

new zealand's natural cover

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NZI (a business division of IAG New
Zealand) Limited Agreed
Commercial Motor Vehicle Policy Wording



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Agreement

In return for the Insured paying or undertaking to pay the Insurer the agreed premium, the Insurer will provide the scope of cover stated in the schedule and as detailed following.

Section 1

Cover for Insured Vehicle

The Insurer will indemnify the Insured for accidental loss to an insured vehicle during the period of insurance.

Basis of Settlement

1.1 Basis of Settlement

The Insurer will, at its option, settle the claim in one of the following ways:

- (a) pay the reasonable cost of repairs to the insured vehicle, or
- (b) pay the cash equivalent of the reasonable cost of repairs to the insured vehicle, or
- (c) replace the insured vehicle, or
- (d) pay the insured vehicle's market value at the time of the loss.

1.2 New Replacement Vehicle

Where an insured vehicle of 3,500 kg or under suffers a total loss or a constructive total loss covered under Section 1 within 12 months of it being first registered as a new vehicle in New Zealand, the Insurer will at the Insured's option provide a new replacement vehicle of the same make, model and specification (together with similar accessories).

Where a new replacement is not available the Insurer will pay the price for which such a vehicle was last available.

1.3 Leased Vehicles

In the event of a total loss to a leased vehicle, the basis of settlement will be the greater of the market value or the Residual Value of the insured vehicle at the time of loss.

'Residual Value' means the residual value of the insured vehicle as determined under the terms of a lease agreement, excluding any charges that are not solely attributable to the occurrence of the loss, but not exceeding 120% of the insured vehicle's market value

1.4 Sum Insured

Unless a higher limit is specified elsewhere in the policy, the Insurer's maximum liability will not exceed the market value of the insured vehicle.

The maximum amount payable under Section 1 of this policy in respect of accidental loss to any insured vehicle does not apply to any benefit, costs or indemnity received under Policy Extensions 2.2 to 2.20 inclusive and 3.3 (when this option is taken)

1.5 Parts

If any part or component of the insured vehicle is no longer manufactured the Insurer is not liable for more than the supplier's or manufacturer's last list price.

1.6 Excess

The Insurer is not liable for the excess for each loss to an insured vehicle. However, where more than one insured vehicle suffers loss in relation to the same accident, only one excess will apply. Where, as a result of an accident, the Insured has claims under more than one policy with the Insurer, only one excess will apply (the higher of the two).

1.7 Waiver of Excess

If loss covered under Section 1 occurs solely as a result of fire, theft or illegal conversion no excess applies unless otherwise specified in the schedule.

If loss covered under Section 1 is from a collision with another vehicle, the excess will be waived if the Insured provides the Insurer with:

- (a) enough information to establish that the driver of the other vehicle was more to blame than the driver of the insured vehicle; and
- (b) the correct registration number of the other vehicle or information the Insurer needs to identify the driver (including name and address).

1.8 Expediting Expenses

This policy covers the cost of express freight, overtime, night work and work on public holidays to expedite repairs as a result of loss for which a claim is payable under Section 1 of this policy.

1.9 Acceptable Assessors

An assessor mutually agreed upon by the Insured and the Insurer will assess any claim within the terms of Section 1.

1.10 Repairs

If the insured vehicle is to be repaired, the Insured may choose any particular repairer, provided that:

- (a) the Insured may only authorise repairs up to a maximum of \$1,500 without prior notice to the Insurer; and
- (b) the Insurer or its assessor must be given the opportunity of examining the repairs.

1.11 Reinstatement of Amount of Insurance

Where loss is covered under Section 1, the amount by which that cover reduces the sum insured, is automatically reinstated after the occurrence of the loss and prior to any additional premium required for such reinstatement.

1.12 Scope of Cover

The scope of cover of each insured vehicle is Comprehensive unless noted otherwise on the schedule.

Section 1 - Automatic Extensions

These extensions apply automatically. They are otherwise subject to the terms of the policy.

2.1 Car Sharing Agreement

Payment made by passengers as part of a car sharing agreement does not constitute the conveyance of passengers for hire or reward.

2.2 Claim Preparation Costs

This policy covers reasonable costs incurred by the Insured (other than legal fees or costs) in preparing, presenting, negotiating, certifying and/or justifying a claim for loss covered under Section 1, or proving that a loss is a claim under Section 1.

The maximum the Insurer will pay any one accident is the amount specified in the schedule.

2.3 Cleaning up costs

Following an accident covered under Section 1, this policy extends to cover the reasonable costs of:

- (a) cleaning up and clearing away debris,
- (b) recovering and reloading any load lost or fallen from an insured vehicle,
- (c) transferring the load carried, lost or fallen from an insured vehicle to another vehicle and removing it to a place of safety or to its intended final destination.

The maximum the Insurer will pay any one accident is the amount specified in the schedule.

2.4 Costs Associated with Theft

If loss caused by theft of the insured vehicle is covered under Section 1, this extension covers reasonable costs incurred by the Insured of hiring another vehicle of similar make and model subject to:

- (a) a maximum hire cost of the amount specified in the schedule (including GST);
- (b) an excess of the number of day's hire specified in the schedule.

2.5 Death by Accident

If the driver of the insured vehicle, dies as a result of an accident covered by this policy, whether or not death occurs at the time of the accident, the Insurer will pay the amount specified in the schedule to the driver's estate, regardless of any other insurance.

2.6 Disability Modifications

If the Insured is injured as a direct result of loss covered under Section 1, and this results in permanent disability which necessitates vehicle modifications (such as hand controls), either to an insured vehicle or to the Insured's private vehicle, Section 1 covers the reasonable cost of these modifications.

However, the Insurer is only liable in excess of any amount payable by the Accident Compensation Corporation.

The maximum the Insurer will pay any one accident is the amount specified in the schedule.

2.7 Emergency Accommodation and Travel

When, as a result of a loss covered under Section 1, the insured vehicle cannot be made roadworthy or the driver and any passengers are unable to drive or are unfit to drive as a result of the loss, this policy covers the reasonable cost of:

- (a) transporting the driver and any other occupants of the insured vehicle to their home or place of work; and
- (b) temporary accommodation for the driver and any other occupants of the insured vehicle.

The maximum the Insurer will pay any one accident is the amount specified in the schedule.

2.8 Employees' Vehicles

Section 1 covers accidental loss to vehicles owned by the Insured's employees, while they are using their vehicle in the course of the Insured's business:

- (a) where the vehicle is not insured or
- (b) where the business use invalidates the employee's own personal vehicle insurance.

The maximum the Insurer will pay any one accident is the amount specified in the schedule.

2.9 Funeral Expenses

If the driver dies as a direct result of loss covered under Section 1, whether or not death occurs at the time of the loss, this policy covers all funeral expenses associated with the burial or cremation of the driver, in excess of any amount payable by the Accident Compensation Corporation or another insurer.

Cover includes any travel costs within New Zealand of the deceased driver or any member of his or her immediate family.

The maximum the Insurer will pay any one accident is the amount specified in the schedule.

2.10 Goods in Transit

If an insured vehicle suffers loss arising from:

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

which is covered under Section 1, this extension covers loss to property owned by the Insured or for which the Insured is responsible, carried on the insured vehicle at the time. However, this extension does not apply to any losses that would be subject to the Carriage of Goods Act 1979.

The maximum the Insurer will pay any one accident is the amount specified in the schedule.

2.11 Hired Use

The cover provided by this policy will not be prejudiced by the periodic hiring out of any insured vehicle, with or without drivers, subject to the policy terms and conditions being observed and no other indemnity being available.

2.12 Hoists

Section 1 covers mechanical breakdown or mechanical failure of any hoists or hydraulic rams permanently attached to the insured vehicle, where such failure or breakdown is not due to wear and tear.

The maximum the Insurer will pay any one accident is the amount specified in the schedule. Exclusion 1.3 does not apply to this extension.

2.13 Ingestion of Foreign Objects

The Insurer will indemnify the Insured for loss during the period of insurance resulting from ingestion or entry of any foreign object into any mulching, chipping or agricultural implement or machine, provided this occurs whilst the insured vehicle is operated for the purpose for which it has been designed.

Exclusion 1.1(d) does not apply to this extension.

2.14 Keys and Locks

Section 1 covers the reasonable costs incurred in altering or replacing locks and/or keys and/or other vehicle entry devices where any key or other vehicle entry device giving access to an insured vehicle is lost, stolen or believed on reasonable grounds to have been duplicated during the period of insurance without proper authority.

The maximum the Insurer will pay any one accident is the amount specified in the schedule. This extension is free of excess.

2.15 Rewards

If loss caused by theft or conversion of an insured vehicle is covered under Section 1, this extension covers any reward offered, with the Insurer's prior approval, to secure the return of the insured vehicle.

The maximum the Insurer will pay any one accident is the amount specified in the schedule.

2.16 Salvage and Safety

Following loss covered under Section 1, this policy covers reasonable costs incurred in the salvage, recovery or disposal of the insured vehicle, including the costs of ensuring its safety and delivery to a suitable place of repair or inspection, and its delivery to where it is usually garaged after its repair or recovery.

2.17 Signwriting

Section 1 extends to cover the reasonable cost to reinstate any signwriting and artwork affixed to the insured vehicle at the time of loss, subject to a deduction for wear and tear.

The maximum the Insurer will pay any one insured vehicle any one accident is the amount specified in the schedule.

Where the vehicle is deemed uneconomic to repair, any claim payable under this extension is in addition to the market value of the vehicle.

2.18 Tyre Damage

Section 1 covers accidental loss to any tyre (including its inner tube) or tracks fitted to an insured vehicle not principally used for driving on public roads, regardless of whether there has been loss to any other part of the insured vehicle or not.

The Insurer will indemnify the Insured by either:

- (a) repairing the damage; or
- (b) paying an amount equal to the reasonable cost of repair; or
- (c) replacing the tyre; or
- (d) paying an amount equal to the cost of the tyre.

The maximum the Insurer will pay is the purchase price of a new replacement tyre, less a reasonable deduction for the damaged tyre's wear and tear, but in all cases not exceeding the amount specified in the schedule.

Exclusion 1.2(c) does not apply to this extension.

2.19 Uninsured Third Party Protection

If a third party has no valid and collectable insurance, this policy extends to cover the Insured's no claims bonus, excess and uninsured loss, where:

- (a) the third party was at fault for the accident; and
- (b) the identity of the third party is established.

Provided that in respect of the Third Party Only scope of cover and the Third Party Fire and Theft scope of cover the maximum the Insurer will pay any one accident is the amount stated in the schedule.

2.20 Windscreens and Window Glass

If loss occurs solely to an insured vehicle's windscreen, sunroof, headlights, tail lights, indicator light glass, mirror glass or window glass no excess applies unless otherwise specified in the schedule.

This will also apply in respect of bodywork that has been scratched or damaged as a result of the above items sustaining loss.

The cost of re-tinting the windscreen and window glass is covered by this extension.

Section 1 - Optional Extensions

These extensions are optional and only apply if stated in the schedule. They are otherwise subject to the terms of the policy.

3.1 Agreed Vehicle Value

If an insured vehicle marked AVV in the vehicle schedule suffers a total loss or a constructive total loss covered under Section 1 the Insurer will pay the greater of:

- (a) the insured vehicle's market value at the time of the loss but no more than 120% of the amount specified in the vehicle schedule; or
- (b) the amount specified in the vehicle schedule.

3.2 Driving Hours

In the event of a claim involving a breach of driving hours being paid under the invalidation extension of this policy, if the Insured does not want the Insurer to recover the claim costs from the driver, the Insured will accept an additional \$20,000 excess or such other additional excess as may be shown in the schedule.

3.3 Loss of Use

This policy is extended to pay the reasonable cost to hire a substitute vehicle for the period that an insured vehicle is undergoing repair following loss covered under Section 1, subject to:

- (a) this extension only applies to the insured vehicles stated in the schedule as being subject to this extension; and
- (b) the compensation is to be calculated from and including the day that the loss occurred if the insured vehicle is disabled, or from the date delivered for repair if not disabled; and
- (c) the repair of the insured vehicle must be carried out as soon as reasonably practicable; and
- (d) the excess as specified in the schedule.

The maximum the Insurer will pay any one accident is the maximum daily limit and the maximum total limit as specified in the schedule.

Exclusion 1.2(a) does not apply to this extension.

3.4 Vehicle Plant Replacement Value

Following loss covered under Section 1 to plant attached to an insured vehicle marked VPRV in the vehicle schedule this policy is extended to include the replacement cost of such plant at the time of loss.

The maximum the Insurer will pay any one accident for plant is the amount specified in the vehicle schedule for the plant attached to the insured vehicle.

Section 2 - Legal Liability

The Insurer will indemnify the Insured, and any driver in charge of the insured vehicle with the Insured's consent, against liability for or arising out of:

- (a) accidental bodily injury to any person; and/or
 - (b) accidental loss to any property; and
- occurring in New Zealand during the period of insurance in connection with:
- (i) any insured vehicle (including whilst being loaded or unloaded); and/or
 - (ii) the towing of any trailer or caravan by an insured vehicle; and/or
 - (iii) the towing or recovering of any disabled vehicle unless for hire or reward as part of a vehicle recovery service; and/or
 - (iv) the movement by the Insured of any vehicle which prevents or impedes the loading or unloading of the insured vehicle or the legitimate passage of the insured vehicle.

The Insurer will also indemnify the Insured for costs and expenses necessarily and reasonably incurred with the prior consent of the Insurer to defend (a) and (b) above.

Basis of Settlement

1.1 Maximum Liability

The Insurer's maximum liability under Section 2 of this policy will not exceed the limit stated in the schedule for each claim, or series of claims, arising from one accident. However, costs and expenses up to the limit stated in the schedule will be paid in addition to the stated limit.

If the Insurer's maximum liability is insufficient to cover both the Insured and any other party entitled to cover under this Section it will apply first to the Insured.

Section 2 - Automatic Extensions

These extensions apply automatically. They are otherwise subject to the terms of the policy.

2.1 Cleaning up Costs

Section 2 covers all costs lawfully charged by any national, regional or local government body or authority, the New Zealand Fire Service, or any other entity, for cleaning or restoring the site following an accident during the period of insurance happening in connection with any insured vehicle.

The maximum the Insurer will pay any one accident is the amount specified in the schedule.

2.2 Damage to Leased Property

Section 2 covers the Insured's legal liability (including liability assumed under a lease agreement) in respect of loss to any premises not owned by but leased or otherwise occupied by the Insured caused by an insured vehicle.

Costs and expenses necessarily and reasonably incurred to defend such liability are also covered.

Exclusion 2.7 does not apply to this extension.

2.3 Defence Costs

If any driver:

- (a) is charged with manslaughter, or reckless or dangerous or careless driving causing death arising from loss covered under Section 1; and/or
 - (b) is legally represented at any enquiry or coroner's inquest in connection with the death;
- this policy covers the reasonable costs of the driver's legal representation.

The maximum the Insurer will pay any one accident is the amount specified in the schedule.

2.4 Exemplary Damages

Section 2 covers the Insured's liability for exemplary damages in New Zealand for bodily injury.

There is no cover under this extension for liability arising from any dishonest or malicious act or omission by the Insured.

The maximum the Insurer will pay any one claim or series of claims arising from one accident is the amount specified in the schedule. In respect of all claims during the period of insurance, the maximum amount that will be paid is the amount specified in the schedule.

The excess stated in the schedule applies to this extension.

Exclusion 2.3 and General Condition 2.4 does not apply to this extension.

2.5 Forest and Rural Fires

Section 2 covers the Insured's liability under the Forest and Rural Fires Act 1977 for:

- (a) costs and losses incurred during the period of insurance recoverable under section 43; and
- (b) levies imposed by a Fire Authority and apportioned to the Insured under sections 46 and 46A during the period of insurance.

The maximum the Insurer will pay in relation to any insured vehicle is the amount specified in the schedule.

2.6 Marine Liability

If an insured vehicle is transported by sea or air between places in New Zealand, Section 2 covers the Insured for any resulting General Average and salvage charges recoverable from it at law.

This applies regardless of whether or not the insured vehicle suffers loss.

2.7 Passenger Liability Extension

Section 2 covers, on the same terms, any person who is a passenger in or who is getting into or out of any insured vehicle. Provided that the person is not entitled to the same indemnity under any other policy or under any other clause in this policy.

2.8 Principal's Indemnity

If an insured vehicle is used or operated on any construction or works project, Section 2 indemnifies the Principal of that project, but only in respect of that Principal's legal liability in connection with the use or operation of the insured vehicle.

2.9 Rented or Borrowed Vehicles

If the Insured rents, hires or borrows a vehicle and does not arrange separate insurance cover for it this extension covers the Insured's liability:

- (a) to the owner of the vehicle, against:
 - (i) loss that would be covered under Section 1; and
 - (ii) consequential losses caused by this loss; and
 - (iii) other reasonably incurred costs and expenses arising from this loss;subject to the Insurer's liability not exceeding the amount specified in the schedule for any one claim;
- (b) to other parties as per the cover provided by Section 2.

Exclusion 2.7 does not apply to this extension.

2.10 Vibration and Weight Damage

Section 2 covers the Insured's legal liability for damage to any property (including a road) caused by:

- (a) vibration caused by the insured vehicle, or
- (b) the weight of the load carried by the insured vehicle, or
- (c) from the weight of the insured vehicle, or

(d) from the combined weight of the load and the insured vehicle.

The maximum the Insurer will pay any one accident is the amount specified in the schedule.

The excess stated in the schedule applies to this extension.

Exclusion 2.9 does not apply to this extension.

Section 2 - Optional Extension

This extension is optional and only applies if stated in the schedule. It is otherwise subject to the terms of the policy.

3.1 Towing for Reward

Section 2 is extended to cover the Insured's legal liability (including associated costs and expenses) that may arise during any towing and/or recovering of any vehicle for hire or reward whilst such vehicle is in the care, custody and control of the Insured.

The excess stated in the schedule applies to this extension.

Exclusion 2.7 does not apply to this extension.

Sections 1 and 2 - Automatic Extensions

Applying to both Sections

These extensions apply automatically. They are otherwise subject to the terms of the policy.

4.1 Additions and Deletions

- (a) Any insured vehicle sold or otherwise disposed of during the period of insurance ceases to be insured from that date and is deleted.
- (b) Any vehicle acquired by the Insured during the period of insurance will automatically be insured from the date of its acquisition.
- (c) Each vehicle purchased will be insured for its market value and each insured vehicle sold/disposed of was insured for the value shown on the vehicle schedule.
- (d) The premium for all additions and deletions will be calculated and paid at the end of the period of insurance based on 50% of the difference in value between all additions and deletions at the premium rate agreed at the beginning of the period of insurance. However, any premium adjustment will only be payable on amounts exceeding 120% of the original fleet sum insured.
- (e) The Insurer's total liability in respect of any new addition that has not been advised to it will not exceed the amount specified in the schedule.

4.2 Breach of Condition

This policy will not be invalidated or prejudiced by any breach of warranty or condition of this policy where the breach occurs without the knowledge and consent of the Insured.

4.3 Cover Plus

Where an indemnity would not be provided either in part or in full by this policy but would have been provided by the Insurer's current generic commercial motor vehicle wording (fleet or non-fleet) including all automatic extensions (but not optional extensions) this policy is extended to provide such indemnity.

Provided that this extension does not apply to:

- (a) any amount beyond the maximum sum insured; or
- (b) any optional extension of this policy that the Insured has elected not to take;
- (c) any imposed or special terms.

4.4 Fire Service Costs

Where a claim is payable under this policy the Insurer will indemnify the Insured for any charge which the New Zealand Fire Service is authorised to make against the Insured under the Fire Services Act 1975, or any amendment or replacing Act.

The maximum the Insurer will pay any one claim or series of claims arising from one accident is the amount specified in the schedule.

4.5 Invalidation

This policy covers loss and liability arising from any insured vehicle (including hired or borrowed vehicles) driven in any of the circumstances referred to in General Exclusions 3.1 to 3.7 inclusive, provided:

- (a) the driving was without the knowledge or consent of the Insured; and
- (b) the Insured has not waived any right of recovery against the driver.

For the purposes of this extension the Insured will include any person employed by the Insured with the delegated authority of the Insured to control the conduct of the driver or, if the driver is of such senior capacity that his/her knowledge and consent is effectively the knowledge and consent of the Insured, the driver himself/herself.

This extension does not provide any indemnity to the driver of the insured vehicle.

4.6 Release of Liability

Where the Insured is required by legislation or by contractual agreement to release any of:

- (a) The New Zealand Fire Service;
- (b) Any fire protection equipment supplier;
- (c) Tranz Rail Limited;
- (d) Any Oil Company; or
- (e) Any other party to an agreement which has been declared to and acknowledged by the Insurer ;

from liability arising from loss insured by this policy, the release is allowed without prejudice to this insurance.

4.7 Several Insurance

If more than one person or entity is insured under this policy, they are insured separately as though a separate policy has been issued to each.

However, this will not increase the Insurer's total liability under this policy.

4.8 Subrogation Waiver

In the event of any claim arising under this policy, the Insurer agrees to waive any rights and/or remedies and/or relief to which it may become entitled by way of subrogation against any Insured.

4.9 Waiver of Subrogation (Group Companies)

Where the Insured named in the schedule is a parent or subsidiary in a group of related companies, this policy will not be invalidated by the Insured waiving or having waived any right of recovery it may have against any other company in the same group.

For the purpose of this extension, a subsidiary company means a company, more than half the nominal value of whose equity share capital is owned by a parent company either directly or through other subsidiaries; and a group of related companies means a group of companies related to one another by virtue of such ownership.

Sections 1 and 2 - Optional Extensions

These extensions are optional and only apply if stated in the schedule and agreed by the Insurer. They are otherwise subject to the terms of the policy.

5.1 Burning Cost

The premium payable under this policy will be adjusted on losses incurred (losses paid plus outstanding estimates) during the period of insurance. This will be calculated as follows:

- (a) At the end of each period of insurance the total premium will be adjusted by dividing the losses incurred by the multiplier as agreed in the schedule.
- (b) If the premium produced is greater than the premium paid, the Insured will pay the difference but not exceeding the maximum premium percentage of the deposit premium as agreed in the schedule.
- (c) If the premium produced is less than the premium paid, the Insurer will refund the difference to a minimum retained premium of the agreed percentage in the schedule of the deposit premium.

For the purposes of this extension, total premium will mean deposit premium plus any additional or return premium adjustments processed during the period of insurance.

5.2 Profit Share

If, at the end of the period of insurance, the Insured agrees to renew the insurance with the Insurer, the Insurer will adjust the premium paid for the next period of insurance as follows:

- (a) At the end of the period of insurance the net premium (gross premium and any additional or return premium adjustments and less commission if applicable) will be totalled together with incurred claims (total amount of claims paid and reasonable estimates of claims yet to be paid, including fees and net of actual and estimated recoveries), as a result of accidents during the period of insurance.
- (b) A loss ratio will be calculated by comparing the new premium to the total of incurred claims.
- (c) If the incurred claims ratio is greater than 60% then no profit share is payable.

However, if the loss ratio is 60% or less the amount of profit share will be calculated by using one of the following profit share percentages:

Profit Share Percentage

- | | |
|--|------|
| (i) If the loss ratio is 40% or less | 20% |
| (ii) If the loss ratio is from 41% to 50% | 15% |
| (iii) If the loss ratio is from 51% to 60% | 10%. |

If a profit share is payable it will be calculated by multiplying the profit share percentage against the sum of net premiums less incurred claims.

5.3 Vehicles which carry fare paying passengers

Despite anything contained in the description of use clause of this policy to the contrary, it is agreed that this policy is extended to include loss as provided for under Sections 1 and liability under Section 2 of this policy in relation to vehicles detailed in the vehicle schedule which are used for the conveyance of fare paying passengers.

Policy Exclusions

Exclusions applying to Section 1

1.1 Causes of Loss

Section 1 of this policy does not insure loss caused by:

- (a) Wear and tear; or
- (b) Rust or corrosion; or
- (c) Faulty or defective design or specification; or
- (d) Ingestion or entry of any foreign object into any mulching, chipping or agricultural implement or machine.

However, exclusions 1.1(a) to 1.1(d) inclusive are limited to the part immediately affected and will not apply to resultant damage to other parts of the insured vehicle.

1.2 Types of Loss

Section 1 of this policy does not insure the following types of loss however caused:

- (a) Consequential loss of any kind (including loss of use);
- (b) Depreciation or loss of value;
- (c) Damage to, or destruction of, tyres.

However, this exclusion 1.2(c) will not apply if the damage or destruction results from separate loss that is covered by this policy.

1.3 Breakdown

Section 1 of this policy does not insure:

- (a) loss arising from mechanical or electrical breakdown or failure of any part of the insured vehicle; or
- (b) loss to any part or component of the engine, hydraulic or transmission system resulting from:
 - (i) wear, tear, rust, corrosion or existing defect; or
 - (ii) mechanical or electrical breakdown or failure of any part of the insured vehicle.

However, this exclusion applies only to the property or part or component immediately affected and will not apply to resultant loss to any other part or component of the insured vehicle.

This exclusion also does not apply if the mechanical or electrical breakdown or failure results from the insured vehicle

- (i) catching fire;
- (ii) overturning;
- (iii) suffering an impact or collision;
- (iv) being partly or fully immersed in water;
- (v) being stolen or illegally converted;
- (vi) being maliciously damaged;
- (vii) being accidentally operated with the incorrect fuel e.g. diesel in petrol engine, or petrol in diesel engine. This does not include the correct fuel type that is contaminated, unless caused by a malicious act of a third party;
- (viii) being damaged by a natural disaster;
- (ix) being damaged by animals including rodents;
- (x) being damaged by hail, snow, lightning or storm.

Exclusions to Section 2

2.1 ACC

Section 2 of this policy does not insure liability for bodily injury which is covered by the Accident Compensation Corporation or under the Accident Compensation Act or any replacement legislation.

2.2 Agreed Liability

Section 2 of this policy does not insure liability incurred by the Insured under an agreement where there would have been no liability without the agreement.

2.3 Exemplary Damages

Section 2 of this policy does not insure liability for exemplary damages.

2.4 Liability outside New Zealand

Section 2 of this policy does not insure liability determined by any court outside New Zealand.

2.5 Operation of Plant or Machinery

Section 2 of this policy does not insure liability directly or indirectly caused while any component on the insured vehicle is being used or operated for the purpose for which it was designed (e.g. operation of a crane or back hoe). However, this exclusion 2.5 does not apply to the operation of:

- (a) any such component while being used to load or unload the vehicle; or
- (b) any fork hoist.

2.6 Person in Charge

Section 2 of this policy does not insure liability in respect of loss to the property of, or bodily injury to, any person, who at the time of the accident, was in charge of the insured vehicle.

2.7 Property in Care, Custody or Control

Section 2 of this policy does not insure liability for loss to any property that belongs to, or is in the care, custody or control of the Insured other than:

- (a) personal baggage and wearing apparel of any passenger; or
- (b) any trailer or caravan attached to an insured vehicle; or
- (c) any disabled vehicle being towed or recovered unless for hire or reward as part of a vehicle recovery service; and/or
- (d) the movement by the Insured of any vehicle which prevents or impedes the loading or unloading of the insured vehicle or the legitimate passage of the insured vehicle.

The maximum the Insurer will pay is \$10,000.

2.8 Transporting of a Load

Section 2 of this policy does not insure liability in connection with the transporting of a load to, or away from, the insured vehicle.

However, this exclusion 2.8 does not apply to the actual loading or unloading of the insured vehicle.

2.9 Vibration or Weight

Section 2 of this policy does not insure liability for loss to property (including a road) arising from:

- (a) vibration caused by the insured vehicle, or
- (b) the weight of the load carried by the insured vehicle, or
- (c) the weight of the insured vehicle, or
- (d) the combined weight of the load and the insured vehicle.

Exclusions to Sections 1 and 2

Exclusions 3.1 to 3.7 inclusive will not apply in respect of loss which results from fire, theft or conversion.

3.1 Description of Use

This policy does not insure loss to or liability arising from any insured vehicle while it is being driven outside the Description of Use.

3.2 Driving on Race Track

This policy does not insure loss to or liability arising from any insured vehicle while it is being driven on a race track, or for: pace making, reliability trials, hill climbs or speed tests, or being driven in preparation for any one of these activities.

3.3 Unsafe Condition

This policy does not insure loss to or liability arising from any insured vehicle while it is being driven in an unsafe condition which contributes to an accident. This includes any condition:

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

However, this exclusion 3.3 only applies if the Insured or the person in charge of the insured vehicle was aware, or with reasonable diligence ought to have been aware, of the unsafe condition.

3.4 Excessive Loads

This policy does not insure loss to or liability arising from any insured vehicle while it is loaded or operated in excess of the manufacturer's recommended specifications, or loaded contrary to the law; or its ancillary plant or machinery being operated contrary to the law.

However, this exclusion 3.4 only applies if the Insured, or the person in charge of the insured vehicle, was aware, or with reasonable diligence ought to have been aware, of the excessive load or legal requirement.

3.5 Breach of Licence

This policy does not insure loss to or liability arising from any insured vehicle while it is being driven by any person who is not the holder of a licence for the appropriate class and use applicable to the operation of the insured vehicle or its components, or who is breaching any condition of their licence.

This exclusion will not apply if the driver had held and is not disqualified from holding or obtaining, and actually obtains a licence, nor if the insured vehicle is being used for the purpose of teaching a learner to drive, if all requirements of the law are being complied with.

3.6 Illegal Activity

This policy does not insure loss to or liability arising from any insured vehicle while it is being driven by any person who:

- (a) is under the influence of any intoxicating substance or drug; or
- (b) has a proportion of alcohol in the breath or blood which exceeds the legal limit; or
- (c) fails to supply a blood or breath sample as required by law; or
- (d) fails to stop, or remain at the scene, following an accident as required by law.

3.7 Driving Hours

This policy does not insure loss to or liability arising from any insured vehicle while it is being driven in breach of the law relating to driving hours.

3.8 Confiscation

This policy does not insure loss or liability which is directly or indirectly caused by confiscation, nationalisation or destruction or damage to property by order of government, public or local authority.

3.9 Electronic Data

This policy does not insure any loss of whatsoever kind arising directly or indirectly out of:

- (a) the corruption, destruction or alteration of or damage to data, coding program or software; or
- (b) the unavailability of data or reduction in the functionality, availability or operation of hardware, software and embedded chips; or
- (c) any business interruption losses resulting therefrom.

Provided that this exclusion 3.9 will not apply where such loss occurs as a direct result of physical damage which is otherwise covered by this policy and any such loss will be settled in accordance with the policy conditions and sum insured limits.

3.10 Nuclear

This policy does not insure loss or liability which is caused by:

- (a) nuclear weapons material; or
- (b) ionising radiation or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel.

For the purpose of this exclusion 3.10(b) combustion includes any self-sustaining process of nuclear fission or fusion.

3.11 War and Terrorism

This policy does not insure death, injury, illness, loss, damage, liability, cost or expense of any nature directly or indirectly caused by, resulting from, or in connection with, any of the following regardless of any other contributing cause or event:

- (a) war, invasion, act of foreign enemies, hostilities or warlike operations (whether war is declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or
- (b) an act of terrorism.

For the purposes of this Exclusion 3.11(b) terrorism means an act including but not limited to the use of threat of force or violence by any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s) which from its nature or context is committed 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.

This policy also excludes death, injury, illness, loss, damage, liability, cost or expense of any nature directly or indirectly caused by, resulting from, or in connection with, any action taken in controlling, preventing, suppressing or in any way relating to this exclusion 3.11.

Claims Conditions

Claims Conditions applying to all policy sections

1.1 Claims

In the event of a claim or possible claim the Insured must:

- (a) take prompt steps to minimise loss and liability and to prevent further loss and liability; and
- (b) inform the Insurer as soon as possible; and
- (c) provide the Insurer with any information as may be reasonably required in connection with the claim; and
- (d) complete a claim form if requested by the Insurer.

The Insured must not, without the written consent of the Insurer:

- (a) incur any expense in making good any loss to the property of others or incur any legal expense; or
- (b) make any statement or take action which is an admission of liability; or
- (c) negotiate, pay, settle, admit or repudiate any claim made by another person.

The Insured is responsible for the payment of any excess to the repairer following a claim under Section 1 of this policy.

1.2 Fraud

If the Insured, or anyone else covered under this policy, is dishonest or fraudulent in any way in connection with a claim, the Insurer may, at its option:

- (a) decline part or all of the claim; or
- (b) elect to treat the policy as unenforceable by the Insured, and anyone else covered, from the date of the dishonesty or fraud.

For the purpose of this condition, and if the Insured comprises more than one person or Corporation, each of the Insured will be treated as having been issued with a separate policy.

1.3 Other Insurance

If at the time any claim arises under this policy there is any other insurance covering the loss or liability, this policy will only apply in excess of the other insurance, even if there is a similar insurance condition in the other insurance policy.

1.4 Other Interested Parties

Where any party other than the Insured has a financial interest in any insured vehicle the Insurer may, at its option, pay any claim under Section 1 to the interested parties in the order of their legal priorities and to the extent of their financial interest.

However, the Insurer's total liability will not exceed the amount it would have paid to the Insured.

1.5 Progress Payments

If a claim under Section 1 is covered, the Insurer will make progress payments to the Insured. The Insured must supply interim statements that are approved by the Insurer's assessor.

1.6 Settlement Option

The Insurer has the option to pay to the Insured the full amount of the Insurer's liability under Section 2, or any lesser amount for which the claim can be settled, plus costs and expenses incurred to date.

The Insurer will then give up the conduct of the defence or proceedings. The Insurer will not be liable for any further costs or expenses after this.

1.7 Subrogation

Once the Insurer agrees to indemnify the Insured, it may exercise for its own benefit any legal right of recovery the Insured has in connection with the claim, except as otherwise provided for by this policy.

The Insurer will do this at its own expense, but the Insured must cooperate fully.

1.8 Total Loss

If a claim for an insured vehicle is paid as a total loss (or constructive total loss), the insured vehicle then becomes the property of the Insurer unless otherwise agreed.

General Policy Conditions

Conditions applying to all policy sections

2.1 Alteration

If circumstances change during the period of insurance such that there is an:

- (a) increase to the nature of the risk covered; or
- (b) alteration to the nature of the risk covered;

the Insured must tell the Insurer as soon as the Insured becomes aware of the change.

Examples of changes are:

- (a) modifications made to the insured vehicle (excluding conversion to LPG or CNG);
- (b) a change in the use of the insured vehicle;
- (c) a change in the physical ability of any driver;
- (d) criminal convictions.

However, the cover provided by this policy will not be prejudiced by modifications or alterations to any insured vehicle from the maker's specifications provided such modifications do not prohibit any such insured vehicle from obtaining a Certificate or Warrant of Fitness, as applicable.

2.2 Cancellation

This policy may be cancelled by the Insured at any time by notice in writing. The Insurer will refund to the Insured any unexpired premium already paid on a pro rata basis.

The Insurer may also cancel this policy in writing to the Insured either delivered personally, posted, sent by facsimile or e-mailed to the address last known to the Insurer. Cancellation will be effective from 4pm on the 30th day after the day the letter is delivered, posted, faxed or e-mailed. A letter is deemed delivered 7 days after posting.

2.3 Compliance

It is a condition precedent to the Insurer's liability under this policy that:

- (a) the information given by the Insured, and anyone on the Insured's behalf, in connection with this policy and any claim is true and complete; and
- (b) the Insured, and anyone else covered under this policy, has complied with its terms.

For the purpose of this condition, and if the Insured comprises more than one person or Corporation, each of the Insured will be treated as having been issued with a separate policy.

2.4 Reasonable Care

The Insured must take all reasonable steps to protect the insured vehicle from loss and to avoid liability.

2.5 Goods and Services Tax

The market value of any insured vehicle and all policy limits and extension sub-limits exclude GST. GST will be added, where applicable, to any claim payments.

All excesses include GST.

2.6 Governing Law

The law of New Zealand governs this policy, and the courts of New Zealand have exclusive jurisdiction.

2.7 Headings

Headings used in this policy are for reference only. They do not form part of the policy and are not to be used as an aid to interpretation.

2.8 Misdescription

The cover provided by this policy will not be prejudiced by:

- (a) innocent alteration, misdescription or any other innocent inaccuracy;
- (b) innocent misrepresentation or non-disclosure of any material fact;

provided the Insured gives written notice to the Insurer as soon as practicable once the Insured becomes aware of the above and agrees to pay an appropriate additional premium if required by the Insurer.

For the purpose of this condition, and if the Insured comprises more than one person or Corporation, each of the Insured will be treated as having been issued with a separate policy.

2.9 One Contract

This policy and the schedule are one contract. The proposal or written submission by the Insured is incorporated in it.

2.10 Priority of Clauses

If there is any conflict or inconsistency between an extension and any other terms of this policy (other than the Policy Exclusions), then the terms most favourable to the Insured prevail.

The benefit, costs or indemnity payable under any Policy Extension is over and above such benefit, costs or indemnity that would otherwise be covered by this policy.

Definitions

The words below (and any derivatives of them) have the following meanings:

accessories

Accessories, consumables such as petrol (where loss is sudden and accidental), car tools, spare parts, load securing equipment and protection equipment of the vehicle, whether attached to or detached from the vehicle, such as (but not limited to): on board computers, telephone installations, satellite navigation devices (including such devices belonging to employees, while being used during work hours for work purposes), remote controls for attached plant, tarpaulins, sheets, ropes and chains in, on or in connection with the vehicle, but not any mobile telephone or personal audio equipment unless permanently attached to the vehicle.

accident

A happening or event occurring in New Zealand that is unintended and unexpected by the Insured.

bodily injury

The death of, or bodily injury to, any person, including disability, sickness, disease, shock, fright, mental anguish or mental injury.

Description of Use

Used by the Insured, or anyone with the Insured's consent:

for the Insured's business or occupation stated in the schedule;

for private, social or domestic purposes;

for a business or occupation comparable with the Insured's when temporarily lent out by the Insured.

driver

The person driving the insured vehicle or operating any equipment in it or on it. For the purposes of Section 1 automatic extensions 2.5, 2.9 and Section 2 automatic extension 2.3, where the driver is not the Insured, the driver must be using the insured vehicle with the Insured's consent.

excess

The first amount of any claim that the Insured must pay under Section 1 of this policy and is the Policy Excess stated in the schedule unless otherwise stated.

Insured

The Insured named in the schedule including any:

subsidiary company;

associated managed company;

associated social or sporting club;

employee, elected member, official, director or partner of the Insured, (a), (b) and (c) above, including any family member of any director;

new company or organisation formed or acquired by the Insured during the period of insurance.

insured vehicle

All vehicles and mobile plant (including their accessories) listed on the vehicle schedule and all other vehicles of every description (including their accessories), registered and unregistered, owned, used, leased, lent, borrowed, hired, or in the care, custody and/or control of the Insured or for which the Insured is responsible, including all vehicles whilst bearing any "X" plate or equivalent whilst anywhere in New Zealand;

but not including:

(a) any vehicle on rails unless that vehicle is operated on rails owned by the Insured; or

(b) any amphibious vehicle unless that vehicle is located on land when the loss occurs.

Insurer

The Insurer named in the schedule.

loss

physical loss, physical damage or physical destruction.

market value

The reasonable purchase price of the same, or a comparable vehicle, of similar pre-loss age and condition.

period of insurance

The period of time stated in the schedule. If this policy is renewed, the period of time stated in the most recent renewal invitation.

schedule

The most recent Schedule/Placing Slip (and any policy endorsements) issued to the Insured.

scope of cover

One of the following levels of cover:

(a) 'Comprehensive': All Sections of this policy apply; or

(b) 'Third Party Only': Only Section 2 and the Uninsured Third Party Protection extension under Section 1 of this policy apply;

(c) 'Third Party Fire and Theft': Sections 1 and 2 of this policy apply. However, in respect of Section 1 the cover is restricted to:

- (i) loss caused directly by fire, lightning, explosion, theft or illegal conversion of the insured vehicle; and
- (ii) loss covered by the Uninsured Third Party Protection extension.

trailer

Any trailer, boat trailer or truck trailer, and includes any other non self-propelled unit used solely for the conveying of goods.

vehicle

Any type of machine on wheels, tracks or rollers that is propelled by its own power (including attached plant) and anything designed to be towed by such a machine, including any trailered boat but only whilst on the trailer, and includes any signwriting on and fit out of such a machine.

vehicle schedule

The most recent underwriting schedule supplied to the Insurer, on behalf of the Insured, listing the vehicles covered under this policy and their market values.