation from, or contamination by radioactivity from, any nuclear fuel or any nuclear waste from the combustion of nuclear fuel;
- (z) the unroadworthy or unsafe condition of any **customer's vehicle**, being a condition that was known to **you**, a **protected person**, an **employee** or a **contractor**, at the time of the **accident** or the incurring of the liability;
- (aa) **you**, a **protected person**, an **employee** or a **contractor** failing to take steps that are in the circumstances reasonable for the security of a **customer's vehicle** after **damage** has occurred to it;
- (ab) property that belongs to, or is in the custody of, the person so liable;
- (ac) compensation in respect of **loss** or **damage** where:
  - i) the **loss** or **damage** occurred as a result of the use of a trailer or caravan attached to a **customer's vehicle**; and
  - ii) there were at the time **loss** or **damage** occurred, two or more trailers or caravans, or one or more trailers and one or more caravans, attached to a **customer's vehicle**;
- (ad) the load or contents of a **customer's vehicle**;
- (ae) a **customer's vehicle** whilst towing or carrying another **vehicle**; or a **customer's vehicle** whilst being towed or carried by another **vehicle**;
- (af) any **legal liability** for any claims in connection with pollution or **pollutants**;
- (ag) a **customer's vehicle** use, other than on land; or
- (ah) any **watercraft** which exceed 8 metres in length.

# Section 15. Stock Vehicles

## Specific definitions

In this **section** the following words have the following meaning:

<b>Business Use</b>	The use of a <b>stock vehicle</b> primarily in connection with <b>your business</b> and including occasional use for social, domestic and pleasure purposes.
<b>Stock Vehicle(s)</b>	<b>Watercraft</b> or <b>vehicles</b> held as <b>stock</b> for sale by <b>you</b> , including those financed under a floor plan or bailment arrangement, and for which <b>you</b> hold records of the purchase details and are recorded on <b>your stock register</b> .
<b>Market Value</b>	The cost to buy a <b>stock vehicle</b> of similar kilometres, age, make, model and condition as the <b>stock vehicle</b> , at the date immediately prior to the <b>loss</b> or <b>damage</b> to the <b>stock vehicle</b> , taking into account <b>your</b> location.

## What is protected?

If 'Stock Vehicles' is specified in **your schedule of protection**, **we** will protect **you** in relation to **stock vehicles** owned by **you** or held by **you** for sale but only for **business use** in **New Zealand** and in accordance with the terms of the **protection** option **you** select which is stated in **your schedule of protection**.

**You** are required to choose a **protection** option from the '*Comprehensive*' or '*Third Party Only*' options below:

### Option 1. Comprehensive

What is protected?	Basis of settlement
<p>If <b>your schedule of protection</b> states that <b>you</b> have '<i>Comprehensive</i>' <b>protection</b>, <b>we</b> will protect <b>you</b> for:</p> <p>a) <b>loss</b> or <b>damage</b> to a <b>stock vehicle</b>; and</p> <p>b) <b>your legal liability</b> for <b>property damage</b> arising from use of a <b>stock vehicle</b>.</p>	<p>a) <u>Loss or damage</u></p> <p><b>We</b> will, at <b>our</b> option:</p> <ol style="list-style-type: none"> <li>1. repair or replace the <b>stock vehicle</b>;</li> <li>2. pay the cost of repair or replacement of the <b>stock vehicle</b>;</li> <li>3. pay the <b>wholesale cost</b> for the <b>stock vehicle</b>; or</li> <li>4. pay the <b>market value</b> of the <b>stock vehicle</b>.</li> </ol> <p>If <b>we</b> opt to <b>repair</b> the <b>stock vehicle</b>, <b>we</b> may approve repairs using good quality second hand parts unless the <b>stock vehicle</b> is less than 2 years old, in which case <b>we</b> may approve repairs using new parts.</p> <p>In no circumstances will <b>we</b> pay <b>GST</b> if the <b>stock vehicle</b> is used exclusively for <b>business</b> purposes. If the <b>stock vehicle</b> is used for mixed use (<b>business</b> and private), <b>we</b> will apportion the <b>GST</b> amount accordingly. A <b>stock vehicle</b> will be a <b>total loss</b> if:</p> <ol style="list-style-type: none"> <li>1. the <b>vehicle</b> is stolen and not recovered within 14 days of the <b>theft</b> of the <b>stock vehicle</b> being reported to the police; or</li> <li>2. <b>we</b> consider it uneconomical to repair the <b>stock vehicle</b>.</li> </ol> <p>The maximum <b>we</b> will pay under this option 1 <i>Comprehensive</i> <b>protection</b> for any one <b>event</b> is the applicable <b>limit(s) of protection</b> shown in <b>your schedule of protection</b>.</p> <p><u>b) Your Legal Liability</u></p> <p><b>We</b> will pay for compensation that <b>you</b> are legally liable to pay for <b>property damage</b>, including the legal costs of a person claiming against <b>you</b> arising from <b>your</b> use of a <b>stock vehicle</b>, or the towing of a trailer or caravan connected to a <b>stock vehicle</b>, or a trailer or caravan becoming detached from a <b>stock vehicle</b>.</p> <p><b>We</b> will also pay <b>your defence costs</b> in defending any claim made against <b>you</b> arising from <b>your</b> use of a <b>stock vehicle</b>.</p> <p>The maximum <b>we</b> will pay for any one <b>accident</b> is up to the <b>limit of protection</b> shown in <b>your schedule of protection</b>. <b>Your defence costs</b> are included in the <b>limit of protection</b>.</p> <p><b>We</b> will not pay the amount stated as the <b>excess(es)</b> in <b>your schedule of protection</b> for this <b>section 15</b>.</p>

## Option 2. Third Party Only

What is protected?	Basis of settlement
If your schedule of protection states that you have 'Third Party Only' protection, we will protect you for your legal liability for property damage arising from the use of a stock vehicle.	<p>We will pay for compensation that you are legally liable to pay for <b>property damage</b>, including the legal costs of a person claiming against you arising from your use of a <b>stock vehicle</b>, or the towing of a trailer or caravan connected to a <b>stock vehicle</b>, or a trailer or caravan becoming detached from a <b>stock vehicle</b>.</p> <p>We will also pay your <b>defence costs</b> in defending any claim made against you arising from your use of a <b>stock vehicle</b>.</p> <p>The maximum we will pay for any one <b>accident</b> is up to the <b>limit of protection</b> shown in your schedule of protection. Your <b>defence costs</b> are included in the <b>limit of protection</b>.</p> <p>We will not pay the amount stated as the <b>excess(es)</b> in your schedule of protection for this section 15.</p>

## Additional benefits

If 'Stock Vehicles' is specified in your schedule of protection, and you make a claim that is protected under this section 15, we will protect you for the following additional benefits if they are applicable to your claim. Our obligations in respect of these additional benefits will be limited to:

- a) the amount(s) stated in your schedule of protection; or
- b) the amount(s) stated below if there is no amount stated in your schedule of protection.

1. Protection for Others	Subject to any restrictions stated in your schedule of protection, we will protect a <b>protected person</b> or any other person driving a <b>stock vehicle</b> with your consent, subject to the terms and limits of this section.
2. Towing Costs	<p>We will pay the reasonable cost of towing a <b>stock vehicle</b> to a suitable place of repair following <b>damage</b> which is protected under this section 15.</p> <p>The maximum we will pay for this additional benefit is NZ\$1,000 per <b>vehicle</b> for the <b>period of protection</b>. This additional benefit only applies if your schedule of protection states 'Comprehensive' protection.</p>
3. Recovery Costs following Theft	<p>We will pay the reasonable cost of returning the <b>stock vehicle</b> to you following <b>theft</b>.</p> <p>The maximum we will pay for this additional benefit is NZ\$1,000 per <b>vehicle</b> for the <b>period of protection</b>. This additional benefit only applies if your schedule of protection states 'Comprehensive' protection.</p>
4. Stolen Keys	<p>If the remote or keys to your <b>stock vehicle(s)</b> are stolen, we will pay to replace the keys or recode the locks. The <b>theft</b> of the keys or remote must have been reported to the police to be eligible for this additional benefit. This additional benefit does not apply if the keys or remote were stolen by a <b>protected person</b> or a <b>contractor</b>, invitee, <b>family member</b> or anyone who resides with you.</p> <p>The maximum we will pay for this additional benefit is NZ\$1,000 per <b>vehicle</b> and NZ\$5,000 in total for the <b>period of protection</b>.</p> <p>This additional benefit only applies if your schedule of protection states 'Comprehensive' protection.</p>
5. Flood Damage	<p>We will protect you for <b>loss or damage</b> to your <b>stock vehicle(s)</b> up to the protected value of the <b>stock vehicle(s)</b> caused by <b>flood</b> during the <b>period of protection</b>.</p> <p>This additional benefit only applies if your schedule of protection states 'Comprehensive' protection.</p>
6. Excess Waiver	<p>If, in the event of an <b>accident</b> which gives rise to a claim:</p> <ol style="list-style-type: none"> <li>a) you satisfy us that the third-party driver is at fault;</li> <li>b) you can supply the name, phone number and address of the third-party driver; and</li> <li>c) the registration number of the third-party <b>vehicle</b> is established</li> </ol> <p>you will not be required to pay any <b>excess(es)</b>.</p> <p>In the event that the fault of the <b>accident</b> which gives rise to a claim is disputed, you will be required to pay any <b>excess(es)</b> due, and the <b>excess(es)</b> will be refunded at such point that we are successful in establishing the fault of the third-party driver.</p>



## Optional benefits

If 'Stock Vehicles' is specified in **your schedule of protection**, **you** may request the following optional benefit to be added to **section 15**. Optional benefits are extra **protections** not included in the standard **protection** available for 'Stock Vehicles'. **You** can request as part of **your** application for **your section 15 for your protection** to be extended to include the optional benefit listed below. If **we** agree to add the optional benefit requested by **you**, the optional benefit will be stated in **your schedule of protection** and **your contributions** will be adjusted.

<b>1. Excess Waiver for Windscreen and Window Glass</b>	If 'Excess Waiver for Windscreen and Window Glass' is shown in <b>your schedule of protection</b> , then where the windscreen or window glass of <b>your stock vehicle(s)</b> is/are broken, <b>we</b> will pay the reasonable cost of repairing or replacing the windscreen or window glass of <b>your stock vehicle(s)</b> .  <b>You</b> will not be required to pay an <b>excess</b> for the first claim under this <b>section 15</b> during the <b>period of protection</b> .
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## What is not protected?

Unless:

- a) an exclusion is stated in **your schedule of protection** as being not applicable; or
- b) an exclusion is stated in an additional or optional benefit as being not applicable

then **section 15** does not protect any claim in connection with or attributable to the following:

### 1. General exclusions

Any applicable general exclusions set out in Part B, 3 General Exclusions of this document and Annexure 1 of the **Rules**.

### 2. Specific exclusions

**We** will not pay for:

- (a) any **stock vehicle** if *'Third Party Only'* **protection** is stated in **your schedule of protection**;
- (b) depreciation;
- (c) wear and tear, rust or corrosion;
- (d) **damage** to tyres caused by the road, the application of brakes or by punctures, cuts or bursts;
- (e) any structural, mechanical, electrical, electronic or hydraulic **breakdown**, failure or breakage;
- (f) where a **stock vehicle** has been let or hired or is being used to carry passengers or goods for hire or reward;
- (g) claims arising when a **stock vehicle** or any caravan or trailer attached to a **stock vehicle** was towing hazardous goods in bulk or in breach of any law relating to carrying hazardous goods;
- (h) claims for **personal injury** to any person;
- (i) any claim arising from being used by **you** for illegal purposes;
- (j) **theft** by **you**, any declared driver, any **protected person**, a **contractor**, an **employee** or any person driving a **stock vehicle** with **your** consent;
- (k) **theft** of a **stock vehicle** if the **vehicle's** keys are left on or in the **stock vehicle**;
- (l) **theft** of a **stock vehicle** outside of **business hours** if the **vehicle's** keys are not in a locked **safe / strong room**, or key cabinet;
- (m) property owned by **you**, any declared driver, **protected person**, a **contractor** or any person driving a **stock vehicle** with **your** consent;
- (n) any **stock vehicle** that is not registered where the law requires it to be registered, except where a **stock vehicle** has trade plates;
- (o) any **loss** of use of a **stock vehicle**;
- (p) any **stock vehicle** being used in connection with or tested in preparation for racing, pacemaking, reliability trials, rallying, speedway, drag racing, track days (timed or untimed), sprint events or hill-climbing tests;
- (q) any **stock vehicle** being used in connection with an experiment, trial or demonstration;
- (r) any **stock vehicle** that is let on hire by **you**, a **protected person** as lessor, or being used in the course of the **business** of carrying passengers or goods for hire or reward by the **protected person** or by some other person with the express or implied consent of **you**, or a **protected person**;
- (s) any **stock vehicle** being used for an unlawful purpose by **you**, a **protected person** or a **contractor**, or being so used by some other person with the express or implied consent of **you**, a **protected person** or a **contractor**;
- (t) **you**, a **protected person** or a **contractor** driving a **stock vehicle** that is not authorised under the law in force in **New Zealand** in which a **stock vehicle** is being driven, being a law with respect to the licensing of drivers of **vehicles**, to drive a **stock vehicle**;
- (u) a person other than **you**, a **protected person** or a **contractor** that is driving a **stock vehicle** with the express or implied consent of **you**, a **protected person** or a **contractor** and is not under the law in force in **New Zealand** in which the **vehicle** is being driven, being a law with respect to the licensing of drivers of **vehicles**, to drive a **stock vehicle**, and the **protected person** knew or should reasonably have known at the time when the consent was given or impliedly given, that person was not so authorised;
- (v) any **stock vehicle** where the driver of a **stock vehicle** is under the influence of alcohol or drugs or was found to be in excess of the blood alcohol limit, or refuses to undergo a police alcohol or drug test. **We** may pay a claim if **you** can prove that **you** did not know the driver was affected by alcohol or drugs;

- (w) any **stock vehicle** where the driver is younger than the age limit for the youngest driver shown in **your schedule of protection**;
- (x) any **stock vehicle** where the driver does not hold a current valid driver's licence where the law requires the driver to be licensed;
- (y) the expropriation or confiscation of a **stock vehicle**;
- (z) **loss or damage** as a result of war, or warlike activities;
- (aa) **loss or damage** due to the use, existence or escape of nuclear weapons material, or ionising radiation from, or contamination by radioactivity from, any nuclear fuel or any nuclear waste from the combustion of nuclear fuel;
- (ab) the unroadworthy or unsafe condition of a **stock vehicle** concerned, being a condition that was known to **you**, a **protected person** or a **contractor**, at the time of the **accident** or the incurring of the liability;
- (ac) **you**, a **protected person** or a **contractor** failing to take steps that are in the circumstances reasonable for the security of a **stock vehicle** after **damage** has occurred to it;
- (ad) property that belongs to, or is in the custody of, the person so liable;
- (af) compensation in respect of **loss or damage** where:
  - i) **loss or damage** occurred as a result of the use of a trailer or caravan attached to a **stock vehicle**; and
  - ii) there were at the time the **loss or damage** occurred, two or more trailers or caravans, or one or more trailers and one or more caravans, attached to a **stock vehicle**;
- (ag) the load or **contents** of a **stock vehicle**;
- (ah) any **stock vehicle** whilst towing or carrying another **vehicle**;
- (ai) **theft** by trickery;
- (aj) any **loss** discovered through stocktake or shrinkage records;
- (ak) any **legal liability** for any claims in connection with pollution or **pollutants**;
- (al) any **watercraft** which exceed 8 metres in length; or
- (am) **damage** to any **stock vehicle** where such **damage** is caused by mechanical repairs, refuelling or maintenance carried out by **you** or someone with **your** consent.

# Part C: Personal Protections

## General provisions applying to all personal protection sections:

Capricorn Mutual only offers **protection** to its **Members** on a discretionary basis. This means the Board (or its delegate) must exercise its discretion to issue **protections** to **Members** and exercise its discretion to grant indemnity when a claim is made by a **Member** to whom a **protection** applies. Any statement to the effect that Capricorn Mutual will 'protect', 'pay', 'reinstate' or 'compensate' **protection**-holders, or any similar provision imposing an obligation on Capricorn Mutual only operates where the Board has exercised its discretion to grant an indemnity in respect of a claim.

A **Member's** rights and obligations (including the payment of **subscriptions** and **contributions**) in respect of any **protection** issued are governed by and arise under the Constitution of Capricorn Mutual and the **Rules** made by the Board. All terms and conditions in respect of the payment of benefits and claims in Part B and Part C of this **PDS** for each of the **protection sections** are incorporated into the Constitution and the **Rules** of Capricorn Mutual. **Your** entitlements are subject to the Constitution and **Rules**. **Your schedule of protection** is incorporated in and is a part of the **Rules**.

### 1. General Definitions

These general definitions apply to all personal **protection sections** unless stated otherwise. Defined words will appear in bold. The definitions apply to the plural and any derivatives of the bolded words.

Term	Meaning
Accident	<b>Loss</b> or <b>damage</b> arising out of an unexpected or unintended cause.
Accidental Loss or Damage	<b>Loss</b> , destruction or <b>damage</b> that is unexpected, unintentional, sudden and unforeseen.
Burglary	The act of stealing or attempted stealing: a) occurring with physical evidence of forcible or violent entry or exit to <b>your premises</b> or <b>vehicle/watercraft</b> ; or b) following violent intimidation, armed hold-up, and or assault.
Communicable Disease	Any disease which can be transmitted by means of any substance or agent from any organism to another organism where: a) the substance or agent includes, but is not limited to, a virus, bacterium, parasite or other organism or any variation thereof, whether deemed living or not; b) the method of transmission, whether direct or indirect, includes but is not limited to, airborne transmission, bodily fluid transmission, transmission from or to any surface or object, solid, liquid or gas or between organisms; and c) the disease, substance or agent can cause or threaten harm to human health or human welfare or can cause or threaten harm to, deterioration of, loss of value of, marketability of, or loss of use of, property.
Contribution	Any monies payable to Capricorn Mutual by a <b>Member</b> as shown on <b>your schedule of protection</b> and pursuant to <b>Rule 8</b> .
Damage(d)	Physical harm to tangible property that impairs its value, usefulness or normal function.
Defence Costs	The reasonable legal costs incurred by <b>you</b> , with <b>our</b> written consent, necessary to defend a claim made against <b>you</b> or any <b>protected person</b> .
Endorsement	Any amendment of the terms of the <b>protection(s)</b> advised in writing by <b>us</b> .
Electronic Data	Facts, concepts and information converted to a form useable for communication, display, distribution, interpretation or processing by electronic or electromechanical data processing or electronically-controlled equipment.
Event	An incident or several incidents of a series consequent on, or attributable to, one source or original source.
Excess(es)	The amount(s) which <b>you</b> are required to contribute to each claim.
Family Member	Any person who is: a) mother, father, sister, brother, grandparent or child (whether adopted or biological) of a <b>Member</b> who is a natural person; or b) the spouse or de facto partner of a <b>Member</b> who is a natural person and whose ordinary place of residence is the same as the <b>Member's</b> ordinary place of residence.

Term	Meaning
Farm Building	Any building not used as a residence, on land that <b>you</b> use as a farm (other than for any income generating purposes).
Farm Contents	The contents of a <b>farm building</b> used solely for domestic purposes.
Flood	The covering of normally dry land by water that has escaped or been released from the normal confines of any of the following: <ul style="list-style-type: none"> <li>a) a lake (whether or not it has been altered or modified);</li> <li>b) a river (whether or not it has been altered or modified);</li> <li>c) a creek (whether or not it has been altered or modified);</li> <li>d) another natural watercourse (whether or not it has been altered or modified);</li> <li>e) a reservoir;</li> <li>f) a canal; or</li> <li>g) a dam.</li> </ul>
Gardens and Landscaping	Loose or compacted soil, gravel, pebbles, plants, shrubs, trees, grass and lawns.
General Provisions	The terms contained in Part C applying to all personal <b>protection sections</b> subject to any <b>endorsement</b> .
GST	Goods and services tax per the meaning given in the <i>Goods and Services Tax Act 1985</i> .
Hobby Farm	A farm maintained for interest's sake with no more than NZ\$5,000 per annum of income producing activities.
Home Buildings	Any buildings, outbuildings, garages and carports at the <b>premises</b> which <b>you</b> use for domestic purposes, including: <ul style="list-style-type: none"> <li>a) fixtures and fittings in and on buildings and outbuildings, garages and carports;</li> <li>b) asphalt, cement paths or driveways and paving;</li> <li>c) fixed external signs, blinds, awnings, aerials, masts and satellite dishes;</li> <li>d) inground swimming pools, fixed spas and saunas;</li> <li>e) a tennis court (but not a grass tennis court);</li> <li>f) fixed floor coverings;</li> <li>g) services including pipes, cables and meters, but only if <b>you</b> own them or are legally responsible for them and they are within the boundary of <b>your premises</b>;</li> <li>h) improvements of a structural nature at <b>your premises</b>;</li> <li>i) glass that is permanently fixed to <b>your</b> home buildings;</li> <li>j) paved pathways, paved driveways, patios, retaining walls, free standing walls, fences, gates, pergolas or gazebos; or</li> <li>k) fixed solar photovoltaic cells (solar cells) or hot water system.</li> </ul> Home buildings does not include <b>gardens and landscaping</b> .
Home Contents	Home contents are items which <b>you</b> use for domestic purposes and which <b>you</b> own, including: <ul style="list-style-type: none"> <li>a) clothing and personal effects (but not sporting clothing or equipment whilst they are being used);</li> <li>b) furniture and furnishings, including carpets, non-fixed carpets, floor rugs;</li> <li>c) internal blinds and curtains;</li> <li>d) household goods and appliances (but not glassware including hand held mirrors, crockery and china whilst being used or carried);</li> <li>e) non-fixed swimming pools, spas or saunas;</li> <li>f) glass that is not permanently fixed and forms part of <b>your</b> furniture;</li> <li>g) <b>specified items</b> shown in <b>your schedule of protection</b>;</li> </ul>

Term	Meaning
Home Contents (cont.)	<p>h) unattached <b>vehicle</b> accessories or spare parts, but not <b>vehicles</b>;</p> <p>i) <b>tools of trade</b>;</p> <p>j) non-powered <b>watercraft</b> less than 3m long and <b>watercraft</b> parts;</p> <p>k) <b>money</b>;</p> <p>l) stamps, collector's coins and medals;</p> <p>m) jewellery, watches and fur;</p> <p>n) unset gem stones, precious stones, gold or silver ingots, bullion or nuggets;</p> <p>o) antiques, curios, paintings, collectibles, and other works of art; or</p> <p>p) bicycles.</p> <p>Home contents does not include:</p> <p>a) <b>gardens and landscaping</b>; or</p> <p>b) guests' property or any other property not belonging to <b>you</b>.</p>
Home Office/ Business Equipment and Furniture	Furniture, computer or office equipment permanently located at <b>your premises</b> and used for domestic purposes or in connection with <b>your</b> business, trade or profession.
Intruder Alarm System	Any intruder alarm system installed by a licensed alarm installation company including the method of communication used to transmit the signals from or to that system.
Legal Liability	Where <b>you</b> are legally required to pay <b>compensation</b> .
Limit(s) of Protection	The applicable limit(s) provided by the <b>protections you</b> hold, as stated in <b>your schedule of protection</b> .
Loss, Losses, Lost	Sudden and unforeseen physical loss.
Member	A person, corporation, organisation or entity that has been admitted to membership of Capricorn Mutual in accordance with the Constitution.
Money	Cash or any <b>negotiable instrument</b> belonging to <b>you</b> or for which <b>you</b> are legally responsible.
Negotiable Instrument	A legal document that represents <b>money</b> and can be legally transferred in title from one person to another.
New Zealand	The country of New Zealand, excluding dependancies and self-governing states in free association.
Occurrence	An <b>event</b> including continuous or repeated exposure to substantially the same conditions which results in <b>personal injury</b> or <b>property damage</b> that is neither expected nor intended.
Period of Protection	The duration of <b>your protections</b> as stated in <b>your schedule of protection</b> including as varied and understood by reference to <b>Rule 7(1)</b> .
Personal Injury	Bodily injury, death, disease, illness or nervous shock, false arrest, wrongful detention, wrongful eviction, assault or battery.
Portable Personal Property	Items which <b>you</b> own which are normally worn, carried or used by <b>you</b> and limited to the following: <p>a) jewellery and watches;</p> <p>b) portable electronic devices;</p> <p>c) glasses and medical items; and</p> <p>d) clothing, wallets, handbags and luggage.</p>
Pollutant	Any solid, liquid, gaseous or thermal irritant or contaminant, including, but not limited to, smoke, vapour, soot, fumes, cinders, dust, asbestos, acids, alkalis, chemicals or waste.  Waste includes materials to be recycled, reconditioned or reclaimed.
Premises	The domestic address(es) specified in <b>your schedule of protection</b> .

Term	Meaning
Product Disclosure Statement (PDS)	The document named Product Disclosure Statement issued by Capricorn Mutual in accordance with the requirements of Chapter 7 of the <i>Corporations Act 2001</i> (Cth) and includes: <ul style="list-style-type: none"> <li>a) the terms contained in Introducing Capricorn Mutual (Part A);</li> <li>b) the <b>general provisions</b> and terms contained in <b>sections 1 – 15</b> (Part B) in respect of any business <b>protections</b> granted to <b>you</b>; and</li> <li>c) the <b>general provisions</b> and terms contained in <b>sections 1 – 3</b> (Part C) in respect of personal <b>protections</b> granted to <b>you</b>.</li> </ul>
Property Damage	Physical <b>loss</b> , physical destruction or physical injury to tangible property, specifically excluding <b>personal injury</b> to any person.
Protected Event	Any of the following perils: <ul style="list-style-type: none"> <li>a) fire;</li> <li>b) explosion or implosion (but not for <b>loss</b> or <b>damage</b> to boilers, economisers, or vessels under pressure themselves or their contents);</li> <li>c) lightning;</li> <li>d) storm, wind, rain, hail or snow;</li> <li>e) escape of liquid resulting from discharging, leaking, bursting or overflowing of pipes, tanks, heating or water apparatus (but not for <b>loss</b> or <b>damage</b> to the actual pipes, tanks heating or water apparatus themselves);</li> <li>f) impact by <b>vehicles</b>, animals, <b>watercraft</b>, aircraft or other aerial devices, or falling trees or objects;</li> <li>g) riots, strikes and civil commotion;</li> <li>h) malicious acts;</li> <li>i) earthquake, tsunami, subterranean fire or volcanic eruption;</li> <li>j) <b>burglary</b>; and</li> <li>k) breakage of glass.</li> </ul>
Protected Person	A person who is not a <b>Member</b> and does not hold a <b>protection</b> , but to whom <b>we</b> agree to extend the application of a <b>protection</b> .
Protection(s)	A miscellaneous financial risk product used to manage business and personal risks, issued to a <b>Member</b> in accordance with the Capricorn Mutual Constitution and the <b>Rules</b> .
Rule(s)	The document called 'Rules of Capricorn Mutual Limited' that governs membership and the terms of <b>protections</b> offered by Capricorn Mutual.
Schedule of Protection	The current schedule issued by <b>us</b> to <b>you</b> which sets out the scope and extent of the <b>protection(s)</b> granted to <b>you</b> including any <b>endorsements</b> attached or issued by <b>us</b> . Each <b>schedule of protection</b> is taken to be incorporated, and part of the <b>Rules</b> of Capricorn Mutual.
Section(s)	The individual sections 1 – 3 that <b>you</b> have selected from the types of <b>protection</b> governs by the Constitution and the <b>Rules</b> and detailed in Part C of the <b>Product Disclosure Statement</b> .
Specified Items	An item owned by <b>you</b> that is itemised in <b>your schedule of protection</b> .
Storm Surge	An offshore rise of seawater associated with a low pressure weather system, typically cyclones.
Subscription	The annual membership fee of NZ\$10 (plus <b>GST</b> ) payable by <b>Members</b> in accordance with the Constitution.
Theft	The act of stealing or attempted stealing.
Tools of Trade	Tools used for and in connection with business activities, including any hand held devices powered solely by the person using it.  Tools of trade does not include any <b>home office/business equipment and furniture, vehicles</b> or <b>watercraft</b> or mobile phones, or any electrical or battery powered devices.
Total Loss	<b>Loss</b> that occurs when the protected property is totally destroyed or is <b>damaged</b> in such a way that it can be neither recovered nor repaired for further use.

Term	Meaning
Vehicle	<p>Any mechanically propelled vehicle designed for use on land only including a motor vehicle, motorcycle, goods carrying vehicle, trailer, caravan, and extending to include any standard equipment, modifications and accessories attaching to that vehicle which are provided by the manufacturer.</p> <p>Vehicle does not include a train or rolling stock, aircraft or spare/unattached part.</p>
Watercraft	<p>A vessel, craft or thing, made or intended to float on or in, or travel on or through water including any standard equipment, modifications and accessories attaching to that watercraft which are provided by the manufacturer.</p> <p>Watercraft does not include canoes, kayaks, surf skis, single person sail boards, single person rowing sculls or surfboards; or any watercraft used for business purposes.</p>
We, Us, Our	Capricorn Mutual Limited (NZ Company No. 4046200, ABN 24 104 601 194).
You, Your(s), Yourself	A <b>Member</b> who holds a <b>protection</b> as described in <b>your schedule of protection</b> .

## 2. General Conditions

These general conditions apply to all **protection sections** unless stated otherwise.

Term	Condition
1. Protections	<p><b>You</b> are entitled to seek a discretionary <b>protection</b> in accordance with the <b>Rules</b>, if <b>you</b> agree to become a <b>Member</b> of Capricorn Mutual, pay the annual membership <b>subscription</b> and make the relevant <b>contribution</b> and any other fees and charges for the <b>protection you</b> choose, and which Capricorn Mutual agrees to issue to <b>you</b>.</p>
2. Contribution	<p>The <b>contribution</b> to be paid for the <b>protection(s) you</b> have selected and which <b>we</b> have issued to <b>you</b> is specified in <b>your schedule of protection</b>.</p> <p>In deciding to issue <b>you</b> with a <b>protection</b> and in determining <b>your contribution</b>, <b>we</b> will consider and rely upon a number of factors including:</p> <ol style="list-style-type: none"> <li><b>your</b> past claims history;</li> <li>the information <b>you</b> provide in <b>your</b> application for <b>protection</b> including the nature and type of <b>your</b> risks; and</li> <li>any circumstances that may increase <b>your</b> risk.</li> </ol> <p>If <b>you</b> pay <b>your contribution</b> by monthly instalments, <b>you</b> are required to make payments on a timely basis. <b>Your protection</b> will immediately expire if <b>you</b> fail to pay <b>your contribution</b> or any other sum of <b>money</b> due to Capricorn Mutual under its Constitution and the <b>Rules</b>.</p>
3. Excess(es)	<p>The <b>excess</b> is the amount(s) which <b>you</b> are required to contribute to each claim.</p> <p><b>You</b> will only be required to pay one <b>excess</b> on any claim <b>you</b> make if the claim arises from one <b>event</b>, except in the case of <b>vehicles</b> where <b>you</b> may be required to pay more than one <b>excess</b>.</p> <p>Where a claim arises from one <b>event</b> and <b>you</b> are entitled to <b>protection</b> under more than one <b>section</b>, <b>you</b> will be required to pay the highest single <b>excess</b> applicable irrespective of the number of <b>excesses</b> applying to individual <b>sections</b>.</p> <p><b>You</b> may request a larger <b>excess</b>. If <b>we</b> agree with <b>your</b> request, this may change the amount of <b>contribution you</b> pay.</p>
4. Reasonable Care	<p><b>You</b> and <b>your family members</b> must take all reasonable care (and if applicable, ensure that <b>protected persons</b> take all reasonable care) to prevent or minimise <b>accidents, property damage, personal injury</b> or any other <b>occurrences</b> or <b>events</b> which may give rise to a claim under <b>your personal protection section(s)</b>.</p> <p>This includes:</p> <ol style="list-style-type: none"> <li>complying with statutory obligations, by-laws, regulations, public authority requirements and safety requirements, laws, standards and manufacturers' recommendations relating to the use, inspection and safety of property or the safety of people; and</li> <li>maintaining <b>your</b> property to a reasonable standard.</li> </ol>

Term	Condition
5. Changes to Risk	<p><b>You</b> must immediately notify <b>us</b> if the risk of <b>loss, damage</b> or liability changes or increases, because of a change in the risk (for example, <b>you</b> change address). <b>Your</b> increased risk will not be protected unless <b>we</b> agree to do so in writing.</p> <p>This condition applies to changes that occur during the <b>period of protection</b> and changes that may affect <b>our</b> decision to protect <b>you</b> at each renewal of <b>your</b> personal <b>section(s)</b>.</p>
6. Claims Procedures	<p>Before <b>your</b> claim will be considered, <b>you</b> or a <b>protected person</b> must comply with the applicable obligations under the <b>Rules</b> in respect of making a claim, and upon <b>you</b> becoming aware of any <b>event, incident</b> or <b>occurrence</b> which gives rise or may give rise to that claim, <b>you</b> must immediately make the claim. If anything happens which gives rise or may give rise to a claim the following applies:</p> <p>a) <b>You</b> or a <b>protected person</b> (if applicable) must:</p> <ul style="list-style-type: none"> <li>i) mitigate and reduce any <b>legal liability, loss, damage, defence costs, personal injury</b> or <b>property damage</b> (or any other claim, compensation, cost, expense, injury or liability protected by a <b>protection</b>), including reasonable steps requested to be taken by Capricorn Mutual;</li> <li>ii) promptly notify <b>us</b> of any information, documents or reports in relation to the claim of which <b>you</b> or the <b>protected person</b> are aware or which <b>you</b> or the <b>protected person</b> possess, giving full particulars of the facts and circumstances, including any <b>legal liability, loss, damage, defence costs, personal injury</b> or <b>property damage</b> (or any other claim, compensation, cost, expense, injury or liability protected by a <b>protection</b>) incurred by <b>you</b> or the <b>protected person</b>, and details of any proceedings instituted against <b>you</b> or the <b>protected person</b>;</li> <li>iii) immediately notify the police if a criminal act may have caused the <b>legal liability, loss, damage, defence costs, personal injury</b> or <b>property damage</b> (or any other claim, compensation, cost, expense, injury or liability protected by a <b>protection</b>);</li> <li>iv) take all reasonable precautions to prevent or minimise further <b>legal liability, loss, damage, defence costs, personal injury</b> or <b>property damage</b> (or any other claim, compensation, cost, expense, injury or liability protected by a <b>protection</b>);</li> <li>v) take all reasonable steps to recover any <b>lost</b> or stolen property;</li> <li>vi) take reasonable steps to obtain details of any other person, property or <b>vehicle</b> involved and any witnesses;</li> <li>vii) provide all reasonable information and assistance <b>we</b> may require or that may be material to <b>our</b> decision to accept or reject <b>your</b> claim;</li> <li>viii) use <b>your</b> or a <b>protected person's</b> best efforts to save any <b>damaged</b> or defective property which might provide evidence in relation to any claim; and</li> <li>ix) provide <b>us</b> with details of any other insurances which insure or may insure the same or similar risks relating to the <b>legal liability, loss, damage, defence costs, personal injury</b> or <b>property damage</b> (or any other claim, compensation, cost, expense, injury or liability protected by a <b>protection</b>) or the subject of the claim.</li> </ul> <p>b) <b>You</b> or a <b>protected person</b> are not entitled to abandon any property the subject of a <b>legal liability, loss, damage, defence costs, personal injury</b> or <b>property damage</b> (or any other claim, compensation, cost, expense, injury or liability protected by a <b>protection</b>) to <b>us</b>.</p> <p>c) <b>We</b> have the right to control or direct the conduct of any legal or other proceedings in respect of a claim for which <b>we</b> exercise <b>our</b> discretion to grant indemnity.</p> <p>d) After payment for or replacement of any property <b>loss</b> or <b>damage</b>, except for <b>home buildings</b>, <b>we</b> have a right of salvage, and the property becomes <b>ours</b>.</p> <p>e) <b>We</b> may reject a claim or accept a claim and reduce the sum payable by <b>us</b> in respect of the claim, if:</p> <ul style="list-style-type: none"> <li>i) information provided by <b>you</b> or a <b>protected person</b> in respect of a claim is not true, correct and complete to the best of <b>your</b> or the <b>protected person's</b> knowledge;</li> <li>ii) <b>you</b> or a <b>protected person</b> fail(s) to provide information to <b>us</b> in respect of a claim which would, with reasonable diligence, have been ascertainable by <b>you</b> or the <b>protected person</b>;</li> <li>iii) in the opinion of the Board, <b>you</b> or a <b>protected person</b> have not taken reasonable steps to mitigate the <b>loss, damage, injury</b> or liability;</li> </ul>



Term	Condition
<b>6. Claims Procedures</b> <i>(cont.)</i>	<ul style="list-style-type: none"> <li>iv) <b>loss, damage, injury</b> or liability (or any other claim, compensation, cost, expense protected by a <b>protection</b>) to which the claim relates has been settled, or any liability has been admitted, by <b>you</b> or on behalf of <b>you</b> or a <b>protected person</b> without <b>our</b> prior consent in writing, and there has, in the sole opinion of the Board, been prejudice to <b>us</b> by such action;</li> <li>v) <b>you</b> or a <b>protected person</b> has failed to comply with any of <b>your</b> or the <b>protected person's</b> obligations under the <b>Rules</b>, the Constitution or a directive made at any time by <b>us</b> (or <b>our</b> delegates) in connection with the handling or settlement of the <b>loss, damage, injury</b> or liability; or</li> <li>vi) <b>you</b> alter or repair any building, appliance, plant, or thing the subject of any <b>loss, damage, injury</b> or liability in relation to a claim before <b>we</b> have had the opportunity of an inspection, unless such alteration or repair is necessary for safety reasons.</li> </ul>
<b>7. Goods and Services Tax (GST)</b>	<p>If <b>we</b> arrange for the repair or replacement of an item which is the subject of a claim, <b>we</b> will pay the cost of repair or replacement inclusive of <b>GST</b>.</p> <p>If <b>we</b> settle <b>your</b> claim by making a payment to <b>you</b>, <b>we</b> will reduce the amount of the payment by the amount of any input tax credits to which <b>you</b> would be entitled if <b>you</b> made an acquisition to repair or replace the item.</p> <p>If <b>you</b> do not disclose or understate <b>your</b> entitlement, <b>you</b> may be liable for <b>GST</b> on settlement of the claim.</p> <p><b>We</b> will not protect <b>you</b> for any penalty, charge or fine for which <b>you</b> may be liable.</p>
<b>8. Automatic Reinstatement</b>	<p>Where a <b>loss</b> occurs, except for <b>section 3</b> Private Motor Vehicles, <b>we</b> will reinstate the relevant <b>limit(s) of protection</b> provided that:</p> <ul style="list-style-type: none"> <li>a) there is no written request to the contrary by either <b>you</b> or <b>us</b>;</li> <li>b) the relevant <b>protection</b> is operative; and</li> <li>c) <b>you</b> pay the <b>contribution</b> which <b>we</b> may require for the reinstatement within the time specified by <b>us</b>.</li> </ul>
<b>9. Our Rights if You Claim</b>	<p>If <b>you</b> make a claim, and <b>we</b> agree to grant <b>your</b> claim, <b>you</b> agree that <b>we</b> are entitled to:</p> <ul style="list-style-type: none"> <li>a) have complete control over all claim(s) settlements;</li> <li>b) take over the defence or settlement of a claim made against <b>you</b> or a <b>protected person</b> including the right to join other parties or commence separate proceedings against other parties;</li> <li>c) require <b>you</b> or a <b>protected person</b> to settle, compromise or otherwise dispose of a <b>loss</b> or liability in such manner and upon such terms as <b>we</b> in <b>our</b> sole and absolute discretion see fit;</li> <li>d) issue proceedings or take any action, in <b>your</b> name, to recover or seek <b>contribution</b> or indemnity, of any payment made to <b>you</b> or on <b>your</b> behalf by <b>us</b> (this is known as subrogation – see 'subrogation' condition below). <b>You</b> must cooperate with <b>us</b> and provide reasonable assistance in relation to any such proceedings;</li> <li>e) enter <b>your premises</b> with <b>your</b> permission where <b>damage</b> or <b>personal injury</b> has occurred;</li> <li>f) deal with <b>your</b> property for which <b>you</b> experience <b>total loss</b> in any way <b>we</b> think is appropriate; and</li> <li>g) keep any part of <b>your</b> property as salvage that <b>we</b> replace or pay the cost of replacement.</li> </ul>
<b>10. Subrogation</b>	<p>If <b>we</b> exercise <b>our</b> discretion to provide an indemnity against any <b>legal liability, loss, damage, defence costs, personal injury</b> or <b>property damage</b> (or any other claim, compensation, cost, expense, injury or liability protected by a <b>protection</b>) for which <b>you</b> make a claim under a <b>protection</b>, <b>you</b> or a <b>protected person</b> agree to subrogate, assign or otherwise transfer to <b>us</b> any and all of <b>your</b> rights of recourse against third parties.</p>
<b>11. Subrogation Waiver</b>	<p>Where <b>we</b> have a right of <b>subrogation</b> against <b>you</b> or any <b>protected person</b>, <b>we</b> agree not to exercise those rights against <b>you</b> or any <b>protected person</b>, unless the claim arose from or was related to the dishonest, criminal, fraudulent or malicious conduct of <b>you</b> or the <b>protected person</b>.</p>

Term	Condition
12. Unoccupied Premises	<p>Minimum security is required when <b>your premises</b> are unoccupied. If <b>your premises</b> are left unoccupied for any period of time, <b>you</b> must ensure:</p> <ol style="list-style-type: none"> <li>all safes and doors must be locked and the keys removed from <b>your premises</b>;</li> <li>all windows must be locked and the keys removed from the window locks; and</li> <li>any <b>intruder alarm system</b>, smoke alarms, detectors or sprinklers are armed and maintained in full and efficient working order.</li> </ol> <p><b>You</b> must immediately notify <b>us</b> if <b>your premises</b> will be unoccupied for a period of 30 days or more. <b>We</b> will not protect <b>your home buildings</b> and <b>home contents</b> in this period of unoccupancy unless <b>we</b> agree to do so in writing.</p>
13. Minimum Security and Fire Prevention Requirements	<p>Where <b>we</b> require an <b>intruder alarm system</b>, smoke detectors or sprinklers at <b>your premises</b>, the following conditions apply:</p> <ol style="list-style-type: none"> <li>the <b>intruder alarm system</b>, smoke detectors and sprinklers must be in the form agreed by <b>us</b>;</li> <li>the <b>intruder alarm system</b>, smoke detectors and sprinklers must be operational whenever <b>your premises</b> are left unattended; and</li> <li>the <b>intruder alarm system</b>, smoke detectors and sprinklers must be maintained in full and efficient working order under a contract, to provide both corrective and preventative maintenance, with the installing company or another company agreed with <b>us</b>.</li> </ol>
14. Non-Accumulation	<p>If <b>you</b> are entitled to <b>protection</b> for <b>your</b> claim under more than one <b>section</b> or part of a <b>section</b>, <b>you</b> may nominate the <b>section</b> or part under which <b>you</b> require the claim to be paid by <b>us</b>. If <b>you</b> do not make a nomination, <b>we</b> will pay the claim under the <b>section</b> or part that is most favourable to <b>you</b>. Provided that under no circumstances are <b>you</b> entitled to be indemnified more than once for the same claim, <b>we</b> will not pay <b>you</b> for any one <b>loss</b>, liability or expense under more than one <b>section</b> or part of a <b>section</b>.</p>
15. Other Protection or Insurance	<p>Where there is another <b>protection</b> or insurance policy which applies to a claim, <b>we</b> will only pay over and above the amount payable by the other <b>protection</b> or insurance policy.</p>
16. Jurisdiction	<p>The <b>protections</b> governed by the Capricorn Mutual Constitution and <b>Rules</b> are subject to and interpreted according to the laws of Western Australia and in the event of any dispute the parties agree to submit to the jurisdiction of any competent court of Western Australia.</p>

### 3. General Exclusions

These general exclusions apply to all **protection sections** unless stated otherwise. **We** will not protect **you** for:

Term	Exclusion
1. Pre-Existing Circumstances	Any, <b>loss</b> , <b>damage</b> , liability, financial loss, <b>personal injury</b> or other circumstance in existence prior to the commencement of the <b>period of protection</b> which <b>you</b> or <b>your</b> representative knew or ought to reasonably have known might give rise to a claim.
2. Loss of Value	Any <b>loss</b> of market value beyond the cost of repair or replacement.
3. Confiscation, Expropriation or Nationalisation	Any <b>loss</b> , <b>damage</b> , liability, financial loss, <b>personal injury</b> , cost or expense arising from confiscation, nationalisation, requisition, removal, entry to the <b>premises</b> or destruction by order of any government, public body, municipal, local or customs authority, court or police.
4. Consequential Loss	Any <b>loss</b> resulting indirectly or secondarily to a protected <b>loss</b> . Consequential <b>loss</b> includes but is not limited to a financial loss that arises, directly or indirectly, out of a protected <b>loss</b> , such as penalties, <b>loss</b> of use of property, delays, depreciation, lack of performance or <b>loss</b> of market value.
5. War Risks	Any <b>loss</b> , <b>damage</b> , liability, financial loss, <b>personal injury</b> , cost or expense arising from war, invasion, actions of foreign enemies, hostilities (whether or not war has been declared), civil war, civil commotion arising directly or indirectly from war or civil war, rebellion, revolution, insurrection, military action or coup.
6. Sonic Bangs	Any <b>loss</b> , <b>damage</b> , liability, financial loss, <b>personal injury</b> , cost or expense arising from pressure waves caused by aircraft or other aerial devices travelling at sonic or supersonic speeds.

Term	Exclusion
7. Nuclear	<p>Any <b>loss, damage</b>, liability, financial loss, <b>personal injury</b>, cost or expense, directly or indirectly caused by or contributed to or arising from:</p> <ul style="list-style-type: none"> <li>a) the combustion of nuclear fuel;</li> <li>b) nuclear fission; or</li> <li>c) nuclear weapons material.</li> </ul>
8. Toxic Mould	<p>Any <b>loss, damage</b>, liability, financial loss, <b>personal injury</b>, cost or expense arising from or relating to fungal pathogens or bacteria.</p> <p>For the purposes of this general exclusion, fungal pathogens means any fungus or mycota or any by-product or type of infestation produced by such fungus or mycota including, but not limited to mould, mildew, mycotoxins, spores or any biogenic aerosols.</p>
9. Cyber Risks	<p>Any <b>loss, damage</b>, liability, financial loss, <b>personal injury</b>, cost or expense arising from, in whole or in part by:</p> <ul style="list-style-type: none"> <li>a) the use or misuse of the internet or similar facility;</li> <li>b) any electronic transmission of <b>electronic data</b> or other information;</li> <li>c) any computer virus, worm, logic bomb, 'Trojan Horse' or similar problem;</li> <li>d) the use or misuse of any internet address, website or similar facility;</li> <li>e) any <b>electronic data</b> or other information posted on a website or similar facility;</li> <li>f) any <b>loss of electronic data</b> to any computer system including, but not limited to, hardware or software;</li> <li>g) the functioning or malfunctioning of the internet or similar facility or of any internet address, website or similar facility; or</li> <li>h) any infringement whether intentional or unintentional of any intellectual property rights including, but not limited to, trademarks, copyright or patents.</li> </ul>
10. Terrorism	<p>Any <b>loss, damage</b>, liability, financial loss, <b>personal injury</b>, cost or expense arising from or directly or indirectly caused by:</p> <ul style="list-style-type: none"> <li>a) any act of terrorism, which means an act including, but not limited to, the use of force or violence or threat of any person or group whether acting alone or on behalf of or in connection with any organisation(s) or government(s) which from its nature or context is done for, or in connection with, political, religious, ideological, ethnic or similar purposes or reasons, including the intention to influence any government or to put the public, or any section of the public, in fear; or</li> <li>b) any action taken in controlling, preventing, suppressing or in any way relating to any act of terrorism.</li> </ul>
11. Hazardous Goods	<p>Any <b>loss, damage</b>, liability, financial loss, <b>personal injury</b>, cost or expense arising directly or indirectly from or in connection with the storage of dangerous or hazardous goods or substances at <b>your premises</b>, unless they are substances <b>you</b> are legally allowed to store.</p>
12. Fair Wear and Tear	<p>Any <b>loss, damage</b>, liability, financial loss, <b>personal injury</b>, cost or expense arising directly or indirectly from or in connection with wear, tear, rust, corrosion, erosion, oxidation, scale or gradual deterioration, lack of maintenance, evaporation, shrinkage, loss of weight, dampness, dryness, wet rot or dry rot, insects, woodworm or vermin or any other gradually operating cause which occurs in the course of ordinary use of property.</p>
13. Warranties and Guarantees	<p><b>We</b> will not pay for parts, labour or travel costs recoverable under any supplier, manufacturer, repairers warranty or guarantee, or which would have been protected but for a breach of <b>your</b> obligations under the terms of the warranty or guarantee.</p>
14. Fines and Penalties	<p>Punitive, exemplary or aggravated damages awarded against <b>you</b> or any penalties or fines imposed on <b>you</b>.</p>
15. Deliberate Actions, Fraud and Dishonesty	<p>Any <b>loss, damage</b>, liability, financial loss, <b>personal injury</b>, cost or expense arising directly or indirectly from or in connection with any dishonest, fraudulent, illegal, criminal, malicious, deliberate or reckless acts of <b>you</b> or any <b>protected person</b>, a <b>family member</b> or any person at the <b>premises</b> with <b>your</b> consent.</p>

Term	Exclusion
16. Claims Embargo	<p><b>Loss</b> or <b>damage</b> occurring within 72 hours from the commencement of the <b>period of protection</b> caused by or arising from bushfire, <b>flood</b>, or a cyclone named by the MetService. This exclusion does not apply if the <b>period of protection</b> commences directly after:</p> <ul style="list-style-type: none"> <li>a) an expiring <b>protection</b> protecting the same <b>premises</b> without a break in <b>period of protection</b>;</li> <li>b) an insurance policy covering the same <b>premises</b> without a break in period of cover; or</li> <li>c) <b>you</b> entered into a contract of sale to purchase or to lease the <b>premises</b>.</li> </ul>
17. Sanctions	<p><b>We</b> will not provide <b>protection</b> and will not make any payments or provide any services or benefit to <b>you</b> or to any other party to the extent that such <b>protection</b>, payment, service or benefit would contravene any applicable trade or economic sanctions, law or regulation.</p>
18. Asbestos Liability	<p>Any actual or alleged liability arising out of or relating (directly or indirectly) to any asbestos or any materials containing asbestos in whatever form or quantity.</p>
19. Communicable Disease	<p>Any <b>loss, damage</b>, liability, financial loss, <b>personal injury</b>, cost or expense caused or contributed to by, or resulting or arising directly or indirectly from or in connection with a <b>communicable disease</b> or the fear or threat (whether actual or perceived) of a <b>communicable disease</b> regardless of any other cause.</p>

# PERSONAL PROTECTION SECTIONS:

## Section 1. Home Buildings

### Specific definitions

In this **section** the following words have the following meaning:

<b>Home Buildings Limit of Protection Amount</b>	The <b>limit of protection</b> for <b>your</b> 'Home Buildings' as stated in <b>your schedule of protection</b> . It must be adequate to include the cost of replacement and an allowance for all the additional benefits listed within <b>section 1</b> additional benefits - part A. If <b>you</b> do not allow enough for the replacement value and those additional benefits, <b>you</b> may find that <b>your protection</b> is inadequate in the event of a claim.
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### What is protected?

If 'Home Buildings' is shown on **your schedule of protection**, we will protect **you** for **loss** or **damage** to **your home building(s)** caused by a **protected event** during the **period of protection**.

### Basis of settlement

The maximum we will pay for any one event under this **section 1** is the **limit(s) of protection** for 'Home Buildings' shown in **your schedule of protection**, unless **you** make a claim that includes **protection** under **section 1** Home Buildings additional benefits - part B or C.

We will, at our option, repair or replace any **loss** or **damage** to **your home building(s)** or pay **you** the costs of repair or replacement.

We will repair or replace the **home building(s)** or pay the costs of repairing the **home building(s)** to a condition substantially the same as but not better or more extensive than when new, and only if the repair or replacement is carried out as soon as possible.

If the repair or replacement is not carried out or undertaken as soon as possible after the **loss** or **damage** occurs, or if we choose to pay **you** the cost of the repair or replacement, then the amount we will pay will be the amount of the repair or replacement less a deduction for wear, tear and depreciation.

We will not pay the amount stated as the **excess(es)** in **your schedule of protection** for this **section 1**.

### Home buildings with fixed limits

Some items and types of **home building(s)** have fixed limits. The maximum we will pay for these items and types of **home building(s)** is listed in the below table, unless specified on **your schedule of protection**. These limits are included in the **limit(s) of protection** for **your home building(s)**.

Item or type of home buildings	The maximum we will pay
<b>Loss</b> or <b>damage</b> to paved pathways, paved driveways, patios, retaining walls, free standing walls, fences, gates, pergolas or gazebos.	NZ\$20,000 per <b>event</b>
<b>Loss</b> or <b>damage</b> to fixed solar photovoltaic cells (solar cells) or hot water system.	NZ\$5,000 per <b>event</b>

### Additional benefits - part A - included within the limit(s) of protection

Where **you** make a claim that is protected under this **section 1** Home Buildings, we will protect **you** for the following additional benefits if they are applicable to **your** claim. Additional benefits may include limits and where limits apply they are stated in the table below or in **your schedule of protection**, as applicable. Any additional benefits - part A limits shown are included in the **home buildings limit of protection amount**.

<b>1. Buildings Clean Up</b>	<b>We</b> will pay for the cost of removing or disposing of debris, or the demolishing, dismantling or shoring up <b>your home building(s)</b> .  The maximum <b>we</b> will pay for this additional benefit is 10% of the <b>home buildings limit of protection amount</b> per <b>event</b> .
<b>2. Professional Fees</b>	<b>We</b> will pay for architects', surveyors' and legal fees necessarily incurred by <b>you</b> in the repair or replacement of <b>your home building(s)</b> .  The maximum <b>we</b> will pay for this additional benefit is NZ\$15,000 per <b>event</b> .

<p><b>3. Extra Costs of Building Reinstatement</b></p>	<p><b>We</b> will pay for the extra costs necessary to repair or replace <b>your home building(s)</b> which are incurred in order to comply with any building requirements of any Act of Parliament, or regulation made under an act or by-law or the regulation of any municipal or statutory authority, subject to the limit protected, the terms and conditions of this <b>protection</b>, and the following provisions:</p> <ul style="list-style-type: none"> <li>a) work being commenced and carried out in a reasonable time;</li> <li>b) no additional costs to comply with any requirement that <b>you</b> were required to comply with prior to the <b>loss</b> or <b>damage</b> occurring; and</li> <li>c) the costs of compliance for any part of the <b>home building(s)</b> that are not <b>damaged</b>.</li> </ul> <p>The maximum <b>we</b> will pay for this additional benefit is 10% of the <b>home buildings limit of protection amount</b> or NZ\$50,000, whichever is less.</p>
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## Additional benefits - part B - in addition to the limit(s) of protection

If 'Home Buildings' is specified in **your schedule of protection**, and **you** make a claim that is protected under this **section 1**, in addition to the home buildings limit of protection amount we will protect you for the following additional benefits if they are applicable to your claim. Our liability for these additional benefits will be limited to:

- a) the amount(s) stated in **your schedule of protection**; or
- b) the amount(s) stated below if there is no amount stated in **your schedule of protection**.

<p><b>1. Inflation Protection</b></p>	<p>The <b>home buildings limit of protection amount</b> will be increased monthly during the <b>period of protection</b> in line with the <b>New Zealand Consumer Price Index</b>. At the renewal of <b>your home building(s) protection</b>, <b>your contribution</b> will be based on the increased <b>limit of protection</b>. This indexation will continue during the period of repair or replacement of <b>your home building(s)</b> under this <b>section 1</b>.</p>
<p><b>2. Fire Fighting Costs</b></p>	<p><b>We</b> will pay for the fee, levy or account charged to <b>you</b> by any rural or metropolitan fire brigade to extinguish a fire at <b>your premises</b>, including the replenishment of fire-fighting appliances, if <b>loss</b> or <b>damage</b> caused by the fire is protected under this <b>section 1</b>.</p> <p>The maximum <b>we</b> will pay for this additional benefit is up to NZ\$15,000 per <b>event</b>.</p>
<p><b>3. Rent Assistance</b></p>	<p>If <b>we</b> have paid a claim under this <b>section 1</b> for <b>loss</b> or <b>damage</b> to <b>your home building(s)</b> and <b>your home building(s)</b> is unfit to live in because of the <b>loss</b> or <b>damage</b>, <b>we</b> will also pay for the costs of:</p> <ul style="list-style-type: none"> <li>a) alternative rental accommodation to a standard similar to <b>your</b> current home (if <b>you</b> occupy the home) or;</li> <li>b) loss of rent receivable where there is a formal lease agreement in place (if <b>your</b> home is occupied by tenants).</li> </ul> <p>Once <b>we</b> repair or reinstate <b>your home building(s)</b>, or pay <b>you</b> the cost of doing so, <b>we</b> will stop paying for alternative rental accommodation or loss of rent receivable.</p> <p>Where <b>you</b> occupy the home, the maximum <b>we</b> will pay for this additional benefit is 10% of the <b>limit of protection</b>, or the cost of accommodation up to 12 months from the date of the <b>event</b>, whichever is less.</p> <p>Where <b>your</b> home is occupied by tenants, the maximum <b>we</b> will pay for this additional benefit is up to 3 months' loss of rent receivable.</p>
<p><b>4. Alterations, Additions and Improvements</b></p>	<p><b>We</b> will pay for additions, alterations, improvements and extensions undertaken to <b>your</b> existing <b>home building(s)</b> during the <b>period of protection</b>.</p> <p><b>You</b> must tell <b>us</b> about any new <b>home building(s)</b>, alterations, additions or improvements as soon as possible.</p> <p><b>We</b> will not protect the new <b>home building(s)</b>, alterations, additions and improvements other than under this additional benefit, unless <b>we</b> agree to do so in writing.</p> <p><b>We</b> will not pay under this additional benefit for any increase in value to <b>your</b> existing <b>home building(s)</b>.</p> <p>The maximum <b>we</b> will pay for this additional benefit is NZ\$25,000.</p>
<p><b>5. Overflowing, Leaking, Bursting of Water or Oil Apparatus</b></p>	<p><b>We</b> will pay the reasonable costs of locating the source of water or oil escape from any fixed tank, pipe or apparatus in <b>your home building(s)</b> during the <b>period of protection</b>, and subsequently making good <b>damage</b> caused by the search.</p> <p>The maximum <b>we</b> will pay for this additional benefit is NZ\$2,000 per <b>event</b>.</p>

<p><b>6. Damage by Frost</b></p>	<p><b>We</b> will pay the reasonable costs for <b>loss</b> or <b>damage</b> to any plumbing installation in <b>your home building(s)</b> caused by frost or freezing.</p> <p><b>We</b> will not pay for installations that are outside or in any outbuilding or detached garage.</p> <p>The maximum <b>we</b> will pay for this additional benefit is NZ\$2,500 per <b>event</b>.</p>
<p><b>7. Electric Motor Burnout</b></p>	<p><b>We</b> will pay for the cost of repairing or replacing an electric motor considered a fixture forming part of <b>your home building(s)</b>, if it is <b>damaged</b> from burning out by electrical current, including power surges as a result of a <b>protected event</b>.</p> <p><b>We</b> will only pay a depreciated cost for repairing or replacing the electric motor if it is more than 8 years old.</p> <p><b>We</b> will also pay for:</p> <ol style="list-style-type: none"> <li>an exchange sealed compressor in an air-conditioning unit;</li> <li>re-gassing the unit;</li> <li>bearings and seals; and</li> <li>relay or overload switches <b>damaged</b> by the motor fusing.</li> </ol> <p><b>We</b> will not pay under this additional benefit for:</p> <ol style="list-style-type: none"> <li>electric motors under warranty;</li> <li>electric motors used for trade or farming;</li> <li>machinery, pumps or gear boxes that are not part of a sealed refrigeration unit or electric motor;</li> <li>additional costs to convert refrigeration or air-conditioning units to use a different gas;</li> <li><b>damage</b> to swimming pools, chemicals or water from a filtration motor breakdown;</li> <li>any additional costs arising from <b>loss</b> of use; or</li> <li>relay or overload switches not <b>damaged</b> by the motor fusing.</li> </ol> <p>The maximum <b>we</b> will pay for this additional benefit is NZ\$10,000 per <b>event</b>.</p>
<p><b>8. Replacement Locks</b></p>	<p><b>We</b> will pay for replacement locks or lock mechanisms of external doors if a key for an external lock to <b>your home building(s)</b> is stolen during a <b>burglary</b> at <b>your premises</b>.</p> <p>The maximum <b>we</b> will pay for this additional benefit is NZ\$1,000 per <b>event</b>.</p>
<p><b>9. Garden and Landscaping</b></p>	<p><b>We</b> will pay for <b>loss</b> or <b>damage</b> to <b>gardens and landscaping</b> at <b>your premises</b> caused by a <b>protected event</b> (but excluding <b>loss</b> or <b>damage</b> caused by wind, rain, hail, snow or escape of liquid).</p> <p>The maximum <b>we</b> will pay for this additional benefit is NZ\$5,000 per <b>event</b>.</p>

### Additional benefits - part C - separate to the limit(s) of protection

If 'Home Buildings' is specified in **your schedule of protection**, **we** will protect **you** for the following additional benefit if it is applicable to **your claim**. **Our** obligations in respect of this additional benefit will be limited to NZ\$20,000,000 inclusive of **defence costs**.

<p><b>1. Your Legal Liability</b></p>	<p><b>We</b> will protect <b>you</b> for all amounts that <b>you</b> are legally liable to pay as compensation for <b>personal injury</b> or <b>property damage</b> that happens in connection with the ownership of <b>your home building(s)</b> at <b>your premises</b> during the <b>period of protection</b>.</p> <p><b>We</b> will also pay <b>your</b> legal costs in defending any claim made against <b>you</b> that is protected by this additional benefit.</p> <p><b>We</b> will not pay under this additional benefit for <b>personal injury</b> or <b>property damage</b> arising directly or indirectly from:</p> <ol style="list-style-type: none"> <li>the ownership, possession, occupancy or use of land or buildings not at the <b>premises</b>;</li> <li>the ownership, possession or use of a <b>vehicle</b> (except golf buggies, scooters designed for invalids, pedal cycles, garden appliances or wheelchairs where compulsory insurance is not required by any law);</li> <li>the ownership, possession or use of any trailers or caravans (except when they are not attached to a <b>vehicle</b>);</li> </ol>
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<p><b>1. Your Legal Liability</b> (cont.)</p>	<p>d) the use of any non-mechanically propelled <b>watercraft</b> (except for canoes, kayaks, surf skis, single person sail boards, single person rowing sculls or surfboards), aircraft or aerial devices;</p> <p>e) pollution or any <b>pollutants</b>;</p> <p>f) any business activity conducted by <b>you</b> or a company of which <b>you</b> are a director or partner;</p> <p>g) building works at the <b>premises</b> where the total cost of the project exceeds NZ\$50,000;</p> <p>h) <b>you</b> committing or attempting to commit an unlawful or criminal offence;</p> <p>i) <b>you</b> intentionally injuring a person or intentionally damaging their property;</p> <p>j) <b>personal injury</b>, death or illness to <b>you</b>;</p> <p>k) <b>damage</b> to any of <b>your</b> property;</p> <p>l) <b>personal injury</b>, death or illness to <b>your</b> employees or <b>damage</b> to any of their property while they are working for <b>you</b>;</p> <p>m) <b>personal injury</b>, death, illness or <b>property damage</b> when <b>you</b> have made <b>yourself</b> liable under a written contract or agreement (not including liability assumed under a lease or tenancy agreement for a <b>protected event</b>);</p> <p>n) any assumed liability under an agreement that would not have been imposed if the agreement had not been made; or</p> <p>o) <b>you</b> supplying or allowing to be consumed any alcohol, drug or harmful substance.</p> <p>The maximum <b>we</b> will pay for all claims arising from any one <b>event</b> (including legal costs) under this additional benefit is NZ\$20,000,000.</p> <p>NB: Where <b>you</b> have both 'Home Buildings' and 'Home Contents' <b>sections</b> with <b>us</b>, the maximum <b>we</b> will protect <b>you</b> for all <b>legal liability</b> claims arising from any one <b>event</b> is NZ\$20,000,000 including legal costs.</p>
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## Optional benefits

If 'Home Buildings' is specified in **your schedule of protection**, **you** may request the following optional benefits to be added to **section 1**. Optional benefits are extra **protections** not included in the standard **protection** available for 'Home Buildings'. **You** can request as part of **your** application, for **your section 1** to be extended to include any of the optional benefits listed below. If **we** agree to add any optional benefits requested by **you**, the optional benefits will be stated in **your schedule of protection** and **your contributions** will be adjusted. **We** will pay up to the limit shown in **your schedule of protection**.

<p><b>1. Accidental Loss or Damage</b></p>	<p>If 'Accidental Loss or Damage' is specified in <b>your schedule of protection</b>, <b>we</b> will protect <b>you</b> for <b>accidental loss or damage</b> to <b>your home building(s)</b> occurring during the <b>period of protection</b>.</p> <p>Specific exclusion 2(aa) of this <b>section 1</b> does not apply to this optional benefit.</p> <p>The maximum <b>we</b> will pay for this optional benefit is the limit shown for 'Accidental Loss or Damage' in <b>your schedule of protection</b>.</p>
<p><b>2. Hobby Farm Buildings</b></p>	<p>If 'Hobby Farm Buildings' is specified on the <b>schedule of protection</b>, <b>we</b> will protect <b>you</b> for <b>farm buildings</b> as if they were <b>home buildings</b>.</p> <p>Specific exclusion 2(a) of this <b>section 1</b> does not apply to this optional benefit.</p> <p>The maximum <b>we</b> will pay for this optional benefit is the limit shown for 'Hobby Farm Buildings' in <b>your schedule of protection</b>.</p>
<p><b>3. Flood Damage</b></p>	<p>If 'Flood Damage' is specified on the <b>schedule of protection</b>, <b>we</b> will protect <b>you</b> for <b>loss or damage</b> caused by <b>flood</b> to <b>your home building(s)</b> at the <b>premises</b> specified in <b>your schedule of protection</b>.</p> <p>Specific exclusion 2(u) of this <b>section 1</b> does not apply to this optional benefit.</p> <p>The maximum <b>we</b> will pay for this optional benefit is the limit shown for 'Flood Damage' in <b>your schedule of protection</b>.</p>
<p><b>4. Landslide</b></p>	<p>If 'Landslide' is specified in <b>your schedule of protection</b>, <b>we</b> will protect <b>you</b> for <b>loss of damage</b> to <b>your home building(s)</b> caused by landslide during the <b>period of protection</b>.</p> <p>Specific exclusion 2(z) of this <b>section 1</b> does not apply to this optional benefit.</p> <p>The maximum <b>we</b> will pay for this optional benefit stated for 'Landslide' in <b>your schedule of protection</b>.</p>



## What is not protected?

Unless:

- a) an exclusion is stated in **your schedule of protection** as being not applicable; or
- b) an exclusion is stated in an additional or optional benefit as being not applicable

then **section 1** does not protect any claim in connection with or attributable to the following:

### 1. General exclusions

Any applicable general exclusions set out in Part C, 3 General Exclusions of this document and Annexure 2 of the **Rules**.

### 2. Specific exclusions

**We** will not pay for **loss** or **damage** to:

- (a) any part of **your** property that **you** use for **hobby farm** activities, whether for profit or not, including stables, sheds and internal fences;
- (b) living creatures, pets, birds or livestock (except for **loss** or **damage** due to impact by living creatures, pets, birds or livestock);
- (c) any building or structure used for commercial use;
- (d) any building or structure during construction, erection, renovation or demolition, unless **we** agree to do so in writing;
- (e) any temporary building or structure;
- (f) a caravan, whether fixed to the **premises** or not;
- (g) private boat, ramp or jetty; or
- (h) shade cloths, blinds, awnings and property in the open air arising from exposure to weather conditions.

**We** will not pay for **loss** or **damage** arising from:

- (i) wet or dry rot, mould, mildew, fungus, insects, woodworm, vermin or tree roots;
- (j) evaporation, shrinkage, loss of weight, dampness, dryness, steam, condensation, contamination, escape of fumes, flue gases or pollution;
- (k) rust, corrosion, oxidation, fading, exposure to light or darkness;
- (l) change in colour or texture;
- (m) wear and tear, gradual deterioration or any gradually operating cause;
- (n) variation in atmospheric conditions;
- (o) scratching, splitting, tearing or marring;
- (p) defect or built-in faults, faulty designs, plans, specifications, materials, workmanship;
- (q) a government or public authority legally taking **your** property;
- (r) an intentional act, caused by **you**, a **family member**, or any person at the **premises** with **your** consent;
- (s) erosion, subsidence, landslide, cracking, shrinkage or expansion of foundations or structures, or normal settling or any earth movement other than earthquake;
- (t) any action of the sea (except tsunami), tidal wave or **storm surge**;
- (u) **flood**;
- (v) lopping or felling of trees by **you** or with **your** consent;
- (w) electronic, electrical or mechanical breakdown, failure or malfunction (except for electronic motor burning out by electrical current);
- (x) failure of the supply of water, gas, electricity or fuel;
- (y) seepage or percolation of water, or water entering the **premises** as a result of structural defects; or
- (z) landslide.

**We** will not pay for:

- (aa) **accidental loss or damage**, unless it is caused by a **protected event**; or
- (ab) repairs, replacement, or the costs of repairing carpets, curtains, internal blinds or other wall, floor or ceiling coverings in rooms, halls or passages where the **loss** or **damage** did not occur.

## Section 2. Home Contents

### What is protected?

If 'Home Contents' is shown on **your schedule of protection**, we will protect **you** for **loss** or **damage** to **your home contents** caused by a **protected event** at **your premises** during the **period of protection**.

### Basis of settlement

The maximum **we** will pay for any one **event** under this **section 2** is the **limit(s) of protection** for 'Home Contents' shown in **your schedule of protection** and any protected **specified item** limits, unless **you** make a claim that includes **protection** under **section 1** Home Contents additional benefits - part A or part B.

**We** will, at **our** option, repair or replace any **loss** or **damage** to **home contents** or pay **you** the costs of repair or replacement.

**We** will repair or replace the **home contents** or pay the costs of repairing the **home contents** to a condition substantially the same as but not better or more extensive than when new, and only if the repair or replacement is carried out as soon as possible.

If the repair or replacement is not carried out or undertaken as soon as possible after the **loss** or **damage** occurs, or if **we** choose to pay **you** the cost of the repair or replacement, then the amount **we** will pay will be the amount of the repair or replacement less a deduction for wear, tear and depreciation.

**We** will not pay the amount stated as the **excess(es)** in **your schedule of protection** for this **section 2**.

### Home contents with fixed limits

Some items and types of **home contents** have fixed limits. The maximum **we** will pay for these items and types of **home contents** is listed in the below table, unless specified on **your schedule of protection**. These limits are included in the **limit of protection** for **your home contents**.

Item or type of home contents	The maximum we will pay
Jewellery, watches or furs	NZ\$5,000 for each item, up to 20% of the <b>home contents limit of protection</b> per <b>event</b>
Non-mechanically powered <b>watercraft</b> less than 3 metres long and remote-control model aircraft	NZ\$5,000 per <b>event</b>
Unset gemstones, precious stones, gold or silver ingots, bullion or nuggets	NZ\$5,000 per <b>event</b>
Unattached <b>vehicle</b> accessories or spare parts	NZ\$5,000 per <b>event</b>
<b>Money</b>	NZ\$1,000 per <b>event</b>
Stamps, collector's coins and medals	NZ\$2,000 per <b>event</b>
Rugs and carpets	NZ\$2,000 for each item, up to A\$5,000 per <b>event</b>
Any set of antiques, curios, paintings and other works of art	NZ\$10,000 per <b>event</b>
Bicycles	NZ\$2,500 per <b>event</b> .
Clothing, shoes and handbags	NZ\$2,500 per item/set, up to 20% of the <b>home contents limit of protection</b> per <b>event</b> .
<b>Home office/business equipment and furniture</b>	NZ\$10,000 per <b>event</b>

### Additional benefits - part A - in addition to the limit(s) of protection

If 'Home Contents' is specified in **your schedule of protection**, and **you** make a claim that is protected under this **section 2** Home Contents, in addition to **your home contents limit(s) of protection** we will protect **you** for the following additional benefits if they are applicable to **your** claim.

**Our** obligations in respect of these additional benefits will be limited to:

- the amount shown on **your schedule of protection**; or
- the amounts shown below if there is no amount shown on **your schedule of protection**.

<p><b>1. Theft</b></p>	<p><b>We will pay for theft of home contents from your premises during the period of protection.</b></p> <p>The maximum <b>we</b> will pay for this additional benefit is NZ\$2,000 per <b>event</b>.</p>
<p><b>2. Home Contents Temporarily Removed</b></p>	<p><b>We will pay for loss or damage to home contents due to a protected event whilst temporarily removed from your premises or stored at an alternative premises, temporary storage facility or self storage during the period of protection.</b></p> <p><b>Your home contents</b> temporarily removed must remain within <b>New Zealand</b> and must not have been moved from <b>your premises</b> for a period longer than 30 consecutive days.</p> <p><b>We will not protect:</b></p> <ol style="list-style-type: none"> <li><b>home contents</b> while being transported for storage;</li> <li><b>accidental loss or damage</b> (unless optional benefit 2 or 3 is taken under this <b>section 2</b>);</li> <li><b>theft</b>; or</li> <li><b>home contents</b> left unattended whilst in the open air.</li> </ol> <p>This additional benefit does not apply to any other temporary <b>premises</b> where the physical security and <b>protection</b> are of a lower standard than at the current protected <b>premises</b>.</p> <p>The maximum <b>we</b> will pay for this additional benefit is NZ\$5,000 per <b>event</b>.</p>
<p><b>3. Home Contents at Boarding School or University Campus</b></p>	<p><b>We will pay for loss or damage due to a protected event of home contents belonging to an unmarried child of yours who is a full-time student living in New Zealand at a boarding school or university campus whilst the home contents are contained within the alternative accommodation.</b></p> <p>The maximum <b>we</b> will pay for this additional benefit is NZ\$5,000 per <b>event</b>.</p>
<p><b>4. Visitors Property</b></p>	<p><b>We will pay for loss or damage to guests' property or other property not belonging to you but in your physical or legal control at the premises.</b></p> <p>This additional benefit excludes <b>money</b>.</p> <p>The maximum <b>we</b> will pay for this additional benefit is NZ\$1,000 per <b>event</b>.</p>
<p><b>5. Electric Motor Burnout</b></p>	<p><b>We will pay for the cost of repairing or replacing an electric motor not fixed to any building structure which forms part of your home contents, if it is damaged from burning out by electrical current including power surges as a result of a protected event.</b></p> <p><b>We will only pay a depreciated cost for repairing or replacing the electric motor if it is more than 8 years old.</b></p> <p><b>We will also pay for:</b></p> <ol style="list-style-type: none"> <li>an exchange sealed compressor in an air-conditioning unit;</li> <li>re-gassing the unit;</li> <li>bearings and seals; and</li> <li>relay or overload switches <b>damaged</b> by the motor fusing.</li> </ol> <p><b>We will not pay under this additional benefit for:</b></p> <ol style="list-style-type: none"> <li>electric motors under warranty;</li> <li>electric motors used for trade or farming;</li> <li>machinery, pumps or gear boxes that are not part of a sealed refrigeration unit or electric motor;</li> <li>additional costs to convert any refrigeration or air-conditioning units to use a different gas;</li> <li><b>damage</b> to swimming pools, chemicals or water from a filtration motor breakdown;</li> <li>any additional costs arising from <b>loss</b> of use; or</li> <li>relay or overload switches not <b>damaged</b> by the motor fusing.</li> </ol> <p>The maximum <b>we</b> will pay for this additional benefit is NZ\$5,000 per <b>event</b>.</p>

<b>6. Refrigerated Food Spoilage</b>	<p><b>We</b> will pay for the spoilage of refrigerated foods caused by:</p> <ol style="list-style-type: none"> <li>a) the breakdown of the freezer in which they are kept; and</li> <li>b) failure of the electricity supply, in the <b>period of protection</b>.</li> </ol> <p><b>We</b> will not protect spoilage of refrigerated foods due to:</p> <ol style="list-style-type: none"> <li>a) a labour strike;</li> <li>b) the electricity supplier cutting off the supply; or</li> <li>c) the power being turned off or the plug not being inserted in the socket.</li> </ol> <p>Specific exclusion (ac) of this <b>section 2</b> does not apply to this additional benefit.</p> <p>The maximum <b>we</b> will pay for this additional benefit is NZ\$1,000 per <b>event</b>.</p>
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## Additional benefits - part B - separate to the limit of indemnity

If 'Home Contents' is specified in **your schedule of protection**, **we** will protect **you** for the following additional benefit if it is applicable to **your** claim. **Our** obligations in respect of this additional benefit will be limited to NZ\$20,000,000 inclusive of **defence costs**.

<b>1. Your Legal Liability</b>	<p><b>We</b> will protect <b>you</b> for all amounts that <b>you</b> are legally liable to pay as compensation for <b>personal injury</b> or <b>property damage</b> that happens anywhere in <b>New Zealand</b> in the <b>period of protection</b>.</p> <p><b>We</b> will also protect <b>your</b> legal costs in defending any claim made against <b>you</b> that is protected by this additional benefit.</p> <p><b>We</b> will not pay under this additional benefit for <b>personal injury</b> or <b>property damage</b> arising directly or indirectly from:</p> <ol style="list-style-type: none"> <li>a) <b>your</b> ownership of the <b>premises</b>;</li> <li>b) the ownership, possession or use of <b>vehicle(s)</b> (except golf buggies, scooters designed for invalids, pedal cycles, garden appliances or wheelchairs where compulsory insurance is not required by any law);</li> <li>c) the ownership, possession or use of any trailers or caravans (except when they are not attached to a <b>vehicle</b>);</li> <li>d) the use of any non-mechanically propelled <b>watercraft</b> over 3 metres long (except for canoes, kayaks, surf skis, single person sail boards, single person rowing sculls or surfboards), aircraft or aerial devices;</li> <li>e) <b>loss</b> or <b>property damage</b> in <b>your</b> physical or legal control, other than <b>your</b> liability for <b>damage</b> to <b>home buildings</b> leased and occupied by <b>you</b>;</li> <li>f) any business activity conducted by <b>you</b> or a company of which <b>you</b> are a director or partner;</li> <li>g) the transmission or spread of any infectious illness or disease such as HIV or AIDS after <b>you</b> became aware of contracting, or being medically diagnosed as having contracted, the disease or illness;</li> <li>h) <b>your</b> duty as a coach or official at a game or function;</li> <li>i) <b>you</b> committing or attempting to commit an unlawful or criminal offence;</li> <li>j) <b>you</b> intentionally injuring a person or intentionally damaging their property;</li> <li>k) <b>personal injury</b>, death or illness to <b>you</b>;</li> <li>l) <b>damage</b> to any of <b>your</b> property;</li> <li>m) pollution or any <b>pollutants</b>;</li> <li>n) <b>personal injury</b>, death or illness to <b>your</b> employees or <b>damage</b> to any of their property while they are working for <b>you</b>;</li> <li>o) any assumed liability under an agreement that would not have been imposed if the agreement had not been made;</li> <li>p) <b>you</b> supplying or allowing to be consumed any drug or harmful substance; or</li> <li>q) <b>personal injury</b>, death, illness or <b>property damage</b> when <b>you</b> have made <b>yourself</b> liable under a written contract or agreement (not including liability assumed under a lease or tenancy agreement for a <b>protected event</b>).</li> </ol> <p>The maximum <b>we</b> will pay for all claims arising from any one <b>event</b> (including legal costs) under this additional benefit is NZ\$20,000,000.</p>
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<p><b>1. Your Legal Liability</b> (cont.)</p>	<p>NB: Where <b>you</b> have both 'Home Buildings' and 'Home Contents' sections with <b>us</b>, the maximum <b>we</b> will protect <b>you</b> for all <b>legal liability</b> claims arising from any one <b>event</b> is NZ\$20,000,000 including legal costs.</p>
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## Optional benefits

If 'Home Contents' is specified in **your schedule of protection**, **you** may request the following optional benefits to be added to **section 2**.

Optional benefits are extra **protections** not included in the standard **protection** available for 'Home Contents'. **You** can request as part of **your** application, for **your section 2** to be extended to include any of the optional benefits listed below. If **we** agree to add any optional benefits requested by **you**, the optional benefits will be stated in **your schedule of protection** and **your contributions** will be adjusted. **We** will pay up to the limit shown in **your schedule of protection**.

<p><b>1. Accidental Loss or Damage at your Premises</b></p>	<p>If 'Accidental Loss or Damage at your Premises' is shown in <b>your schedule of protection</b>, <b>we</b> will protect <b>you</b> for <b>accidental loss or damage</b> to <b>your home contents</b> occurring at <b>your premises</b> during the <b>period of protection</b>.</p> <p>Specific exclusion (ag) of this <b>section 2</b> does not apply to this optional benefit.</p> <p>The maximum <b>we</b> will pay for this optional benefit is the limit shown for 'Accidental Loss or Damage at your Premises' in <b>your schedule of protection</b>.</p>
<p><b>2. Specified Items away from the Premises - including Accidental Loss or Damage and Theft</b></p>	<p>If 'Specified Items away from the Premises' is shown on <b>your schedule of protection</b>, <b>we</b> will protect <b>you</b> for a <b>protected event, accidental loss or damage</b> or <b>theft</b> of <b>your specified items</b> occurring in the <b>period of protection</b> anywhere in <b>New Zealand</b>.</p> <p>Specific exclusion (ag) of this <b>section 2</b> does not apply to this optional benefit.</p> <p>The maximum <b>we</b> will pay for this optional benefit is the limit per item shown for 'Specified Items away from the Premises' in <b>your schedule of protection</b>.</p>
<p><b>3. Unspecified Items away from the Premises - including Accidental Loss or Damage and Theft</b></p>	<p>If 'Unspecified Items away from the Premises' is shown on <b>your schedule of protection</b>, <b>we</b> will protect <b>you</b> for a <b>protected event, accidental loss or damage</b> or <b>theft</b> of <b>portable personal property</b> occurring in the <b>period of protection</b> anywhere in <b>New Zealand</b>.</p> <p>Specific exclusion (ag) of this <b>section 2</b> does not apply to this optional benefit.</p> <p>The maximum <b>we</b> will pay for this optional benefit is the limit shown for 'Unspecified Items away from the Premises' in <b>your schedule of protection</b>.</p>
<p><b>4. Hobby Farm Contents</b></p>	<p>If 'Hobby Farm Contents' is shown on the <b>schedule of protection</b>, <b>we</b> will protect <b>you</b> for <b>loss or damage</b> to <b>farm contents</b> by any one <b>event</b> as if they were <b>home contents</b>.</p> <p>The maximum <b>we</b> will pay for this optional benefit is the limit shown for 'Hobby Farm Contents' in <b>your schedule of protection</b>.</p>
<p><b>5. Flood Damage</b></p>	<p>If 'Flood Damage' is shown on the <b>schedule of protection</b>, <b>we</b> will protect <b>you</b> for <b>loss or damage</b> caused by <b>flood</b> to <b>your home contents</b> at the <b>premises</b> specified in <b>your schedule of protection</b>.</p> <p>Specific exclusion (w) of this <b>section 2</b> does not apply to this optional benefit.</p> <p>The maximum <b>we</b> will pay for this optional benefit is the limit shown for 'Flood Damage' in <b>your schedule of protection</b>.</p>
<p><b>6. Landslide</b></p>	<p>If 'Landslide' is specified in <b>your schedule of protection</b>, <b>we</b> will protect <b>you</b> for <b>loss of damage</b> to <b>your home contents</b> caused by <b>landslide</b> during the <b>period of protection</b>.</p> <p>Specific exclusion 2(af) of this <b>section 2</b> does not apply to this optional benefit.</p> <p>The maximum <b>we</b> will pay for this optional benefit stated for 'Landslide' in <b>your schedule of protection</b>.</p>

## What is not protected?

Unless:

- a) an exclusion is stated in **your schedule of protection** as being not applicable; or
- b) an exclusion is stated in an additional or optional benefit as being not applicable

then **section 2** does not protect any claim in connection with or attributable to the following:

### 1. General exclusions

Any applicable general exclusions set out in Part C, 3 General Exclusions of this document and Annexure 2 of the **Rules**.

## 2. Specific exclusions

**We** will not pay for **loss** or **damage** to:

- (a) any property protected during construction, erection, renovation or demolition;
- (b) glass while it is being fitted into position or removed from its fitting;
- (c) glass if such **loss** or **damage** arises from fracture or scratching, chipping or cracking of fixed glass and such cracking does not extend through the entire thickness of the glass;
- (d) glass if such **loss** or **damage** arises from deliberate application of heat;
- (e) any item protected under **section 1** Home Buildings;
- (f) landscaping, plants, trees (unless impact by trees) or shrubs in the ground;
- (g) living creatures, pets, birds or livestock (except for **loss** or **damage** due to impact by living creatures, pets, birds or livestock);
- (h) sporting or recreational equipment whilst in use;
- (i) any goods maintained in a temperature-controlled environment (except where less than NZ\$1,000 per **event**);
- (j) business property and takings;
- (k) **vehicle(s)** or **watercraft** (other than motorcycles up to 50cc capacity, motorised wheelchairs, golf buggies and garden appliances which are not required to be registered by law); or
- (l) aircraft or aerial device (except for **loss** or **damage** due to impact by aircraft or aerial device).

**We** will not pay for **loss** or **damage** arising from:

- (m) wet or dry rot, mould, mildew, fungus, insects, woodworm, vermin or tree roots;
- (n) exposure to weather conditions of property in the open air;
- (o) rust, corrosion, oxidation, fading, exposure to light or darkness;
- (p) change in colour or texture;
- (q) wear and tear, gradual deterioration or any gradually operating cause;
- (r) variation in atmospheric conditions;
- (s) scratching, splitting, tearing or marring;
- (t) defect or built-in faults, faulty designs, plans, specifications, materials or workmanship;
- (u) a government or public authority legally taking **your home contents**;
- (v) erosion, subsidence, landslide, cracking, shrinkage or expansion of foundations or structures, or normal settling or any earth movement other than earthquake;
- (w) **flood**;
- (x) evaporation, shrinkage, loss of weight, dampness, dryness, steam, condensation, contamination, escape of fume or flue gases, or pollution;
- (y) any action of the sea (except tsunami), tidal wave or **storm surge**;
- (z) seepage or percolation of water;
- (aa) lopping or felling of trees by **you** or with **your** consent;
- (ab) any electronic, electrical or mechanical breakdown, failure or malfunction (except for an electronic motor burning out due to an incorrect or faulty electrical current);
- (ac) failure of the supply of water, gas, electricity or fuel;
- (ad) computer virus or **electronic data** corruption;
- (ae) an intentional, reckless or criminal act caused by **you**, a **family member** or any person at the **premises** with **your** consent; or
- (af) landslide.

**We** will not pay for:

- (ag) **accidental loss or damage** unless it is caused by a **protected event**.

## Section 3. Private Motor Vehicles

### Specific definitions

In this **section** the following words have the following meaning:

<b>Agreed Value</b>	The agreed amount of <b>protection</b> for a protected <b>vehicle</b> shown as the agreed value in <b>your schedule of protection</b> .
<b>Market Value</b>	The cost to buy a <b>vehicle</b> of similar kilometres, age, make, model and condition as the protected <b>vehicle</b> , at the date immediately prior to the <b>loss</b> or <b>damage</b> to the <b>vehicle</b> , taking into account <b>your</b> location.

### What is protected?

If 'Private Motor Vehicles' is specified in **your schedule of protection**, **we** will protect **you** in relation to any personal **vehicle** protected in **New Zealand** and in accordance with the terms of the **protection** option **you** select which is stated on **your schedule of protection**.

**You** are required to choose a **protection** option from the 'Comprehensive', 'Third Party, Fire and Theft', 'Fire and Theft' or 'Third Party Only' options below:

#### Option 1. Comprehensive

What is protected?	Basis of settlement
<p>If <b>your schedule of protection</b> shows <b>you</b> have 'comprehensive' <b>protection</b>, <b>we</b> will protect <b>you</b> for:</p> <p>a) <b>loss</b> or <b>damage</b> to <b>your vehicle</b>; and</p> <p>b) <b>your legal liability</b> for <b>property damage</b> arising from <b>your</b> use of <b>your vehicle</b>.</p>	<p>a) <b>Loss or damage</b></p> <p>If 'Market Value' is shown in <b>your schedule of protection</b>, <b>we</b> will, at <b>our</b> option:</p> <ol style="list-style-type: none"> <li>repair <b>your vehicle</b> and at <b>our</b> option: <ol style="list-style-type: none"> <li>arrange for a repairer to repair the <b>damage</b>; or</li> <li>request <b>you</b> to obtain a quote from two repairers of <b>your</b> choice and <b>we</b> arrange for one of them to repair the <b>damage</b>;</li> </ol> </li> <li>replace <b>your vehicle</b>;</li> <li>pay the cost of repair or replacement of <b>your vehicle</b>; or</li> <li>pay the <b>market value</b> of <b>your vehicle</b> plus any non-standard accessories and modifications as shown in <b>your schedule of protection</b>.</li> </ol> <p>If 'Agreed Value' is shown in <b>your schedule of protection</b>, <b>we</b> will, at <b>our</b> option:</p> <ol style="list-style-type: none"> <li>repair <b>your vehicle</b> and at <b>our</b> option: <ol style="list-style-type: none"> <li>arrange for a repairer to repair the <b>damage</b>; or</li> <li>request <b>you</b> to obtain a quote from two repairers of <b>your</b> choice and <b>we</b> arrange for one of them to repair the <b>damage</b>;</li> </ol> </li> <li>replace <b>your vehicle</b>;</li> <li>pay the cost of repair or replacement of <b>your vehicle</b>; or</li> <li>pay the <b>agreed value</b> of <b>your vehicle</b> as shown in <b>your schedule of protection</b>.</li> </ol> <p>If <b>we</b> opt to repair <b>your vehicle</b>, <b>we</b> may approve repairs using good quality second hand parts unless the <b>vehicle</b> is less than 2 years old, in which case <b>we</b> may approve repairs using new parts.</p> <p>If the <b>loss</b> or <b>damage</b> to <b>your vehicle</b> results in it becoming a <b>total loss</b> within 1 year of its original registration, a new <b>vehicle</b> will be supplied of the same make and model and series. <b>We</b> will not pay registration costs.</p> <p>If a replacement <b>vehicle</b> is not available or cannot be sourced locally, <b>we</b> will pay the <b>market value</b> or <b>agreed value</b>, whichever is shown on <b>your schedule of protection</b>.</p> <p>If <b>your vehicle</b> is used for mixed use (business and private), <b>we</b> will apportion the <b>GST</b> amount accordingly.</p> <p>If <b>your vehicle</b> is a <b>total loss</b> and a financier is noted as an interested party, <b>we</b> will pay the amount outstanding to the financier, up to the applicable value. Any residual amount will be paid to <b>you</b>.</p> <p>A <b>vehicle</b> will be a <b>total loss</b> if:</p> <ol style="list-style-type: none"> <li>the <b>vehicle</b> is stolen and not recovered within 14 days of the <b>theft</b> of the <b>vehicle</b> being reported to the police; or</li> <li><b>we</b> consider it uneconomical to repair the <b>vehicle</b>.</li> </ol> <p>The maximum <b>we</b> will pay under this option 1 <b>comprehensive protection</b> for any one <b>event</b> is the applicable <b>limit(s) of protection</b> shown in <b>your schedule of protection</b>.</p>

What is protected?	Basis of settlement
	<p>b) <b>Your Legal Liability</b></p> <p><b>We</b> will pay for compensation that <b>you</b> are legally liable to pay for <b>property damage</b>, including the legal costs of a person claiming against <b>you</b> arising from:</p> <ol style="list-style-type: none"> <li>1. <b>your</b> use of <b>your vehicle</b>, or the towing of a trailer or caravan connected to <b>your vehicle</b>; or a trailer or caravan becoming detached from <b>your vehicle</b>; and</li> <li>2. the use of a <b>vehicle</b> not owned by <b>you</b>, but in <b>your</b> legal custody and control, and being used as a temporary substitute for <b>your vehicle</b>, if <b>your vehicle</b> is not in a useable condition at the time. <b>We</b> will not protect <b>legal liability</b> arising from the use of the substitute <b>vehicle</b> if it is already protected by another insurance policy.</li> </ol> <p><b>We</b> will also pay <b>your defence costs</b> in defending any claim made against <b>you</b> arising from <b>your</b> use of <b>your vehicle</b>.</p> <p>The maximum <b>we</b> will pay for any one protected motor <b>vehicle accident</b> is up to the <b>limit of protection</b> shown in <b>your schedule of protection</b>. <b>Your defence costs</b> are included in the <b>limit of protection</b>.</p> <p><b>We</b> will not pay the amount stated as the <b>excess(es)</b> in <b>your schedule of protection</b> for this section 3.</p>

### Option 2. Third Party, Fire and Theft

What is protected?	Basis of settlement
<p>If <b>your schedule of protection</b> shows <b>you</b> have 'Third Party, Fire and Theft' <b>protection</b>, <b>we</b> will protect <b>you</b> for:</p> <p>a) <b>loss</b> or <b>damage</b> to <b>your vehicle</b> caused by fire or <b>theft</b>; and</p> <p>b) <b>your legal liability</b> for <b>property damage</b> arising from <b>your</b> use of <b>your vehicle</b>.</p>	<p>a) <b>Loss or damage</b></p> <p>If 'Market Value' is shown in <b>your schedule of protection</b>, <b>we</b> will, at <b>our</b> option:</p> <ol style="list-style-type: none"> <li>1. repair <b>your vehicle</b> and at <b>our</b> option: <ol style="list-style-type: none"> <li>a) arrange for a repairer to repair the <b>damage</b>; or</li> <li>b) request <b>you</b> to obtain a quote from two repairers of <b>your</b> choice and <b>we</b> arrange for one of them to repair the <b>damage</b>;</li> </ol> </li> <li>2. replace <b>your vehicle</b>;</li> <li>3. pay the cost of repair or replacement of <b>your vehicle</b>; or</li> <li>4. pay the <b>market value</b> of <b>your vehicle</b> at the time of the <b>loss</b> or <b>damage</b> plus any non-standard accessories and modifications as shown in <b>your schedule of protection</b>, but only for <b>loss</b> caused by fire, <b>theft</b> or attempted <b>theft</b>.</li> </ol> <p>If 'Agreed Value' is shown in <b>your schedule of protection</b>, <b>we</b> will, at <b>our</b> option:</p> <ol style="list-style-type: none"> <li>1. repair <b>your vehicle</b> and at <b>our</b> option: <ol style="list-style-type: none"> <li>a) arrange for a repairer to repair the <b>damage</b>; or</li> <li>b) request <b>you</b> to obtain a quote from two repairers of <b>your</b> choice and <b>we</b> arrange for one of them to repair the <b>damage</b>;</li> </ol> </li> <li>2. replace <b>your vehicle</b>;</li> <li>3. pay the cost of repair or replacement of <b>your vehicle</b>; or</li> <li>4. pay the <b>agreed value</b> of <b>your vehicle</b> as shown in <b>your schedule of protection</b>.</li> </ol> <p>If <b>we</b> opt to repair <b>your vehicle</b>, <b>we</b> may approve repairs using good quality second hand parts unless the <b>vehicle</b> is less than 2 years old, in which case <b>we</b> may approve repairs using new parts.</p> <p>If <b>your vehicle</b> is used for mixed use (business and private), <b>we</b> will apportion the <b>GST</b> amount accordingly.</p> <p>If <b>your vehicle</b> is a <b>total loss</b> and a financier is noted as an interested party, <b>we</b> will pay the amount outstanding to the financier, up to the applicable value. Any residual amount will be paid to <b>you</b>.</p> <p>A <b>vehicle</b> will be a <b>total loss</b> if:</p> <ol style="list-style-type: none"> <li>1. the <b>vehicle</b> is stolen and not recovered within 14 days of the <b>theft</b> of the <b>vehicle</b> being reported to the police; or</li> <li>2. <b>we</b> consider it uneconomical to repair the <b>vehicle</b>.</li> </ol> <p>The maximum <b>we</b> will pay under this option 2 <i>Third Party, Fire and Theft</i> <b>protection</b> for any one <b>event</b> is the applicable <b>limit(s) of protection</b> shown in <b>your schedule of protection</b>.</p> <p>b) <b>Your Legal Liability</b></p>



What is protected?	Basis of settlement
	<p><b>We</b> will pay for compensation that <b>you</b> are legally liable to pay for <b>property damage</b>, including the legal costs of a person claiming against <b>you</b> arising from:</p> <ol style="list-style-type: none"> <li>1. <b>your</b> use of <b>your vehicle</b>, or the towing of a trailer or caravan connected to <b>your vehicle</b>; or a trailer or caravan becoming detached from <b>your vehicle</b>; and</li> <li>2. the use of a <b>vehicle</b> not owned by <b>you</b>, but in <b>your</b> legal custody and control, and being used as a temporary substitute for <b>your vehicle</b>, if <b>your vehicle</b> is not in a useable condition at the time. <b>We</b> will not protect <b>legal liability</b> arising from the use of the substitute <b>vehicle</b> if it is already protected by another insurance policy.</li> </ol> <p><b>We</b> will also pay <b>your defence costs</b> in defending any claim made against <b>you</b> arising from <b>your</b> use of <b>your vehicle</b>.</p> <p>The maximum <b>we</b> will pay for any one protected motor <b>vehicle accident</b> is up to the <b>limit of protection</b> shown in <b>your schedule of protection</b>. <b>Your defence costs</b> are included in the <b>limit of protection</b>.</p> <p><b>We</b> will not pay the amount stated as the <b>excess(es)</b> in <b>your schedule of protection</b> for this <b>section 3</b>.</p>

### Option 3. Fire and Theft

What is protected?	Basis of settlement
<p>If <b>your schedule of protection</b> shows <b>you</b> have 'Fire and Theft' protection, <b>we</b> will protect <b>you</b> for <b>loss</b> or <b>damage</b> to <b>your vehicle</b> caused by fire or theft.</p>	<p>If 'Market Value' is shown in <b>your schedule of protection</b>, <b>we</b> will, at <b>our</b> option:</p> <ol style="list-style-type: none"> <li>1. repair <b>your vehicle</b> and at <b>our</b> option: <ol style="list-style-type: none"> <li>a) arrange for a repairer to repair the <b>damage</b>; or</li> <li>b) request <b>you</b> to obtain a quote from two repairers of <b>your</b> choice and <b>we</b> arrange for one of them to repair the <b>damage</b>;</li> </ol> </li> <li>2. replace <b>your vehicle</b>;</li> <li>3. pay the cost of repair or replacement of <b>your vehicle</b>; or</li> <li>4. pay the <b>market value</b> of <b>your vehicle</b> at the time of the <b>loss</b> or <b>damage</b> plus any non-standard accessories and modifications as shown in <b>your schedule of protection</b>, but only for <b>loss</b> caused by fire, <b>theft</b> or attempted <b>theft</b>.</li> </ol> <p>If 'Agreed Value' is shown in <b>your schedule of protection</b>, <b>we</b> will, at <b>our</b> option:</p> <ol style="list-style-type: none"> <li>1. repair <b>your vehicle</b> and at <b>our</b> option: <ol style="list-style-type: none"> <li>a) arrange for a repairer to repair the <b>damage</b>; or</li> <li>b) request <b>you</b> to obtain a quote from two repairers of <b>your</b> choice and <b>we</b> arrange for one of them to repair the <b>damage</b>;</li> </ol> </li> <li>2. replace <b>your vehicle</b>;</li> <li>3. pay the cost of repair or replacement of <b>your vehicle</b>; or</li> <li>4. pay the <b>agreed value</b> of <b>your vehicle</b> as shown in <b>your schedule of protection</b> but only for <b>loss</b> caused by fire, <b>theft</b> or attempted <b>theft</b>.</li> </ol> <p>If <b>we</b> opt to repair <b>your vehicle</b>, <b>we</b> may approve repairs using good quality second hand parts unless the <b>vehicle</b> is less than 2 years old, in which case, <b>we</b> may approve repairs using new parts.</p> <p>If <b>your vehicle</b> is used for mixed use (business and private), <b>we</b> will apportion the <b>GST</b> amount accordingly.</p> <p>If <b>your vehicle</b> is a <b>total loss</b> and a financier is noted as an interested party, <b>we</b> will pay the amount outstanding to the financier, up to the applicable value. Any residual amount will be paid to <b>you</b>.</p> <p>A <b>vehicle</b> will be a <b>total loss</b> if:</p> <ol style="list-style-type: none"> <li>1. the <b>vehicle</b> is stolen and not recovered within 14 days of the <b>theft</b> of the <b>vehicle</b> being reported to the police; or</li> <li>2. <b>we</b> consider it uneconomical to repair the <b>vehicle</b>.</li> </ol> <p>The maximum <b>we</b> will pay under this option 3 <i>Fire and Theft</i> protection for any one <b>event</b> is the applicable <b>limit(s) of protection</b> shown in <b>your schedule of protection</b>.</p> <p><b>We</b> will not pay the amount stated as the <b>excess(es)</b> in <b>your schedule of protection</b> for this <b>section 3</b>.</p>

## Option 4. Third Party Only

What is protected?	Basis of settlement
<p>If your schedule of protection shows you have <i>Third Party Only</i> protection, we will protect you for your legal liability for property damage arising from your use of your vehicle.</p>	<p>We will pay for compensation that you are legally liable to pay for <b>property damage</b>, including the legal costs of a person claiming against you arising from:</p> <ol style="list-style-type: none"> <li>1. your use of your vehicle, or the towing of a trailer or caravan connected to your vehicle, or a trailer or caravan becoming detached from your vehicle; and</li> <li>2. the use of a vehicle not owned by you, but in your legal custody and control, and being used as a temporary substitute for your vehicle, if your vehicle is not in a useable condition at the time. We will not protect legal liability arising from the use of the substitute vehicle if it is already protected by another insurance policy.</li> </ol> <p>We will also pay your defence costs in defending any claim made against you arising from your use of your vehicle.</p> <p>The maximum we will pay for any one protected motor vehicle accident is up to the limit of protection shown in your schedule of protection. Your defence costs are included in the limit of protection.</p> <p>We will not pay the amount stated as the excess(es) in your schedule of protection for this section 3.</p>

## Additional benefits

If 'Private Motor Vehicles' is shown on your schedule of protection, and you make a claim that is protected under this section 3, we will protect you for the following additional benefits if they are applicable to your claim. Our obligations in respect of these additional benefits will be limited to:

- a) the amount shown on your schedule of protection; or
- b) the amounts shown below if there is no amount shown on your schedule of protection.

<p><b>1. Change of Vehicle</b></p>	<p>If you sell your vehicle and replace it, we will automatically extend this protection for the replacement vehicle from the date of purchase until the expiry date shown on your schedule of protection but only if:</p> <ol style="list-style-type: none"> <li>a) you tell us about the replacement vehicle within 14 days of its purchase;</li> <li>b) you pay us any additional contribution we ask for; and</li> <li>c) you agree to accept any changes to the terms and conditions of the protection.</li> </ol> <p>If the value of the replacement vehicle is greater than the protected vehicle it is replacing, then the limit of protection for the replacement vehicle is limited to NZ\$50,000 unless we agree otherwise.</p> <p>This additional benefit only applies if your schedule of protection shows 'Comprehensive', 'Third Party, Fire and Theft' or 'Fire and Theft' protection for your vehicle.</p>
<p><b>2. Protection for Others</b></p>	<p>Subject to any restrictions shown on your schedule of protection, we will protect:</p> <ol style="list-style-type: none"> <li>a) any person named as a regular driver on your schedule of protection; and</li> <li>b) any other person driving your vehicle with your consent subject to the terms and limits of this section.</li> </ol>
<p><b>3. Trailers</b></p>	<p>We will pay for loss or damage to a trailer attached to your vehicle:</p> <ol style="list-style-type: none"> <li>a) whilst being towed by your vehicle; or</li> <li>b) after the trailer becomes detached from your vehicle; or</li> <li>c) if it is stolen whilst in your possession</li> </ol> <p>up to a limit of NZ\$1,500 for each claim.</p> <p>Specific exclusion (u) of this section 3 does not apply to this additional benefit.</p> <p>This additional benefit only applies if your schedule of protection shows 'Comprehensive' protection for your vehicle.</p>
<p><b>4. Towing Costs</b></p>	<p>We will pay the reasonable cost of towing your vehicle to a suitable place of repair following damage which is protected under this section 3.</p> <p>The maximum limit we will pay for this additional benefit is up to NZ\$1,000 per vehicle for the period of protection.</p> <p>This additional benefit only applies if your schedule of protection shows 'Comprehensive', 'Third Party, Fire and Theft' or 'Fire and Theft' protection for your vehicle.</p>

<p><b>5. Hire Car Costs following Theft</b></p>	<p>If <b>your vehicle</b> is stolen, <b>we</b> will pay the reasonable cost, up to NZ\$65 per day, to hire a temporary replacement <b>vehicle</b> of a similar type for:</p> <ul style="list-style-type: none"> <li>a) up to 14 days;</li> <li>b) up to the date <b>your vehicle</b> is recovered in a usable and roadworthy condition; or</li> <li>c) up to the date <b>we</b> settle <b>your</b> claim if it is a <b>total loss</b></li> </ul> <p>whichever is earlier.</p> <p><b>We</b> will not protect the running costs (including fuel, insurance, servicing and maintenance) of the hire <b>vehicle</b>.</p> <p>This additional benefit only applies if <b>your schedule of protection</b> shows 'Comprehensive' protection for <b>your vehicle</b>.</p>
<p><b>6. Recovery Costs following Theft</b></p>	<p><b>We</b> will pay the reasonable cost of returning <b>your vehicle</b> to <b>you</b> following <b>theft</b>.</p> <p>The maximum <b>we</b> will pay for this additional benefit is NZ\$1,000 per <b>vehicle</b> for the <b>period of protection</b>.</p> <p>This additional benefit only applies if <b>your schedule of protection</b> shows 'Comprehensive', 'Third Party, Fire and Theft' or 'Fire and Theft' protection for <b>your vehicle</b>.</p>
<p><b>7. Stolen Keys</b></p>	<p>If the remote or keys to <b>your vehicle</b> are stolen, <b>we</b> will pay to replace the keys or recode the locks. The <b>theft</b> of the keys or remote must have been reported to the police to be eligible for this additional benefit. This additional benefit does not apply if the keys or remote were stolen by a <b>protected person</b>, invitee, <b>family member</b> or anyone who resides with <b>you</b>.</p> <p>The maximum <b>we</b> will pay for this additional benefit is up to NZ\$1,000 per <b>vehicle</b>, over and above the standard <b>excess(es)</b> applicable to <b>your vehicle</b>, for the <b>period of protection</b>.</p> <p>This additional benefit only applies if <b>your schedule of protection</b> states 'Comprehensive' protection for <b>your vehicle</b>.</p>
<p><b>8. Excess Waiver for Windscreen and Window Glass</b></p>	<p>If the windscreen or window glass of <b>your vehicle</b> is broken, <b>we</b> will pay the reasonable cost of repairing or replacing the windscreen or window glass. <b>You</b> will not be required to pay an <b>excess</b> for the first claim for each protected <b>vehicle</b> during the <b>period of protection</b>.</p> <p>This additional benefit only applies if <b>your schedule of protection</b> shows 'Comprehensive' protection for <b>your vehicle</b>.</p>
<p><b>9. Taxi</b></p>	<p>If <b>your vehicle</b> is involved in an <b>accident</b> and is not driveable, or is stolen, <b>we</b> will pay up to NZ\$50 for a taxi fare from the scene of the <b>accident</b> or <b>loss</b>.</p> <p><b>You</b> will be required to provide a receipt for <b>us</b> to consider payment under this additional benefit.</p> <p>This additional benefit only applies if <b>your schedule of protection</b> shows 'Comprehensive' protection for <b>your vehicle</b>.</p>
<p><b>10. Unprotected Third Party</b></p>	<p><b>We</b> will protect <b>you</b> for <b>loss</b> or <b>damage</b> to <b>your vehicle</b> that <b>you</b> suffer as a result of an <b>accident</b> involving <b>your vehicle</b> caused by an uninsured or unprotected third party. <b>Protection</b> will only apply if:</p> <ul style="list-style-type: none"> <li>a) the driver of <b>your vehicle</b> is completely blame free;</li> <li>b) the name and the address of the driver and registration number of the <b>vehicle</b> driven by the negligent party is established; and</li> <li>c) the other party did not have valid insurance.</li> </ul> <p>The maximum <b>we</b> will pay for this additional benefit is the <b>market value</b> of <b>your vehicle</b>, or up to NZ\$3,000 in total, whichever is less, for the <b>period of protection</b>.</p> <p>This additional benefit only applies if <b>your schedule of protection</b> shows 'Third Party Only' protection for <b>your vehicle</b>.</p>
<p><b>11. Flood Damage</b></p>	<p><b>We</b> will protect <b>you</b> for <b>loss</b> or <b>damage</b> caused by <b>flood</b> to <b>your</b> protected <b>vehicle</b> up to the <b>limit of protection</b> during the <b>period of protection</b>.</p> <p>This additional benefit only applies if <b>your schedule of protection</b> shows 'Comprehensive' protection for <b>your vehicle</b>.</p>
<p><b>12. Excess Waiver</b></p>	<p>If, in the event of an <b>accident</b> which gives rise to a claim:</p> <ul style="list-style-type: none"> <li>a) <b>you</b> satisfy <b>us</b> that the third party driver is at fault;</li> <li>b) <b>you</b> can supply the name, phone number and address of the third party driver; and</li> <li>c) the registration number of the third party <b>vehicle</b> is established</li> </ul> <p><b>you</b> will not be required to pay any <b>excess(es)</b>.</p> <p>In the event that the fault of the <b>accident</b> which gives rise to a claim is disputed, <b>you</b> will be required to pay any <b>excess(es)</b> due, and the <b>excess(es)</b> will be refunded at such point that <b>we</b> are successful in establishing the fault of the third-party driver.</p>

## What is not protected?

Unless:

- a) an exclusion is stated in **your schedule of protection** as being not applicable; or
- b) an exclusion is stated in an additional or optional benefit as being not applicable

then **section 3** does not protect any claim in connection with or attributable to the following:

### 1. General exclusions

Any applicable general exclusions set out in Part C, 3 General Exclusions of this document and Annexure 2 of the **Rules**.

### 2. Specific exclusions

**We** will not pay for:

- (a) depreciation;
  - (b) wear and tear, rust or corrosion;
  - (c) **damage** to tyres caused by the road, the application of brakes or by punctures or bursts;
  - (d) **theft** by **you, your family members** or any person driving **your vehicle** with **your** consent;
  - (e) **theft** of **your vehicle** if the keys are left on or in the **vehicle**;
  - (f) any structural, mechanical, electrical, electronic or hydraulic breakdown, failure or breakage;
  - (g) where **your vehicle** has been let or hired or is being used to carry passengers or goods for hire or reward;
  - (h) claims arising when **your vehicle** or any caravan or trailer attached to the **vehicle** was towing hazardous goods in bulk or in breach of any law relating to carrying hazardous goods;
  - (i) claims for **personal injury** to any person;
  - (j) claims where the driver of **your vehicle**:
    - i) was under the influence of alcohol or drugs and was found to be in excess of the blood alcohol limit prescribed by law; or
    - ii) refuses to undergo a police alcohol or drug test.
- (**We** may pay a claim if **you** can prove that **you** did not know the driver was affected by alcohol or drugs);
- (k) claims where the driver of **your vehicle** does not hold a current valid driver's licence where the law requires the driver to be licensed;
  - (l) claims caused by the unroadworthy or unsafe condition of **your vehicle** where such condition was known or ought to have been known by **you**;
  - (m) the expropriation or confiscation of **your vehicle** by lawful authority;
  - (n) **loss** or **damage** of **property** owned by **you, your family members, a protected person**, any person who resides with **you**, or any person driving the protected **vehicle** with **your** consent;
  - (o) **your vehicle** that is not registered where the law requires it to be registered;
  - (p) **your vehicle** which is involved in any motor sports, racing, stunts, pacemaking, reliability trials, speed or hill-climbing tests, or any other competitive events;
  - (q) **your vehicle** being used in connection with an experiment, trial or demonstration;
  - (r) any **loss** of use of **your vehicle**;
  - (s) **your legal liability** for any **claims** in connection with pollution or **pollutants**;
  - (t) the load or contents of **your vehicle**;
  - (u) any **vehicle** towed or carried by **your vehicle**; or
  - (v) **damage** to **your vehicle** where such **damage** is caused by mechanical repairs, refuelling or maintenance carried out by **you** or someone with **your** consent.

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