



**CAPRICORN**  
MUTUAL

# Product Disclosure Statement



This PDS is dated 1 December 2015 by Capricorn Mutual Limited



New Zealand Company Number: 4046200 | Australian Business Number: 24 104 601194  
Australian Financial Services Licence Number: 230038 | Mail: PO Box 91567, Victoria Street West, Auckland 1142  
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## 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 a financial product described 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 Ombudsman Service (FOS). Members of Capricorn Mutual, including those in New Zealand may raise complaints about Capricorn Mutual with FOS. 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 Product Disclosure Statement (PDS) 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 of Capricorn Mutual 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 of Capricorn Mutual 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 of Directors to regulate matters relating to membership and Protections.

A Member's rights under a Protection are governed by and arise under the Constitution of Capricorn Mutual and the Rules. This PDS sets out and summarises the terms of the Capricorn Mutual Constitution and 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: [www.capricornmutual.com.au](http://www.capricornmutual.com.au).

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)      **Website:** [www.capricornmutual.com](http://www.capricornmutual.com)  
**By mail:** Capricorn Mutual Limited, PO Box 91567, Victoria Street West, Auckland 1142

### Issuer of the financial product

Capricorn Mutual Limited (NZ Company No. 4046200, ABN 24104 601194, AFS Licence 230038) (Capricorn Mutual) is the product issuer of the Protection(s) which is the financial 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 financial product it issues is 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 [www.capricornmutual.com](http://www.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 capitalised words and terms shown in Part A of this PDS have the same meaning given to them in the Rules unless otherwise defined in this Part A. See Rule 1 of the 'Rules of Capricorn Mutual Limited' for their meaning.

All references to currencies 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 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 Limited (NZ Company No. 651162, Australian Company No. 008 347 313) (Capricorn Society) and the following, provided in each of their cases the person has been admitted to membership by the Capricorn Mutual Board and has paid their relevant Subscription, 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 Capricorn Mutual 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 of Capricorn Mutual must be directors of Capricorn Society who are nominated by Capricorn Society. There may be up to three independent directors appointed by the Capricorn Mutual 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 issues Protections to Members and persons entitled to become Members once they have been granted membership. The key benefits and risks associated with membership and Protections are set out in section 2 of this Part A. Further details on membership are set out in section 3 of this Part A. Members who hold Protections are entitled to request the Board of Capricorn Mutual to exercise its discretion to indemnify the Member in respect of a Loss or Liability covered by the terms of the Protection. A Member's rights under a Protection are governed by and arise under the Constitution of Capricorn Mutual 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 covered as understood by reference to the terms of a Protection, and who is not individually named in a Schedule of Protection.

A Protection is a financial product designed to manage risk and is an alternative to traditional insurance. However, Protections are not insurance, as there is no immediate promise of indemnity. Rather, if there is a Liability or Loss covered 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 Loss or Liability will be covered 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 Capricorn Mutual 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 delegate) 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 with a financial product for 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 a financial product described 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 external dispute resolution systems.

The rights and obligations under a Protection are governed by the Capricorn Mutual 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 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.

In Australia, the Australian Prudential Regulatory 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:

- 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.
- 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.
- 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 Ombudsman Service (FOS). Members of Capricorn Mutual, including those in New Zealand, may raise complaints about Capricorn Mutual with FOS. 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 New Zealand Fire Services equal to the amount that would have been payable had levies been applicable to the Protections provided by Capricorn Mutual.

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. Under the Rules, each Annexure is taken to be incorporated as part of the Rules.

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 Pty Limited, but any Member whose Claim is refused under such delegation has an ultimate right to refer such Claim to the Board of Capricorn Mutual.

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

Capricorn Risk Services Pty Limited (CRS), a subsidiary of Capricorn Society, is under the *Corporations Act 2001* (Cth), an authorised representative of Capricorn Mutual (Authorised Representative number 460893) and is authorised to arrange Protections issued by Capricorn Mutual. CRS is involved in the sales promotion, distribution and servicing of Capricorn Mutual's products.

Capricorn Mutual Management Pty Limited (CMM), a subsidiary of Capricorn Society, is, under the Australian *Corporations Act 2001* (Cth), also an authorised representative of Capricorn Mutual (Authorised Representative number 324456) and it:

- a) arranges and manages memberships of Capricorn Mutual;
- b) approves and implements the grant of Protections. It acts as the delegate of the Board of Capricorn Mutual in granting Protections and exercising the discretion to grant or not grant indemnity; and
- c) manages Capricorn Mutual's business on a day to day basis and, in particular, handles Claims following grants of indemnity.

CRS and CMM use their own resources and employees for these tasks but may also use systems and resources of other parts of the Capricorn Society.

## 1.4 Fees payable to CMM and CRS

CMM is an authorised representative of Capricorn Mutual (Authorised Representative number: 324456). CMM receives a fixed annual management fee for the services it provides to Capricorn Mutual. CMM staff are not paid commissions but may receive incentive bonuses based on their performance across a range of measures aligned to organisational performance.

CRS is an authorised representative of Capricorn Mutual (Authorised Representative number: 460893). CRS receives a fixed annual management fee for the services it provides to Capricorn Mutual. CRS staff are not paid commissions but may receive incentive bonuses based on their performance across a range of measures aligned to organisational performance.

Capricorn Mutual pays Capricorn Society a service fee of 4% of Subscriptions and Contributions collected through Capricorn Society accounts. This service fee is in exchange for a number of obligations imposed on Capricorn Society including the promotion of Capricorn Mutual as a Preferred Supplier of Capricorn Society. Between Capricorn Society and Capricorn Mutual, Capricorn Mutual bears the risk of any failure or delay in Members making payments in respect of their Capricorn Society accounts. However, any failure by a Member to pay their Capricorn Society trading account may lead to that account being suspended or closed, preventing future payments under a Protection and may in turn lead to the Protection or the Member's membership being cancelled.

## 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
Profits retained for the benefit of Members	Profits are retained for the benefit of Members in meeting the objectives of Capricorn Mutual, including to support Capricorn Mutual's financial capability to meet requests for indemnity which the Board, in its absolute discretion, may grant in whole or part.
Protections are a benefit of membership	Membership in Capricorn Mutual entitles the Member to apply for the issue of a Protection, and if issued, to request the Board exercises its discretion to indemnify the Member in respect of a Liability or Loss covered by the terms of the Protection. We may issue property and Liability Protections which are suited to businesses in the automotive industry. We may also issue Protections against some personal risks.
Directors of Capricorn Mutual	The Constitution of Capricorn Mutual regulates the appointment and retirement of its directors. At all times, a majority of the directors must be persons who are directors of Capricorn Society, and who are nominated by Capricorn Society. The Board of Capricorn Mutual may appoint to the Board up to 3 independent directors for terms of up to 3 years. At every annual general meeting one-third of the directors (rounded down), excluding independent directors, are subject to retirement by rotation.
Capricorn Mutual holds an Australian Financial Services Licence	As a financial services business, Capricorn Mutual is regulated by ASIC and holds an Australian Financial Services Licence. Key licence conditions require Capricorn Mutual to maintain certain financial requirements. These include having sufficient assets to meet its liabilities including adequate cash and surplus liquid funds to meet the expenses of Capricorn Mutual and its obligations under Protections. Capricorn Mutual is also required to lodge its audited financial statements with ASIC each year. These requirements apply to Capricorn Mutual's New Zealand operations as well, but the Protections provided by Capricorn Mutual 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.
Payment of Contributions through Capricorn Society account	It is possible to pay your Contributions using your Capricorn Society account and in most circumstances payments can be made monthly (subject to an initial upfront payment of 2 months' contributions) at no additional cost to you.
Members can request extension of Protections to Protected Persons	Members are entitled to request that the Board exercises its discretion to grant a Claim 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. The 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 other person who may be covered under the terms of a Protection, but who is not individually named in a Schedule of Protection.



## 2.2 What are the significant risks?

Risk of Product	Description
Protection is not the same as insurance	<p>Capricorn Mutual issues a 'miscellaneous financial risk product'. This is not an insurance product as there is no immediate promise of indemnity. Rather, if there is a Liability or Loss covered 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 covered as understood by reference to the terms of the Protection.</p> <p>In Australia Capricorn Mutual is not regulated by APRA, but is regulated by ASIC. In New Zealand Capricorn Mutual 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 Capricorn Mutual is not an insurer, Members 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 Capricorn Mutual 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 Protections and Capricorn Mutual is not regulated in the same way as an insurance company.</p>
You must be a Member of Capricorn Mutual at all times	<p>You must be a Member of Capricorn Mutual or capable of becoming a Member of Capricorn Mutual to apply for and continue to hold Protections. In order to apply for and maintain your membership, you must satisfy the eligibility requirements for Members set out in the Constitution and the Rules.</p> <p>Acceptance of membership applications is at the discretion of the Capricorn Mutual Board.</p> <p>Members can be removed from the membership register in accordance with the Capricorn Mutual Constitution and 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. Membership may also end on the cancellation of your Protections (see section 4.9 of this Part A for more detail).</p>
The Board of Capricorn Mutual has discretion in granting indemnity	<p>Capricorn Mutual issues Protections to its Members and persons entitled to become 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 (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. For more details see section 1.2 of this Part A.</p>
Your Protection may be cancelled in certain situations	<p>Your continuing rights under a Protection may be adversely affected if you cease to be a Member.</p> <p>If you cease to be a Member because of a failure to pay a Member Subscription or any other amount due to Capricorn Mutual, your right to seek indemnity under a Protection will generally cease. However, this may vary depending on the type of Protection you hold and the terms and conditions applicable to that Protection.</p> <p>Capricorn Mutual may, at its discretion, give Notice in writing to you before the end of the Period of Protection that it will cease to issue you Protection beyond that period. In this event, the Protection will cease at the time shown on your Schedule of Protection. Your Protection will also immediately expire:</p> <ol style="list-style-type: none"> <li>i) if you fail to pay your Contributions or any other sum of money due to Capricorn Mutual under the Constitution and the Rules;</li> <li>ii) if the Period of Protection specified in your Schedule of Protection has expired;</li> <li>iii) if you: <ul style="list-style-type: none"> <li>• are declared bankrupt or insolvent or commit an act of bankruptcy;</li> <li>• die (in which case Capricorn Mutual may accept your legal representative or trustee as a Member for the purpose of your Protections on and from the date of death); or</li> <li>• 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 Capricorn Mutual may accept your legal representative or trustee as a Member for the purpose of your Protections on and from the date of mental incapacitation); or</li> </ul> </li> <li>iv) if: <ul style="list-style-type: none"> <li>• your business commits an act of insolvency;</li> <li>• a liquidator is appointed in connection with the winding up of your business; or</li> <li>• an order is made by a court for the winding up or de-registration of your business.</li> </ul> </li> </ol> <p>There is also no guarantee that your Protection will be renewed as this is at the discretion of the Board.</p> <p>Capricorn Mutual must give reasonable Notice if it is proposing to cancel your Protection on renewal and this has to be done before the expiry of the Period of Protection.</p>

	<p>Capricorn Mutual can cancel your Protection:</p> <ul style="list-style-type: none"> <li>i) where the information you provide relevant to Capricorn Mutual's decision to issue you 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;</li> <li>ii) 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 issue you 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;</li> <li>iii) 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; or</li> <li>iv) where the Capricorn Mutual Board, acting reasonably, is of the opinion that you have engaged in fraudulent or dishonest conduct (including omission) in respect of a Protection (including in relation to the application for renewal or Claim). Cancellation in such circumstances shall take effect on and from the Protection's date of commencement. If Capricorn Mutual cancels a protection given such fraudulent or dishonest conduct, it may cancel all other Protections held by the Member on and from the date of the relevant fraudulent or dishonest act or omission by the Member.</li> </ul>
Capricorn Mutual is subject to counterparty risk	The counterparties with which Capricorn Mutual has arrangements, including CRS, CMM, Capricorn (Isle of Man) Limited and CML NZ Limited, may become insolvent or may not otherwise be able to meet their obligations. Capricorn Mutual does have step-in rights under the arrangements with CRS and CMM.
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 Members, there is a risk that the Board of Capricorn Mutual will be less likely to exercise its discretion to grant such indemnities. To lessen this risk, Capricorn Mutual 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.
Changing market and economic conditions may affect Capricorn Mutual's ability to meet Claims	There is a risk that Capricorn Mutual's ability to meet Claims may be affected by changing economic or market conditions beyond Capricorn Mutual's control. These may include movements in securities markets, inflation, consumer spending, employment and the performance of individual local, state, national and international economies.

## 2.3 What are the fees and charges?

Summary of Fees and Costs	Description
Membership Subscription Fee	An annual membership fee of NZ\$10 plus GST applies.
Contributions for Protections	<p>Contributions are payable by you for your Protection in accordance with the Constitution and the Rules. The amount, which is determined by Capricorn Mutual in its absolute discretion, will be stated in your Schedule of Protection.</p> <p>The amount of your Contribution reflects the nature of the risks you wish to protect, as well as the amount of risks protected and any optional Protection you have selected, as well as the general pricing approach adopted by Capricorn Mutual. For more details about the factors that influence the pricing of Contributions see section 4.7 of this Part A.</p>
Endorsements	If you make any changes during the Period of Protection, Capricorn Mutual will advise you if any additional Contribution is required at the time of the endorsement. Any additional Contribution will be influenced by the same factors as those used to calculate the original Contribution.

Taxes and Charges	Your Contribution 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 Protections if they were insurance. The amount of any taxes and charges will be stated in your Schedule of Protection.
Interest	Members are liable to pay interest to Capricorn Mutual on any amount payable for Contributions, or any other payment due under the Constitution and the Rules, that is not paid when it is due or on any amount received in respect of a Claim whose acceptance has been revoked by Capricorn Mutual. Interest is calculated in accordance with the Rules.
Excesses	When you make a request to the Board of Capricorn Mutual (or its delegate) to exercise its discretion to indemnify you in respect of a Liability or Loss covered by the terms of the Protection, the Board may require you to pay an amount towards the cost of your Claim. Your Schedule of Protection will state the excess that applies to each of your Protections.
Guarantee	As Capricorn Mutual is a company limited by guarantee, you will be required to pay the amount of your outstanding Contributions together with an amount of NZ\$1.00 if Capricorn Mutual is wound up whilst you are a Member or within one year of you ceasing to be a Member. Members in the last Financial Year who have paid all Contributions may be able to participate in the distribution of any surplus funds.

## Membership Of Capricorn Mutual

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

Capricorn Mutual has the discretion to decide whom to admit to membership.

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 of Capricorn Mutual 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.

You must pay the annual Subscription of NZ\$10 plus GST for membership when you first apply for membership. Membership applications are available by calling us on 0800 555 303 or emailing [info@capricornrisk.com](mailto:info@capricornrisk.com).

If you are accepted as a Member of Capricorn Mutual and have paid your membership Subscription fee, you will be informed of your Capricorn Mutual membership number and the period of membership. You must 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 membership Subscription fee of NZ\$10 plus GST for each year you remain a Member. Failure to pay this Subscription fee 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 (unless you are issued with a Protection within 6 months of the previous Period of Protection ending).

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 membership Subscription fee and the Contributions for your Protections, 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 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. 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 mailing address, telephone number or other contact details, change during the Membership Year, 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 Protections 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 cancel your membership at any time before the expiry of the Membership Year which has been communicated to you. You must give 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 a financial product designed to manage risk and is an alternative to traditional insurance products. However, it is not insurance as there is no immediate promise of indemnity. Rather, if there is a Liability or Loss covered 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 covered 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 of Capricorn Mutual and the Rules made by the Board. The Rules are governed by the law of Western Australia and each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of 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 Part C of this PDS before applying for Protections. 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 losses or damage, this is subject to the Board of Capricorn Mutual (or its delegate) exercising its discretion to grant an indemnity (in whole or part) in respect of the relevant losses or damage.

The terms shown in bold below are defined in Parts B and C of the PDS - see page 18 for details of their meaning in relation to Business Protections and page 71 for details of their meaning in relation to personal Protections.

## Business Protections

Type of Protection	Summary of Protection
Section 1. Business Buildings	This <b>section</b> protects <b>loss</b> or <b>damage</b> to <b>your</b> 'Business Buildings' from sudden or unforeseen <b>occurrences</b> caused by a <b>protected event</b> . These include fire, explosion or implosion, lightning, storm, wind, rain or snow, escape of liquid, impact by <b>vehicles</b> , animals, <b>watercraft</b> , 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 28 for more details about what is a <b>protected event</b> . <b>Members</b> can also apply for optional benefits like <b>protection</b> for <b>flood</b> and <b>accidental loss or damage</b> .
Section 2. Business Contents	This <b>section</b> protects <b>loss</b> or <b>damage</b> to <b>your</b> 'Business Contents' from sudden or unforeseen <b>occurrences</b> caused by a <b>protected event</b> . See above and page 32 for more details about what is a <b>protected event</b> . <b>Members</b> can also apply for optional benefits like <b>protection</b> for <b>flood</b> and <b>accidental loss or damage</b> .
Section 3. Burglary	This <b>section</b> protects <b>loss</b> or <b>damage</b> to <b>your</b> property for 'Burglary'. See page 36 for more details.
Section 4. Money	This <b>section</b> protects <b>loss</b> or <b>damage</b> of 'Money' relating to <b>your business</b> which occurs during the <b>period of protection</b> . See page 38 for more details.
Section 5. Engineering	This <b>section</b> protects malfunction or <b>breakdown</b> or burning out of any part of <b>your machinery</b> or <b>electronic equipment</b> which causes its normal use to cease and that is sudden and unforeseen. See page 41 for more details.
Section 6. Business Interruption	This <b>section</b> protects <b>you</b> for financial loss and the increased cost of operating <b>your business</b> as a result of interruption to <b>your business</b> during the <b>period of protection</b> due to <b>loss</b> or <b>property damage</b> which is protected under <b>sections 1, 2, 3, 4 or 7</b> . See page 43 for more details.
Section 7. General Property	This <b>section</b> protects <b>loss</b> or <b>damage</b> to <b>your</b> specified 'General Property' caused by a <b>protected event</b> , <b>burglary</b> or <b>accidental loss or damage</b> . See page 46 for more details.
Section 8. Goods in Transit	This <b>section</b> protects <b>loss</b> or <b>damage</b> to <b>your contents</b> or <b>stock</b> in the course of being transported or stored and caused by a <b>protected event</b> , <b>burglary</b> or collision or overturning of the conveying <b>vehicle</b> . See page 48 for more details.
Section 9. Public & Products Liability	This <b>section</b> protects <b>you</b> for the amounts which <b>you</b> shall become <b>legally liable</b> to pay as compensation in respect of <b>personal injury</b> and/or <b>property damage</b> caused by or arising out of an <b>occurrence</b> in connection with <b>your business</b> . This also includes <b>defence costs</b> . See page 49 for more details.
Section 10. Professional Protection	This <b>section</b> protects <b>you</b> for <b>your</b> civil liability to pay compensation arising out of a breach of <b>your</b> professional duty when providing advice for a fee. This also includes <b>defence costs</b> . See page 53 for more details.
Section 11. Legal Expenses	This <b>section</b> protects <b>your</b> legal costs and expenses incurred to defend or pursue a number of disputes, including contract and consumer disputes, arising and instituted in <b>New Zealand</b> . See page 58 for more details.
Section 12. Tax Audit	This <b>section</b> protects <b>you</b> for the professional fees incurred by <b>you</b> in connection with an audit. See page 59 for more details.
Section 13. Commercial Vehicles	This <b>section</b> protects <b>your</b> commercial <b>vehicle(s)</b> for <b>loss</b> or <b>damage</b> to <b>your commercial vehicle</b> and/or <b>your legal liability</b> for <b>property damage</b> arising from the use of <b>your commercial vehicle</b> . See page 60 for more details.
Section 14. Customers Vehicles	This <b>section</b> protects <b>your</b> customers' <b>vehicle(s)</b> whilst in <b>your</b> care when the <b>vehicle(s)</b> are being tested, repaired, delivered or left on <b>your premises</b> . See page 66 for more details.
Section 15. Stock Vehicles	This <b>section</b> protects <b>vehicles</b> owned by the <b>business</b> and kept as <b>stock</b> for sale whilst being driven by a <b>protected person</b> or a <b>contractor</b> for <b>loss</b> or <b>damage</b> and/or <b>your legal liability</b> for <b>property damage</b> arising from the use of <b>your stock vehicle</b> . See page 69 for more details.

## Personal Protections

Type of Protection	Summary of Protection
<b>Section 1. Home Buildings</b>	<p>This <b>section</b> protects <b>you</b> for <b>loss</b> or <b>damage</b> to <b>your</b> 'Home Buildings' from sudden or unforeseen <b>occurrences</b> caused by a <b>protected event</b>. These include fire, implosion and explosion, lightning, storm, wind, rain or snow, escape of liquid, impact by <b>vehicles</b>, animals, <b>watercraft</b> or other aerial devices, riots and strikes, malicious acts, <b>burglary</b>, earthquake, volcanic eruption, and others where applicable.</p> <p><b>You</b> are also protected for <b>your legal liability</b> for <b>property damage</b> or <b>personal injury</b> to any other person arising from the ownership of <b>your</b> property.</p> <p><b>You</b> can also apply for optional benefits such as <b>protection</b> for <b>flood</b>. See page 81 for more details.</p>
<b>Section 2. Home Contents</b>	<p>This <b>section</b> protects <b>you</b> for <b>loss</b> or <b>damage</b> to <b>your</b> 'Home Contents' from sudden or unforeseen <b>occurrences</b> caused by a <b>protected event</b>.</p> <p><b>You</b> are also protected for <b>your legal liability</b> for <b>property damage</b> or <b>personal injury</b> to any other person arising from the ownership of <b>your</b> property.</p> <p><b>You</b> can also apply for optional benefits such as <b>protection</b> for <b>flood</b>. See page 85 for more details.</p>
<b>Section 3. Private Motor Vehicles</b>	<p>This <b>section</b> protects <b>your</b> personal 'Private Motor Vehicles' for <b>loss</b> or <b>damage</b> and/or <b>your legal liability</b> for <b>property damage</b> arising from the use of <b>your</b> motor <b>vehicle(s)</b>. See page 90 for more details.</p>

### 4.2 How do I apply for Protections?

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

When you apply for Protection, you will be asked to sign an application form containing information provided by you 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 of Capricorn Mutual accepts your application for a Protection.

If the information and particulars you provide to Capricorn Mutual or to employees of its authorised representatives CMM and CRS after making reasonable inquiry, is incorrect, inaccurate, incomplete, misleading, not true or is information material to the application, 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 in section 6.1 of this Part A.

You need to tell us immediately when changes happen that may require changes to your Protections or increase the risks that are relevant to your Protections. 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. Your Schedule of Protection will record your Protections, the limits that may be paid for each of the Protections, the excesses or deductibles that apply to each Protection and other important matters about your Protections such as the date on which each Protection starts and expires as well as any special conditions applying to your Protection.

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 Protections commence. Your Contribution can be paid upfront in one payment or monthly (subject to an initial upfront payment of 2 months' Contributions 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:

- 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.
- 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.

- 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:
  - a) in the opinion of the Board, the Member making the request for indemnity has not taken reasonable steps to mitigate a Liability or Loss;
  - b) 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
  - c) 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 covered by a Protection. Please see under 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 the Protections?

All renewals of Protections are governed by, and must be given in accordance with, the Capricorn Mutual 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 fee). 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 Protections are 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 each of the Protections 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 is 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 Protections 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 Protections 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 endorse 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 Protections, simply contact us with the details for consideration. The Board may, in its absolute discretion, issue new Protections to you. If the Board exercises its discretion to issue you new Protections, the new Protections 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 Protections. 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 of Capricorn Mutual has the discretion to set the cost of Contributions payable by you for each Protection product you hold. Quotations are provided by CMM, 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 and/or your annual turnover;
  - 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 the APRAGPS 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 (subject to an initial upfront payment of 2 months' Contributions 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, then you must pay the first 2 months' instalments up front and 10 monthly instalments thereafter. If you pay your Contributions by monthly instalment 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 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 the Protections?

### Cooling off period

You are entitled to cancel Protections issued to you, by notifying us in writing, within the cooling off period. The cooling off period is 21 days from the first commencement date of Protection 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 covering transit risks (section 8 of Part B), from the date when the first transit journey commences.

### Other cancellations

You cannot cancel your Protection during the Period of Protection, other than with the consent of the Capricorn Mutual 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 covered by the Protection are completed.



## 4.10 Can Capricorn Mutual cancel the Protections?

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 commit an act of insolvency, a liquidator is appointed in connection with the winding up of your business or an order is made by a court for the winding up or de-registration of your business;
- 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 shall 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 other Protections 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 Protections held by the Member, the Member is required to pay Capricorn Mutual any unpaid Contributions in respect of those Protections.

## Making Claims for Protections

### 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 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 responsible (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 Protections, you will have a right to request that the Board of Capricorn Mutual indemnifies you in respect of Liability or Loss within the Terms of your Protection. The Board may, in its absolute discretion, grant (in whole or part) or not grant such requests for indemnity made by Members. No interest is paid by Capricorn Mutual on any Claim. Capricorn Mutual's Board has given CMM delegated authority to exercise its discretion to grant or not grant an indemnity to Members within the terms of their Protections. CMM 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 (or CMM'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 the Member's 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 a Member 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 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;
- 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 cover under your 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 the Member's obligation to notify Capricorn Mutual of varied information relevant to the decision to accept a Protection or determine the Contributions payable, the Member (or those for whom the Member is responsible):

- a) provides information which is not true, correct or complete;
- b) does not provide material information which, with reasonable diligence, would have been ascertained; or
- c) engages 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 us by telephoning 0800 555 303 or in writing to the postal address on the inside front cover of this PDS. You can also email us at [cmlcomplaints@capricornmutual.com](mailto:cmlcomplaints@capricornmutual.com)

Your complaint will be dealt with promptly and fairly. Any complaint that is not satisfactorily resolved will be referred to our 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 of Directors. The Board will independently consider the complaint. It will instruct CMM 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 you are still unhappy with the outcome, you can choose to have the matter resolved externally.

You can raise complaints about our services directly with the Australian Financial Ombudsman Service (FOS). This independent body provides its service free of charge and we will abide by the outcome. The decision is not binding on you. If you wish, you may decide not to accept the decision and take your own legal action against Capricorn Mutual.

You can contact FOS and speak to one of its enquiry officers by ringing +61 396 137 366. Alternatively, you can download complaints information from the FOS website at [www.fos.org.au](http://www.fos.org.au) and submit your written complaints form to FOS at Financial Ombudsman Service Limited, GPO Box 3, Melbourne, VIC, 3001 (Australia).

FOS is an external complaints resolution scheme approved by ASIC to provide free advice and assistance to consumers to help them in resolving complaints relating to members of the financial services industry.

### **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 who 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*. We collect your personal information to:

- a) process your application for membership and Protections;
- b) provide you with quotations;
- c) administer your membership and the Protections you select;
- d) calculate and collect your Contributions; and
- e) assess and pay eligible Claims made by you or your personal representative.

If you do not provide some or all of the information we request, we may be unable to assess your application for membership or Protections or any Claim you make. This may result in your application for membership or Protections 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 Protections 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 Pty Ltd and Capricorn Risk Services Pty Ltd, 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 Pty Ltd 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. Our Privacy Policy contains information about 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 0800 555 303 or by e-mail: [privacy@capricornmutual.com](mailto:privacy@capricornmutual.com). Alternatively visit our website at [www.capricornmutual.com](http://www.capricornmutual.com).

# 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 membership subscription fees and **contributions**) in respect of a **protection** 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 the 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 into and is a part of the **Rules**.

### 1. General Definitions

These general definitions apply to all **business 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	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.
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 occurring with physical evidence of forcible and/or violent entry or exit to <b>your premises</b> or <b>vehicle/watercraft</b> .
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: <ul style="list-style-type: none"> <li>a) fixtures and fittings, services, walls, gates, car parks, private roads, pavements, paving and fences around and belonging to <b>your business</b> building(s);</li> <li>b) fixed signs and blinds, awnings, aerials, masts and satellite dishes; and</li> <li>c) other improvements of a structural nature at the <b>premises</b> which <b>you</b> own or for which <b>you</b> have <b>legal liability</b> for under a contract.</li> </ul>
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> .
Contents	Contents are items that <b>you</b> own and are used for <b>your business</b> . Contents does not include the following unless shown in <b>your Schedule of Protection</b> : <ul style="list-style-type: none"> <li>a) <b>stock</b> or <b>motor fuels</b>;</li> <li>b) <b>vehicles</b> or <b>watercraft</b>;</li> <li>c) Automatic Teller Machines; or</li> <li>d) tobacco or alcohol.</li> </ul>
Contractor	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> .

<b>Contribution</b>	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> .
<b>Customer's Goods</b>	Customer's goods are property (but excluding <b>vehicles</b> and <b>watercraft</b> ) that belong to <b>your</b> customers and are left temporarily in <b>your</b> physical or legal control in connection with <b>your business</b> .
<b>Damage(d)</b>	Physical harm to tangible property that impairs its value, usefulness or normal function.
<b>Defence Costs</b>	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> .
<b>Electronic Equipment</b>	Electronic equipment including but not limited to computers, diagnostic equipment and scanners. Electronic equipment does not include mobile phones, smartphones, iPhones, iPads, tablets, <b>stock</b> , or equipment which forms part of, or is attached to, a <b>vehicle</b> or <b>watercraft</b> .
<b>Employee(s)</b>	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. Employee does not include: a) any broker, factor, consultant, agent, consignee or <b>contractor</b> ; or b) any partner, director, manager or trustee unless that person is also <b>your</b> employee.
<b>Endorsement</b>	Any amendment of the terms of the <b>protection(s)</b> advised in writing by <b>us</b> .
<b>Event</b>	An incident or several incidents of a series consequent on, or attributable to, one source or original source.
<b>Excess(es)</b>	The amount(s) which <b>you</b> are required to contribute to each claim.
<b>Flood</b>	The covering of normally dry land by water that has escaped or been released from the normal confines of any of the following: a) a lake (whether or not it has been altered or modified); b) a river (whether or not it has been altered or modified); c) a creek (whether or not it has been altered or modified); d) another natural watercourse (whether or not it has been altered or modified); e) a reservoir; f) a canal; or g) a dam.
<b>General Provisions</b>	The terms contained in Part B applying to all <b>business protection sections</b> subject to any <b>endorsement</b> .
<b>GST</b>	Goods and services tax per the meaning given in the <i>Goods and Services Tax Act 1985</i> .
<b>Legal Liability</b>	Penalties, compensation, damages, repair, restitution or any other amounts for which <b>you</b> are responsible and required to pay by law.
<b>Limit(s) of Protection</b>	The applicable limit(s) provided by the <b>protections you</b> hold, as stated in <b>your Schedule of Protection</b> .
<b>Loss, Losses, Lost</b>	Sudden and unforeseen physical <b>loss</b> .
<b>Machinery</b>	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.
<b>Member</b>	A person, corporation, organisation or entity that has been admitted to membership of Capricorn Mutual in accordance with the Constitution.
<b>Money</b>	Cash or any <b>negotiable instrument</b> belonging to <b>your business</b> or for which <b>you</b> are legally responsible.

Term	Definition
Motor Fuels	<b>Stock</b> of petroleum products, diesel, liquified petroluem 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 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 Effects	Clothing and personal possessions that are not otherwise protected, 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 (Cth)</i> and includes: a) the terms contained in Important Information (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; 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); 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> ); g) impact by <b>vehicles</b> , animals, <b>watercraft</b> , aircraft or other aerial devices and/or falling trees or objects; h) riots, strikes and civil commotion; i) malicious acts; or j) earthquake, tsunami, subterranean fire or volcanic eruption.
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> .

<b>Protection(s)</b>	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> .
<b>Rule(s)</b>	The document called 'Rules of Capricorn Mutual Limited' that governs membership and the terms of <b>protections</b> offered by Capricorn Mutual.
<b>Schedule of Protection</b>	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> .
<b>Section(s)</b>	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> governs by the Constitution and the <b>Rules</b> and detailed in Part B of the <b>Product Disclosure Statement</b> .
<b>Stock</b>	<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 customer's vehicles</b> as part of <b>your work in progress</b> whilst the customers' vehicles are in <b>your</b> care, custody and 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>
<b>Storm Surge</b>	An offshore rise of seawater associated with a low pressure weather system, typically cyclones.
<b>Safe / Strong Room</b>	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.
<b>Theft</b>	The act of stealing or attempted stealing.
<b>Tools of Trade</b>	<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>
<b>Total Loss</b>	<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.
<b>Vehicle</b>	<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 part.</p>
<b>Watercraft</b>	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.
<b>Work in Progress</b>	<p>Work or repairs that <b>you</b> are undertaking for <b>your</b> customers, being the materials and <b>stock you</b> have used but which have not left <b>your</b> care, custody or control.</p> <p>Work in progress does not include the labour cost of the work <b>you</b> have done.</p>
<b>We, Us, Our(s)</b>	Capricorn Mutual Ltd (Company No 4046200, ABN 24 104 601 194).
<b>You, Your(s), Yourself</b>	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 subscription and make the relevant <b>contribution</b> for the <b>protection you</b> choose, and which Capricorn Mutual agrees to issue to <b>you</b> .
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 business</b>; 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 <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	<b>You</b> must take all reasonable care (and if applicable, ensure that <b>protected persons</b> and <b>contractors</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 business protection section(s)</b> and comply 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.
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 <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.</p> <p>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>.</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</b>, incident 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> <ol style="list-style-type: none"> <li><b>you</b> or a <b>protected person</b> (if applicable) must: <ol style="list-style-type: none"> <li>mitigate and reduce any <b>legal liability, loss, damage, defence costs, personal injury</b> or <b>property damage</b> (or any other claim, compensation payable, damages, cost, expense, injury or liability covered by a <b>protection</b>), including reasonable steps requested to be taken by Capricorn Mutual;</li> <li>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 payable, damages, cost, expense, injury or liability covered 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>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 payable, damages, cost, expense, injury or liability covered by a <b>protection</b>);</li> </ol> </li> </ol>



	<ul style="list-style-type: none"> <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 payable, damages, cost, expense, injury or liability covered 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 or property damage</b> (or any other claim, compensation payable, damages, cost, expense, injury or liability covered by a <b>protection</b>) or the subject of the claim.</li> </ul> <ul style="list-style-type: none"> <li>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 or property damage</b> (or any other claim, compensation payable, damages, cost, expense, injury or liability covered by a <b>protection</b>) to <b>us</b>;</li> <li>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;</li> <li>d) 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>; and</li> <li>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: <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 payable, damages, cost, expense covered 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 <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> </li> </ul>
<p><b>7. Goods and Services Tax (GST)</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> do not disclose or understate <b>your</b> entitlement, <b>you</b> may be liable for <b>GST</b> on settlement of the claim. <b>We</b> will not protect <b>you</b> for any penalty, charge or fine for which <b>you</b> may be liable.</p>
<p><b>8. Automatic Reinstatement</b></p>	<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> <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>

Term	Condition
<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 payable, damages, cost, expense, injury or liability covered by a <b>protection</b>) for which <b>you</b> make a claim under a <b>protection, 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><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</b> of <b>yours</b>, where the claim arose from or related to the <b>employee's</b> dishonest, criminal, fraudulent or malicious act or omission.</p>
<b>12. Unattended Premises</b>	<p>Minimum security is required when <b>your premises</b> are unattended. If <b>your premises</b> are left unoccupied (i.e. there are no <b>protected persons</b> or <b>contractors</b> at the <b>premises</b>), for any period of time, <b>you</b> must ensure:</p> <ul style="list-style-type: none"> <li>a) all <b>safes</b> and doors are locked and the keys removed from <b>your premises</b>;</li> <li>b) all windows are locked and the keys removed;</li> <li>c) all protections required by <b>us</b> have been put into effect; and</li> <li>d) any intruder alarm system, smoke alarms, detectors or sprinklers are armed and maintained in full and efficient working order.</li> </ul> <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> in this period whilst unoccupied unless <b>we</b> agree to do so in writing.</p>
<b>13. Minimum Security and Fire Prevention Requirements</b>	<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/or 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> are not 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 and/or sprinklers are required by <b>us</b> and/or installed at <b>your premises</b>, the following conditions apply:</p> <ul style="list-style-type: none"> <li>a) the smoke alarm, detector and/or sprinklers must be agreed by <b>us</b>;</li> <li>b) the smoke alarm, detector and/or sprinklers must be put into operation and working at all times;</li> <li>c) the smoke alarm, detectors and/or 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> are not 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) 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>b) the location of such services has been conveyed to those who are carrying out such work on behalf of <b>you</b>;</li> <li>c) a written record is maintained of the precautions taken in respect of any excavation;</li> <li>d) <b>you</b> take all reasonable precautions to prevent <b>personal injury</b> or <b>property damage</b>;</li> <li>e) any liability arising out of work carried out more than 5 metres below ground level is excluded; and</li> <li>f) any liability arising out of work carried out underground by directional drilling or by a thrusting or boring machine is excluded.</li> </ul>
<p><b>17. Motor Fuels, Petroleum, LPG, Underground Tanks and Systems</b></p>	<p><b>We</b> 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.</p>
<p><b>18. Non-Accumulation</b></p>	<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 18 is where <b>your Schedule of Protection</b> shows <b>sections 14 Customers Vehicles and/or 15 Stock Vehicles</b> and they are also protected under <b>section 2 Business Contents and/or section 3 Burglary</b> where the <b>protection</b> is cumulative.</p>
<p><b>19. Other Protection or Insurance</b></p>	<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>
<p><b>20. Jurisdiction</b></p>	<p>The <b>protections</b> governed by the Capricorn Mutual Constitution and <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, Australia.</p>

Term	Condition
21. Underprotection	<p>Underprotection will only apply where the declared value of the relevant protected asset or the declared <b>gross profit</b> (in respect of the 'Business Interruption' <b>section</b>), is less than 80% of its actual value or actual <b>gross profit</b>.</p> <p>It is <b>your</b> responsibility to ensure that the limits of <b>your protection</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 annually.</p> <p>If <b>you</b> do not tell <b>us</b> the correct value of <b>your</b> property or provide the correct amount for <b>your gross profit</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 (actual value). <b>You</b> only protect it for NZ\$10,000 (declared value). <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</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> and/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 or 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.
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, loss of use of property, delays, depreciation, lack of performance, loss of contract or opportunity or loss of <b>market value</b> . This general exclusion does not apply to <b>section 6</b> Business Interruption.
5. War Risks	Any <b>loss, 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, rebellion, revolution, insurrection, military action or coup.
6. Sonic Bangs	Any <b>loss, 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.
7. Nuclear	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: a) the combustion of nuclear fuel; b) nuclear fission; or c) nuclear weapons material.
8. Toxic Mould	Any <b>loss, damage</b> , liability, financial loss, <b>personal injury</b> , cost or expense arising from or relating to fungal pathogens or bacteria. For the purposes of this general exclusion, fungal pathogens shall mean 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><b>9. Cyber Risks</b></p>	<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 data 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 data or other information posted on a website or similar facility;</li> <li>f) any <b>loss</b> of data 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, trademark, copyright or patent.</li> </ul>
<p><b>10. Specific Sites</b></p>	<p>Any <b>loss, damage</b>, liability, financial loss, <b>personal injury</b>, cost or expense arising from or in connection with work on or at any:</p> <ul style="list-style-type: none"> <li>a) power station or nuclear installation;</li> <li>b) oil rig, oil drilling platform or refinery or associated structures or vessels or while travelling to or from them;</li> <li>c) chemical laboratory or manufacturer;</li> <li>d) aircraft, airport, ship, dock, pier or wharf;</li> <li>e) computer installation or computer room;</li> <li>f) tower, steeple, chimney shaft, blast furnace, dam, canal, viaduct, bridge or tunnel; or</li> <li>g) underground mining or underground mining equipment.</li> </ul>
<p><b>11. Terrorism</b></p>	<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 shall mean an act including, but not limited to, the use of force or violence and/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 and/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>
<p><b>12. Hazardous Goods</b></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 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>.</p>
<p><b>13. Fair Wear &amp; Tear</b></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 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>
<p><b>14. Warranties / Guarantees</b></p>	<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>
<p><b>15. Fines &amp; Penalties</b></p>	<p>Punitive, exemplary or aggravated damages awarded against <b>you</b> or any penalties or fines imposed on <b>you</b>.</p>
<p><b>16. Watercraft</b></p>	<p><b>Loss or damage</b> to any watercraft more than 8 metres in length unless specified in <b>your Schedule of Protection</b>.</p>
<p><b>17. Non-Motor Trade Sideline Business</b></p>	<p><b>We</b> will not protect 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.</p>
<p><b>18. Deliberate Actions, Fraud and Dishonesty</b></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 any dishonest, fraudulent, illegal, criminal, malicious, deliberate or reckless acts by <b>you</b>, any <b>protected person</b> or a <b>contractor</b>.</p>

# BUSINESS PROTECTION SECTIONS:

## Section 1. Business Buildings

### Specific definitions

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

<b>Glass</b>	Means: a) fixed external <b>glass</b> (including perspex and plastic material used in external windows, doors and skylights); and b) fixed internal <b>glass</b> (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> .
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### 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)** in **New Zealand** 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**, subject to additional benefits 1, 2, 9 and 10.

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 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:

- the cost of repairing the **business building(s)** less an equitable allowance for age, wear and tear, depreciation, or betterment;
- the pre-**damage** value of the **business building(s)** at the time of its **loss** or destruction; or
- 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

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. **Our** liability for these additional benefits 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. Inflation Protection</b>	The <b>limit of protection</b> for <b>your business building(s)</b> under this <b>section 1</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> .
<b>2. Buildings Clean-Up</b>	<b>We</b> will pay for the cost of removing or disposing of debris, or demolishing, dismantling or shoring up <b>your business building(s)</b> . The maximum <b>we</b> will pay for this additional benefit is up to the remaining balance of the building <b>limit of protection</b> or up to NZ\$25,000 in addition if the building <b>limit of protection</b> has been exhausted.

<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 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>limits 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</b> or <b>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>limit of protection</b> or NZ\$100,000, whichever is less.</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 protected 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>limit of protection</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. Loss of Metered Water</b></p>	<p><b>We</b> will pay for <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. Capital Additions</b></p>	<p><b>We</b> will pay for additions, alterations, improvements and extensions undertaken to <b>your existing 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 existing building</b>.</p> <p>The maximum <b>we</b> will pay for this additional benefit is 10% of the <b>limit of protection</b> or NZ\$50,000, whichever is less.</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>safes</b> and <b>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>
<p><b>9. 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 the remaining balance of the building <b>limit of protection</b> or up to NZ\$30,000 in addition if the building <b>limit of protection</b> has been exhausted.</p>
<p><b>10. 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 buildings</b>.</p> <p>The maximum <b>we</b> will pay for this additional benefit is up to the remaining balance of the building <b>limit of protection</b> or up to NZ\$25,000 in addition if the building <b>limit of protection</b> has been exhausted.</p>
<p><b>11. Landscaping</b></p>	<p><b>We</b> will pay for <b>loss</b> or <b>damage</b> to gardens and landscaping belonging to <b>you</b>, 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>12. Prevention of Imminent Damage</b></p>	<p><b>We</b> will pay the reasonable and necessary costs <b>you</b> incur at <b>your premises</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>13. 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>

## 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 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 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(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 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>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> <ol style="list-style-type: none"> <li>repairing or replacing fixed <b>glass</b> signs which are <b>damaged</b> or broken;</li> <li>the reasonable cost of temporary repairs or shuttering necessary to protect <b>your premises</b> following breakage of <b>glass</b>;</li> <li>signwriting, ornamentation, tinting and alarm foil following <b>damage</b> caused by breakage of <b>glass</b>; and</li> <li><b>damage</b> to framework following breakage of <b>glass</b>.</li> </ol> <p><b>We</b> will not pay for:</p> <ol style="list-style-type: none"> <li><b>glass</b> forming part of <b>your contents</b> or <b>stock</b>;</li> <li><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><b>loss</b> or <b>damage</b> caused while <b>glass</b> is being fitted into position or removed from its fitting;</li> <li><b>loss</b> or <b>damage</b> caused by breakage arising from the deliberate application of heat; or</li> <li><b>glass</b> in light fittings, <b>electronic equipment</b> or electrical items.</li> </ol> <p>Specific exclusion 2(o) 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>



## 5. Landslide

If 'Landslide' is specified in **your Schedule of Protection**, we will protect **you** for **loss of damage to your business building(s)** caused by landslide during the **period of protection**. Specific exclusion 2 (z) of this **section 1** does not apply to this optional benefit. The maximum **we** will pay for this optional benefit stated for 'Landslide' in **your Schedule of Protection**.

## 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 or arising from:

- (a) wet or dry rot, mould, mildew, fungus, insects, woodworm or vermin;
- (b) evaporation, shrinkage, loss of weight, dampness, dryness, steam, condensation, contamination, escape of fumes, flue gases or pollution;
- (c) rust, corrosion, oxidation, fading, exposure to light or darkness;
- (d) wear and tear, gradual deterioration or any gradually operating cause;
- (e) any item intended to be heated where there is deliberate application of heat to that item;
- (f) change in colour or texture;
- (g) dyeing, cleaning, repairing, renovating, denting, bruising, tearing, scratching, splitting or marring;
- (h) defect, faulty design, plan, specification, materials or workmanship, or built-in faults;
- (i) a government or public authority legally taking **your** property;
- (j) exposure to any weather conditions including, but not limited to, hail, snow, rain and wind to glasshouses or their contents; gates, fences, signs, retaining walls, and other property in the open air unless that property comprises or is part of a permanent structure designed to function without the protection of walls or a roof;
- (k) erosion, subsidence, cracking, shrinkage or expansion of foundations or structures, or normal settling or any earth movement other than earthquake;
- (l) variation in atmospheric conditions;
- (m) seepage or percolation of water, or water entering the **premises** as a result of structural defects;
- (n) **flood damage**;
- (o) **glass** or signs;
- (p) **burglary** or **theft**;
- (q) pets, any live animals or birds (except for **loss** or **damage** due to impact by pets, living animals or birds);
- (r) falling trees or branches by lopping or felling by **you** or with **your** consent;
- (s) tree roots;
- (t) any building or property undergoing construction, erection, renovation or demolition when the value of the work exceeds 10% of the **limit of protection** or NZ\$50,000, whichever is less;
- (u) **accidental loss or damage**, but not if it is a **protected event**;
- (v) any electronic, electrical or mechanical **breakdown**, failure or malfunction;
- (w) fusion of electric motors;
- (x) 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;
- (y) any action of the sea (except tsunami), tidal wave or **storm surge**; or
- (z) landslide.

## Section 2. Business Contents

### 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** in **New Zealand** 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**, subject to additional benefits 1, 2 and 11.

#### (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

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. **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. Inflation Protection

The **limit(s) of protection** for **your business contents** under this **section 2** will be increased monthly during the **period of protection** in line with the New Zealand Consumer Price Index. At the renewal of **your protection**, **your contribution** will be based on the increased **limit(s) of protection**. This indexation will continue during the period of repair or replacement of **your business contents** protected under this **section 2**.

<p><b>2. Removal of Debris</b></p>	<p><b>We will pay for the cost of removing or disposing of debris, or demolishing, dismantling or shoring up your business contents.</b></p> <p>The maximum <b>we</b> will pay for this additional benefit is up to the remaining balance of the <b>business contents limit of protection</b> or up to NZ\$10,000 in addition if the <b>business contents</b> section <b>limit(s) of protection</b> has been exhausted.</p>
<p><b>3. Works of Art</b></p>	<p><b>We will pay for loss or damage caused by a protected event to your works of art including antiques, collectibles and ornaments, at 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>
<p><b>4. Employee Tools of Trade</b></p>	<p><b>We will pay for loss or damage caused by a protected event for employee tools of trade which are owned by the employee but are at your premises for business purposes.</b></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>5. Personal Effects</b></p>	<p><b>We will pay for loss or damage caused by a protected event to your and your employees' personal effects at 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>6. Restoration of Records</b></p>	<p><b>We will pay for the costs to restore computer or business records and data onto new equipment following loss or damage to your business contents during the period of protection under this section 2.</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\$25,000 in total for the <b>period of protection</b>.</p>
<p><b>7. Customer's Goods</b></p>	<p><b>We will pay for loss or damage caused by a protected event to goods belonging to your customers and left temporarily in your care, custody or control at your premises. This excludes any vehicle or 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>8. Capital Additions</b></p>	<p><b>We will pay for additions, alterations, improvements and extensions undertaken to your existing business contents during the period of protection.</b></p> <p><b>You must tell us about any new business contents, alterations, additions or improvements as soon as possible.</b></p> <p><b>We will not pay under this additional benefit for any increase in value to your existing business contents.</b></p> <p>The maximum <b>we</b> will pay for this additional benefit is 10% of the <b>limit of protection</b> or NZ\$15,000, whichever is less.</p>
<p><b>9. Extra Costs of Reinstatement - Plant and Machinery</b></p>	<p><b>We will pay the extra costs necessary to reinstate or replace your plant or machinery which are incurred in order to comply with any requirement in any law or regulation subject to the following provisions:</b></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 you 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 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>limit of protection</b> or NZ\$50,000, whichever is less.</p>

<p><b>10. Temporary Removal of Business Contents</b></p>	<p>We will pay for <b>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>We will not protect:</p> <ol style="list-style-type: none"> <li><b>business contents</b> while being transported for storage;</li> <li><b>stock</b> in trade that is on consignment to other parties;</li> <li><b>accidental loss or damage</b> unless optional benefit 1 is taken under this <b>section 2</b>; or</li> <li><b>business 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 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 <b>section 2</b> Business Contents <b>limit(s) of protection</b> as stated in <b>your Schedule of Protection</b>.</p>
<p><b>11. Seasonal Increase</b></p>	<p>We will protect <b>you</b> for seasonal increases during the following periods:</p> <ol style="list-style-type: none"> <li>Christmas: 40 days before Christmas Day to the 20th day following (both days inclusive);</li> <li>Easter: 20 days before Easter Sunday to the 10th day following (both days inclusive); and</li> <li>Public Holidays: Gazetted public holidays.</li> </ol> <p>The amounts protected under this <b>section 2</b> are increased by 25% during these periods.</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 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. 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 contents</b> occurring during the <b>period of protection</b>.</p> <p><b>Accidental loss or damage</b> does not protect <b>loss or damage</b> to any <b>vehicles</b> or <b>watercraft</b>.</p> <p>Specific exclusion 2(v) 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(u) 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 <b>hail 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>
<p><b>4. Landslide</b></p>	<p>If 'Landslide' is specified in <b>your Schedule of Protection</b>, <b>we</b> will pay for <b>loss or damage</b> to your <b>business contents</b> caused by <b>landslide</b> during the <b>period of protection</b>. Specific exclusion 2 (an) of this <b>section 2</b> does not apply to this optional benefit. The maximum <b>we</b> will pay for this optional benefit is the limit stated for 'Landslide' 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 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 or arising from:

- (a) any process of production, manufacturing, packing, treatment, testing, commissioning, servicing or repair;
- (b) any item intended to be heated where there is deliberate application of heat to that item;
- (c) jewellery, furs and leather, bullion, precious metal or stones;
- (d) pets, any live animals or birds (except for **loss** or **damage** due to impact by pets, living 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) 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) dyeing, cleaning, repairing, renovating, denting, bruising, tearing, scratching, splitting or marring;
- (k) defect, faulty design, plan, specification, materials or workmanship, or built-in faults;
- (l) any electronic, electrical or mechanical **breakdown**, failure or malfunction;
- (m) fusion of electric motors;
- (n) escape of fumes or flue gases;
- (o) a government or public authority legally taking **your** property;
- (p) falling trees or branches as a result of lopping or felling of trees by **you** or with **your** consent;
- (q) erosion, subsidence, cracking, shrinkage or expansion of foundations or structures, or normal settling or any earth movement other than earthquake;
- (r) variation in atmospheric conditions;
- (s) change in colour or texture;
- (t) seepage or percolation of water;
- (u) **flood damage**;
- (v) **accidental loss or damage**, but not if it is a **protected event**;
- (w) unexplained inventory shortages or disappearances; or shortage in the supplies;
- (x) **money**;
- (y) **burglary** or **theft**;
- (z) malicious act of any person(s) lawfully occupying the **premises**;
- (aa) testing or experiments;
- (ab) sporting or recreational equipment whilst in use;
- (ac) 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;
- (ad) failure of the supply of water, gas, electricity or fuel;
- (ae) any goods in **transit**;
- (af) computer virus or data corruption;
- (ag) any **vehicle/watercraft** driving risk;
- (ah) any action of the sea (except tsunami), tidal wave or **storm surge**;
- (ai) landlord's fixtures and fittings;
- (aj) gaming, amusement or external vending machines;
- (ak) deeds, bonds, bills of exchange or **money**;
- (al) explosives;
- (am) plants or shrubs in the ground, trees (except impact by falling trees), lawn, turf or landscaping;
- (an) landslide; or
- (ao) **watercraft** which exceeds 8 metres in length.

## 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 benefit 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
- ii) 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' and/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**.

<b>1. Works of Art</b>	<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>
<b>2. Employee Tools of Trade</b>	<p><b>We</b> will pay for <b>loss</b> or <b>damage</b> to <b>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 your and your employees' personal effects as a result of burglary at 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 due to burglary to goods belonging to your customers and temporarily left in your care, custody or control at your premises.</b></p> <p>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) under section 1 caused as a consequence of and during the course of burglary protected under this 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, safes and strong rooms and intruder alarm systems installed in your business building(s) if the keys are stolen during the 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 data onto new equipment following loss or damage due to burglary during the 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 due to burglary to your property as stated in your Schedule of Protection while temporarily removed from your premises and stored at a temporary storage facility, self storage unit or bulk storage facility, during the 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> <ul 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> </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 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 as a result of 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 for seasonal increases during the following periods:</b></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 amounts protected under this <b>section 3</b> are 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 any of the optional benefits 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. Theft</b>	If 'Theft' is specified in <b>your Schedule of Protection</b> , we 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> . Specific exclusion 2(g) of this <b>section 3</b> does not apply to this optional benefit. 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> .
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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
  - 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 a **protected person** or a **contractor**;
  - 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 **you** 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); and</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 Safes/ 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>safes, 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) fraud, dishonesty, embezzlement, misappropriation, wilful acts or omissions, **burglary** or **theft** by an **employee**, **protected person** or a **contractor**;
- (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** if stated in **your Schedule of Protection** and/or **electronic equipment** if stated in **your Schedule of Protection** due to **breakdown** in **New Zealand** 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/or **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** or **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 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. 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 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. 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 wholesale cost of 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 data and/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 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 '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 normal use, adjustment, repair or maintenance of **machinery** or **electronic equipment**;
- (i) **breakdown** as a result of **your** failure to comply with statutory requirements;
- (j) **breakdown** as a result of wear, tear, rust, corrosion, erosion, oxidation, scale or gradual deterioration;
- (k) **breakdown** as a result of dampness, dryness, steam, condensation, contamination, escape of fumes, flue gases or pollution;
- (l) any type of safety devices, not attached to, but used for the safe operation of the **machinery** or **electronic equipment**;
- (m) international freight charges (unless the costs are incurred with **our** consent);
- (n) 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;
- (o) **breakdown** as a result of **accidental loss or damage**;
- (p) **breakdown** as a result of impact by any animal, **vehicle**, **watercraft** or aircraft;
- (q) **breakdown** as a result of wind, rain, snow or lightning;
- (r) **breakdown** as a result of any action of the sea, tidal wave, tsunami, or **storm surge**;
- (s) **breakdown** as a result of water leakage from any vessel, tank, pipe or system;
- (t) **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;
- (u) **breakdown** as a result of **flood damage**; or
- (v) **breakdown** as a result of **burglary** or **theft**.

## Section 6. Business Interruption

### Specific definitions

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

<p><b>Additional Increased Cost of Working</b></p>	<p>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; or <b>7</b> General Property.</p>
<p><b>Annual Turnover</b></p>	<p>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>.</p>
<p><b>Gross Profit</b></p>	<p>The amount by which:</p> <ul style="list-style-type: none"> <li>a) the sum of the <b>annual turnover</b> and the amount of the closing <b>stock</b> and <b>work in progress</b> shall exceed;</li> <li>b) the sum of the amount of the opening <b>stock</b> and <b>work in progress</b> and the amount of the <b>unprotected working expenses</b>.</li> </ul> <p>NB: The amounts of the opening and closing <b>stock</b> and <b>work in progress</b> shall be arrived at in accordance with the <b>member's</b> normal accountancy methods, with provision being made for depreciation.</p>
<p><b>Increased Cost of Working</b></p>	<p>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.</p>
<p><b>Indemnity Period</b></p>	<p>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:</p> <ul style="list-style-type: none"> <li>a) when <b>your business</b> is no longer affected by the <b>loss</b> or <b>damage</b>;</li> <li>b) when the period of indemnity ends as stated in <b>your Schedule of Protection</b>;</li> <li>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</li> <li>d) if and when <b>you</b> or <b>your business</b> become insolvent.</li> </ul>
<p><b>Rate of Gross Profit</b></p>	<p>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>.</p>
<p><b>Turnover</b></p>	<p>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>.</p>
<p><b>Unprotected Working Expenses</b></p>	<p>Expenses <b>you</b> choose not to protect as stated in <b>your Schedule of Protection</b>.</p>

## 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 or 7 General Property. Where a **member** leases a **premises**, then at the time of the happening of the **loss** or **damage**, there shall be in force an insurance or **protection** covering the interest of the **member** in the **premises** against such **loss** or **damage**, and payment shall 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:

- a) In respect of reduction of **turnover**, the sum produced by applying the **rate of gross profit** to the shortage in **turnover** during the **indemnity period** (taking into account financial history and the trends of **your business**); and
- b) 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 increase in **your** cost of working in the first 48 hours of the **indemnity period**. This is specified as the **excess(es)** in **your 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**.

<b>1. Prevention of Access</b>	<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 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>
<b>2. Public Utilities</b>	<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 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>
<b>3. Suppliers &amp; Customers' Premises</b>	<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 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**.

<b>1. Claims Preparation Costs</b>	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 or damage</b> protected under <b>sections 1 Business Buildings; 2 Business Contents; 3 Burglary; 4 Money or 7 General Property</b> .  Specific exclusion 2(e) of this <b>section 6</b> does not apply to this optional benefit.  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> .
<b>2. Accounts Receivable</b>	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 or damaged</b> by a <b>protected event</b> under <b>sections 1 Business Buildings; 2 Business Contents; 3 Burglary; 4 Money or 7 General Property</b> , <b>we</b> will pay:  a) the difference between the <b>money</b> owed to <b>you</b> and the <b>money</b> collected; and  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> .  Specific exclusion 2(f) of this <b>section 6</b> does not apply to this optional benefit.  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> .
<b>3. Additional Increased Costs of Working</b>	If 'Additional Increased Costs of Working' is specified in <b>your Schedule of Protection</b> , <b>we</b> will protect <b>you</b> for the <b>additional increased costs of working to your business</b> .  Specific exclusion 2(g) of this <b>section 6</b> does not apply to this optional benefit.  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> .

## 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 48 hours, 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) a **protected event**;
- b) **burglary**; or
- c) **accidental loss or damage** during the **period of protection**.

### Basis of settlement

**Protection** is limited to NZ\$2,000 per any one item unless otherwise listed 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>	If 'Flood Damage' is specified in <b>your Schedule of Protection</b> , we 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> . Specific exclusion 2(n) of this <b>section 7</b> does not apply to this optional benefit. 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> .
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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 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:

- (a) **burglary** by **you**, a **protected person** or a **contractor**;
- (b) wet or dry rot, mould, mildew, fungus, insects, woodworm or vermin;
- (c) evaporation, shrinkage, loss of weight, rust, corrosion;
- (d) dyeing, cleaning, repairing, renovating, denting, bruising, chipping, scratching, splitting, tearing or marring;
- (e) defect, faulty design, plan, specification, materials or workmanship or built-in faults;
- (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 metal 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) data stored or 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/or **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>Territorial Limit</b>	Means: a) anywhere in <b>New Zealand</b> or its external territories; and b) anywhere else in the world, but only in respect of: 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 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).

### What is protected?

If 'Public and Products Liability' is specified in **your Schedule of Protection**, **we** will protect **you** for the amount that **you** have **legal liability** to pay as compensation for:

- a) **personal injury** to any person; and/or
- 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 that **you** have **legal liability** to pay, including the legal costs of a person claiming against **you** and/or **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>	<b>We</b> 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 and/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> .
<b>3. Compensation for Court Attendance</b>	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. The maximum limit <b>we</b> will pay for this additional benefit is: a) for <b>you</b> , up to NZ\$500; or b) 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> .

## 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 benefit requested by **you**, the optional benefit 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> <ul style="list-style-type: none"> <li>a) <b>premises</b> which <b>you</b> occupy under a lease or tenancy agreement;</li> <li>b) <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>c) <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>d) <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>e) 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> </ul> <p>Specific exclusions 2(b.1) and 2(q) 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 '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> have <b>legal liability</b>.</p> <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 '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>, <b>we</b> will protect <b>you</b> for <b>your legal liability</b> 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 exclusions 2(b.1) and 2(g) of <b>section 9</b> do not apply to this optional benefit.</p> <p><b>We</b> will not protect claims arising from faulty design or specification.</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> <ul style="list-style-type: none"> <li>a) the cost of the wholesale price of parts, reasonable freight costs and net labour costs reasonably incurred; or</li> <li>b) the limit for 'Damage Resulting from Faulty Workmanship' stated in <b>your Schedule of Protection</b>.</li> </ul>

<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 for your legal liability</b> 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 design or specification. Specific exclusions 2(b.1) and 2(h) 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> for the cost of rectifying <b>your</b> faulty workmanship is the lesser of:</p> <ul style="list-style-type: none"> <li>a) the cost of the wholesale price of parts, reasonable freight costs and net labour costs reasonably incurred; or</li> <li>b) the limit for the 'Cost of Rectifying Faulty Workmanship' stated in <b>your Schedule of Protection</b>.</li> </ul>
<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 for 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 exclusions 2(b.1) and 2(m) 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:

- 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 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

- 1) (i) defective design, plan, formula, pattern or specification of **your product(s)**;
- (ii) any defect in **your product(s)** sold or supplied by **you** which **you** knew or should have known about;
- (iii) failure or inadequacy of **your product(s)** to meet the level of performance, quality, fitness or durability represented by **you**;
- (iv) the cost of investigating the cause of any defect or deficiency of **your product(s)**;
- (v) the cost of tracing, recalling, withdrawing, repairing, loss of use of or replacing **your product(s)** or any property of which they form part or refunding the purchase price of **your product(s)** or any property of which they form part; or
- (vi) **product(s)** intended for or installed in or on or forming part of any aircraft or aerial device.

#### 2) **damage to your product(s)**.

#### (b) Vehicles

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

- 1) (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 does not apply to liability arising out of:

- (a) the loading or unloading of goods to or from any **vehicle**;
  - (b) 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; or
  - (c) operation or use of a **vehicle** designed primarily for lifting, lowering, loading or unloading whilst being operated in the course of **your business**.
- 2) used in any form of motor sport including but not limited to racing, rallying, hill-climbing, speedway, drag racing, track days (timed or untimed) or sprint events. This includes any **product(s)** or component or assembly supplied, installed or modified used in any form of motor sport.

#### (c) Watercraft

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

#### (d) Aircraft, Rail or Mining Equipment

The ownership, possession, operation, maintenance or use by **you** or on **your** behalf of any aircraft or aerial device, railway or train, or mining equipment.

#### (e) Employer's Liability

- 1) **damage** to property owned by an **employee**;
  - 2) **personal injury** to any of **your employees** arising out of their employment in **your business**;
  - 3) **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
  - 4) 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  
**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 buildings** 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**, less the applicable **excess**.
- (l) Asbestos  
Asbestos, or any materials containing asbestos in whatever form or quantity.
- (m) Equipment or Goods Hired to Others  
Equipment, goods or **vehicles** hired to others by **you**.
- (n) Damages  
Punitive, aggravated or exemplary damages.
- (o) Fines and Penalties or Reparation Orders  
Fines, penalties or any other monetary penalties.
- (p) Contractors and Subcontractors  
Any **product(s)** supplied, or work carried out by any **contractor** or subcontractor on **your** behalf.
- (q) Property in **your** Care Custody or Control  
Any property left in **your** care custody or control.
- (r) Tobacco  
Tobacco or tobacco smoke.
- (s) Underground Works  
Any work undertaken at a depth greater than 3 metres from the surface of the ground.
- (t) Libel, Slander and Defamation  
Libel or slander or defamation.
- (u) 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, u.(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**.

## 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 him/her; 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:

<b>Civil Liability</b>	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**.

<b>1. Additional Parties</b>	<p>We will protect the following under this additional benefit:</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</li></ol>whichever is the earlier.</li></ol> <p>We 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>
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<p><b>2. Competition and Consumer Liability</b></p>	<p><b>We</b> will protect <b>you</b> for <b>your civil liability</b> under the <i>Fair Trading Act 1986</i> or similar consumer laws 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>
<p><b>3. Infringement of Copyright</b></p>	<p><b>We</b> will protect <b>you</b> for <b>your</b> liability for any unintentional infringement of copyright, trademark, registered design or patent, or breach of confidentiality during the <b>period of protection</b>.</p>
<p><b>4. Lost Documents</b></p>	<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>
<p><b>5. Claim Investigation Costs</b></p>	<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> <ul style="list-style-type: none"> <li>a) <b>we</b> incur the costs; or</li> <li>b) <b>you</b> incur the costs with <b>our</b> prior written consent.</li> </ul> <p>The maximum <b>we</b> will pay for this additional benefit is NZ\$5,000 for the <b>period of protection</b>.</p>
<p><b>6. Non-Imputation</b></p>	<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> <ul style="list-style-type: none"> <li>a) 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>b) comply with an obligation, term or condition contained in this <b>Product Disclosure Statement</b> during the <b>period of protection</b>.</li> </ul>
<p><b>7. Continuous Protection</b></p>	<p>If:</p> <ul style="list-style-type: none"> <li>a) a claim is notified by <b>you</b>; and</li> <li>b) <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> </ul> <p>to <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> <ul style="list-style-type: none"> <li>a) such claim was first made against <b>you</b>; or</li> <li>b) <b>you</b> first became aware of such fact or circumstance.</li> </ul> <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> <ul style="list-style-type: none"> <li>a) such claim was first made against <b>you</b>;</li> <li>b) <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> </ul> <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 benefit requested by **you**, the optional benefit 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>, we 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> have <b>legal liability</b>.</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 '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>, we will protect any <b>loss</b> that is within the time of discovery of a <b>loss</b> and/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 covered 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>, we 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(s) 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>, we 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 and/or towing.</p> <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 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 and/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 arising out of or in any way connected to asbestos, or any materials containing asbestos in whatever form or quantity;
- (j) claims brought or maintained against **you** by any person who is residing with **you** or has resided with **you**;
- (k) claims in consequence of any trading debt incurred by **you**, or claims for refund of professional fees or charges;
- (l) claims arising out of the ownership, operation or use of any **vehicle, watercraft** or aircraft by **you** or on **your** behalf;
- (m) claims arising out of wrongful entry or eviction;
- (n) claims in relation to physical **loss** or **damage** of **money**;
- (o) claims arising from acts or omissions happening before the retroactive date stated in **your Schedule of Protection**;
- (p) 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;
- (q) any breach of professional duty by any **contractor** or subcontractor for whose actions **you** have **legal liability**;
- (r) claims arising from providing roadside assistance and/or towing following **breakdown**; or
- (s) 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, Consumer Guarantees Act 1993 or the Commerce Act 1988</i> ; or b) any act or omission arising out of the <i>Fair Trading Act 1986, Consumer Guarantees Act 1993 or the 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>	Means: a) a dispute arising from a contract or alleged contract of employment with an <b>employee, ex-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, employer's prosecution defence, contract dispute, property dispute</b> or <b>Competition and Consumer Act dispute</b> .
<b>Property Dispute</b>	A dispute arising from: a) <b>loss or damage</b> to land and/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 or damage</b> to goods owned by <b>you</b> or for which <b>you</b> are responsible whilst contained in or on such land and/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:

- a) **employment disputes**;
- b) **employer's prosecution defences**;
- c) **contract disputes**;
- d) **property disputes**; and
- e) **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) the mining, processing, transport or storage of asbestos or fibreglass;
- (xiii) the installation, removal or treatment of asbestos or fibreglass materials;
- (xiv) the use or presence of asbestos, fibreglass asbestos or fibreglass products or products containing asbestos or fibreglass; the manufacture and/or processing of asbestos, fibreglass or raw materials containing asbestos or fibreglass;
- (xv) damages for death, **personal injury**, disease or illness of or to any person;
- (xvi) **damage** to any property;
- (xvii) the transit of any goods or property by air or by sea;
- (xviii) **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;
- (xix) the compulsory purchase, confiscation, nationalisation, requisition or destruction of or restrictions or controls placed on or **damage** to any property;
- (xx) 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;
- (xxi) payment of fines or other penalties;
- (xxii) costs which a **protected person** is ordered to pay by a criminal jurisdiction;
- (xxiii) relating to any criminal act committed deliberately or with wilful intent by a **protected person**;
- (xxiv) for the breach or alleged breach of any professional duty, including advice by a **protected person**; or
- (xxv) punitive, aggravated or exemplary damages.

### (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 an **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 & Theft*', '*Fire & 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 '<i>Comprehensive</i>' <b>protection</b>, we 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</b> or <b>damage</b></p> <p>If 'Market Value' is shown in <b>your Schedule of Protection</b>, we will, at <b>our</b> option:</p> <ol style="list-style-type: none"> <li>1. repair or replace <b>your commercial vehicle</b>;</li> <li>2. pay the cost of repair or replacement of <b>your commercial vehicle</b>; or</li> <li>3. pay the <b>market value</b> of <b>your commercial vehicle</b>.</li> </ol> <p>If 'Agreed Value' is shown in <b>your Schedule of Protection</b>, we will, at <b>our</b> option:</p> <ol style="list-style-type: none"> <li>1. repair or replace <b>your commercial vehicle</b>;</li> <li>2. pay the cost of repair or replacement of <b>your commercial vehicle</b>; or</li> <li>3. 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 we opt to repair <b>your commercial vehicle</b>, we may approve repairs using good quality second hand parts unless the <b>commercial vehicle</b> is less than 2 years old, in which case we 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 and/or cannot be sourced locally, we 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), we 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, we 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. we consider it uneconomical to repair the <b>commercial vehicle</b>.</li> </ol> <p>The maximum we 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>b) <b>Your Legal Liability</b></p> <p><b>We</b> will pay for compensation or damages 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>

1. **your use of your commercial vehicle**, and/or the towing of a trailer or caravan connected to **your commercial vehicle**; or a trailer or caravan becoming detached from **your commercial vehicle**; and
2. the use of a **commercial vehicle** not owned by **you**, but in **your** legal custody and control, and being used as a temporary substitute for **your commercial vehicle**, if **your commercial 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.

**We** will also pay **your defence costs** in defending any claim made against **you** arising from **your** use of a **commercial vehicle**.

The maximum **we** will pay for any one **accident** is up to the **limit of protection** shown in **your Schedule of Protection**. **Your defence costs** are included in the **limit of protection**.

**We** will not pay the amount shown as the **excess(es)** in **your Schedule of Protection** for this **section 13**, notwithstanding General Condition 3.

## Option 2. Third Party, Fire & Theft

What is protected?	Basis of settlement
<p>If <b>your Schedule of Protection</b> states that <b>you</b> have '<i>Third Party, Fire &amp; Theft</i>' 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 or replace <b>your commercial vehicle</b>;</li> <li>2. pay the cost of repair or replacement of <b>your commercial vehicle</b>; or</li> <li>3. pay the <b>market value</b> of <b>your commercial vehicle</b> at the time of the <b>loss or damage</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 or replace <b>your commercial vehicle</b>;</li> <li>2. pay the cost of repair or replacement of <b>your commercial vehicle</b>; or</li> <li>3. 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 2 <i>Third Party, Fire &amp; 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 or damages 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>, and/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 shown as the <b>excess(es)</b> in <b>your Schedule of Protection</b> for this <b>section 13</b>, notwithstanding General Condition 3.</p>

### Option 3. Fire & Theft

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



1. Protection for Others	Subject to any restrictions stated in <b>your Schedule of Protection</b> , we will protect a <b>protected person</b> or any other person driving a <b>commercial vehicle</b> with <b>your</b> consent subject to the terms and limits of this <b>section</b> .
2. Change of Vehicle	If <b>you</b> sell any protected <b>vehicle</b> and replace it, <b>we</b> 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 <b>your Schedule of Protection</b> but only if: a) <b>you</b> tell <b>us</b> about the replacement <b>commercial vehicle</b> within 14 days of its purchase; b) <b>you</b> pay <b>us</b> any additional <b>contribution we</b> ask for; and c) <b>you</b> agree to accept any changes to the terms and conditions of the <b>protection</b> . 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 <b>we</b> agree otherwise. This additional benefit only applies if <b>your Schedule of Protection</b> states 'Comprehensive', 'Third Party, Fire & Theft', 'Fire & Theft', or 'Third Party Only' <b>protection</b> .
3. Hire Car Costs following Theft	If <b>your commercial vehicle</b> is stolen, <b>we</b> will pay the reasonable cost, up to NZ\$65 per day, to hire a temporary replacement <b>commercial vehicle</b> of a similar type: a) for up to 14 days; b) until the date <b>your commercial vehicle</b> is recovered in a useable and roadworthy condition; or c) the date <b>we</b> pay <b>your</b> claim if it is a <b>total loss</b> whichever is the earliest date. This additional benefit only applies if <b>your Schedule of Protection</b> states 'Comprehensive' <b>protection</b> .
4. Towing Costs	<b>We</b> will pay the reasonable cost of towing <b>your commercial vehicle</b> to a suitable place of repair following <b>damage</b> which is protected under this <b>section 13</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> . This additional benefit only applies if <b>your Schedule of Protection</b> states 'Comprehensive', 'Third Party, Fire & Theft' or 'Fire & Theft' <b>protection</b> .
5. Recovery Costs following Theft	<b>We</b> will pay the reasonable cost of returning <b>your commercial 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> . This additional benefit only applies if <b>your Schedule of Protection</b> states 'Comprehensive', 'Third Party, Fire & Theft' or 'Fire & Theft' <b>protection</b> .
6. Non-Standard Accessories/ Modifications	<b>We</b> will pay the reasonable cost of an alteration to, or extra item fitted, to the standard body, engine, suspension, wheels or paintwork of <b>your commercial vehicle</b> that may affect its appearance, value, safety or performance. The maximum <b>we</b> will pay for this additional benefit is NZ\$1,500 for non-standard accessories/modifications per <b>commercial vehicle</b> . This additional benefit only applies if <b>your Schedule of Protection</b> states 'Comprehensive', 'Third Party, Fire & Theft' or 'Fire & Theft' <b>protection</b> .
7. Stolen Keys	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. This additional benefit does not apply if the keys or remote were stolen by a <b>protected person</b> , a <b>contractor</b> , invitee, family member 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> . This additional benefit only applies if <b>your Schedule of Protection</b> states 'Comprehensive' <b>protection</b> .
8. Excess Waiver for Windscreen and Window Glass	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>We</b> will not apply an <b>excess</b> to the first windscreen or window glass claim for each protected <b>commercial vehicle</b> during the <b>period of protection</b> . This additional benefit only applies if <b>your Schedule of Protection</b> states 'Comprehensive' <b>protection</b> .

<p><b>9. Unprotected Third Party</b></p>	<p><b>We will protect you for loss or damage to your commercial vehicle that you suffer as a result of an accident involving your commercial vehicle caused by an uninsured or unprotected third party. Protection will only apply if:</b></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 <i>'Third Party Only'</i> <b>protection</b>.</p>
<p><b>10. Flood Damage</b></p>	<p><b>We will protect you for loss or damage to your commercial vehicle caused by flood up to the protected value of the commercial vehicle during the period of protection.</b></p> <p>This additional benefit only applies if <b>your Schedule of Protection</b> states <i>'Comprehensive'</i> <b>protection</b>.</p>

## Optional benefits

If 'Commercial Vehicles' is specified in **your Schedule of Protection**, **you** may request the following optional benefits 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 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 to account for the optional benefit.

<p><b>1. On-Hook Towing Protection</b></p>	<p>If 'On-Hook Towing Protection' is specified in <b>your Schedule of Protection</b>, <b>we</b> 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 <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(ag) 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 &amp; 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 & 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;
- (k) property owned by **you**, any declared driver, **protected person**, a **contractor** 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 **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;
- (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 **contractor** at the time of the **accident** or the incurring of the liability;
- (ab) **you**, a **protected person** or **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) to property that belongs to, or is in the custody of, the person so liable;
- (ad) 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 **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**; or
  - ii) is under the influence of intoxicating liquor or of a drug;
- (ae) compensation or damages 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**;
- (af) the load or **contents** of **your commercial vehicle**;
- (ag) any **vehicle** whilst towed or carried by **your vehicle**;
- (ah) **your legal liability** for any claims in connection with pollution or **pollutants**; or
- (ai) **commercial vehicle** use, other than on land.

## 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>Customer's Vehicle</b>	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 customers' <b>watercraft</b> or <b>vehicles</b> on a trade plate, but not customers' <b>watercraft</b> or <b>vehicles</b> held on consignment for sale.
<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 or 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 or damages 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>, and/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 shown as the <b>excess(es)</b> in <b>your Schedule of Protection</b> for this <b>section 14</b>, notwithstanding General Condition 3.</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, family member 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) property owned by **you**, a **protected person**, a **contractor** or any person driving a **customer's vehicle** with **your** consent;

- (j) any **customer's vehicle** that is not registered where the law requires it to be registered;
- (k) any claim arising from being used by **you** for illegal purposes;
- (l) any loss of use of a **customer's vehicle**;
- (m) 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;
- (n) a **customer's vehicle** being used in connection with an experiment, trial or demonstration;
- (o) 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 **contractor**;
- (p) **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**;
- (q) 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;
- (r) 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;
- (s) a **customer's vehicle** where the driver is younger than the age limit for the youngest driver stated in **your Schedule of Protection**;
- (t) a **customer's vehicle** where the driver does not hold a current valid driver's licence;
- (u) the expropriation or confiscation of a **customer's vehicle**;
- (v) war, or warlike activities;
- (w) 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;
- (x) the unroadworthy or unsafe condition of a **customer's 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;
- (y) **you**, a **protected person** 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;
- (z) property that belongs to, or is in the custody of, the person so liable;
- (aa) 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 **New Zealand** in which a **customer's vehicle** is being driven; being a law with respect to the licensing of drivers of **vehicles**, to drive a **customer's vehicle**; or
  - ii) is under the influence of intoxicating liquor or of a drug;
- (ab) compensation or damages 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**;
- (ac) the load or **contents** of a **customer's vehicle**;
- (ad) a **customer's vehicle** whilst towing or carrying another **vehicle**; or a **customer's vehicle** whilst being towed or carried by another **vehicle**;
- (ae) **your legal liability** for any claims in connection with pollution or **pollutants**;
- (af) **customer's vehicle** use, other than on land; or
- (ag) **watercraft** which exceeds 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) <b>Loss</b> or <b>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 the <b>stock vehicle</b>; or</li> <li>2. pay the cost of repair or replacement of the <b>stock vehicle</b>;</li> </ol> <p>or</p> <ol style="list-style-type: none"> <li>1. pay the wholesale value of the <b>stock vehicle</b>; or</li> <li>2. pay the <b>market value</b> of the <b>stock vehicle</b></li> </ol> <p>whichever is less.</p> <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.</p> <p>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>b) <b>Your Legal Liability</b></p> <p><b>We</b> will pay for compensation or damages 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>, and/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 shown as the <b>excess(es)</b> in <b>your Schedule of Protection</b> for this <b>section 15</b>, notwithstanding General Condition 3.</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 or damages 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>, and/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 shown as the <b>excess(es)</b> in your Schedule of Protection for this section 15, notwithstanding General Condition 3.</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:

- 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. Protection for Others</b>	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.
<b>2. Towing Costs</b>	<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 '<i>Comprehensive</i>' protection.</p>
<b>3. Recovery Costs following Theft</b>	<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 '<i>Comprehensive</i>' protection.</p>
<b>4. Stolen Keys</b>	<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, family member 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 '<i>Comprehensive</i>' protection.</p>
<b>5. Flood Damage</b>	<p>We will protect you for <b>loss</b> or <b>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 '<i>Comprehensive</i>' protection.</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>	<p>If 'Excess Waiver for Windscreen and Window Glass' is shown in your Schedule of Protection, then where the windscreen or window glass of your <b>stock vehicle(s)</b> is/are broken, we will pay the reasonable cost of repairing or replacing the windscreen or window glass of your <b>stock vehicle(s)</b>.</p> <p>We will not apply an <b>excess</b> to the first claim under this section 15 during the <b>period 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 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) a **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** or any person driving a **stock vehicle** with **your** consent;
- (k) to property owned by **you**, any declared driver, **protected person**, a **contractor** or any person driving a **stock vehicle** with **your** consent;
- (l) to any **stock vehicle** that is not registered where the law requires it to be registered, except where a **stock vehicle** has trade plates;
- (m) any loss of use of a **stock vehicle**;
- (n) 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;
- (o) any **stock vehicle** being used in connection with an experiment, trial or demonstration;
- (p) 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**;
- (q) any **stock vehicle** being used for an unlawful purpose by **you**, a **protected person** or **contractor**, or being so used by some other person with the express or implied consent of **you**, a **protected person** or **contractor**;
- (r) **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**;
- (s) 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 **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 that person was not so authorised;
- (t) a **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;
- (u) a **stock vehicle** where the driver is younger than the age limit for the youngest driver shown in **your Schedule of Protection**;
- (v) a **stock vehicle** where the driver does not hold a current valid driver's licence;
- (w) the expropriation or confiscation of a **stock vehicle**;
- (x) **loss** or **damage** as a result of war, or warlike activities;
- (y) **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;
- (z) 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;
- (aa) **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;
- (ab) property that belongs to, or is in the custody of, the person so liable;
- (ac) 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 **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**; or
  - ii) is under the influence of intoxicating liquor or of a drug;
- (ad) compensation or damages 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**;
- (ae) the load or **contents** of a **stock vehicle**;
- (af) a **stock vehicle** whilst towing or carrying another **vehicle**;
- (ag) **theft** by trickery;
- (ah) any **loss** discovered through stocktake or shrinkage records;
- (ai) **your legal liability** for any claims in connection with pollution or **pollutants**;
- (aj) **stock vehicle** use, other than on land; or
- (ak) **watercraft** which exceeds 8 metres in length.

# 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 membership subscription fees and **contributions**) in respect of a **protection** 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 **Rules** of Capricorn Mutual. **Your** entitlements are subject to the Constitution and the **Rules**. **Your Schedule of Protection** is incorporated into 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 occurring with physical evidence of forcible and/or violent entry or exit to <b>your premises</b> or <b>vehicle</b> .
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> .
Event	An incident or several incidents of a series consequent on, or attributable to, one source or original source.
Excess(es)	The applicable amount which <b>you</b> are required to contribute to each claim.
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.

<b>Flood</b>	The covering of normally dry land by water that has escaped or been released from the normal confines of any of the following: a) a lake (whether or not it has been altered or modified); b) a river (whether or not it has been altered or modified); c) a creek (whether or not it has been altered or modified); d) another natural watercourse (whether or not it has been altered or modified); e) a reservoir; f) a canal; or g) a dam.
<b>General Provisions</b>	The terms contained in (Part C) applying to all personal <b>protection sections</b> subject to any <b>endorsement</b> .
<b>GST</b>	Goods and services tax per the meaning given in the <i>Goods and Services Tax Act 1985</i> .
<b>Hobby Farm</b>	A farm maintained for interest's sake with no more than NZ\$5,000 per annum of income producing activities.
<b>Home Buildings</b>	Any buildings, outbuildings, garages and carports at the <b>premises</b> which <b>you</b> use for domestic purposes, including: a) fixtures and fittings in and on buildings & outbuildings, garages and carports; b) walls, gates and fences around and belonging to buildings; c) pergolas and gazebos; d) asphalt, cement paths or driveways and paving; e) fixed external signs, blinds, awnings, aerials, masts and satellite dishes; f) inground swimming pools, fixed spas and saunas; g) a tennis court (but not a grass tennis court); h) fixed floor coverings; i) services including pipes, cables and meters, but only if <b>you</b> own them or are legally liable for them and they are within the boundary of <b>your premises</b> ; j) improvements of a structural nature at <b>your premises</b> ; or k) glass that is permanently fixed to <b>your</b> home buildings.
<b>Home Contents</b>	Home contents are items which <b>you</b> use for domestic purposes and which <b>you</b> own, including: a) clothing and personal effects (but not sporting clothing or equipment whilst they are being used); b) furniture and furnishings, including non-fixed carpets and floor rugs; c) internal blinds and curtains; d) household goods and appliances (but not glassware including hand held mirrors, crockery and china whilst being used or carried); e) non-fixed swimming pools, spas or saunas; f) glass that is not permanently fixed and forms part of <b>your</b> furniture; or g) <b>specified items</b> shown in <b>your Schedule of Protection</b> .
<b>Home Office/ Business Equipment and Furniture</b>	Furniture, computer or office equipment permanently located at <b>your premises</b> and used in connection with <b>your</b> business, trade or profession.
<b>Intruder Alarm System</b>	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.
<b>Legal Liability</b>	Penalties, compensation, damages, repair, restitution or any other amounts for which <b>you</b> are responsible and required to pay by law.
<b>Limit(s) of Protection</b>	The applicable limit(s) provided by the <b>protections you</b> hold, as stated in <b>your Schedule of Protection</b> .
<b>Loss, Losses, Lost</b>	Sudden and unforeseen physical loss.

Term	Condition
<b>Member</b>	A person, corporation, organisation or entity that has been admitted to membership of Capricorn Mutual in accordance with the Constitution.
<b>Money</b>	Cash or any <b>negotiable instrument</b> belonging to <b>you</b> or for which <b>you</b> are legally responsible.
<b>Negotiable Instrument</b>	A legal document that represents <b>money</b> and can be legally transferred in title from one person to another.
<b>New Zealand</b>	The country of New Zealand, excluding dependancies and self governing states in free association.
<b>Occurrence</b>	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.
<b>Period of Protection</b>	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> .
<b>Personal Injury</b>	Bodily injury, death, disease, illness or nervous shock, false arrest, wrongful detention, wrongful eviction, assault or battery.
<b>Pollutant</b>	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.
<b>Premises</b>	The domestic address(es) specified in <b>your Schedule of Protection</b> .
<b>Product Disclosure Statement (PDS)</b>	The document named Product Disclosure Statement issued by Capricorn Mutual in accordance with the requirements of Chapter 7 of the <i>Corporations Act 2001 (Cth)</i> and includes: a) the terms contained in Important Information (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> .
<b>Property Damage</b>	Physical <b>loss</b> , physical destruction or physical injury to tangible property, specifically excluding <b>personal injury</b> to any person.
<b>Protected Event</b>	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, hail or snow; 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); f) impact by <b>vehicles</b> , animals, <b>watercraft</b> , aircraft or other aerial devices, and/or falling trees or objects; g) riots, strikes and civil commotion; h) malicious acts; i) earthquake, tsunami, subterranean fire or volcanic eruption; j) <b>burglary</b> ; and k) breakage of glass.
<b>Protected Person</b>	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> .
<b>Protection(s)</b>	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> .

<b>Rule(s)</b>	The document called 'Rules of Capricorn Mutual Limited' that governs membership and the terms of <b>protections</b> offered by Capricorn Mutual Ltd.
<b>Schedule of Protection</b>	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 <b>Rules</b> of Capricorn Mutual.
<b>Section(s)</b>	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> .
<b>Specified Items</b>	An item owned by <b>you</b> that is itemised in <b>your Schedule of Protection</b> .
<b>Storm Surge</b>	An offshore rise of seawater associated with a low pressure weather system, typically cyclones.
<b>Theft</b>	The act of stealing or attempted stealing.
<b>Tools of Trade</b>	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 or watercraft</b> or mobile phones, or any electrical or battery powered devices.
<b>Total Loss</b>	<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.
<b>Vehicle</b>	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. Vehicle does not include a train or rolling stock, aircraft or spare part.
<b>Watercraft</b>	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. 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.
<b>We, Us, Our</b>	Capricorn Mutual Limited (NZ Company No. 4046200, ABN 24 104 601 194).
<b>You, Your(s), Yourself</b>	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
<b>1. Protections</b>	<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 subscription and make the relevant <b>contribution</b> for the <b>protection</b> <b>you</b> choose, and which Capricorn Mutual agrees to issue to <b>you</b> .
<b>2. Contribution</b>	The <b>contribution</b> to be paid for the <b>protection(s)</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: a) <b>your</b> past claims history; b) 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 c) any circumstances that may increase <b>your</b> risk. 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 <b>Rules</b> .

Term	Condition
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> 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</b> personal <b>protection section(s)</b> and comply 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.</p>
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</b>, incident 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> <ol 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 payable, damages, cost, expense, injury or liability covered 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 payable, damages, cost, expense, injury or liability covered 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 payable, damages, cost, expense, injury or liability covered 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 payable, damages, cost, expense, injury or liability covered 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 payable, damages, cost, expense, injury or liability covered by a <b>protection</b>) or the subject of the claim.</li> </ol>

	<ul style="list-style-type: none"> <li>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 payable, damages, cost, expense, injury or liability covered by a <b>protection</b>) to <b>us</b>;</li> <li>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;</li> <li>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>; and</li> <li>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: <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) 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 payable, damages, cost, expense, injury or liability covered 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 payable, damages, cost, expense, injury or liability covered by a <b>protection</b>);</li> <li>iv) <b>loss, damage, injury</b> or liability (or any other claim, compensation payable, damages, cost, expense covered 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 <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> </li> </ul>
<p><b>7. Goods and Services Tax (GST)</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> do not disclose or understate <b>your</b> entitlement, <b>you</b> may be liable for <b>GST</b> on settlement of the claim. <b>We</b> will not protect <b>you</b> for any penalty, charge or fine for which <b>you</b> may be liable.</p>
<p><b>8. Automatic Reinstatement</b></p>	<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>

Term	Condition
<p><b>9. Our Rights if You Claim</b></p>	<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 pay the cost of replacement.</li> </ol>
<p><b>10. Subrogation</b></p>	<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 payable, damages, cost, expense, injury or liability covered by a <b>protection</b>) for which <b>you</b> make a claim under a <b>protection, 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>
<p><b>11. Subrogation Waiver</b></p>	<p>Where <b>we</b> have a right of <b>subrogation</b> against <b>you</b> or any <b>protected person, 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>
<p><b>12. Unattended Premises</b></p>	<p>Minimum security is required when <b>your premises</b> are unattended. If <b>your premises</b> are left unoccupied (i.e. there are no <b>protected persons</b> at the <b>premises</b>) 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;</li> <li>all protections required by <b>us</b> must have been put into effect; and</li> <li>any <b>intruder alarm system, smoke alarms, detectors or sprinklers</b> 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> in this period of unoccupancy unless <b>we</b> agree to do so in writing.</p>
<p><b>13. Minimum Security and Fire Prevention Requirements</b></p>	<p>Where <b>we</b> require an <b>intruder alarm system, smoke detectors and/or sprinklers</b> at <b>your premises</b>, the following conditions apply:</p> <ol style="list-style-type: none"> <li>the <b>intruder alarm system, smoke detectors and/or sprinklers</b> must be in the form agreed by <b>us</b>;</li> <li>the <b>intruder alarm system, smoke detectors and/or sprinklers</b> must be operational whenever <b>your premises</b> are left unattended; and</li> <li>the <b>intruder alarm system, smoke detectors and/or sprinklers</b> 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>
<p><b>14. Non-Accumulation</b></p>	<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, 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, liability</b> or expense under more than one <b>section</b> or part of a <b>section</b>.</p>
<p><b>15. Other Protection or Insurance</b></p>	<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>
<p><b>16. Jurisdiction</b></p>	<p>The <b>protections</b> governed by the Capricorn Mutual Constitution and <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, 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, 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> and/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 or repair or replacement.
3. Confiscation, Expropriation or 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.
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, loss of use of property, delays, depreciation, lack of performance or <b>loss</b> of market value.
5. War Risks	Any <b>loss, 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, rebellion, revolution, insurrection, military action or coup.
6. Sonic Bangs	Any <b>loss, 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.
7. Nuclear	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: <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	Any <b>loss, damage</b> , liability, financial loss, <b>personal injury</b> , cost or expense arising from or relating to fungal pathogens or bacteria. For the purposes of this general exclusion, fungal pathogens shall mean 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.
9. Cyber Risks	Any <b>loss, damage</b> , liability, financial loss, <b>personal injury</b> , cost or expense arising from, in whole or in part by: <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 data 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 data or other information posted on a website or similar facility;</li> <li>f) any <b>loss</b> of data 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, trademark, copyright or patent.</li> </ul>

Term	Condition
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> <p>a) any act of terrorism, which shall mean an act including, but not limited to, the use of force or violence and/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 and/or to put the public, or any section of the public, in fear; or</p> <p>b) any action taken in controlling, preventing, suppressing or in any way relating to any act of terrorism.</p>
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 & 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, <b>loss</b> 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 & 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>.</p>

# PERSONAL PROTECTION SECTIONS:

## Section 1. Home Buildings

### 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)** in **New Zealand** 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**, subject to additional benefits 1, 2, 3 and 4.

**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**.

### Additional benefits

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. **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**.

<b>1. Inflation Protection</b>	The <b>limit of protection</b> for <b>your home building(s)</b> under this <b>section 1</b> will be increased monthly during the <b>period of protection</b> in line with the New Zealand Consumer Price Index. 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> .
<b>2. 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 up to the remaining balance of the building <b>limit of protection</b> , or up to NZ\$15,000 in addition if the building <b>limit of protection</b> has been exhausted.
<b>3. 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 up to the remaining balance of the building <b>limit of protection</b> or up to NZ\$15,000 in addition if the building <b>limit of protection</b> has been exhausted.
<b>4. Fire Fighting Costs</b>	<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> . The maximum <b>we</b> will pay for this additional benefit is up to the remaining balance of the building <b>limit of protection</b> , or up to NZ\$15,000 in addition if the building <b>limit of protection</b> has been exhausted.
<b>5. Extra Costs of Building Reinstatement</b>	<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, terms and conditions of this <b>protection</b> , and the following provisions: a) work being commenced and carried out in a reasonable time; 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 c) the costs of compliance for any part of the <b>home building(s)</b> that are not <b>damaged</b> . The maximum <b>we</b> will pay for this additional benefit is 10% of the <b>limit of protection</b> , or NZ\$50,000, whichever is less.

<p><b>6. 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>7. Alterations, Additions and Improvements</b></p>	<p><b>We</b> will pay for additions, alterations, improvements and extensions undertaken to <b>your existing 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 existing home building(s)</b>.</p> <p>The maximum <b>we</b> will pay for this additional benefit is 10% of the <b>limit of protection</b> or NZ\$25,000, whichever is less.</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. 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>10. 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>11. 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. <b>We</b> will also pay for:</p> <ul style="list-style-type: none"> <li>a) an exchange sealed compressor in an air-conditioning unit;</li> <li>b) re-gassing the unit;</li> <li>c) bearings and seals; and</li> <li>d) relay or overload switches <b>damaged</b> by the motor fusing.</li> </ul> <p><b>We</b> will not pay under this additional benefit for:</p> <ul style="list-style-type: none"> <li>a) electric motors under warranty;</li> <li>b) electric motors used for trade or farming;</li> <li>c) machinery, pumps or gear boxes that are not part of a sealed refrigeration unit or electric motor;</li> <li>d) additional costs to convert refrigeration or air-conditioning units to use a different gas;</li> <li>e) <b>damage</b> to swimming pools, chemicals or water from a filtration motor breakdown;</li> <li>f) any additional costs arising from loss of use; or</li> <li>g) relay or overload switches not <b>damaged</b> by the motor fusing.</li> </ul> <p>The maximum <b>we</b> will pay for this additional benefit is NZ\$10,000 per <b>event</b>.</p>

<p><b>12. Landscaping</b></p>	<p><b>We</b> will pay for <b>loss</b> or <b>damage</b> to gardens and landscaping 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>
<p><b>13. 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> <ul style="list-style-type: none"> <li>a) the ownership, possession, occupancy or use of land or buildings not at the <b>premises</b>;</li> <li>b) 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>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> (except for canoes, kayaks, surf skis, single person sail boards, single person rowing sculls or surfboards), aircraft or aerial devices;</li> <li>e) pollution or any <b>pollutants</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) building works at the <b>premises</b> where the total cost of the project exceeds NZ\$50,000;</li> <li>h) <b>you</b> committing or attempting to commit an unlawful or criminal offence;</li> <li>i) <b>you</b> intentionally injuring a person or intentionally damaging their property;</li> <li>j) <b>personal injury</b>, death or illness to <b>you</b>;</li> <li>k) <b>damage</b> to any of <b>your</b> property;</li> <li>l) <b>personal injury</b>, death or illness to <b>your employees</b> or <b>damage</b> to any of their property while they are working for <b>you</b>;</li> <li>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>;</li> <li>n) any assumed liability under an agreement that would not have been imposed if the agreement had not been made; or</li> <li>o) <b>you</b> supplying or allowing to be consumed any alcohol, drug or harmful substance.</li> </ul> <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>

### 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 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. 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(r) 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>
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<p><b>2. Hobby Farm Buildings</b></p>	<p>If 'Hobby Farm Buildings' is shown on the <b>Schedule of Protection</b>, we will protect <b>you</b> for <b>farm buildings</b> as if they were <b>home buildings</b>.</p> <p>Specific exclusion 2(q) 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 shown on the <b>Schedule of Protection</b>, we will protect <b>you</b> for <b>loss</b> or <b>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(o) 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 shown on the <b>Schedule of Protection</b>, we will protect <b>you</b> for <b>loss</b> or <b>damage</b> caused by landslide to <b>your home building(s)</b> at the <b>premises</b> specified in <b>your Schedule of Protection</b>.</p> <p>Specific exclusion (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 shown 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 **loss** or **damage** to or arising from:

- (a) wet or dry rot, mould, mildew, fungus, insects, woodworm, vermin or tree roots;
- (b) vandalism or malicious **damage** by **you**, or any person at the **premises** with **your** permission;
- (c) evaporation, shrinkage, loss of weight, dampness, dryness, steam, condensation, contamination, escape of fumes, flue gases or pollution;
- (d) rust, corrosion, oxidation, fading, exposure to light or darkness;
- (e) change in colour or texture;
- (f) wear and tear, gradual deterioration or any gradually operating cause;
- (g) variation in atmospheric conditions;
- (h) scratching, splitting, tearing or marring;
- (i) faulty design, plan, specification, materials, workmanship or built-in faults;
- (j) a government or public authority legally taking **your** property;
- (k) vandalism or malicious **damage** by **you**, or any person(s) at the **premises** with **your** consent;
- (l) exposure to weather conditions of gates, fences, shade cloths, blinds, awnings and property in the open air;
- (m) erosion, subsidence, cracking, shrinkage or expansion of foundations or structures, or normal settling or any earth movement other than earthquake;
- (n) any action of the sea (except tsunami), tidal wave or **storm surge**;
- (o) **flood damage**;
- (p) lopping or felling of trees by **you** or with **your** consent;
- (q) any part of **your** property that **you** use for **hobby farm** activities, whether for profit or not, including stables, sheds and internal fences;
- (r) **accidental loss or damage**;
- (s) electronic, electrical or mechanical breakdown, failure or malfunction (except from burning out by electrical current);
- (t) failure of the supply of water, gas, electricity or fuel;
- (u) seepage or percolation of water, or water entering the **premises** as a result of structural defects;
- (v) living creatures, pets, birds or livestock (except for **loss** or **damage** due to impact by living creatures, pets, birds or livestock);
- (w) any building or structure used for commercial use;
- (x) any building or structure during construction, erection, renovation or demolition, unless **we** agree to do so in writing;
- (y) any temporary building or structure;
- (z) a caravan, whether fixed to the **premises** or not;
- (aa) a private boat, ramp or jetty; or
- (ab) landslide.

## 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** in **New Zealand** 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.

**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.

For **specified items** of **home contents**, the maximum **we** will pay for all claims for **loss** or **damage** to those **specified items** from any one **event** is the **limit of protection** for those **specified items** set out in the **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

Where **you** make a claim that is protected under this **section 2** Home Contents, **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**.

<b>1. Theft</b>	<b>We</b> will pay for <b>theft</b> of <b>home contents</b> from <b>your premises</b> during the <b>period of protection</b> . The maximum <b>we</b> will pay for this additional benefit is up to 10% of the <b>limit of protection</b> per <b>event</b> .
<b>2. Tools of Trade</b>	<b>We</b> will pay for <b>loss</b> or <b>damage</b> to <b>your tools of trade</b> . The maximum <b>we</b> will pay for this additional benefit is NZ\$5,000 per <b>event</b> .
<b>3. Jewellery</b>	<b>We</b> will pay for <b>loss</b> or <b>damage</b> to jewellery, watches or fur. This additional benefit excludes antique jewellery, watches or fur. The maximum <b>we</b> will pay for this additional benefit is NZ\$5,000 for each item, up to a maximum of 20% of the <b>limit of protection</b> per <b>event</b> .
<b>4. Non-Mechanical Watercraft</b>	<b>We</b> will pay for <b>loss</b> or <b>damage</b> to non-mechanically powered <b>watercraft</b> less than 3 metres long and remote control model aircraft. The maximum <b>we</b> will pay for this <b>additional</b> benefit is NZ\$5,000 per <b>event</b> .
<b>5. Precious Stones, Gold and Bullion</b>	<b>We</b> will pay for <b>loss</b> or <b>damage</b> to unset gemstones, precious stones, gold or silver ingots, bullion or nuggets. The maximum <b>we</b> will pay for this <b>additional</b> benefit is NZ\$5,000 per <b>event</b> .
<b>6. Unattached Vehicle Parts and Accessories</b>	<b>We</b> will pay for <b>loss</b> or <b>damage</b> to unattached <b>vehicle</b> accessories or spare parts for motor <b>vehicles</b> , caravans, <b>watercraft</b> or trailers. The maximum <b>we</b> will pay for this additional benefit is NZ\$5,000 per <b>event</b> .
<b>7. Money</b>	<b>We</b> will pay for <b>loss</b> or <b>damage</b> to <b>money</b> . The maximum <b>we</b> will pay for this additional benefit is NZ\$1,000 per <b>event</b> .
<b>8. Coins and Medals</b>	<b>We</b> will pay for <b>loss</b> or <b>damage</b> to all stamps, collector's coins and medals. The maximum <b>we</b> will pay for this additional benefit is NZ\$2,000 per <b>event</b> .
<b>9. Rugs and Carpets</b>	<b>We</b> will pay for <b>loss</b> or <b>damage</b> to each item or set of hand woven rugs or carpets. The maximum <b>we</b> will pay for this additional benefit is NZ\$2,000 for each item, up to NZ\$5,000 per <b>event</b> .

<p><b>10. Art and Paintings</b></p>	<p><b>We</b> will pay for <b>loss</b> or <b>damage</b> to any set of antiques, curios, paintings and other works of art. The maximum <b>we</b> will pay for this additional benefit is NZ\$10,000 per <b>event</b>.</p>
<p><b>11. Home Office/ Business Equipment and Furniture</b></p>	<p><b>We</b> will pay for <b>loss</b> or <b>damage</b> to any <b>home office/business equipment and furniture</b> including computers, registered computer software, photocopiers and fax machines. The maximum <b>we</b> will pay for this additional benefit is NZ\$10,000 per <b>event</b>.</p>
<p><b>12. Plants, Trees and Shrubs</b></p>	<p>If <b>you</b> live at the <b>premises</b> and <b>you</b> have <b>protection</b> for <b>home contents</b>, <b>we</b> will protect <b>you</b> for <b>loss</b> or <b>damage</b> to potted plants, trees and shrubs, but only if the <b>loss</b> or <b>damage</b> is caused by thieves, vandals, fire or lightning. <b>We</b> will only pay for plants, trees or shrubs that are growing in pots where the roots of the plants are not in the ground. The maximum <b>we</b> will pay for this additional benefit is NZ\$200 for any one plant, tree or shrub, up to NZ\$1,000 per <b>event</b>.</p>
<p><b>13. Home Contents Temporarily Removed</b></p>	<p><b>We</b> will pay for <b>loss</b> or <b>damage</b> to <b>home contents</b> due to a <b>protected event</b> whilst temporarily removed from <b>your premises</b> or stored at an alternative <b>premises</b>, temporary storage facility or self storage during the <b>period of protection</b>. <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. <b>We</b> will not protect: a) <b>home contents</b> while being transported for storage; b) <b>accidental loss or damage</b> (unless optional benefit 1, 2 and/or 3 is taken under this <b>section 2</b>); c) <b>theft</b>; or d) <b>home contents</b> left unattended whilst in the open air. 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>. The maximum <b>we</b> will pay for this additional benefit is NZ\$5,000 per <b>event</b>.</p>
<p><b>14. Home Contents at Boarding School or University Campus</b></p>	<p><b>We</b> will pay for <b>loss</b> or <b>damage</b> due to a <b>protected event</b> of <b>home contents</b> belonging to an unmarried child of <b>yours</b> who is a full time student living in <b>New Zealand</b> at a boarding school or university campus whilst the <b>home contents</b> are contained within the alternative accommodation. <b>The</b> maximum <b>we</b> will pay for this additional benefit is NZ\$5,000 per <b>event</b>.</p>
<p><b>15. Visitors Property</b></p>	<p><b>We</b> will pay for <b>loss</b> or <b>damage</b> to guests' property or other property not belonging to <b>you</b> but in <b>your</b> physical or legal control at the <b>premises</b>. This additional benefit excludes <b>money</b>. The maximum <b>we</b> will pay for this additional benefit is NZ\$1,000 per <b>event</b>.</p>
<p><b>16. Electric Motor Burnout</b></p>	<p><b>We</b> will pay for the cost of repairing or replacing an electric motor not fixed to any building structure which forms part of <b>your home contents</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>. <b>We</b> will only pay a depreciated cost for repairing or replacing the electric motor if it is more than 8 years old. <b>We</b> will also pay for: a) an exchange sealed compressor in an air-conditioning unit; b) re-gassing the unit; c) bearings and seals; and d) relay or overload switches <b>damaged</b> by the motor fusing. <b>We</b> will not pay under this additional benefit for: a) electric motors under warranty; b) electric motors used for trade or farming; c) machinery, pumps or gear boxes that are not part of a sealed refrigeration unit or electric motor; d) additional costs to convert any refrigeration or air-conditioning units to use a different gas; e) <b>damage</b> to swimming pools, chemicals or water from a filtration motor breakdown; f) any additional costs arising from loss of use; or g) relay or overload switches not <b>damaged</b> by the motor fusing. The maximum <b>we</b> will pay for this additional benefit is NZ\$10,000 per <b>event</b>.</p>



<p><b>17. Refrigerated Food Spoilage</b></p>	<p><b>We</b> will pay for the spoilage of refrigerated foods caused by:</p> <ul 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> </ul> <p><b>We</b> will not protect spoilage of refrigerated foods due to:</p> <ul 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> </ul> <p>Specific exclusion (aa) 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>
<p><b>18. 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 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> <ul 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 employees</b> 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> </ul> <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>

## 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 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. 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>, we will protect you 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 (r) 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>, we will protect you for a <b>protected event, accidental loss or damage</b> or <b>theft</b> of <b>your</b> itemised personal property occurring in the <b>period of protection</b> anywhere in <b>New Zealand</b>.</p> <p>Specific exclusion (r) 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>, we will protect you for a <b>protected event, accidental loss or damage</b> or <b>theft</b> of personal property occurring in the <b>period of protection</b> anywhere in <b>New Zealand</b>.</p> <p>Specific exclusion (r) 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>, we will protect you for <b>loss</b> or <b>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>, we will protect you for <b>loss</b> or <b>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 (n) 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 shown on the <b>Schedule of Protection</b>, we will protect you for <b>loss</b> or <b>damage</b> caused by landslide to <b>your home contents</b> at the <b>premises</b> specified in <b>your Schedule of Protection</b>.</p> <p>Specific exclusion (ab) 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 '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 or arising from:

- (a) any property protected during construction, erection, renovation or demolition;
- (b) wet or dry rot, mould, mildew, fungus, insects, woodworm, vermin or tree roots;
- (c) **burglary, theft**, vandalism or malicious **damage** by **you**, or any person at the **premises** with **your** consent;
- (d) evaporation, shrinkage, loss of weight, dampness, dryness, steam, condensation, contamination, escape of fumes, flue gases or pollution;

- (e) rust, corrosion, oxidation, fading, exposure to light or darkness;
- (f) change in colour or texture;
- (g) wear and tear, gradual deterioration or any gradually operating cause;
- (h) variation in atmospheric conditions;
- (i) scratching, splitting, tearing or marring;
- (j) faulty design, plan, specification, materials or workmanship and built-in faults;
- (k) a government or public authority legally taking **your home contents**;
- (l) exposure to weather conditions of property in the open air;
- (m) erosion, subsidence, landslide, cracking, shrinkage or expansion of foundations or structures, or normal settling or any earth movement other than earthquake;
- (n) **flood damage**;
- (o) any action of the sea (except tsunami), tidal wave or **storm surge**;
- (p) seepage or percolation of water;
- (q) lopping or felling of trees by **you** or with **your** consent;
- (r) **accidental loss or damage**;
- (s) by any fracture or scratching, chipping or cracking of fixed glass where such cracking does not extend through the entire thickness of the glass;
- (t) while glass is being fitted into position or removed from its fitting;
- (u) by breakage of glass arising from deliberate application of heat;
- (v) any item protected under **section 1** Home Buildings;
- (w) landscaping, plants, trees (unless impact by trees) or shrubs in the ground;
- (x) living creatures, pets, birds or livestock (except for **loss** or **damage** due to impact by living creatures, pets, birds or livestock);
- (y) any electronic, electrical or mechanical breakdown, failure or malfunction (except from burning out by electrical current);
- (z) sporting or recreational equipment whilst in use;
- (aa) failure of the supply of water, gas, electricity or fuel;
- (ab) computer virus or data corruption;
- (ac) any goods maintained in a temperature controlled environment (except where less than NZ\$1,000 per **event**);
- (ad) business property other than **home office/business equipment and furniture** under **section 2** 'Home Contents';
- (ae) business takings;
- (af) **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);
- (ag) aircraft or aerial device (except for **loss** or **damage** due to impact by aircraft or aerial device); or
- (ah) landslide.

## 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** have the right to have a claim considered for:

- a) **loss** or **damage** to a protected **vehicle** arising from an **event** in the **period of protection**; and/or
- b) **your legal liability** for **loss** or **damage** to property arising from an **event** in the **period of protection** caused by:
  - i) **your** use of a protected **vehicle**; or
  - ii) the towing of a trailer or caravan connected to a protected **vehicle** or a trailer or caravan becoming detached from a protected **vehicle**.

**You** are required to choose a **protection** option from the 'Comprehensive', 'Third Party, Fire & Theft', 'Fire & 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> <ol style="list-style-type: none"> <li>a) <b>loss</b> or <b>damage</b> to <b>your vehicle</b>; and</li> <li>b) <b>your legal liability</b> for <b>property damage</b> arising from <b>your</b> use of <b>your vehicle</b>.</li> </ol>	<p><u>a) Loss or damage</u></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 or replace <b>your vehicle</b>;</li> <li>2. pay the cost of repair or replacement of <b>your vehicle</b>; or</li> <li>3. pay the <b>market value</b> of <b>your vehicle</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 or replace <b>your vehicle</b>;</li> <li>2. pay the cost of repair or replacement of <b>your vehicle</b>; or</li> <li>3. 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. If a replacement <b>vehicle</b> is not available and/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>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 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>

What is protected?	Basis of settlement
	<p><b>b) Your Legal Liability</b></p> <p><b>We</b> will pay for compensation or damages 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><b>your</b> use of <b>your vehicle</b>, and/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>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 a <b>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 shown as the <b>excess(es)</b> in <b>your Schedule of Protection</b> for this section 3, notwithstanding General Condition 3.</p>

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

What is protected?	Basis of settlement
<p>If <b>your Schedule of Protection</b> shows <b>you</b> have 'Third Party, Fire &amp; Theft' protection, <b>we</b> will protect <b>you</b> for:</p> <p>a) <b>loss or 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><b>a) 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 or 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> at the time of the <b>loss or damage</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>repair or 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 <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 2 <i>Third Party, Fire &amp; 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 or damages 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><b>your</b> use of <b>your vehicle</b>, and/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>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 a <b>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 shown as the <b>excess(es)</b> in <b>your Schedule of Protection</b> for this section 3, notwithstanding General Condition 3.</p>

### Option 3. Fire & Theft

What is protected?	Basis of settlement
<p>If <b>your Schedule of Protection</b> shows you have <i>'Fire &amp; Theft'</i> protection, we will protect you for <b>loss or damage to your vehicle</b> caused by fire or <b>theft</b>.</p>	<p>If 'Market Value' is shown in <b>your Schedule of Protection</b>, we will, at <b>our</b> option:</p> <ol style="list-style-type: none"><li>1. repair or replace <b>your vehicle</b>;</li><li>2. pay the cost of repair or replacement of <b>your vehicle</b>; or</li><li>3. pay the <b>market value</b> of <b>your vehicle</b> at the time of the <b>loss or damage</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>, we will, at <b>our</b> option:</p> <ol style="list-style-type: none"><li>1. repair or replace <b>your vehicle</b>;</li><li>2. pay the cost of repair or replacement of <b>your vehicle</b>; or</li><li>3. 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 we opt to repair <b>your vehicle</b>, we may approve repairs using good quality second hand parts unless the <b>vehicle</b> is less than 2 years old, in which case, we may approve repairs using new parts.</p> <p>If <b>your vehicle</b> is used for mixed use (business and private), we 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, we 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. we consider it uneconomical to repair the <b>vehicle</b>.</li></ol> <p>The maximum we will pay under this option 3 <i>Fire &amp; 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>We will not pay the amount shown as the <b>excess(es)</b> in <b>your Schedule of Protection</b> for this <b>section 3</b>, notwithstanding General Condition 3.</p>

### Option 4. Third Party Only

What is protected?	Basis of settlement
<p>If <b>your Schedule of Protection</b> shows you have <i>'Third Party Only'</i> protection, we will protect you for <b>your legal liability for property damage</b> arising from <b>your use of your vehicle</b>.</p>	<p>We will pay for compensation or damages 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 vehicle</b>, and/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. We 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>We will also pay <b>your defence costs</b> in defending any claim made against <b>you</b> arising from <b>your use of a vehicle</b>.</p> <p>The maximum we 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>We will not pay the amount shown as the <b>excess(es)</b> in <b>your Schedule of Protection</b> for this <b>section 3</b>, notwithstanding General Condition 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 <b>you</b> sell any protected <b>vehicle</b> and replace it, <b>we</b> will automatically extend this <b>protection</b> for the replacement <b>vehicle</b> from the date of purchase until the expiry date shown on <b>your Schedule of Protection</b> but only if:</p> <ul style="list-style-type: none"> <li>a) <b>you</b> tell <b>us</b> about the replacement <b>vehicle</b> within 14 days of its purchase;</li> <li>b) <b>you</b> pay <b>us</b> any additional <b>contribution we</b> ask for; and</li> <li>c) <b>you</b> agree to accept any changes to the terms and conditions of the <b>protection</b>.</li> </ul> <p>If the value of the replacement <b>vehicle</b> is greater than the <b>vehicle</b> it is replacing, then the <b>limit of protection</b> for the replacement <b>vehicle</b> is limited to A\$50,000 unless <b>we</b> agree otherwise.</p> <p>This additional benefit only applies if <b>your Schedule of Protection</b> shows <i>'Comprehensive', 'Third Party, Fire &amp; Theft' or 'Fire &amp; Theft'</i> <b>protection</b> for the protected <b>vehicle</b>.</p>
<p><b>2. Protection for Others</b></p>	<p>Subject to any restrictions shown on <b>your Schedule of Protection</b>, <b>we</b> will protect:</p> <ul style="list-style-type: none"> <li>a) any person named as a regular driver on <b>your Schedule of Protection</b>; and</li> <li>b) any other person driving a protected <b>vehicle</b> with <b>your</b> consent</li> </ul> <p>subject to the terms and limits of this <b>section</b>.</p>
<p><b>3. Trailers</b></p>	<p><b>We</b> will pay for <b>loss</b> or <b>damage</b> to a trailer attached to a protected <b>vehicle</b>:</p> <ul style="list-style-type: none"> <li>a) whilst being towed by the protected <b>vehicle</b>; or</li> <li>b) after the trailer becomes detached from the protected <b>vehicle</b>; or</li> <li>c) if it is stolen whilst in <b>your</b> possession</li> </ul> <p>up to a limit of A\$1,500 for each claim.</p> <p>This additional benefit only applies if <b>your Schedule of Protection</b> shows <i>'Comprehensive'</i> <b>protection</b> for the protected <b>vehicle</b>.</p>
<p><b>4. Towing Costs</b></p>	<p><b>We</b> will pay the reasonable cost of towing the protected <b>vehicle</b> to a suitable place of repair following <b>damage</b> which is protected under this <b>section 3</b>.</p> <p>The maximum limit <b>we</b> will pay for this additional benefit is up to A\$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 <i>'Comprehensive', 'Third Party, Fire &amp; Theft' or 'Fire &amp; Theft'</i> <b>protection</b>.</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 A\$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 <i>'Comprehensive'</i> <b>protection</b> for the protected <b>vehicle</b>.</p>
<p><b>6. Recovery Costs following Theft</b></p>	<p><b>We</b> will pay the reasonable cost of returning the protected <b>vehicle</b> to <b>you</b> following <b>theft</b>.</p> <p>The maximum <b>we</b> will pay for this additional benefit is A\$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 <i>'Comprehensive', 'Third Party, Fire &amp; Theft' or 'Fire &amp; Theft'</i> <b>protection</b> for the protected <b>vehicle</b>.</p>
<p><b>7. Non-Standard Accessories and Modifications</b></p>	<p><b>We</b> will pay the reasonable cost of an alteration to, or extra item fitted, to the standard body, engine, suspension, wheels or paintwork of <b>your vehicle</b> that may affect its appearance, value, safety or performance. The maximum limit <b>we</b> will pay for this additional benefit is up to A\$1,500 for non-standard accessories/modifications per <b>vehicle</b>.</p> <p>This additional benefit only applies if <b>your Schedule of Protection</b> states <i>'Comprehensive', 'Third Party, Fire &amp; Theft'</i> (but only if the <b>loss</b> is caused by fire or <b>theft</b>) or <i>'Fire &amp; Theft'</i> <b>protection</b>.</p>

<p><b>8. Stolen Keys</b></p>	<p>If the remote or keys to <b>your</b> protected <b>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, family member or anyone who resides with <b>you</b>.</p> <p>The maximum <b>we</b> will pay for this additional benefit is up to A\$1,000 per <b>vehicle</b>, over and above the standard <b>excess</b> applicable to the protected <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 '<i>Comprehensive</i>' <b>protection</b>.</p>
<p><b>9. Excess Waiver for Windscreen and Window Glass</b></p>	<p>If the windscreen or window glass of <b>your</b> protected <b>vehicle</b> is broken, <b>we</b> will pay the reasonable cost of repairing or replacing the windscreen or window glass. <b>We</b> will not apply an <b>excess</b> to 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 '<i>Comprehensive</i>' <b>protection</b> for the protected <b>vehicle</b>.</p>
<p><b>10. Taxi</b></p>	<p>If <b>your</b> protected <b>vehicle</b> is involved in an <b>accident</b> and is not driveable, or is stolen, <b>we</b> will pay up to A\$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 '<i>Comprehensive</i>' <b>protection</b> for the protected <b>vehicle</b>.</p>
<p><b>11. 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 <b>market value</b> of <b>your vehicle</b>, or up to A\$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 '<i>Third Party Only</i>' <b>protection</b>.</p>
<p><b>12. 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 '<i>Comprehensive</i>' <b>protection</b> for the protected <b>vehicle</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 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 the protected **vehicle** with **your** consent;
- (e) **theft** of a protected **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 the protected **vehicle** has been let or hired or is being used to carry passengers or goods for hire or reward;
  - (h) claims arising when the protected **vehicle** or any caravan or trailer attached to **your 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 the protected **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 the protected **vehicle** does not hold a current valid driver's licence;
  - (l) claims caused by the unroadworthy or unsafe condition of the protected **vehicle** where such condition was known or ought to have been known by **you**;
  - (m) the expropriation or confiscation of the protected **vehicle** by lawful authority;
  - (n) **loss or property damage** owned by **you**, **your** family members, **protected person**, any person who resides with **you**, or any person driving the protected **vehicle** with **your** consent;
  - (o) any **vehicle** that is not registered where the law requires it to be registered;
  - (p) any **vehicle** which is involved in any motor sports, racing, stunts, pacemaking, reliability trials, speed or hill-climbing tests, or any other competitive events;
  - (q) any **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**; or
  - (u) any **vehicle** towed or carried by **your vehicle**; except for any trailer or caravan shown on **your Schedule of Protection**.





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