

AssociationEdge Liability



AIG Insurance New Zealand Limited

Policy Wording



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ABOUT THE POLICY

Your policy is made up of this document, the Schedule and any Endorsements and they should all be read as one document. Your policy is a legal contract between you and the **Insurer**.

If you think that any details contained in these documents are not correct or if you need to change anything, you should ask your insurance intermediary to tell the **Insurer**.

There are specific conditions, specific exclusions and specific definitions that only apply to a specific policy Section. In addition, there are general conditions, general exclusions, general claims conditions and general definitions that are part of this policy and apply to each policy Section.

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Important Notice

Claims-made and Notified Insurance

Sections A1-A6 of this policy contains coverage on a claims-made and notified basis. This means that this policy only covers **Claims** first made against you during the **Policy Period** and notified to the **Insurer** in writing during the **Policy Period**. This policy does not provide cover for any **Claims** made against you during the **Policy Period** if at any time prior to the commencement of the **Policy Period** you became aware of facts which might give rise to those **Claims** being made against you.

Sections A1-A6 of this policy do not cover **Claims** arising out of, based upon or attributable to any:

- (i) facts alleged or the same or related acts, errors or omissions alleged or contained in any Claim which has or should have been notified or in any circumstances of which notice has or should have been given under any policy of which this policy is a renewal or replacement or which it may succeed in time; or
- (ii) any pending or prior civil, criminal, administrative or regulatory proceeding, investigation, arbitration or adjudication as of the Continuity Date, or alleging or deriving from the same or essentially the same facts as alleged in such actions.

Your Duty of Disclosure

Before you enter into a contract of insurance with the **Insurer**, you have a duty to disclose to the **Insurer** every matter that you know, or could reasonably be expected to know, is relevant to the **Insurer's** decision whether to accept the risk of the insurance and, if so, on what terms.

You have the same duty to disclose those matters to the **Insurer** before you renew, extend, vary or reinstate a contract of general insurance.

Your duty however does not require you to disclose a matter:

- that diminishes the risk to be undertaken by the Insurer;
- that is of common knowledge;
- that the Insurer knows or, in the ordinary course of business, ought to know; or
- as to which compliance with your duty is waived by the **Insurer**.

Non-disclosure

If you fail to comply with your duty of disclosure the **Insurer** may be entitled to reduce its liability under the contract in respect of a **Claim** or may cancel the contract.

If your non-disclosure is fraudulent, the Insurer may also have the option of avoiding the contract from its beginning.

For further details of the circumstances in which the **Insurer** has the ability to reduce, cancel or avoid cover, please see clause 2 of the General Provisions.

Privacy

The **Insurer** has adopted the Information Privacy Principles. The Information Privacy Principles apply to any personal information collected by the **Insurer**.

Purpose of collection

The **Insurer** collects personal information about you for the purposes of assessing your application for insurance and administering your policy. Failure to provide relevant personal information may result in the **Insurer** not being able to administer your policy, process any **Claim** under your policy or you may breach your duty of disclosure.

Disclosure

In the course of administering your policy the **Insurer** may disclose your information to:

- an entity to which the **Insurer** is related either in New Zealand or overseas;
- contractors or third party providers providing services related to the administration of your policy;
- banks and financial institutions for the purpose of processing your application for insurance and obtaining policy payments;
- in the event of a **Claim**, assessors, lawyers, third party administrators, emergency providers and medical providers;
- third party service providers to enable the **Insurer** to advise you of their insurance products or services; and
- reinsurers for the purpose of obtaining reinsurance, if required.

The **Insurer** will only disclose your personal information to these parties for the primary purpose for which it was collected or to enable the **Insurer** to advise you of our insurance products or services. In some circumstances the **Insurer** is entitled to disclose your personal information to third parties without your authorisation such as law enforcement agencies or government authorities.

Access to your information

You may gain access to your information by submitting a written request to the **Insurer**. In some circumstances the **Insurer** may not permit access to your personal information. Circumstances where access may be denied include where it would compromise the privacy of other individuals or where it would be unlawful.

The **Insurer** has also established an internal dispute resolution process for handling customer complaints and an access and correction procedure. Both procedures are generally free of charge however the **Insurer** reserves the right to charge for access requests in limited circumstances.

If you feel you have a complaint about the **Insurer's** information privacy principles, require assistance in lodging a privacy complaint or you wish to gain access to your information, you may write to:

The Privacy Manager

AIG Insurance New Zealand Limited
PO Box 1745, Shortland Street, Auckland 1140
(64) 9 355 3100

Your complaint will be reviewed and you will be provided with a written response. If it cannot be resolved, your complaint will be referred to the Internal Disputes Resolution Committee who will respond within 15 business days. In either case the matter will be reviewed by a person or persons with appropriate authority to deal with the complaint. Should your complaint not be resolved by the **Insurer's** internal dispute resolution process, you may take your complaint to the Privacy Commissioner for review of the determination.

Dispute Resolution Process

We are committed to handling any complaints about our products or services efficiently and fairly.

If you have a complaint about our products or services, contact your insurance intermediary and they may raise it with us.

If your complaint is not satisfactorily resolved you may request that your matter be reviewed by management by writing to:

The Compliance Manager

AIG Insurance New Zealand Limited
PO Box 1745, Shortland Street, Auckland 1140
(64) 9 355 3100

If you are still unhappy, you may request that the matter be reviewed by our Internal Dispute Resolution Committee. We will respond to you with the Committee's findings within 15 business days.

If you are not satisfied with the finding of the **Committee**, you may be able to take your matter to the insurance industry's independent dispute resolution body. This external dispute resolution body can make decisions with which we are obliged to comply.

Fair Insurance Code

The **Insurer** is a signatory to the Fair Insurance Code. This Code aims to raise the standards of practice and service in the insurance industry, and it includes the following:

When you lodge a claim we will tell you in plain language what information we need and how you should go about making a claim.

We will respond promptly to any request you make for assistance with a claim and it will be considered and assessed promptly.

SCHEDULE

Words in **bold** typeface have special meaning - see this Schedule and Definitions.
Please read this policy carefully and review its cover with your insurance agent or broker.

Policy Number	<>
Association	<>
Association's Main Address	C/- <> <> <>
Description of Business	<>
Policy Period	From: 4pm on <> To: 4pm on <>
Premium	As Agreed

SECTION A1 – A6

Section A

Limit Type: <>

Management Liability	up to the full limit (aggregate) / \$amount (separate)	
	Occupational Health & Safety	\$500,000
	Public Relations Services	\$50,000
	Extradition Proceedings	\$100,000
Association Liability	up to the full limit (aggregate) / \$amount (separate)	
	Accidental Death	\$100,000 per Insured Executive up to \$500,000
	Breach of Contract – Defence Costs	\$100,000
	Identity Fraud	\$100,000
	Crisis Event	\$50,000
	Internet Liability	\$250,000
	Registration Decisions	\$20,000
	Tax Status Costs	\$75,000
	Lost Documents	\$500,000
Employment Practices Liability	<>	
	Third Party Discrimination	\$500,000
Statutory Liability	<>	
Employers' Liability	<>	
Crime	\$150,000	
	Destruction and Damage of Money or Negotiable Instruments – Fire, Storm or Natural Disaster	\$100,000
	Legal Fees	\$50,000
	Reconstitution Costs	\$50,000

	Investigative Specialist Fees	\$100,000
	Public Relations Costs	\$100,000
Costs for Criminal Prosecution	\$50,000	
Regulatory Crisis Response	\$100,000	

Retentions	Nil	each and every Claim , in the case of Management Liability
	\$500	each and every Claim , in the case of Reimbursement
	\$500	each and every Claim , in the case of Association Liability
	\$5,000	each and every Claim, in the case of Employment Practices Liability
	\$500	each and every Claim, in the case of Statutory Liability
	\$500	each and every Claim, in the case of Employers' Liability
	\$10,000	each and every Claim, in the case of Crime
	Nil	each and every Claim, in the case of Crisis Event
	Nil	each and every Claim, in the case of Public Relations Services
	\$500	each and every Claim, in the case of Registration Decisions
	\$500	each and every Claim, in the case of Lost Documents
	Nil	each and every Claim, in the case of Accidental Death Benefit
	\$500	each and every Claim, in the case of Internet Liability
	\$500	each and every Claim, in the case of Costs for Criminal Prosecution
Retroactive Date		
Continuity Date		

SECTION A7 – GENERAL LIABILITY

Limit of Liability	\$<Policy Limit>	each Occurrence in respect of General Liability
	\$<Policy Limit>	each Occurrence and in the Aggregate any one Policy Period in respect of Product Hazard
	\$250,000	for Care, Custody and Control
	\$250,000	for Forest and Rural Fires Act
	\$250,000	for Innkeeper's Liability
	\$<Policy Limit>	for Landlord's Liability
	\$250,000	for Product Withdrawal Expenses
	\$1,000,000	for Punitive or Exemplary Damages
	\$250,000	for Service, Repair & Storage Liability
	\$<Policy Limit>	for Tenants Liability
	\$<Policy Limit>	for Underground Property Warranty
	\$250,000	for Vibration and Removal of Support

Deductible	\$500	each Occurrence ; except
	\$500	for Care, Custody and Control
	\$500	for Forest and Rural Fires Act
	\$500	for Innkeeper's Liability
	\$500	for Landlord's Liability
	\$2,500	for Product Withdrawal Expenses
	\$500	for Punitive and Exemplary Damages
	\$1,000	for Service, Repair & Storage Liability
	\$500	for Tenants Liability
	\$2,500	for Underground Property Warranty
	\$5,000	for Vibration and Removal of Support
Designated Contracts	Nil	

SECTION B – COSTS AND EXPENSES (AGGREGATE)

Section B Limit of Liability	\$500,000 (aggregate)
Management Liability	up to the full limit (aggregate)
Association Liability	up to the full limit (aggregate)
Employment Practices Liability	up to the full limit (aggregate)
Statutory Liability	up to the full limit (aggregate)
Employers' Liability	up to the full limit (aggregate)

A single **Retention** shall apply to Section A and Section B

Premium	As agreed	
Claims Notice	Claims Manager AIG Insurance New Zealand Limited PO Box 1745, Shortland Street, Auckland 1140	
	Telephone:	+64 (0) 9 355 3100
	Facsimile:	+64 (0) 9 355 3135

All amounts expressed in this Policy and the attached Schedule are exclusive of Goods & Services Tax where payable by law.

Signed for and on behalf of the Insurer:	
Date of Policy Issuance:	8 August 2018

POLICY SECTION A1 – MANAGEMENT LIABILITY

In consideration of the payment of the premium or agreement to pay the premium, the Insurer and the Association agree as follows:

Covers

1. Individuals

The **Insurer** shall pay the **Loss** of each **Insured Person** arising from **Management Liability**, except to the extent that the **Insured Person** has been indemnified by the **Association** for such **Loss**.

2. Outside Entity Directors

The **Insurer** shall pay the **Loss** of each **Outside Entity Director** arising from **Management Liability**, except to the extent that the **Outside Entity Director** has been indemnified for such **Loss**.

3. Association Reimbursement

The **Insurer** shall reimburse or pay on behalf of the **Association** any **Loss** for which it has indemnified an **Insured Person** arising from **Management Liability**.

Extensions

1. Assets and Liberty Costs

The **Insurer** shall pay:

- (i) any Bail Bond and Civil Bond Premium;
- (ii) Prosecution Costs; and
- (iii) the reasonable fees, costs and expenses incurred by any Insured Person arising from any Asset and Liberty Proceeding.

2. Investigations

The Insurer shall pay the **Investigation Costs** of each **Insured Person** arising from an **Investigation**.

3. Occupational Health & Safety

The Insurer shall pay the Defence Costs and Investigation Costs of any Insured Person arising from an Occupational Health and Safety Incident.

4. Public Relations Services

The **Insurer** shall pay, up to an aggregate amount as per Schedule for reasonable fees, costs and expenses of **Public Relations Consultants** to provide **Public Relations Services** in connection with a covered **Claim**, **Critical Regulatory Event** or **Investigation**, where such **Public Relations Services** are not otherwise specifically covered elsewhere in this policy.

5. Extradition Proceedings

The **Insurer** shall pay:

- (i) the reasonable fees, costs and expenses incurred by any Insured Person arising from any extradition proceeding; and
- (ii) up to an aggregate amount as per Schedule for the reasonable fees, costs and expenses incurred by any Office Bearer for each of (a) and (b) below:
 - (a) an accredited crisis counsellor and/or tax advisor retained by an Insured Person approved by the Insurer; and
 - (b) Public Relations Consultants to provide Public Relations Services in extradition proceedings brought against such Insured Person.

6. Run-off for Retired Insured Persons

The **Insurer** will provide:

- (i) an unlimited Discovery Period for any Insured Person; or
- (ii) a Discovery Period of twelve years for any Superannuation Trustee;

who retires or resigns prior to or during the **Policy Period**, other than by reason of a **Transaction**, and provided that:

- (a) the cover purchased under this policy is not renewed or replaced; or
- (b) where the cover purchased under this policy is renewed or replaced, such renewal or replacement policy does not provide an extended discovery provision of at least six (6) years for such person.

7. Superannuation Schemes

With respect to Policy Section A1 – Management Liability only, **Insured Person** is extended to include any fiduciary capacity held by an **Insured Person** acting for or on behalf of the **Association** in the operation, administration or sponsorship of any superannuation, profit sharing or **Employee** benefits programme.

8. Access to Complimentary Legal Advice

The **Insurer** has arranged for the **AssociationEdge Advisory Panel** to provide at no extra charge confidential legal advice of up to one hour per enquiry deriving from the same or related facts, to any **Insured Person** during the **Policy Period** with respect to:

- (i) employment law;
- (ii) occupational health and safety law; and
- (iii) general commercial law;

concerning the duties and obligations of an **Insured Person** under the relevant laws of New Zealand.

Exclusions

The **Insurer** shall not be liable for **Loss** under Policy Section A1 – Management Liability:

1. Bodily Injury and/or Property Damage

for **Bodily Injury and/or Property Damage**. This exclusion shall not apply to:

- (i) any Claim for emotional distress with respect to Employment Practices Liability or Third Party Discrimination; or
- (ii) Policy Section A1 – Management Liability Extension 3 ‘Occupational Health & Safety’ and General Terms & Conditions Extension 2 ‘Regulatory Crisis Response’.

2. Conduct

arising out of, based upon or attributable to:

- (i) the gaining of profit or advantage to which the Insured was not legally entitled; or
- (ii) the committing of any dishonest or fraudulent act,

in the event that any of the above is established by final adjudication of a judicial or arbitral tribunal or by any formal written admission by the **Insured**.

3. Statutory Liability and Employment Practices Liability

any **Claim** arising out of, based upon or attributable to **Statutory Liability** or **Employment Practices Liability** other than by the application of Policy Section A1 – Management Liability - Exclusion 1 – Bodily Injury and/ or Property Damage above.

4. Deliberate or Intentional conduct

for a deliberate, intentional or reckless act or omission.

Definitions

In Policy Section A1 – Management Liability the following words in **bold** shall have the definitions that follow:

1. Asset and Liberty Proceeding

any proceeding brought against any **Insured Person** by any **Official Body** seeking:

- (i) confiscation, assumption of ownership and control, suspension or freezing of rights of ownership of real property or personal assets of an Insured Person;
- (ii) a charge over real property or personal assets of such Insured Person;
- (iii) a temporary or permanent prohibition on such Insured Person from holding the office of or performing the function of a Governor;
- (iv) a restriction of such Insured Person's liberty to a specified domestic residence or an official detention; or
- (v) deportation of an Insured Person following revocation of otherwise proper, current and valid immigration status for any reason other than such Insured Person's conviction of a crime.

2. Bail Bond and Civil Bond Premium

the reasonable premium (but not collateral) for any bond or other financial instrument to guarantee an **Insured Person's** contingent obligation for a specified amount required by a court hearing a **Claim**.

3. Management Liability

- (i) any liability arising from any actual or alleged act, error or omission of any **Insured Person** or arising solely because of any person's status as an **Insured Person**; or
- (ii) with respect to Policy Section A1 – Management Liability Cover 3 'Association Reimbursement' any liability arising from any Investigation, Occupational Health and Safety Incident or extradition proceedings.

4. Occupational Health & Safety Incident

any actual or alleged breach of an occupational health and safety law or regulation, including a law or regulation dealing with industrial or workplace deaths.

5. Prosecution Costs

reasonable fees, costs and expenses incurred, with the **Insurer's** prior written consent, by an **Insured Person**, to bring legal proceedings for a declaration and/or an injunction in connection with any **Asset and Liberty Proceedings**.

6. Public Relations Services

services provided by the **Public Relations Consultants** to an **Insured Person** directly to mitigate the adverse effect or potential adverse effect on an **Insured Person's** reputation.

POLICY SECTION A2 - ASSOCIATION LIABILITY

In consideration of the payment of the premium or agreement to pay the premium, the **Insurer** and the **Association** agree as follows:

Covers

1. Association Liability

The Insurer shall pay the Loss of the Association arising from Association Liability.

2. Accidental Death

The **Insurer** will pay up to an aggregate amount as per Schedule for each **Insured Executive** and as per Schedule in the aggregate to the **Association** in the event of the **Accidental Death** of an **Insured Executive** during the **Policy Period**.

3. Professional Liability

The Insurer shall pay the Loss of any Insured arising from Professional Liability

Extensions

1. Breach of Contract

The **Insurer** shall pay, up to an aggregate amount as per Schedule the **Defence Costs** of the **Association** arising from any **Claim** regarding an alleged breach by the **Association** of any express (written or oral) contract or agreement.

2. Identity Fraud

If any party other than an **Insured Person** enters into any agreement with any third party entity fraudulently representing themselves as the **Association**, then the **Insurer** shall pay, up to an aggregate amount as per Schedule any reasonable fees, costs and expenses incurred by the **Association** in establishing that such fraudulent misrepresentation has occurred, should the third party entity seek to enforce such agreement against the **Association**.

3. Crisis Event

The **Insurer** shall pay, up to an aggregate amount as per Schedule the **Association's** reasonable fees, costs and expenses of **Public Relations Consultants** to mitigate the adverse effect or potential adverse effect on the **Association's** reputation with respect to a **Crisis Event**.

4. Disappearance of Insured Executive

If an **Insured Executive** disappears during the **Policy Period** and after 12 months it is reasonable for the **Insurer** to believe that the **Insured Executive** has suffered an **Accidental Death**, the **Insurer** will pay to the **Association** the benefit specified under Policy Section A2 – Association Liability - Cover 2 'Accidental Death', subject to receiving a signed undertaking from the **Association** that any such benefit shall be refunded if it is later demonstrated that the **Insured Executive** did not in fact suffer **Accidental Death**.

5. Access to Complimentary Legal Advice

The **Insurer** has arranged for the **AssociationEdge Advisory Panel** to provide at no extra charge confidential legal advice of up to one hour per enquiry deriving from the same or related facts to the **Association** during the **Policy Period** with respect to:

- (i) employment law;
- (ii) occupational health and safety law; and
- (iii) general commercial law;

concerning **Association Liability** under the relevant laws of New Zealand.

6. Internet Liability

The **Insurer** shall pay the **Loss** of the **Association** due to a **Claim** made against the **Association** alleging:

- (i) Privacy Breach on the Internet;
- (ii) transmission of a Computer Virus (whether by the Internet or otherwise);
- (iii) Unauthorised Material Use on the Internet; or
- (iv) Defamation over the Internet.

7. Professional Liability Reinstatement Limit

Upon notification to the **Insurer** during the **Policy Period** of any **Claim** made against the **Insured** or of circumstances which are likely to give rise to a **Claim** for **Professional Liability**, this policy shall be deemed to be reinstated for such amount, if any, as may ultimately be paid by the **Insurer** in respect of such **Claim**, so as to remain in force during the **Policy Period** for the **Limit of Liability**, provided always that the aggregate of the amounts so reinstated shall not exceed an amount equal to the **Limit of Liability**

8. Registration Decisions

Association Liability is extended to **Defence Costs** arising out of any challenge to a decision of the **Association** not to register or to remove from the register someone as a **Registered Person** in New Zealand. The total of all payments under this Extension will not exceed the amount as per Schedule in the aggregate. A separate retention as per Schedule will apply to each **Claim** covered under this Extension.

9. Tax Status Costs

The **Insurer** shall pay as **Defence Costs**, up to an aggregate amount as per Schedule, any **Tax Status Costs** if the **Association** retains a qualified accountant or registered tax agent to manage its tax affairs.

10. Lost Documents

With respect to a Third Party's Documents:

- (i) for which an Insured is legally responsible; and
- (ii) that, during the Policy Period, have been destroyed, damaged, lost, distorted, erased or mislaid solely in the performance or non-performance of Professional Services,

Loss shall also include costs and expenses reasonably incurred by the **Insured** in replacing or restoring such **Documents** provided that:

- (i) such loss or damage is sustained while the **Documents** are either:
 - (a) in transit; or
 - (b) in the custody of the Insured or of any person to whom the Insured has entrusted them;
- (ii) where the lost or mislaid **Documents** have been the subject of a diligent search by or on behalf of the **Insured**;
- (iii) the amount of any **Claim** for such costs and expenses shall be supported by evidence of expenditure that shall be subject to written approval by a competent person to be nominated by the **Insurer** with the consent of the **Insured**; and
- (iv) the **Insurer** shall not be liable for any **Claim** arising out of wear, tear and/or gradual deterioration, moth and vermin, or other matters beyond the **Insured's** control.

This Extension will be subject to a Sub-limit of Liability as per Schedule. A separate retention as per Schedule will apply to each **Claim** covered under this Extension.

11. Intellectual Property

The Insurer will pay on behalf of the Insured any Loss resulting from any Claim for any Infringement.

Exclusions

The Insurer shall not be liable for Loss under Policy Section A2 - Association Liability

1. Anti-competitive Practices

in connection with any **Claim** made for any actual or alleged violation of any law, whether statutory, regulatory or common law, with respect to any of the following activities: anti-trust, business competition, unfair trade practices or tortious interference in another's business or contractual relationships.

2. Benefits

arising out of, based upon or attributable to any law or obligation pursuant to any workers' compensation, disability benefits, redundancy or unemployment benefits or compensation, unemployment insurance, retirement benefits, social security benefits, superannuation benefits or any similar law or obligation whatsoever.

3. Bodily Injury and/or Property Damage

for Bodily Injury and/or Property Damage.

4. Conduct

arising out of, based upon or attributable to:

- (i) the gaining of profit or advantage to which an **Insured** was not legally entitled, or
- (ii) the committing of any dishonest or fraudulent act,

in the event that any of the above is established by final adjudication of a judicial or arbitral tribunal or by any formal written admission by the **Insured**.

In respect of Policy Section 2 – Association Liability Cover 3 'Professional Liability' only, arising out of, based upon or attributable to any:

- (i) deliberate or reckless **Breach of Duty**;
- (ii) acts or omissions of dishonesty which the **Insured** knew of or had reasonable cause for suspicion
- (iii) act which a court, official tribunal or arbiter finds, or which an **Insured** admits, to be a criminal, dishonest or fraudulent act; provided, however, that this Exclusion shall not apply for fraudulent or dishonest conduct of an **Insured Person** within the meaning of **Professional Liability**

5. Contract

arising out of, based upon or attributable to any liability of the **Association** under any contract or agreement. This exclusion shall not apply to:

- (i) any **Association** liability that would have attached in the absence of such contract; and
- (ii) Policy Section A2 – Association Liability Extension 1 'Breach of Contract'.

6. Statutory Liability, Employment Practices Liability & Third Party Discrimination

any **Claim** arising out of, based upon or attributable to **Statutory Liability**, or **Employment Practices Liability** or **Third Party Discrimination** other than by the application of Policy Section A2 – Association Liability - Exclusion 3 - Bodily Injury and/or Property Damage above.

7. Patent/Trade Secret

arising out of, based upon or attributable to the breach of any licence concerning infringement of, or misappropriation of patents or **Trade Secrets**. This exclusion shall not apply to any **Claims** made under Policy Section A2 – Association Liability - Extension 6 'Internet Liability';

8. Specified Accidental Death

the **Insurer** shall not be liable for the **Accidental Death** of an **Insured Executive** which arises out of the **Insured Executive**:

- (i) engaging in any aerial activity, except as a passenger (and not as a pilot or crewmember) in any aircraft licensed to carry passengers;
- (ii) committing suicide, or a criminal or illegal act;
- (iii) being pregnant, or giving birth or having a miscarriage;
- (iv) having Acquired Immune Deficiency Syndrome (A.I.D.S.) disease or Human Immunodeficiency Virus (H.I.V.) infection;
- (v) training for or participating as a professional in any sport;
- (vi) racing in or on any motor powered device;
- (vii) being in control of any motor powered device whilst having a blood alcohol level over the prescribed legal limit or being under the influence of any other drug, unless it was prescribed by a legally qualified medical practitioner; or
- (viii) being exposed to radioactive materials in any form whatsoever whether occurring naturally or otherwise.

9. Pollution

arising out of, based upon or attributable to a **Pollution Condition**.

10. Known Material / Professional IT

arising out of, based upon or attributable to

- (i) any material which is published or posted on the **Insured's** own websites, bulletin boards or chat rooms unless the **Insured** has no knowledge of either the content or source of the material; or
- (ii) to the extent that the **Insured** is providing information technology services to a third party.

Definitions

In Policy Section A2 - Association Liability the following words in **bold** shall have the definitions that follow:

1. Accidental Death

death resulting from an accident caused by sudden, violent, external and visible means and occurring solely and directly and independently of any other cause including any pre-existing physical or congenital condition; or exposure to the elements. **Accidental Death** does not include death as a result of a sickness or disease.

2. Association Liability

any liability arising from any actual or alleged act, error or omission of an **Association**, except with respect to any **Employment Practices Liability** or **Third Party Discrimination**.

3. Breach of Duty

any actual or alleged breach of duty, negligent act, error, misstatement, breach of confidentiality or omission in the performance or failure to perform **Professional Services**.

4. Computer Virus

any programme or code that causes loss or damage to any computer system and/or any prevents or impairs any computer system from performing and/or functioning accurately and/or properly.

5. Crisis Event

any of the following unforeseen events occurring during the **Policy Period** where, in the reasonable opinion of the chief executive officer of the **Association**, the event has the potential to make a material impact on the consolidated annual revenues or the reputation of the **Association** if left unmanaged:

- (i) the sudden, unexpected death or disability of any Governor;

- (ii) the criminal conviction of any Governor;
- (iii) loss of a major customer, contract or credit facility
- (iv) Employee workplace violence;
- (v) the first apparent unauthorized intrusion into the Association's computer facilities;
- (vi) a recall or boycott of any product;
- (vii) a man-made disaster; or
- (viii) any criminal or fraud investigation.

Crisis Event does not include an event that affects the **Association's** industry or geography in general; rather than the **Association**, specifically.

6. Defamation

defamation including but not limited to belittling of a product or work (whether completed or not) of others.

7. Documents

means all documents of any nature whatsoever including computer records and electronic or digitized data; but does not include any currency, negotiable instruments or records thereof.

8. Infringement

an infringement of any intellectual property right of a **Third Party**, other than patents and **Trade Secrets**.

9. Insured Executive

any natural person who is, at the time of his or her **Accidental Death**:

- (i) aged between 18 years and 70 years; and
- (ii) was duly elected or validly appointed director or trustee (other than a trustee of an insolvent entity) or governor or executive officer of the Association in each case appointed to the management board of the Association or person with duties equivalent with any of the foregoing.

10. Internet

via the **Association's** website or via use of the world wide web, internet or electronic mail from the **Association's** controlled computer, mobile device or network.

11. Misleading or Deceptive Conduct

means any actual or alleged misleading or deceptive conduct at law or under the Fair Trading Act 1986.

12. Privacy Breach

breach of confidentiality or infringement of any right to privacy, including any alleged breach of the terms of the Privacy Act 1993 or any amendment to or re-enactment thereof.

13. Professional Liability

liability arising from:

- (i) any Breach of Duty or Misleading or Deceptive Conduct of the Insured;
- (ii) any Infringement;
- (iii) Defamation committed by the Insured; or
- (iv) fraudulent or dishonest conduct of any Insured Person
 - (a) not condoned, expressly or implicitly, by the Association; and
 - (b) that results in liability to the Association;

provided, however, that no cover is provided to the person committing the fraudulent or dishonest conduct; provided also that (i), (ii), (iii) and (iv) first takes place on or after the **Retroactive Date** and is solely in the performance of or failure to perform **Professional Services**

14. Professional Services

the following professional services provided by the **Association**:

- (i) advocacy and promotion of the Association's objectives and area of focus or interest, including publication or information in any media type;
- (ii) registration, training and accreditation of members;
- (iii) publication of professional or technical standards;
- (iv) acting as an insurance intermediary for the purpose of distributing personal lines, general and/ or life insurance to members;
- (v) events for members and others that promote the Association's area of focus or interest; or
- (vi) fundraising activities.

Professional Services does not mean:

- (a) the provision of legal, financial or investment advice; or
- (b) medical treatment, medical care or medical advice.

15. Registered Person

means a person registered by the **Association** as a member of a professional body as part of the **Association's Professional Services**.

16. Tax Status Costs

reasonable and necessary fees, costs and expenses incurred by or on behalf of the **Association** with the **Insurer's** prior written consent to exercise any right of review or available remedy in connection with a New Zealand Inland Revenue audit or Department of Internal Affairs or Charities Registration Board decision concerning the **Association's** tax or charitable status.

17. Third Party

means any entity or natural person; provided, however, **Third Party** does not mean:

- (a) any **Insured**; or
- (b) any other entity or natural person having a financial interest in the operation of the **Association** or an **Executive** of the **Association**.

18. Trade Secrets

means information that derives independent economic value, actual or potential, from not being generally known and not being readily ascertainable through proper means by other persons who can obtain economic advantage from its disclosure or use.

19. Unauthorised Material Use

unauthorised taking for use of any advertising idea, material, slogan, style or title of others; and unauthorised use of names, domain names, trade names, trade addresses, service marks, service names, titles, slogans, formats, characters, character names, characterisations, plots, musical compositions, performances, logos, artwork, graphics, photographs or program materials.

POLICY SECTION A3 - EMPLOYMENT PRACTICES LIABILITY

In consideration of the payment of the premium or agreement to pay the premium, the **Insurer** and the **Association** agree as follows:

Covers

1. Employment Practices Liability

The Insurer shall pay the Loss of the Association arising from Employment Practices Liability.

2. Third Party Discrimination

The **Insurer** shall pay, up to an aggregate amount as per schedule, the **Loss** of the **Association** arising from any harassment of or discrimination against any natural person third party who is not an **Employee**.

Extension

1. Access to Complimentary Legal Advice

The **Insurer** has arranged for the **AssociationEdge Advisory Panel** to provide at no extra charge confidential legal advice of up to one hour per enquiry deriving from the same or related facts to the **Association** during the **Policy Period** with respect to employment law under the relevant laws of New Zealand.

2. Insured Person Employment Practices Liability

The Insurer shall pay the Loss of each Insured Person arising from Employment Practices Liability.

Exclusions

The **Insurer** shall not be liable for **Loss** under Policy Section A3 – Employment Practices Liability:

1. Anti-competitive Practices

in connection with any **Claim** made for any actual or alleged violation of any law, whether statutory, regulatory or common law, with respect to any of the following activities: anti-trust, business competition, unfair trade practices or tortious interference in another's business or contractual relationships.

2. Benefits

arising out of, based upon or attributable to any law or obligation pursuant to any workers' compensation, disability benefits, redundancy or unemployment benefits or compensation, unemployment insurance, retirement benefits, social security benefits, superannuation benefits or any similar law or obligation whatsoever. However, this policy will cover **Loss** and/or make a payment in connection with any **Claim** arising out of, based upon or attributable to any **Redundancy** if, in regard to the **Redundancy**, the **Insured**:

- (i) instructed an external solicitor qualified in employment law ("Solicitor"); and
- (ii) obtained legal advice from the Solicitor ("Advice"); and
- (iii) complied with the Advice; and
- (iv) made every effort to limit the Loss and/or likelihood of a Claim arising.

3. Bodily Injury and/or Property Damage

for **Bodily Injury and/or Property Damage**. This exclusion shall not apply to any **Claim** for emotional distress.

4. **Conduct**

arising out of, based upon or attributable to:

- (i) the gaining of profit or advantage to which an Insured was not legally entitled; or
- (ii) the committing of any dishonest or fraudulent act,

in the event that any of the above is established by final adjudication by a judicial or arbitral tribunal or any formal written admission by the **Insured**.

5. **Intellectual Property Rights**

in connection with any **Claim made** for any actual or alleged plagiarism, misappropriation, infringement or violation of copyright, patent, trademark, trade secret or any other intellectual property rights.

6. **Pollution**

arising out of, based upon or attributable to a **Pollution Condition**.

POLICY SECTION A4 - STATUTORY LIABILITY

In consideration of the payment of the premium or agreement to pay the premium, the **Insurer** and the **Association** agree as follows:

Cover

1. Statutory Liability

The **Insurer** shall pay the **Loss** of any **Insured** due to a **Claim** for **Statutory Liability**.

Extension

1. Access to Complimentary Legal Advice

The **Insurer** has arranged for the **AssociationEdge Advisory Panel** to provide at no extra charge confidential legal advice of up to one hour per enquiry deriving from the same or related facts to any **Insured** during the **Policy Period** with respect to **Statutory Liability**.

Exclusions

The **Insurer** shall not be liable for any **Loss** under Policy Section A4 – Statutory Liability for:

1. Deliberate or Intentional Conduct

an act or omission that is alleged to have been deliberate, intentional or reckless, unless the **Insured** is subsequently acquitted in direct relation to this act or omission.

2. Specific Acts

- (i) any of the following statutes: Arms Act 1983; Aviation Crimes Act 1972; Crimes Act 1961; Land Transport Act 1988; Proceeds of Crime Act 1991; Summary Offences Act 1981; Transport Act 1962; Transport (Vehicle and Driver Registration and Licensing) Act 1986 or any amendment thereof;
- (ii) any violation of any law or regulation with respect to vehicular, air or marine traffic;
- (iii) any violation of any law or regulation with respect to tax, rate, duty, levy, charge, fee or any other revenue charge or impost; or
- (iv) any violation of any law or regulation with respect to any anti-trust, business competition, unfair trade practices or tortious interference in another's business or contractual relationships.

POLICY SECTION A5 - EMPLOYERS LIABILITY

In consideration of the payment of the premium or agreement to pay the premium, the **Insurer** and the **Association** agree as follows:

Cover

1. Employers Liability

The **Insurer** shall pay the **Loss** of the **Association** due to a **Claim** for **Personal Injury** sustained by an **Employee**.

Extensions

1. Access to Complimentary Legal Advice

The **Insurer** has arranged for the **AssociationEdge Advisory Panel** to provide at no extra charge confidential legal advice of up to one hour per enquiry deriving from the same or related facts to the **Association** during the **Policy Period** with respect to for **Personal Injury** sustained by an **Employee**.

Exclusions

The **Insurer** shall not be liable for **Loss** under Policy Section A5 – Employers Liability for:

1. Personal Injury Legislation

any **Claim** for any costs or compensation for which cover, to any extent is, provided by the Accident Compensation Act 2001, the Accident Insurance Act 1998 or the Accident Rehabilitation and Compensation Insurance Act 1992 or any amendment to or re-enactment of those Acts or would be provided by those Acts but for the **Association** being an exempt employer under the Acts.

2. Jurisdiction

any **Claim** as a result of any judgement entered in any Court other than a New Zealand Court having jurisdiction to deal with the dispute and applying the law of New Zealand, or any debt incurred by the **Association** as the result of such a judgement.

3. Indirect Activities

any **Claim** arising from **Employee** engaged in any activity or occupation not directly part of the **Business** of the **Association**.

4. Radiation

any **Claim** directly or indirectly caused by or contributed to by or arising from:

- (i) ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel; or,
- (ii) the radioactive toxic explosive or other hazardous properties or any explosive nuclear assembly or nuclear component thereof.

5. Fine or Penalty

any fine or penalty levied against the **Association**, except by way of punitive or exemplary damages.

6. Non Compliance

any **Claim** directly or indirectly caused by or alleged to be caused by or contributed to, in whole or in part, by the **Association** failing to take all reasonable precautions to prevent **Personal Injury**, and to make best efforts to comply with all statutory obligations.

POLICY SECTION A6 - CRIME PROTECTION

In consideration of the payment of the premium or agreement to pay the premium, the **Insurer** and the **Association** agree as follows:

Covers

1. Fraud or Dishonesty

The **Insurer** shall pay the **Association** for **Direct Financial Loss** resulting from any acts of fraud or dishonesty committed by any **Insured Person** (acting alone or in collusion with others) with the principal intent to cause the **Association** to sustain such **Direct Financial Loss** or to obtain a personal financial gain.

2. Third Party Crime

The Insurer shall pay the Association for Direct Financial Loss resulting from any Theft or Fraudulent Act committed by any Third Party.

3. Electronic and Computer Crime

The **Insurer** shall pay the **Association** for other than by the application of Exclusion 3 - Bodily and/or Property Damage above, **Loss** resulting from any **Electronic and Computer Crime** committed by a **Third Party**.

4. Destruction and Damage of Money or Negotiable Instruments

The **Insurer** shall pay the **Direct Financial Loss** of the **Association** directly resulting from the physical loss of or damage to or actual destruction or disappearance of the **Association's Money** or **Negotiable Instruments** including damage to or actual destruction of safes or vaults. If such loss or damage is caused by fire, storm or natural disaster, then maximum amount payable for such loss is as per Schedule payable as part of the **Limit of Liability**.

5. Care, Custody and Control

The **Insurer** shall pay the liability of any **Direct Financial Loss** arising from any claim against the **Association** by any **Third Party** or other organisation, provided the **Association**:

- (i) has in its care, custody or control the **Money, Negotiable Instruments** or other **Property** belonging to that **Third Party** or other organisation; and
- (ii) is liable to that **Third Party** or other organisation for such **Direct Financial Loss**.

6. Criminal Damage to Property

The **Insurer** shall pay the **Association** for **Direct Financial Loss** resulting from **Criminal Damage** where such **Direct Financial Loss** occurs within the **Premises** and is committed with the principal intent to cause such **Direct Financial Loss**.

7. Erroneous Funds Transfer

The **Insurer** shall pay the **Association** for **Direct Financial Loss** resulting from unlawful taking by a third party of **Money** or **Negotiable Instruments** erroneously directed or erroneously transferred by the **Association**.

This Cover (Erroneous Funds Transfer) is provided on the proviso, and to the extent that any such recovery is unsuccessful, that the **Association** exhausts every reasonable course of action to secure recovery of such **Money** or **Negotiable Instruments**.

Extensions

1. Legal Fees

The **Insurer** shall pay, up to an aggregate amount as per Schedule, the **Association's** reasonable legal fees costs and expenses incurred in the defence of any written demand, claim, suit or legal proceeding, which the **Association** subsequently establishes results directly from a covered or potentially covered **Direct Financial Loss**.

2. Reconstitution Costs

The **Insurer** shall pay, up to an aggregate amount as per Schedule, the **Association's** reasonable fees, costs and expenses incurred in rewriting or amending the **Association's** software programs or systems where such rewriting or amending is necessary to correct the programs or systems following a covered **Direct Financial Loss**.

3. Investigative Specialist Fees

The **Insurer** shall pay, up to an aggregate amount as per Schedule, the **Association's** reasonable fees, costs and expenses incurred in retaining a fraud investigator, engaged by the **Insurer** in writing, to investigate, prove and report a covered or potentially covered **Direct Financial Loss**. The investigative specialist must not have a conflict of interest concerning such retainer.

No **Retention** shall apply to Extensions 1, 2 and 3 and any such amounts are payable in addition to the **Limit of Liability**.

4. USA or Canada

The General Terms and Conditions – Exclusion 2 - USA or Canada exclusion shall not apply to Policy Section A6 – Crime Protection.

5. Contractual Penalties

The **Insurer** shall pay the **Association** the amount of any penalty which is insurable at law by the **Insurer** and which is imposed under written contract and resulting directly from a **Direct Financial Loss** covered by this policy.

6. Interest

The **Insurer** shall pay the **Association** the amount of any interest which would have been receivable by the **Insured** but for a **Direct Financial Loss** covered under this policy, or which becomes payable by the **Association** resulting directly from a **Direct Financial Loss** covered under this policy.

The **Insurer's** liability for interest receivable or payable shall be calculated by applying the daily average of the Westpac Banking Corporation (or such other leading financial institution as selected by the Insurer) base rate in force between the time of sustaining such **Direct Financial Loss** and the time such **Direct Financial Loss** is **Discovered**.

7. Superannuation Fund

Cover shall be extended to add any **Superannuation Fund** as an **Association**.

8. Public Relations Costs

The **Insurer** shall pay the **Association** for **Public Relations Costs** up to an aggregate amount as per Schedule.

Exclusions

The **Insurer** shall not be liable under Policy Section A6 – Crime Protection for:

1. Agent Acts

any act, error or omission of any independent contractor (other than an Employee), broker, merchant, external solicitor or external accountant, or other similar agent or representative. This exclusion shall not apply to any organisation to which the Association has outsourced any normal administrative function under a written contract of engagement with such organisation.

2. Benefits

salaries, commissions, fees and bonuses, promotions, awards, profit sharing, superannuation or other employee benefits paid by the **Association** where earned in the normal course of employment.

3. Confidential Information

loss of or damage to proprietary information, intellectual property, trade secrets, confidential processing methods, or other confidential information of any kind.

4. Consequential Loss

indirect or consequential loss of any nature, or the creation of a liability to a third party.

Provided however that this Exclusion shall not apply to Policy Section A6 – ‘Crime Protection’ - Extension 5 – ‘Contractual Penalties’ or Policy Section A6 – ‘Crime Protection’ - Extension 6 – ‘Interest’.

5. Credit Risks

Direct Financial Loss resulting from the complete or partial non-payment of or default upon any **Credit Arrangement**.

Provided however that this Exclusion shall not apply to Policy Section A6 – ‘Crime Protection’ – Cover 1 – ‘Fraud or Dishonesty’.

6. Direct Financial Loss Sustained After Knowledge

Direct Financial Loss sustained after any **Responsible Person** of an **Association** first becomes aware that a **Third Party** or **Insured Person** has committed, whether during or prior to the **Policy Period**, an act of dishonesty or fraud for which that **Third Party** or **Insured Person** could be charged with a criminal offence.

7. Failure to maintain Computer

any **Direct Financial Loss** arising out of the **Association’s** failure to make and keep back-up copies of any data, file or program at regular intervals; or arising out of any shortcoming in an **Association’s Computer** which an **Association** knew about or ought reasonably to have known about and did not rectify in a timely manner

8. Fines Penalties and Damages

finer, penalties or damages of any type for which the **Association** is legally liable, except direct compensatory damages.

Provided however that this Exclusion shall not apply to Policy Section A6 – ‘Crime Protection’ - Extension 5 – ‘Contractual Penalties’ or Policy Section A6 – ‘Crime Protection’ - Extension 6 – ‘Interest’.

9. Fire

Direct Financial Loss or damage caused by fire, other than loss of or damage to **Money, Negotiable Instruments**, safes or vaults covered under Policy Section A6 – Crime Protection Cover 4 ‘Destruction and Damage of Money or Negotiable Instruments’.

10. Forcible and Violent Theft

Direct Financial Loss occurring following forcible or violent entry to any premises occupied by an **Association** by any **Third Party** other than where covered under Policy Section A6 – Crime Protection - Cover 4 ‘Destruction and Damage of Money or Negotiable Instruments’.

11. Premises and Property Damage

damage or destruction to any:

- (i) **Premises** or buildings, however caused;
- (ii) contents, fixtures or fittings within the **Premises**: or
- (iii) loss resulting from fire, flood or earthquake.

Provided however that this Exclusion shall not apply to Policy Section A6 – ‘Crime Protection’ - Cover 4 – ‘Destruction and Damage of Money or Negotiable Instruments’ or Policy Section A6 – ‘Crime Protection’ - Cover 6 – ‘Criminal Damage to Property’.

12. Trading Losses

Direct Financial Loss resulting from or amounting to any dealing or trading in securities, commodities, futures, options, foreign or federal funds, currencies, foreign exchange and the like unless such **Direct Financial Loss**:

- (i) is committed by an **Insured Person** (acting alone or in collusion with others) and covered under Policy Section A6 - Cover 1 – ‘Fraud or Dishonesty’; and
- (ii) results in an improper financial gain to such **Insured Person** or for any other individual or organisation intended by such **Insured Person** to receive such benefit (where improper financial gain shall not include

any salaries, commissions, fees and bonuses, promotions, awards, profit sharing, pensions or other employee benefits paid by an **Association** to such **Insured Person**).

Provided however that this Exclusion shall not apply to Policy Section A6 – ‘Crime Protection’ - Extension 8 – ‘Public Relations Costs’.

13. Profit, Loss or Inventory Computation

Direct Financial Loss which can only be proved by:

- (i) a profit and loss computation or comparison; or
- (ii) a comparison of inventory records with an actual physical count.

14. Voluntary Exchange or Purchase

Direct Financial Loss arising out of the voluntary giving or surrendering (whether or not such giving and surrendering is induced by deception) of **Money, Negotiable Instruments** or other property in any exchange or purchase, unless the **Association** has taken reasonable steps to prevent such **Direct Financial Loss**.

15. Dual Control

Direct Financial Loss or any payment in connection with any **Fraudulent Acts** arising out of, based upon or attributable to:

- (i) the **Association** failing to ensure that at least two (2) **Executives** sign or authorise any cheques, **Securities** or funds transfer instructions;
- (ii) the **Association's** bank accounts being reconciled by any person who has authority to operate those bank accounts; or
- (iii) any failure by the **Association** to ensure that at least two (2) **Executives** authorise any refund of money or return of goods.

Definitions

In Policy Section A6 - Crime Protection the following words in **bold** shall have the definitions that follow:

1. Cheque Forgery

- (i) the **Forgery** or **Fraudulent Alteration** of any cheque or similar written promise by the **Association** to pay a veritable sum representing money drawn upon the **Association's** account at any bank at which the **Association** maintains a current or savings account;
- (ii) the **Fraudulent Alteration** of, on or in any cheque or draft:
 - a) drawn upon by any bank; or
 - b) drawn upon by any corporation upon itself;
- (iii) the **Fraudulent Alteration** of, on or in any cheque or written order or direction to pay a veritable sum representing money drawn by any public body upon itself, or any warrant drawn by any public body which the **Association** shall receive at any of its premises in payment or purported payment for:
 - a) tangible property sold and delivered; or
 - b) services rendered.

2. Computer

means any computer, data processing equipment, media or part thereof, or system of data storage and retrieval, or communications system, network, protocol or part thereof, or storage device, microchip, integrated circuit, real-time clock system, or similar device or any computer software, firmware or microcode. **Computer** shall also include its components available to its users, including but not limited to memory, bandwidth, processor time, use of communication facilities and any other computer-connected equipment.

3. Computer Fraud

means the theft of the **Association's** assets under the direct or indirect control of a **Computer** by manipulation of computer hardware or software programmes or systems by any **Third Party** who is not authorised by the **Association** to access that **Computer**.

4. Corporate Card Fraud

the fraudulent use of any corporate credit, debit or charge card issued to the **Association** or any **Insured Person** for business purposes where such card is **Forged** or is the subject of **Fraudulent Alteration** provided that the **Association** or **Insured Person** has complied fully with the provisions, conditions and other terms under which the card was issued and provided the **Association** is legally liable for such **Direct Financial Loss**.

5. Counterfeit or Counterfeiting

the imitation of an authentic negotiable instrument such that the **Association** is deceived on the basis of the quality of the imitation to believe that the said item is the authentic original negotiable instrument.

Fictitious instruments which merely contain fraudulent misrepresentations of fact and are genuinely signed or endorsed are not **Counterfeit**.

6. Credit Arrangement

means any credit agreement, extension of credit or hire purchase agreement, loan or transaction in the nature of a loan, lease or rental agreement, invoice, account, agreement or other evidence of debt, payments made or withdrawals from any customer's account involving items which are not finally paid for any reason

7. Criminal Damage

means any violent or forcible act which results in destruction or damage to **Property** (excluding safes and vaults) which constitutes a criminal offence in the jurisdiction where the offence was committed.

8. Direct Financial Loss

direct financial loss, including but not limited to loss of **Money**, **Negotiable Instruments** or other **Property**, sustained by the **Association**.

9. Discovered

knowledge of any act, omission or event which could reasonably be seen to give rise to a **Direct Financial Loss** by any of the **Association's Responsible Persons**.

10. Electronic and Computer Crime

means any one of the following:

- (i) Computer Fraud; or
- (ii) Funds Transfer Fraud.

11. Executive

means any natural person duly elected or validly appointed director or trustee (other than a trustee of an insolvent entity) or governor or executive officer of the **Association** in each case appointed to the management board of the **Association** or person with duties equivalent with any of the foregoing.

12. Forgery or Forged

the signing or endorsing of the name of a genuine person or a copy of the said person's signature without authority and with intent to deceive. A signature may be hand-written or mechanically or electronically produced or reproduced. It does not include the signing in whole or in part of one's own name, with or without authority, in any capacity, for any purpose.

13. Fraudulent Act

- (i) Cheque Forgery;
- (ii) Corporate Card Fraud; or
- (iii) Imitation Fraud.

14. Fraudulent Alteration

a material alteration to an instrument for a fraudulent purpose, unless altered by the person who was authorised to prepare or sign the instrument.

15. Funds Transfer Fraud

means the theft of the **Association's** funds from an account maintained by the **Association** at a financial institution (from which the **Association** or a person or organisation authorised by the **Association** may request the transfer, payment or delivery of funds), following fraudulent electronic, telegraphic, tested facsimile, tested telex, telephone or written instructions to debit such account and to transfer, pay or deliver funds from such account and which instructions purport to have come from the **Association** or a person or organisation authorised by the **Association** to issue such instructions, but which are fraudulently transmitted, issued, or are **Forged** or have been the subject of **Fraudulent Alteration** by any **Third Party**.

16. Imitation Fraud

- (i) the Forgery or Fraudulent Alteration of any Money or Negotiable Instruments or instruction; or
 - (ii) the Counterfeiting of any Money or Negotiable Instruments,
- upon which the **Association** has acted or relied.

17. Money

currency, coins, bank notes and bullion, cheques, travellers' cheques, registered cheques, postal orders and money orders.

18. Negotiable Instruments

all securities, instruments or contracts, including any note, stock, bond, debenture, evidence of indebtedness, share or other equity or debt security, representing either money or property, but does not include **Money**.

19. Premises

means the interior portion of any building owned or occupied by the **Association** and in which it conducts its business.

20. Property

physical property, excluding the building and its fixtures and fittings, **Money** and **Negotiable Instruments**.

21. Public Relations Costs

means the reasonable fees, costs and expenses incurred and paid by the **Association**, with the **Insurer's** prior written consent, to procure public relations services to redress adverse publicity or reputational injury resulting directly from a **Direct Financial Loss** covered under this policy.

22. Superannuation Fund

means any superannuation fund, pension plan, employee benefit, welfare benefit, share save or share option plan or charitable fund or foundation established and maintained by the **Association** for the benefit of the past, present or future **Employees** of the **Association** or their respective beneficiaries, on or prior to the inception date of this policy.

Cover for any **Association's Superannuation Fund** shall only apply in respect of **Direct Financial Loss** arising out of any act covered under this policy committed while such entity is a fund maintained by the **Association**.

23. Theft

the unlawful taking of the Association's Money, Negotiable Instruments or Property occurring:

- (i) within the ownership, tenancy or occupation of premises of the **Association**;
- (ii) within the interior of any banking premises or similar recognised place of safe deposit;
- (iii) while in transit and in the care, custody and control of an **Insured Person** or Governor of the **Association** following the actual or threatened use of force or violence; or
- (iv) while in the care, custody and control of any security company or armoured motor vehicle company, duly authorised by the **Association** to retain such care, custody and control and provided that the **Insurer** shall only be liable for the amount that is in excess of the amount of any other valid and collectible insurance or indemnity, contractual or otherwise, available to the security company or armoured motor vehicle company.

24. Third Party

any natural person other than:

- (i) an Insured Person;
- (ii) any person who owns (in whole or in part) or controls (individually or jointly with others) the **Association**;
- (iii) someone who is acting in collusion with any **Insured Person**; or
- (iv) any natural person providing services under any contract for services, written or implied, with any **Insured**.

General Provisions

1. Use of Investigative Specialist

In reporting and investigating **Direct Financial Loss** in accordance with Policy Section A6 – Crime Protection Extension 3 ‘Investigative Specialist Fees’, the investigative specialist shall also advise as to when and how the **Association’s** controls were or may have been breached and summarise recommendations which may prevent future similar **Direct Financial Loss**. The **Insurer** has the right to attend the initial meeting between the **Association** and the investigative specialist. There shall be no cover for the costs and expenses of an investigative specialist unless the investigative specialist is engaged by the **Insurer** in writing.

2. Basis of Valuation

In no event shall the **Insurer** be liable for more than:

- (i) the actual market value of **Negotiable Instruments, Money** or precious metals at the close of business on the day the **Direct Financial Loss** was first **Discovered** (determined by the value published in the New Zealand Herald), or the actual cost of replacing the **Negotiable Instruments, Money** or precious metals, whichever is less;
- (ii) the actual cash value of other property (not referred to in (i) above) at the close of business on the day the **Direct Financial Loss** was first **Discovered**, or the actual cost of replacing the property with property of like quality or value, whichever is less;
- (iii) the cost of blank books, blank pages or other materials plus the cost of labour and computer time for the actual transcription or copying of data furnished by the **Association** in order to reproduce books of account or other records; or
- (iv) the cost of labour for the actual transcription or copying of electronic data furnished by the Association in order to reproduce such electronic data.

POLICY SECTION A7 – GENERAL LIABILITY

In consideration of the payment of the premium or agreement to pay the premium, the **Insurer** and the **Association** agree as follows:

Cover

1. General Liability

The **Insurer** shall pay the **Loss** of the **Insured** arising from **Personal Injury** or **Property Damage** which arises from and within the course of the **Business**.

Extensions

1. Care, Custody and Control

Notwithstanding Policy Section A7 – General Liability - Exclusion 12 - Property Owned or in the Association's Physical or Legal Control, and Exclusion 13 - **Vehicles**, the **Insurer** agrees to indemnify the **Insured** for **Property Damage** to:

- (i) tangible property not owned by the **Insured**, but in the physical or legal control of the **Insured**; and
- (ii) **Vehicles** and their contents (not belonging to or used by or on behalf of the **Insured**) in the **Insured's** physical or legal control where such **Property Damage** occurs while any such **Vehicle** is in a car park owned or operated by the **Insured** unless the **Insured** owns or operates a car park for reward;

The total amount payable under this Extension, other than (ii) above, is for any one **Occurrence** and in the aggregate during the **Policy Period** as described in the Schedule. A **Retention** as described in the Schedule shall apply for each **Occurrence**

2. Forest and Rural Fires Act

Notwithstanding the definition of **Loss**, the **Insurer** agrees to indemnify the **Insured** for:

- (i) costs incurred and apportioned by any Fire Authority under section 43 of the Forest and Rural Fires Act 1977 (the "Act") or any amendments or replacing enactment;
- (ii) levies imposed by a Fire Authority and apportioned to the **Insured** during the **Policy Period** under sections 46 and 46A of the Act; and
- (iii) costs claimed by any other party in order to protect their property from fire.

This Extension shall apply whether the **Property Damage** has occurred or not and to the legal liability of the **Insured** for loss of or damage to property caused by or caused to the machinery, plant, trailers or mechanically propelled **Vehicles** used by the Fire Authority insofar as the liability covered by this Extension is not otherwise insured, provided that:

- (a) the total amount payable under this Extension shall not exceed the Limit of Liability in the aggregate; and
- (b) a **Retention** shall apply in the aggregate for all sums payable to any claimant or any number of claimants in respect of or arising out of all **Occurrences**.

3. Innkeeper's Liability

With respect to any liability incurred by the **Insured** under the Innkeepers Act 1962 or any amendments or replacing enactment, it is agreed that cover under this policy is limited to:

- (i) guests property in safe custody \$20,000 per Occurrence; and
- (ii) guests property not in safe custody \$5,000 per Occurrence.

4. Landlord's Liability

Notwithstanding Policy Section A7 – General Liability - Exclusion 12 'Property Owned or in the Association's Physical or Legal Control', the **Insurer** agrees to indemnify the **Insured** for all sums which the **Insured** shall

become legally liable to pay for **Personal Injury** and/or **Property Damage** in connection with the legal ownership, but not physical occupation, of any premises owned by the **Insured**.

5. Product Withdrawal Expenses

Notwithstanding Policy Section A7 – General Liability - Exclusion 11 'Product Recall', the **Insurer** shall pay, up to an aggregate amount of \$100,000 those costs the **Insured** are legally liable to pay for physically recalling or withdrawing products that have already given rise to a **Claim** covered by this Section, if the **Insurer** confirm that in its reasonable opinion that the failure to recall or withdraw the products would lead to further similar **Claims** arising.

The **Retention** applicable to this Extension, in addition to any **Retention** paid with respect to the **Claim**, shall be \$2,500 plus 20% of the costs to recall or withdraw the products.

6. Punitive or Exemplary Damages

Notwithstanding the definition of **Loss**, the **Insurer** agrees to indemnify the **Insured** for punitive and/or exemplary damages awarded to, or on behalf of, a person who has suffered **Personal Injury** in New Zealand resulting from an event in connection with the **Business** of the **Insured**, or the **Insured's** ownership, occupancy or tenancy of a building, structure or land, provided that:

- (i) the **Claim** must be made against the **Insured** and reported to the **Insurer** during the **Policy Period**;
- (ii) any punitive or exemplary damages awarded by any court outside of New Zealand are excluded;
- (iii) the total amount payable under this Extension shall not exceed the sum described in the Schedule, inclusive of all costs any one **Claim** and in the aggregate, during any one **Policy Period**; and
- (iv) a **Retention**, inclusive of costs, shall apply to each and every **Claim**.

7. Service, Repair & Storage Liability – Motor Vehicles & Watercraft

Notwithstanding the property owned or in the **Insured's** physical or legal control or **Vehicles** exclusions of this policy it is agreed that in respect of **Vehicles**, **Vehicle** parts or **Watercraft** not exceeding 8 metres in length that are or have been in the care custody or control of the **Insured** for the purposes of service and/or repair, this policy extends to indemnify the **Insured** for amounts they shall become legally liable to pay in respect of:-

- (i) loss of or damage to the Vehicle being serviced or repaired;
- (ii) Personal Injury or Property Damage arising from service and/or repairs to Vehicles; and
- (iii) Personal Injury or Property Damage as a result of an accident whilst the vehicle is being driven on any public or private road or thoroughfare;

Provided that:

- (a) the total amount payable under this Extension shall not exceed the sum described in the Schedule is for any one **Occurrence** and in the aggregate during the policy; and
- (b) a **Retention** as described in the Schedule shall apply for each **Occurrence**.

Provided also that this Extension of cover does not apply to:

- (a) Personal Injury or Property Damage resulting from towing the Vehicle except where it is being towed for the reason that it is either mechanically disabled or is designed to be towed in the course of its normal use;
- (b) the cost of rectifying any defective workmanship or faulty workmanship in respect of the actual part or parts worked on by the Insured. However, liability consequent upon Personal Injury or Property Damage resulting from defective workmanship is not excluded;
- (c) liability arising out of any Occurrence resulting from a Vehicle or Watercraft engaged in or being tested in preparation for racing, pace making or speed testing. Or any Occurrence resulting from a Vehicle engaged in any hill climbing test or being driven on any racetrack or speedway;
- (d) liability arising out of any **Occurrence** resulting from the **Vehicle** or **Watercraft** being driven by a person with the **Insured's** consent, who is under the influence of intoxicating liquor or drugs to the extent that an offence is committed under New Zealand law; or

- (e) liability arising out of any **Occurrence** resulting from a **Vehicle** being operated by a person with the **Insured's** consent, who does not have the appropriate licence to operate the **Vehicle**.

8. Tenant's Liability

The **Insurer** will cover the **Insured** for legal liability to pay direct compensation as a result of damage to premises (including their fixtures and fittings) leased or rented by the **Insured** or in the **Insured's** custody or control but not owned by the **Insured**, or for **Property Damage** in **Business** premises that the **Insured** temporarily occupy, but excluding legal liability arising in connection with the failure of the **Insured** to arrange insurance on the property.

9. Underground Property Warranty

The **Insurer** will indemnify the **Insured** for liability arising directly or indirectly out of **Property Damage** in New Zealand to property or **Underground Services**.

Provided that

- (i) prior to the commencement of any work the Insured enquired of the relevant authority, corporation or company as to the location of such services;
- (ii) the Insured took all reasonable precautions to prevent Personal Injury or Property Damage;
- (iii) cover for all Claims for compensation that arise under this Extension out of the one Occurrence are limited in the aggregate during the Policy Period to the Limit of Liability; and
- (iv) a Retention shall apply for each Occurrence.

10. Vibration and Removal of Support

The **Insurer** agrees to indemnify the **Insured** for all sums which the **Insured** shall become legally liable to pay for **Personal Injury** or **Property Damage** in New Zealand arising from the actions of the **Insured** in removing, weakening or interfering with the support of land or buildings, other than those owned or occupied by the **Insured**, provided that:

- (i) the total amount payable under this Extension shall not exceed the sum described in the Schedule any one **Claim** and in the aggregate during any one **Policy Period**; and
- (ii) a **Retention** shall apply for each **Occurrence**.

11. Travelling in North America

The General Terms and Conditions – Exclusion 2 - USA or Canada exclusion shall not apply to travelling executives and salespeople.

12. Insurance for Third Party

Insured includes any person or organisation to whom the **Insured** is obligated by a written **Association Contract** to provide insurance such as is afforded by this policy, but only with respect to their liability arising out of operations conducted by the **Insured** or on their behalf and not to any greater extent than required by the contract or agreement.

Exclusions

The **Insurer** shall not be liable for **Loss** under Policy Section A7 – General Liability:

1. Aircraft, Hovercraft and Watercraft

arising out of the ownership, possession, maintenance, operation or use by or on behalf of the **Insured**:

- (i) of any Aircraft or Hovercraft; or
- (ii) any Watercraft or vessel exceeding eight (8) metres in length unless such Watercraft is in New Zealand territorial or inland waters and:
 - (a) not owned by the **Insured** but being used by the **Insured** for **Business** entertainment; or
 - (b) hand propelled or sailing craft.

2. Aircraft Products

the supply, distribution, sale or manufacture of **Aircraft Products** or reliance upon any representations or warranties made by the **Insured** with respect to **Aircraft Products** or arising out of the **Grounding** of any **Aircraft**.

3. Contractual Liability

arising out of, based upon or attributable to any liability of the **Insured** under any contract or agreement. This exclusion shall not apply to:

- (i) the Insured's liability that would have attached in the absence of such contract;
- (ii) where the Insured assumes liability under a warranty of fitness or quality as regards the Association's Products;
- (iii) any written agreement for lease of real or personal property which does not impose upon the Insured an obligation to insure such property or any liability regardless of fault;
- (iv) any written contract with any entity for the supply of water, gas or electricity but only to the extent of indemnifying any such entity in respect of liability arising out of the Business other than contracts for the performance of work or provision of services by the Insured;
- (v) to Association Contracts entered into by the Insured where the Insured is obligated to provide insurance as is afforded by this policy, to any person or organisation, but only with respect to their liability arising out of operations conducted by the Insured or on their behalf and not to any greater extent than required by the contract or agreement; or
- (vi) where the Insured has waived any rights, which but for the existence of such waiver would accrue to the Insured.

4. Expected or Intended

expected or intended by the **Insured**. However, this exclusion does not apply to:

- (i) the reasonable force to protect persons or property; or
- (ii) liability of the Insured for compensation as the result of an act committed by an Employee which results in Personal Injury or Property Damage expected or intended from the standpoint of the Employee, provided such act was not committed at the direction of the Insured.

5. Internet Operations Exclusion

for **Personal Injury** or **Property Damage** arising directly or indirectly out of or caused by or in connection with the **Insured's** internet operations, including but not limited to business conducted and/or transacted via the internet, intranet, extranet and/or via the **Insured's** own website, internet site, web address and/or via the transmission of electronic mail or documents by electronic means.

6. Libel & Slander

arising out of a libel or slander:

- (i) made prior to the **Policy Period**;
- (ii) made by or at the **Insured's** direction with knowledge of the falsity or defamatory character thereof; or
- (iii) related to advertising, broadcasting, publishing or telecasting activities including internet activity, conducted by the **Insured** or on the **Insured's** behalf.

7. Loss of Use

for loss of use of any tangible property which has not been physically injured or destroyed resulting from:

- (i) a delay in or lack of performance by the **Insured** or on the **Insured's** behalf of any contract or agreement; or
- (ii) the failure of the **Association's Products** to meet the level of performance, quality, fitness or durability express or implied, warranted or represented by the **Insured** unless it is due the loss of use of other tangible

property resulting from the sudden and accidental physical injury to or destruction of the **Association's Products** after such products have been put to use by any person or organisation other than the **Insured**.

8. Mould / Building Defect

liability for any **Personal Injury** or **Property Damage** or any other loss, injury, damage, cost or expense, including, but not limited to, losses, costs or expenses related to, arising from or associated with clean-up, remediation, containment, removal or abatement, caused directly or indirectly, in whole or in part, by:

- (i) any **Fungus(i), Moulds(s)**, mildew or yeast;
- (ii) any **Spore(s)** or toxins created or produced by or emanating from such **Fungus(i), Mould(s)**, mildew or yeast;
- (iii) any substance, vapour, gas, or other emission or organic or inorganic body or substance produced by or arising out of any **Fungus(i), Mould(s)**, mildew or yeast, or
- (iv) any material, product, building component, building or structure, or any concentration of moisture, water or other liquid within such material, product, building component, building or structure, that contains, harbours, nurtures or acts as a medium for any **Fungus(i), Mould(s)**, mildew, yeast, or **Spore(s)** or toxins emanating there from;

regardless of any other cause, event, material, product and/or building component that contributed concurrently or in any sequence to that loss, injury, damage, cost or expense.

9. Pollution

arising out of, based upon or attributable to a **Pollution Condition**, except where the **Claim** arises from a sudden identifiable, unintended and unexpected event.

10. Product Defect

Property Damage to the Association's Products.

11. Product Recall

for any cost or expense incurred or claimed for the withdrawal, inspection, repair, replacement, or loss of use of the **Association's Products** or of any property of which such products form a part, if such products, or property are withdrawn from the market or from use because of any known or suspected defect or deficiency therein.

12. Property Owned or in the Insured's Physical or Legal Control

for Property Damage to:

- (i) property owned by, leased or rented to the **Insured**;
- (ii) property belonging to the **Insured** or in the care, custody or control of the **Insured** or any **Employee** of the **Insured**; or
- (iii) that particular part of any real property on which the **Insured** or any contractors working directly or indirectly on the **Insured's** behalf are performing operations if the loss or **Property Damage** arises out of those operations.

However, (i) and (ii) above shall not apply with respect to Policy Section A7 – General Liability - Extension 1 – 'Care Custody and Control', Policy Section A7 – General Liability - Extension 3 – 'Innkeeper's Liability', Policy Section A7 – General Liability - Extension 7 – Service, Repair and Storage Liability – Motor Vehicles and Watercraft and Policy Section A7 – General Liability - Extension 8 – Tenant's Liability.

13. Vehicles

for **Personal Injury** or **Property Damage** caused by or arising out of the ownership, possession, use of or operation by the **Insured** of any **Vehicle** which is registered or in respect of which insurance is required by virtue of any legislation.

Provided that this exclusion shall not apply to the **Insured's** liability for **Personal Injury** or **Property Damage** arising from:

- (i) the actual loading, unloading, delivery or collection of goods to or from any **Vehicle**; or

- (ii) the use of any **Tools of Trade** either on any site where the **Insured** is undertaking work or at the **Insured's** premises, but not whilst in transit or otherwise being used for transport or haulage

However, this shall not apply with respect to Policy Section A7 – General Liability - Extension 1 – ‘Care Custody and Control’.

14. Workers Compensation and Employers Liability

- (i) in respect of **Personal Injury** sustained by an **Employee** which arises out of or in the course of their employment by the **Insured**; and
- (ii) imposed by industrial award, agreement or determination, or the provisions of any, workers' compensation legislation, accident compensation legislation or any similar legislation.

Definitions

1. Aircraft

means a vehicle designed to be used primarily in the air and to be supported by the dynamic reaction of the air upon the vehicle's wings or rotor-blades, and/or by the vehicle's buoyancy in the air, but excludes missiles, spacecraft and the ground support or control equipment used therewith.

2. Aircraft Products

means:

- (i) **Aircraft** and any ground support or control equipment used therewith;
- (ii) any **Association's Product** installed in **Aircraft** or used in connection with **Aircraft**;
- (iii) any tooling used for the manufacture of (i) or (ii) above;
- (iv) any ground handling tools and equipment used in connection with (i) or (ii) above including training aids, navigational aids, instruction or manuals;
- (v) blueprints, engineering or other data furnished by the **Insured** in connection with the above; and
- (vi) any advice, service and/or labour furnished by the **Insured** in connection with the above.

3. Association Contract

means that part of any contract or agreement pertaining to the **Association's Business** under which the **Association** assumes the tort liability of another party to pay for **Personal Injury** or **Property Damage** to a third person or organisation. However, the **Personal Injury** or **Property Damage** must arise out of an **Occurrence** that takes place subsequent to the execution of the **Association Contract**. Tort liability means a liability that would be imposed by law upon the other party in the absence of any contract or agreement.

4. Association's Product

means any goods or products (after they have ceased to be in the **Association's** possession or under the **Association's** control) which is or is deemed (whether by law or otherwise) to have been manufactured, constructed, grown, extracted, treated, imported, exported, produced, processed, assembled, erected, installed, repaired, serviced, sold, supplied or distributed by the **Association**. **Association's Products** includes any packaging or containers, designs, formulae or specifications thereof, directions, instructions or advice given or omitted to be given in connection with such things other than a Vehicle or vending machine.

5. Fungus(i)

any plants or organisms belonging to the major group fungi, lacking chlorophyll, and including moulds, rusts, mildews, smuts and mushrooms.

6. Grounding

means the withdrawal of one or more **Aircraft** from flight operations or the imposition of speed, passenger or load restrictions on such **Aircraft**, by reason of the existence of or alleged or suspected existence of any defect, fault or condition in such **Aircraft** or any part thereof sold, handled or distributed by the **Insured** or manufactured, assembled or processed by any other person or organisation according to the **Insured's** specifications, plans, suggestions, orders or drawings or with tools, machinery or other equipment furnished to such persons or organisations by the **Insured**, whether such **Aircraft** so withdrawn are owned or operated by the same or different persons, organisations or corporations.

A **Grounding** will be deemed to commence on the date of an **Occurrence** which discloses such condition or on the date an **Aircraft** is first withdrawn from service on account of such condition, whichever occurs first.

7. Hovercraft

means any vessel, craft or device made to float on or in or travel on or through the atmosphere or water on a cushion of air provided by a downward blast.

8. Incidental Contracts

mean:

- (i) any written agreement for lease of real or personal property which does not impose upon the **Insured**:
 - (a) an obligation to insure such property; or
 - (b) any liability regardless of fault;
- (ii) any written contract with any entity for the supply of water, gas or electricity but only to the extent of indemnifying any such entity in respect of liability arising out of the **Business** other than contracts for the performance of work or provision of services by the **Insured**.

9. Mould(s)

means any superficial growth produced on damp or decaying organic matter or on living organisms, and fungi that produce moulds.

10. Occurrence

means an event, including continuous or repeated exposure to substantially the same general conditions, which results in **Personal Injury** or **Property Damage** neither expected nor intended from the **Insured's** standpoint.

All events of a series consequent on or attributable to one source or original cause shall be deemed one **Occurrence**.

11. Product Hazard

means **Personal Injury** or **Property Damage** arising out of the **Association's Products** or reliance upon a representation or warranty made at any time with respect thereto, but only if the **Personal Injury** or **Property Damage** occurs away from premises owned by, leased to, rented to or occupied by the **Insured** and after physical possession of such products has been relinquished to others.

12. Spore(s)

means any dormant or reproductive body produced by or arising or emanating out of any **Fungus(i), Mould(s)**, mildew, plants, organisms or micro-organisms.

13. Tools of Trade

means any Vehicle which has attached as an integral part of such Vehicle any equipment for mechanical digging, scraping, grading, slashing, mowing, drilling, lifting or levelling, whilst such equipment is being used for the purpose for which it was designed.

14. Underground Services

means all underground electricity, gas, water, steam, waste water (sewer, storm water), telecommunications plant, and liquid petroleum services and oil pipelines.

15. Vehicle

means any type of machine on wheels or on caterpillar tracks made or intended to be propelled other than by manual or animal power.

16. Watercraft

any vessel or watercraft made to or intended to float on or in or travel on or through or under water.

SECTION B: COSTS AND EXPENSES

If the **Insurer** (in its sole and absolute discretion) determines that any loss covered by any other section, cover, endorsement or extension of this **Policy** (other than Policy Section A7 - General Liability) is subject to the existence or potential existence of a **Charge**, the **Insurer** shall not be obligated to advance any costs or expenses under that section, cover, endorsement or extension of this Policy but instead the **Insurer** shall pay such costs and expenses solely under this Section B – Costs and Expenses.

Section B: Conditions

1. All costs and expenses paid, or to be paid, under this Section B – Costs and Expenses shall:
 - (a) be subject to the same terms and conditions (including any Exclusions) which would have applied had the **Insurer** made payment under the applicable section, cover, endorsement or extension of this Policy which is subject to the existence or potential existence of a **Charge**,
 - (b) be subject to the **Section B: Limit of Liability** prescribed in the Schedule; and
 - (c) not include taxes other than an amount of GST for which an Insured is not entitled to an input tax credit; remuneration or employment-related benefits; loss or any other damages, compensation, fines or penalties; nor amounts which the Insurer is prohibited from paying by law.
2. Subject to clause 4 below, if:
 - (i) any loss covered by this Policy would have been paid by the **Insurer** but for the existence or potential existence of a **Charge**; and
 - (ii) that loss (or any part of that loss) has been paid to the Insured under Section B – Costs and Expenses; and
 - (iii) upon the final determination of the existence and extent of any **Charge** the loss (or any part of the loss) is determined not to be, or to have been, any longer subject to any **Charge** and could, prior to any reinstatement, have been paid to the **Insured** under any other section, cover, endorsement or extension of this Policy;

the **Insurer** shall as soon as practicable reinstate the **Section B: Limit of Liability** (without deduction or set-off) by an amount equivalent to such loss or part of such loss falling within each of (i), (ii) and (iii) above and the **Limit of Liability** of the corresponding section, cover, endorsement or extension of this Policy shall be reduced by the amount of the reinstatement.
3. Subject to clause 4 below, if, prior to the final determination of the existence and extent of any **Charge**, the **Insurer** (in its sole and absolute discretion) determines that any loss paid to the **Insured** under Section B – Costs and Expenses could, prior to any reinstatement, have been paid under any other section, cover, endorsement or extension of this Policy, the **Insurer** shall as soon as practicable reinstate the **Section B: Limit of Liability** by an amount equivalent to such loss (without deduction or set-off) and any such amounts reinstated under this clause shall apply in reduction of any reinstatement under clause 2 above and the **Limit of Liability** of the corresponding section, cover, endorsement or extension of this Policy shall be reduced by the amount of the reinstatement.
4. The maximum amount available to reinstate the **Section B: Limit of Liability** under clauses 2 and 3 above shall not exceed the **Section A: Limit of Liability** any one claim limit (if any) stated in the Schedule.

SECTION C: GENERAL TERMS AND CONDITIONS

In consideration of the payment of the premium the **Insurer** and the **Association** agree as follows.

Extensions

1. Court Attendance

The **Insurer** shall pay the following rates per day for each day on which attendance in a court by an **Insured Person** is required in connection with any covered **Claim**, up to an aggregate amount of \$100,000:

- (i) for any **Governor**; **Outside Entity Director**; or any **Employee**; of the **Association** acting in a managerial or supervisory capacity: \$500
- (ii) any other **Insured Person** not referred to in (i) above: \$250

2. Regulatory Crisis Response

In addition to **Defence Costs** and **Investigation Costs**, the **Insurer** will pay, up to an aggregate amount as per Schedule, for the reasonable fees, costs and expenses incurred by or on behalf of any **Insured** in retaining legal advisers for the principal purpose of responding to a **Critical Regulatory Event**.

3. Discovery Period

The **Association** shall be entitled to a **Discovery Period** either:

- (i) automatically of 60 days if this policy is not renewed or replaced with a similar policy; or
- (ii) (a) 12 months at 100% of the full annual premium in effect at the expiry of the **Policy Period**; or
(b) 24 months at 150% of the full annual premium in effect at the expiry of the **Policy Period**

subject to the **Association** making a request for such **Discovery Period** in writing prior to the expiry of the **Policy Period** and paying the additional premium required, no later than 30 days after the expiry of the **Discovery Period**.

A **Discovery Period** is non-cancellable and shall not apply if a **Transaction** occurs. However, upon written request of the **Association**, the **Insurer** may quote a run-off **Discovery Period**. In considering such request, the **Insurer** shall be entitled to fully underwrite the exposure and to extend such offer on whatever terms, conditions and limitations that the **Insurer** reasonably deems appropriate.

4. Emergency Costs

If the **Insurer's** written consent cannot be obtained within a reasonable time before **Defence Costs** are incurred with respect to any **Claim**, or costs are incurred with respect to a **Crisis Event**, then the **Insurer** shall allow retrospective approval for such costs up to, in the aggregate, ten percent (10%) of the **Limit of Liability** of the applicable coverage Section.

5. Costs for Criminal Prosecution

Subject to all of the provisions of this policy cover is extended as outlined below. The total of all payments made under this Extension shall be part of and not in addition to the **Limit of Liability**.

Notwithstanding Policy Section 4 – Statutory Liability Exclusion 2 'Specific Acts', cover is extended to, and the term **Loss** shall include, the reasonable and necessary fees, costs and expenses incurred by or with the prior written consent of the **Insurer** by or on behalf of an **Insured Person** in the defence of a criminal prosecution under an otherwise excluded Act of Parliament arising out of the **Insured Persons'** role with the **Association**. This Extension will be subject to a Sub-limit as per Schedule. A separate retention as per Schedule instead of the **Retention** will apply to each **Claim** covered under this Extension.

Provided that this Extension is not available to an **Insured Person** against whom there is an allegation of fraud or dishonesty or actual or alleged sexual misconduct.

Exclusions

The **Insurer** shall not be liable under any Policy Section for:

1. Prior Claims and Circumstances, Notifications

- (i) **Loss** arising out of, based upon or attributable to:
 - (a) facts alleged or the same or related acts, errors or omissions alleged or contained in any Claim which has or should have been notified or in any circumstances of which notice has or should have been given under any policy of which this policy is a renewal or replacement or which it may succeed in time; or
 - (b) any pending or prior civil, criminal, administrative or regulatory proceeding, investigation, arbitration or adjudication as of the **Continuity Date**, or alleging or deriving from the same or essentially the same facts as alleged in such actions.
- (ii) Direct Financial Loss:
 - (a) arising out of, based upon or attributable to any fact, matter, circumstance or occurrence which has been notified to any **Insurer** under any other policy of insurance effected prior to the inception date of this policy; or
 - (b) of which the **Association** or its **Responsible Persons** were aware prior to the inception date of this policy; or
 - (c) occurring prior to the date upon which a **Subsidiary** became an **Insured**

2. USA or Canada

acts or omissions committed or allegedly committed within Canada or the United States of America, or any legal action or litigation brought within Canada or the United States of America, its states, localities, territories or possessions or under any laws thereof.

3. War or Terrorism

arising out of, based upon, attributed to or in any way connected with **War** or **Terrorism**.

4. Asbestos

for mesothelioma, asbestosis or for any death, disease, loss of use of property, damage to property (including consequential loss) arising directly or indirectly out of or in connection with or in consequence of:

- (i) inhaling, ingesting or physical exposure to asbestos or goods or products containing asbestos;
- (ii) the use of asbestos in constructing or manufacturing any good, product or structure;
- (iii) the removal of asbestos from any good, product or structure;
- (iv) the manufacture, sale, transportation, storage or disposal of asbestos or goods or products containing asbestos; or
- (iv) the presence of asbestos in any building.

5. Nuclear Liability

of whatsoever nature, directly or indirectly, caused by or contributed by or arising from:

- (i) ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel; or
- (ii) the radioactive, toxic, explosive or other hazardous properties of any nuclear assembly or nuclear component thereof.

6. Silica

directly or indirectly caused by or alleged to be caused by or contributed to, in whole or in part, by or arising out of the presence, ingestion, inhalation or absorption of or exposure to silica products, silica fibres, silica dust or silica in any form, or to any obligation of the **Association** to indemnify any party because of **Bodily Injury and/or Property Damage** arising out of the presence, ingestion, inhalation or absorption of or exposure to silica products, silica fibres, silica dust or silica in any form.

7. Major Shareholders

brought against any **Insured** by, at the instigation of, or on behalf of, any past or present shareholder who had or has direct or indirect ownership of, or control over, 15% or more of the voting share capital of:

- (i) the Association; or
- (ii) in the case of an Outside Entity Director, any Outside Entity

8. Sexual Misconduct Exclusion

with the exception of Policy Section A7 – General Liability - Extension 6 - Punitive or Exemplary Damages, this policy does not apply to any **Claim** arising out of, based upon, attributable to, directly or indirectly, any actual or alleged sexual molestation or abuse, including any alleged direct sexual activity and any allegation relating thereto that the **Insured** negligently employed, investigated, supervised or retained a person, or based on an alleged practice, custom or policy including without limitation, any allegation that the violation of a civil right caused or contributed to such a **Claim**.

Definitions

In this policy the following words in **bold** shall under all Policy Sections have the definitions that follow:

1. Association

the organisation specified in the Schedule.

2. AssociationEdge Advisory Panel

the solicitors appointed from time to time by the **Insurer**, as currently listed in Appendix I.

3. Bodily Injury and/or Property Damage

bodily injury, sickness, disease, death or emotional distress of any natural person; or damage to, destruction, impairment or loss of use of any property.

4. Business

means all usual activities and operations of the Association and:

- (i) the ownership, tenancy or occupation of premises of the **Association**;
- (ii) private work carried out with the consent of the **Association** for any **Governor** of the **Association** by an **Employee**;
- (iii) the provision or management by or on behalf of the **Association** of canteen, social or sports organisations for the **Employees**; and
- (iv) the provision of the **Association's** own internal fire, first aid, medical, security and ambulance services.

5. Charge

a charge arising under section 9 of the Law Reform Act 1936 (New Zealand), section 6 of the Law Reform (Miscellaneous Provisions) Act 1946 (New South Wales), section 206 of the Civil Wrongs Act 2002 (ACT), sections 26 to 29 of the Law Reform (Miscellaneous Provisions) Act 1956 (Northern Territory) and/or any other legislative provision of similar effect.

6. Claim

- (i) (a) a written demand;
 - (b) a civil, regulatory, mediation, administrative or arbitration proceeding, including a counter-claim, seeking compensation or other legal remedy; or
 - (c) a criminal proceeding;
- for a specified act, error or omission;
- (ii) an Investigation or Critical Regulatory Event;
 - (iii) an extradition proceeding; or
 - (iv) an Asset and Liberty Proceeding.

7. Continuity Date

the applicable date specified as such in the Schedule.

8. Control

the securing of the affairs of the **Association** by means of:

- (i) controlling the composition of the board of directors or management board of the **Association**;
- (ii) controlling more than half of the shareholder or equity voting power of the **Association**;
- (iii) holding more than half of the issued share or equity capital of the **Association**; or
- (iv) any event or circumstance analogous to the matters described at (i) to (iii) above

9. Critical Regulatory Event

- (i) a raid on, or on-site visit to, the **Association** which first takes place during the **Policy Period** by any regulator that involves the production, review, copying or confiscation of files or interviews of any **Insured Person**; or
- (ii) a public announcement relating to the foregoing.

10. Defence Costs

- (i) reasonable fees, costs and expenses incurred by or on behalf of an **Insured** either as emergency costs under General Terms & Conditions Extension 4 'Emergency Costs', or with the **Insurer's** prior written consent, after a **Claim** is made in the investigation, defence, settlement or appeal of such **Claim**; or
- (ii) reasonable fees, costs and expenses of accredited experts retained through defence counsel to prepare an evaluation, report, assessment, diagnosis or rebuttal of evidence in respect of a **Claim** specified in (i) above.

11. Discovery Period

a period immediately following expiry of the **Policy Period** during which written notice may be given to the **Insurer** of:

- (i) any **Direct Financial Loss Discovered** during such period of time in connection with any act committed prior to the end of the **Policy Period**, provided any applicable additional premium required by the **Insurer** is paid within 30 days of expiry of the **Policy Period**; or
- (ii) a **Claim** first made during such period or the **Policy Period**;
 - (a) with respect to an act, error or omission occurring prior to the expiry of the **Policy Period**; or
 - (b) in the case of an **Investigation**, extradition proceedings or **Asset and Liberty Proceedings**, matters which occurred prior to the expiry of the **Policy Period**.

12. Employee

- (i) any natural person full-time, part-time, seasonal or temporary worker of the Association who works under a contract of service with the Association, or who is undertaking work experience, whom such Association has the right to govern and direct in the performance of such services, and whom the Association compensates by way of salary, wages and/or commissions;

- (ii) any natural person independent contractor, natural person volunteer or any natural person seconded to the **Association**, if such individual is under the direction and supervision of the **Association** and the **Association** provides indemnification to such individual in the same manner as is provided to the **Employees** referred to in (i) above; or
- (iii) with respect to Policy Section A6 - Crime Protection only, any natural person employed by an organisation to which the **Association** outsources any normal administrative function under a written contract of engagement with such organisation.

13. Employment Practices Liability

any liability arising from any actual or alleged act, error or omission with respect to:

- (i) any employment of any past, present or future **Employee** or **Insured Person** of the **Association**; or
- (ii) any prospective employment of any person.

14. Employment-Related Benefits

- (i) perquisites and fringe benefits;
- (ii) payments due under any employee benefit plan or superannuation scheme;
- (iii) stock or share options or any other right to purchase, acquire or sell stock or shares of the **Association** or analogous rights or interests; or
- (iv) incentive or deferred compensation.

15. Governor

a duly elected or validly appointed director or trustee (other than a trustee of an insolvent entity) or governor or executive officer of the **Association** in each case appointed to the management board of the **Association** or person with duties equivalent with any of the foregoing but not an external auditor or insolvency office-holder of the **Association**.

16. Insured

the **Association**, or any **Subsidiary** named by way, and to the extent, of a Deemed Insured Endorsement and/or **Insured Person**.

17. Insured Person

any natural person who was, is or during the **Policy Period** becomes:

- (i) a Governor;
- (ii) an **Employee** or natural person committee member of the **Association**;
- (iii) a shadow director or de facto director of the Association; or
- (iv) an Outside Entity Director;

but only when and to the extent that such **Insured Person** is acting for and on behalf of the **Association** in any of the capacities referred to in (i) to (iv) above.

Insured Person is extended to include:

- (a) the spouse or domestic partner (including same sex relationship civil partnerships, if applicable); and
- (b) the administrator, heirs, legal representatives, or executor of a deceased, incompetent insolvent or bankrupt estate;

of the **Insured Person** referred to in (a) to (b) above with respect to the acts, errors or omissions of such **Insured Person**.

18. Insurer

AIG Insurance New Zealand Limited.

19. Investigation

any hearing, examination, investigation or inquiry by an **Official Body** into the affairs of the **Association** or **Outside Entity**, or an **Insured Person** of such entity, once an **Insured Person** receives written documentation during the **Policy Period**:

- (i) requiring them to attend before or produce documents to, or answer questions by or attend interviews with, the **Official Body**; or
- (ii) identifying them as a target in writing by an investigating **Official Body** as a target of the hearing, examination, investigation or inquiry.

An **Investigation** shall be deemed to be first made when the **Insured Person** is first so required or so identified.

20. Investigation Costs

the reasonable fees, costs and expenses incurred by or on behalf of an **Insured Person** with the **Insurer's** prior written consent for the principal purpose of preparing for, responding to, or attending an **Investigation**. However, **Investigation Costs** shall not include the remuneration of any **Insured Person**, cost of their time or costs or overheads of the **Association**.

21. Limit of Liability

the applicable sum specified in the Policy Schedule.

22. Loss

means:

- (i) in respect of Policy Section A2 – Association Liability - Extension 11 (Intellectual Property) any amount that an **Insured** shall be legally liable to pay to a **Third Party** in respect of judgments rendered against an **Insured**, or for settlements which conform with the consent requirements set out in General Terms & Conditions Claims Condition 7 'Consent' and **Defence Costs**, but shall not include any (i) non-compensatory damages, including punitive, multiple, exemplary or liquidated damages; (ii) restitutionary relief; (iii) the costs and expenses of complying with any order for, grant of or agreement to provide injunctive or other non-monetary relief; and
- (ii) in all other cases, any amount which the **Insured** is legally liable to pay resulting from a **Claim** made against an **Insured**, including **Defence Costs**, **Investigation Costs** and all other costs and expenses payable under this policy, awards of damages (including punitive and exemplary damages), awards of costs or settlements (including claimant's legal costs and expenses), pre- and post- judgment interest on a covered judgment or award, and the multiplied portion of multiple damages. **Loss** includes any amount covered under any Extension applicable to the Cover purchased.

Loss shall not include:

- (i) any fines and penalties except to the extent covered under Policy Section A4 – Statutory Liability;
- (ii) taxes;
- (iii) remuneration, cost of the time of any **Insured Person**, or costs or overheads of the Association, except with respect to General Terms & Conditions Extension 1 'Court Attendance'; or
- (iv) amounts which are uninsurable under the applicable law of the Claim.

Additionally, with respect to any **Claim** in connection with **Employment Practices Liability** or **Third Party Discrimination** only, **Loss** shall not include:

- (a) compensation payable in respect of contractual or statutory notice periods;
- (b) amounts payable in respect of a specified contractual obligation, except to the extent such obligation would have attached in the absence of such contract;
- (c) Employment-Related Benefits;
- (d) any liability or costs incurred by any Insured to modify any building or property in order to make the building or property more accessible or accommodating to a disabled person; or

- (e) any liability or costs incurred in connection with any educational, sensitivity or other corporate programme, policy or seminar relating to an Employment Practice Liability or Third Party Discrimination Claim or the costs of reinstatement of any Employee.

23. Official Body

any regulator, disciplinary body, criminal authority, government body, government agency, official trade body, or any other person or body having legal authority to conduct an Investigation.

24. Outside Entity

any entity, including any not for profit entity, but other than an entity that:

- (i) is a Subsidiary;
- (ii) is incorporated or domiciled in the United States of America;
- (iii) is a bank, clearing house, credit institution, undertaking for collective investment in securities, investment firm, investment advisor/manager, investment fund or mutual fund, private equity or venture capital company, stock brokerage firm, insurance company or similar entity; or
- (iv) has its Securities listed on any securities exchange;

unless listed by endorsement to this policy as an **Outside Entity**.

25. Outside Entity Director

a natural person who did or does, or during the **Policy Period** begins to serve, at the specific request of the **Association** as a director, officer, trustee, governor or equivalent of an **Outside Entity**.

26. Personal Injury

Personal Injury means, subject to the proviso below:

- (i) death, injury, sickness or disease or death sustained by a person resulting from such injury, sickness or disease and shall include mental injury, mental anguish and shock;
- (ii) False arrest, false imprisonment, wrongful eviction, wrongful detention, malicious prosecution and humiliation;
- (iii) Libel, slander, defamation of character or invasion of privacy; and
- (iv) Assault and battery not committed by or at the direction of the **Insured** unless committed for the purpose of preventing or eliminating danger to persons or property.
- (v) and provided that in respect of Policy Section A5 – Employers Liability only, **Personal Injury** shall be limited to paragraph (i) above and furthermore, disease shall be sustained only when the **Employee** is first exposed to conditions in New Zealand out of which the disease arose.

27. Policy Period

the period from the inception date to the expiry date specified in the Schedule.

28. Pollutant

means but is not limited to any solid, liquid, biological, radiological, gaseous or thermal irritant or contaminant whether occurring naturally or otherwise, including but not limited to, smoke, vapour, soot, fibres, mould, spores, fungus, germs, fumes, acids or alkalis of any sort, chemicals and waste. Waste includes but is not limited to, material to be recycled, reconditioned or reclaimed.

29. Pollution Condition

any actual, alleged or threatened discharge, dispersal, release or escape of a **Pollutant**; or any direction or request to test for, monitor, clean up, remove, contain, treat, detoxify or neutralise **Pollutants**, nuclear material or nuclear waste.

30. Property Damage

damage to, destruction, impairment or loss of use of any property.

31. Public Relations Consultants

public relations consultants retained by the **Insured** with the **Insurer's** prior written consent.

32. Responsible Person

any **Employee** acting in a directorial, managerial or supervisory capacity other than any person who has committed any acts of fraud or dishonesty.

33. Retention

the sum specified in the Schedule.

34. Securities

any security representing debt of or equity interests.

35. Senior Counsel

a senior lawyer to be mutually agreed upon by the parties, or in the absence of agreement, to be appointed by the head of the bar association/law society (or equivalent organisation) in the jurisdiction in which the **Loss** was incurred.

36. Statute

an Act of the New Zealand Parliament and any subordinate legislation thereto.

37. Statutory Liability

any fine, pecuniary penalty or reparation order made by a Court pursuant to any **Statute** which an **Insured** is legally liable to pay resulting from a **Claim** made against the **Insured**.

Statutory Liability shall not include:

- (i) any amounts representing damages or compensation;
- (ii) any compliance costs; or
- (iii) any amount which the **Insurer** is prohibited from paying by law.

38. Subsidiary

any entity which the Association has **Control** either directly or indirectly through one or more other entities on or before the inception date of this policy.

Cover under Policy Section A6 – Crime Protection for any for any **Subsidiary** or any **Insured Persons** of such **Subsidiary** shall only apply for any **Fraudulent Acts**, or acts, errors or omissions committed or occurring whilst such entity is a **Subsidiary**.

39. Terrorism

the use or threatened use of force or violence against person or property, or commission of an act dangerous to human life or property, or commission of an act that interferes with or disrupts an electronic or communication system, undertaken by any person or group, whether or not acting on behalf of or in connection with any organisation, government, power, authority or military force, when the effect is to intimidate or coerce a government, the civilian population or any segment thereof, or to disrupt any segment of the economy.

Terrorism shall also include any act which is verified or recognised by the government of any country in which the **Association** operates or exports products into, as an act of terrorism.

40. Third Party Discrimination

any liability arising from any actual or alleged act, error or omission with respect to any harassment of or discrimination against any natural person third party who is not and has not been an Employee.

41. Transaction

any one of the following events:

- (i) the **Association** consolidates with or merges into or sells or transfers all or substantially all of its assets to any other person or entity or group of persons and/or entities acting in concert; or
- (ii) any person or entity, or persons or entities acting in concert acquires **Control** of the **Association**.

42. War

any war, whether or not declared, or any act or condition incident to war. **War** includes civil war, insurrection, invasion, act of foreign enemy, civil commotion, factional civil commotion, military or usurped power, rebellion or revolution.

Claims

1. When to notify of Claims and Circumstances, and Direct Financial Loss

With respect to Policy Sections A1 to A6, the cover provided under this policy are granted solely with respect to any Claim, Direct Financial Loss, or other event covered in the Extensions that is notified to the Insurer as soon as practicable after any Executive or Responsible Person (or equivalent position) first becomes aware of such Claim, Direct Financial Loss or other event covered in the Extensions, but in all situations no later than:

- (i) during the **Policy Period** or **Discovery Period**; or
- (ii) within 60 days after the end of the **Policy Period** or **Discovery Period** as long as notice is given to the **Insurer** within 60 days after such **Claim** was first made against the Insured or such **Direct Financial Loss** is first **Discovered** by the **Association**.

Any **Insured** may, during the **Policy Period** or **Discovery Period**, notify the **Insurer** of any circumstance reasonably expected to give rise to a **Claim**. The notice must include the reasons for anticipating that **Claim** and full relevant particulars as to dates, acts and the potential **Insured** and claimant concerned.

If the **Association** notifies a **Direct Financial Loss** to the **Insurer** the **Association** must provide to the **Insurer** as soon as practicable but no later than 6 months after such loss is first **Discovered**:

- (i) affirmative proof of **Direct Financial Loss**; and
- (ii) all requested information and documents and co-operation in all matters pertaining to **Direct Financial Loss**.

2. When to notify an Occurrence

With respect to Policy Section A7, the cover provided under this policy are granted solely with respect to any **Occurrence**, or other event covered in the Extensions that is notified to the **Insurer** as soon as practicable after the **Executive** or **Responsible Person** (or equivalent position) first becomes aware of such **Occurrence** or other event covered in the Extensions.

3. When to notify an Accidental Death

The **Association** must give written notice of an **Accidental Death** under Policy Section A2 – Association Liability, including proof of identity and supporting medical evidence in the form required by the **Insurer**, within 30 days of the **Accidental Death** of an **Insured Executive** or as soon thereafter as is reasonably possible.

4. How to notify

All notifications relating to **Claims**, circumstances, **Direct Financial Loss** or **Occurrence** must be in writing, referencing the Policy Number and addressed to:

New Zealand Claims Manager
PO Box 1745, Shortland Street, Auckland 1140

or Phone : +64 (0) 9 355 3100 or by facsimile to +64 (0) 9 355 3135

or by email to finclaims@aig.com

5. Related Claims and Circumstances

If a **Claim** or circumstance is notified under this policy, then any subsequent **Claim**, alleging, arising out of, based upon or attributable to the facts or acts, errors or omissions alleged in that **Claim** or described in that circumstance, shall be deemed to have first been made at the same time as that **Claim** was first made or circumstance notified, and notified to the **Insurer** on the date the notices were first provided.

Any **Claim** arising out of, based upon or attributable to any **Claim** or series of **Claims** arising out of, based upon or attributable to continuous, repeated or related acts, errors or omissions, whether or not committed by more than one **Insured** and whether directed to or affecting one or more person or entity, shall be considered a single **Claim** for the purposes of this policy.

For the purpose of the **Limit of Liability** and applying the **Retention**, any Direct Financial Loss resulting from any single act, single omission, or single event, or series of related or continuous acts, omissions or events shall be considered a single Direct Financial Loss.

6. Defence and Settlement

The **Insured** must, at their own cost, render all reasonable assistance to the **Insurer** and take all reasonable measures to mitigate **Loss** or potential payment under this policy. The **Insurer** may undertake investigations, conduct negotiations and with the written consent of the **Association** settle any **Claim** where settlement has been agreed to by the parties being indemnified or has been recommended by a **Senior Counsel**.

The **Insured** shall have the obligation to defend and contest any **Claim** made against them. The **Insurer** shall be entitled to participate fully in the defence and in the negotiation of any settlement that involves or appears reasonably likely to involve the **Insurer**. In the event of any **Claim**, each **Insured** shall take reasonable steps to reduce or diminish any **Loss**.

Notwithstanding the foregoing, the **Insured** shall have the right to tender the defence of the **Claim** to the **Insurer**, which right shall be exercised in writing solely by the **Association** on behalf of all **Insureds**. This right shall terminate if not exercised within 30 days of the date the **Claim** is first made against an **Insured**. The **Insurer** shall confirm the assumption of the defence of such **Claim** to the **Association** in writing. Pending such acceptance by the **Insurer**, the **Insureds** shall take no action, or fail to take any required action, that prejudices the rights of any **Insured** or **Insurer** with respect to such **Claim**. The **Insurer** shall be obligated to assume the defence of such **Claim** provided the **Insureds** have complied with the foregoing. The **Insurer** shall have no obligation to continue to defend such **Claim** once the **Limit of Liability** has been exhausted.

The **Insurer** consents to the appointment of any **AssociationEdge Advisory Panel** member firm to act on behalf of the **Insured** in respect of any **Claim** defended in accordance with this policy.

All **Insureds** shall at their own cost, render all reasonable assistance to and cooperate with the **Insurer** in the investigation, defence, settlement or appeal of a **Claim** or circumstance, and provide the **Insurer** with all relevant information pertaining to any **Claim** or circumstance, as the **Insurer** may reasonably require. The **Insurer** will accept as necessary the retention of separate legal representation to the extent required by a material conflict of interest between any **Insureds**.

If a **Claim** is made against an **Insured Person** by the **Association** or **Outside Entity**, the **Insurer** shall have no duty or obligation to communicate with any other **Insured Person** or the **Association** in relation to that **Claim**. The applicable **Insured** shall reimburse the **Insurer** for any payments which are ultimately determined not to be covered by this policy.

7. Consent

Only those settlements, judgments, and costs and expenses which have been consented to by the **Insurer** (which shall not be unreasonably delayed or withheld) shall be payable as **Loss** under this policy.

Where there is a dispute between the **Insured** and the **Insurer** as to whether a **Claim** should be settled or should continue to be defended, within 30 days after notice of such dispute, the **Insurer**, at its expense, shall refer the matter to a **Senior Counsel** who shall determine whether, on the balance of probabilities, the **Insured** is likely to succeed in defending the **Claim** to final resolution or whether the **Claim** should be settled.

If the **Senior Counsel** determines that the **Claim** should be settled, the **Insured** may elect to continue the defence of that **Claim** without the **Insurer's** prior written consent provided that the **Insurer's** liability for all **Loss**

arising from that **Claim** shall not exceed the amount for which that **Claim** could have been settled plus the **Defence Costs** incurred to the date such determination was provided in writing to the **Insured**.

The **Senior Counsel** shall determine the amount for which that **Claim** could have been settled at the **Insurer's** expense, taking into account the economics of the matter, the damages and costs which are likely to be recovered by the plaintiff, the likely costs of defence and the prospects of the **Insured** successfully defending the action.

8. Allocation

The **Insurer** will be liable only for **Loss** to the extent it arises from a covered **Claim**. If a **Claim** involves both covered and uncovered matters or persons under this policy, then the **Association** or **Insured Person**, and the **Insurer** shall use commercially reasonable efforts to determine a fair and equitable allocation of **Loss** covered under this policy, on the basis of established judicial allocation principles which take into account the legal and financial exposures, and the relative benefits obtained by the relevant parties.

If the **Insurer** and the **Association** or **Insured Person** cannot agree on allocation in accordance with this Clause within 14 days of any allocation issue first notified in writing to the **Insured** by the **Insurer**, then they agree to refer the determination to a **Senior Counsel**, whose decision shall be final and binding on all parties. The **Senior Counsel** is to determine the fair and equitable allocation as an expert, not as an arbitrator. The relevant **Insured** and the **Insurer** shall be entitled to make written submissions to **Senior Counsel**. The **Senior Counsel** is to take account of the parties' submissions, but the **Senior Counsel** is not to be fettered by such submissions and is to determine the fair and equitable allocation in accordance with his or her own judgment and opinion. The **Senior Counsel's** expenses in providing such determination will be paid by the **Insurer** and any such payments will not erode the **Limit of Liability**.

9. Advance Payment of Costs

Where the **Insurer** has not assumed the defence of a **Claim** in accordance with General Terms & Conditions Claims Condition 6 'Defence and Settlement', the **Insurer** shall advance all **Defence Costs** and all other costs and expenses payable under this policy, within 21 days after sufficiently detailed invoices for those costs are received and accepted for payment by the **Insurer**. The **Insurer** may not refuse to advance **Defence Costs** or other costs and expenses payable under this policy by reason only that the **Insurer** considers that conduct specified in the 'Conduct' Exclusion in Policy Sections A1, A2, A3, or A4 has occurred, until such time as the condition to that exclusion is satisfied.

10. Subrogation

In the event of any payment under this policy, the **Insurer** shall be subrogated to the extent of such payment to all of the **Insureds'** rights of recovery, contribution and indemnity and the **Insured** will provide all reasonable assistance and will do nothing to prejudice such rights. The **Insurer** will not exercise its rights of subrogation against an **Insured Person** in connection with a **Claim**, unless it can establish that the 'Conduct' Exclusion in Policy Sections A1, A2, A3, or A4 applies to that **Claim** and that **Insured Person**.

11. Continuity

Notwithstanding Exclusion 1 - "Prior Claims and Circumstances, Notifications", cover is provided under this policy for any **Claim**, or circumstance, which could or should have been notified under any earlier policy, provided always:

- (i) the **Claim**, or circumstance, could and should have been notified after the **Continuity Date**; and
- (ii) the **Claim** shall be dealt with in accordance with all terms, conditions, exclusions and limitations of the policy under which the **Claim**, or circumstance, could and should have been notified but only where such earlier policy affords no broader cover in respect of the **Claim** than the provisions of the policy, including the limit of liability after reduction by any payment for any claim that could or should have been notified under the earlier policy; and
- (iii) if the **Insurer** is the insurer on risk for the policy in (ii) above, the **Insured** agrees to claim on this policy only and to make no claim on such earlier policy.

Limit & Retention

1. Limit of Liability

If the Schedule specifies an 'Aggregate Limit of Liability', the total amount payable by the **Insurer** under this policy shall not exceed this amount, other than with respect to Policy Section A2 – Association Liability Extension 7 'Professional Liability Reinstatement Limit', Policy Section A6 – Crime Protection Extensions 1 'Legal Fees', 2 'Reconstitution Costs' and 3 'Investigative Specialist Fees' and Policy Section A7 – General Liability.

If the Schedule specifies 'separate Limits of Liability', a separate aggregate **Limit of Liability** shall apply to each policy Section. Each such **Limit of Liability** is the aggregate limit of the **Insurer's** liability with respect to all **Loss / Direct Financial Loss** arising under such policy Section, other than with respect to Policy Section A2 – Association Liability Extension 7 – 'Professional Liability Reinstatement Limit', Policy Section A6 – Crime Protection Extensions 1 'Legal Fees', 2 'Reconstitution Costs' and 3 'Investigative Specialist Fees' and Policy Section A7 – General Liability.

Policy Section A2 – Association Liability Extension 7 – 'Professional Liability Reinstatement Limit', applies excess of the **Limit of Liability** for Policy Section A2 – Association Liability for any **Claim** that is not a related **Claim** or circumstance as specified in General Terms & Conditions - Claims Condition 5 'Related Claims and Circumstances'.

The **Insurer** shall have no further liability in excess of all such limits, irrespective of the number of **Insureds** or amount of any **Loss** or **Direct Financial Loss**, including with respect to any **Claim** as specified in General Terms & Conditions - Claims Condition 5 'Related Claims and Circumstances'.

Extensions only apply to **Loss** or **Direct Financial Loss** under each policy Section shown as 'Yes' under 'Section Insured' in the Schedule. Any amount specified in the policy or the Schedule for any Cover or Extension is the most the **Insurer** will pay in the aggregate under this policy:

- (i) as **Loss** under such Cover or Extension; or
- (ii) regarding any single **Direct Financial Loss** under such Cover or Extension.

Any sub-limits identified in the Schedule apply to the applicable Extension and those sub-limits form part of, and are not in addition to, the **Limit of Liability**, except where expressly indicated. All provisions of this policy apply to the Extensions, except where expressly indicated.

The **Insurer's** liability in respect of any one **Occurrence** shall not exceed the **Limit of Liability**. All **Personal Injury** and **Property Damage** arising out of continuous or repeated exposure to substantially the same general conditions shall be construed as arising out of one **Occurrence**.

The **Insurer's** total aggregate liability during any one **Policy Period** for all **Occurrences** involving the **Products Hazard** shall not exceed the **Limit of Liability**.

With respect to Policy Section A7 - General Liability only, expenses incurred to defend or investigate any **Claim** will be in addition to the applicable **Limit of Liability**. Provided however that, in the event of any **Claim** being made against the **Association** in any court or before any other legally constituted body in North America, the **Limit of Liability** shall apply to such **Claim** inclusive of expenses to defend or investigate any **Claim**.

Regardless of the number of years this policy shall continue in force, the number of premiums paid and irrespective of whether it is or may be renewed, the **Limits of Liability** as specified in the Schedule shall not accumulate from year to year or from **Policy Period** to **Policy Period**.

2. A single Retention shall apply to all:

- (i) **Loss** arising from any **Claim** as specified in General Terms & Conditions Claims Condition 3 'Related Claims and Circumstances' (regardless of whether the **Loss** or any part of it is payable under Section A or B of this policy; or
- (ii) **Direct Financial Loss** as specified in General Terms & Conditions Claims Condition 4 'Related Direct Financial Loss'.

General Provisions

1. Terms and Conditions of Each Section

Unless otherwise stated:

- (i) the definitions, terms, conditions and exclusions set out in the General Terms and Conditions apply to all Sections; and
- (ii) the definitions, terms, conditions and exclusions of Policy Section A1 – Management Liability, Policy Section A2 - Association Liability, Policy Section A3 - Employment Practices Liability, Policy Section A4 – Statutory Liability, Policy Section A5 – Employers Liability, Policy Section A6 – Crime Protection and Policy Section A7 – General Liability apply only to each respective Section.

In the case of inconsistency or conflict, Policy Section A1 – Management Liability, Policy Section A2 - Association Liability, Policy Section A3 - Employment Practices Liability, Policy Section A4 – Statutory Liability, Policy Section A5 – Employers Liability, Policy Section A6 – Crime Protection and Policy Section A7 – General Liability override the General Terms and Conditions.

2. Non-Avoidance

Except in respect of Policy Section A6 - Crime Protection:

- (i) subject to (ii) below, this policy is not avoidable or rescindable in whole or in part with respect to any **Insured Person**, and the **Insurer** shall have no other remedy, with respect to any pre-inception misrepresentation or pre-inception non-disclosure by any **Insured Person** in connection with this policy; and
- (ii) if the **Insurer** has a right to reduce its liability for any fraudulent misrepresentation or fraudulent non-disclosure of a matter or fact established by final adjudication of a judicial or arbitral tribunal, or any formal written admission by or on behalf of any **Insured Person**, the **Insurer** will only exercise such right against that **Insured Person**.

3. Cancellation

The **Association** may cancel this policy by providing written notice to the **Insurer** in which case the **Insurer** shall retain the pro-rata proportion of the premium plus 20% of that pro-rata proportion. The **Insurer** may cancel this policy as and in the manner permitted by law and shall be entitled to retain the pro-rata proportion of the premium. Cancellation of this policy does not extinguish any cover available under Policy Section A1 – Management Liability Extension 6 ‘Run-off for Retired Insured Persons’.

4. Severable Nature of the Policy

Except in respect of Policy Section A6 - Crime Protection, this policy is a severable policy covering each **Insured** for their own individual interest.

With respect to the ‘Conduct’ Exclusion in Policy Sections A1, A2, A3, or A4, and the contents of any proposal form or declaration submitted, or statements, warranties and representations made to the **Insurer** in connection with this policy, or any policy of which this policy is a renewal or replacement:

- (i) with respect to any **Insured Person**: no statements made by or on behalf of an **Insured Person**, or information or knowledge possessed by an **Insured Person**; nor any act, error or omission of an **Insured Person**, shall be imputed to any other **Insured Person**, for the purpose of determining whether any **Insured Person** is covered under this policy;
- (ii) with respect to the **Association**: only the statements and knowledge of any **Executive** or **Responsible Person** of the **Association**, or any person who signed the declaration or proposal form in connection with this policy or any policy of which this policy is a renewal or replacement; will be imputed to all **Insureds**.

5. Inspection

The **Insurer** (or its agents, representatives, employees or consultants) may inspect the **Association’s** premises and operations at any time. The **Insurer** will use reasonable endeavours to give the **Association** reasonable notice of any intended inspection. The **Association shall** provide all reasonable cooperation and assistance as the **Insurer** may require and provide access to its premises and other places of **Business**, as well as facilitate enquiries and interviews of any employee.

The **Insurer** may give the **Association** reports on the conditions that the **Insurer** finds, including recommendations. However, such inspections are merely as to the insurability of the risk and the premium to be charged and are not safety inspections.

6. Other Insurance and Indemnification

This policy shall always apply excess over any other valid and collectible insurance available to the **Insured** (including without limitation any policy specified in an endorsement to this policy).

With respect to **Outside Entities**, insurance provided by this policy applies excess over (i) any indemnification provided by an **Outside Entity**, and (ii) any other collectible insurance issued to an **Outside Entity** for the benefit of its directors, officers, or employees (including without limitation any **Outside Entity** insurance policy specified to the **Insurer**).

7. Changes in Risk

The **Insurer** shall not be liable for **Loss** or **Direct Financial Loss** arising out of, based upon or attributable to any:

- (i) **Occurrence**, act, error or omission committed or allegedly committed; or
- (ii) a matter which is the subject of an **Investigation**, extradition proceeding or **Asset and Liberty Proceeding**, occurring or arising;

after the effective date of a **Transaction**.

Cover shall only apply to an **Insured** for any covered acts, errors or omissions occurring after that date on which such **Insured** became a covered **Insured**.

The **Association** shall notify the **Insurer** in writing within thirty (30) days of any material change to the **Business** description as stated in the submission, application for insurance or the Schedule. The **Insurer** reserves the right to accept or deny coverage at or after the time of such notification and to establish a separate rate and premium for any such change in the **Business**.

8. Notice and Authority

The **Association** shall act on behalf of each and every **Insured** with respect to the giving of notice of any **Claim** or **Direct Financial Loss**, the payment of premiums and the receiving of any return premiums that may become due under this policy, the receipt and acceptance of any endorsements issued to form a part of this policy and the exercising or declining of any right to a **Discovery Period**.

9. Assignment

Neither this policy nor any right hereunder may be assigned without the prior written consent of the **Insurer**.

10. Governing Law

Any interpretation of this policy or issue relating to its construction, validity or operation shall be determined by the laws of New Zealand. Except as otherwise provided herein, the parties will submit to the exclusive jurisdiction of the New Zealand courts.

11. Headings and Titles and Other References

The descriptions in the headings and titles of this policy are solely for reference and convenience and do not lend any meaning to this policy. Words and expressions in the singular shall include the plural and vice versa. In this policy, words in **bold** typeface shall have special meaning and are defined. Words that are not specifically defined in this policy have the meaning normally attributed to them. References to legislation shall include any subsequent amendments or re-enactments thereof and the equivalent legislation in other jurisdictions. All references to titles and positions shall mean the equivalent in other jurisdictions. A reference herein to "this policy" shall mean a reference only to those Covers stated herein which are shown on the schedule as purchased.

12. Confidentiality

The **Insureds** shall make all reasonable efforts not to disclose the existence of this policy to any person except to professional advisers or as required by law or court order and shall only state within the **Association's** annual report that the **Association** has agreed, or otherwise, to pay a premium for this policy but shall not publish the nature of the liability covered by this policy, the name of the **Insurer**, the **Limit of Liability** or the premium paid for this policy.

13. GST

All amounts indicated in this policy and the attached Schedule are exclusive of Goods and Services Tax where payable by law.

14. Sanctions Clause

The **Insurer** will not be liable to provide any coverage or make any payment hereunder if to do so would be in violation of any sanctions law or regulation which would expose the **Insurer**, its parent company or its ultimate controlling entity to any penalty under any sanctions law or regulation.

Appendix I – AssociationEdge Advisory Panel Contacts

AUCKLAND

McElroys
Contact: Kiri Harkess (employment law)
Telephone: (09) 307 7003

DUNEDIN/QUEENSTOWN

Anderson Lloyd
Contact: Frazer Barton (disputes/insolvency)
Telephone: (03) 467 7161

Contact: Nic Soper (disputes/insolvency)
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American International Group, Inc. (AIG) is a leading global insurance organization. Founded in 1919, today AIG member companies provide a wide range of property casualty insurance, life insurance, retirement products, and other financial services to customers in more than 80 countries and jurisdictions. These diverse offerings include products and services that help businesses and individuals protect their assets, manage risks and provide for retirement security. AIG common stock is listed on the New York Stock Exchange and the Tokyo Stock Exchange.

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Contact

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