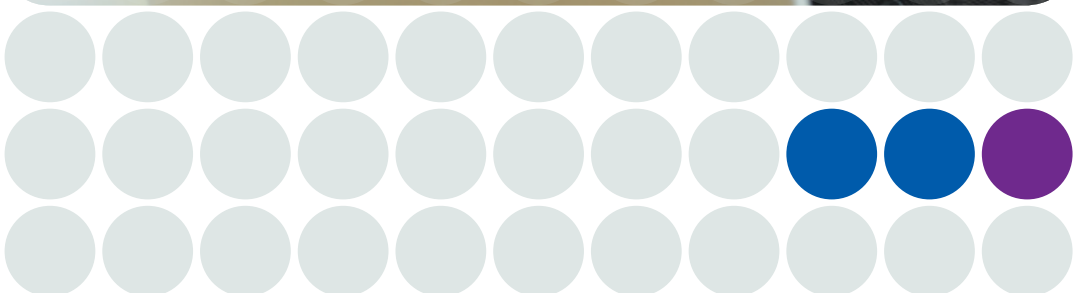
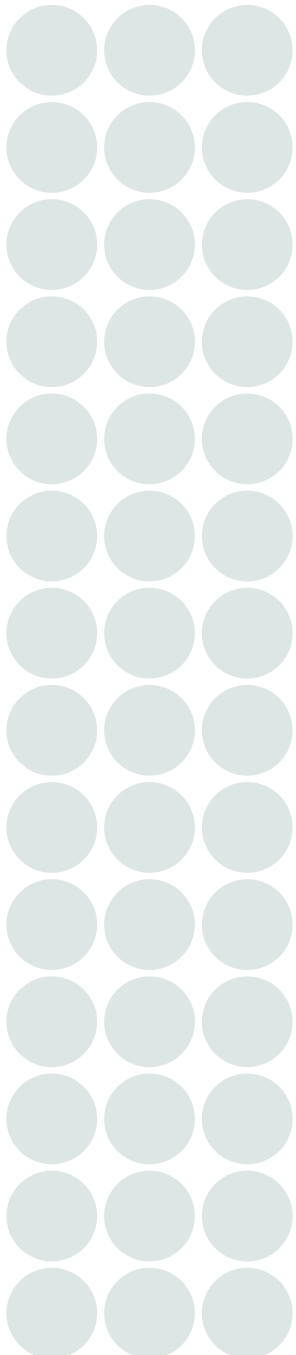


Zurich Statutory Liability Insurance

Policy Wording



Contents

Welcome to Zurich

About Zurich.....	3
Duty of Disclosure.....	3
Non-disclosure or Misrepresentation	3
Our contract with you	3

Zurich Statutory Liability Insurance – Policy Wording

1. Insuring Clause	4
2. Extensions of Cover	4
2.1 Additional defence costs.....	4
2.2 Extended reporting period	4
2.3 Newly created or Acquired subsidiary	4
2.4 Official investigations.....	4
2.5 Subsidiary change of ownership.....	5
3. Definitions	5
3.1 Acquitted	5
3.2 Act of Parliament.....	5
3.3 Act of terrorism	5
3.4 Business.....	5
3.5 Civil defence legal costs	5
3.6 Deductible	5
3.7 Defence costs	5
3.8 Event	6
3.9 Excluded Act.....	6
3.10 Fine	6
3.11 Inception date	6
3.12 Limit of liability	6
3.13 Offence	6
3.14 Period of insurance	6
3.15 Retroactive date.....	6
3.16 Schedule.....	6
3.17 Subsidiary	7
3.18 You, Your, Insured.....	7
4. Limit of liability	7
5. Exclusions	7
5.1 Asbestos.....	7
5.2 Daily continuing offences.....	7
5.3 Deliberate disregard.....	7
5.4 Dishonest acts	8
5.5 Orders and Costs	8
5.6 Personal grievances.....	8
5.7 Prior and pending	8
5.8 Private prosecutions.....	8
5.9 Radioactive contamination	8
5.10 Territorial limits	8
5.11 War, Act of terrorism	8

6. Standard Conditions	9
6.1 Apportionment of costs	9
6.2 Assignment	9
6.3 Cancellation	9
6.4 Claims notification and Duties	9
6.5 Conduct of defence	9
6.6 Consolidation or Merger	10
6.7 Fraudulent claim	10
6.8 Headings	10
6.9 Material change of risk	10
6.10 Other insurance	10
6.11 Payments in respect of Goods & Services Tax	10
6.12 Prejudice	10
6.13 Progress payment of legal expenses	10
6.14 Proper law and Jurisdiction	10
6.15 Reasonable precautions	10
6.16 Sanctions regulation	11
6.17 Severability and Non-imputation	11
6.18 Singular and Plural	11
6.19 Subrogation	11
6.20 Waiver of privilege	11

Welcome to Zurich

About Zurich

The insurer of this product is Zurich Australian Insurance Limited (ZAIL incorporated in Australia) trading as Zurich New Zealand. In this policy wording, ZAIL may also be expressed as 'Zurich', 'we', 'us' or 'our'.

Zurich provides wealth protection and wealth creation solutions, offering general insurance for commercial customers, and life risk, investments and superannuation solutions for corporates and personal customers. Zurich's solutions and services are primarily accessible through insurance brokers, financial advisers and other intermediaries.

Zurich is part of the worldwide Zurich Insurance Group Ltd. It is one of the world's largest insurance companies, with a global network of subsidiaries and offices in Asia Pacific as well as North America, Europe, Latin America and other markets. Founded in 1872, the Group is headquartered in Zurich, Switzerland. It employs approximately 60,000 people serving customers in more than 170 countries.

Duty of Disclosure

Before *you* enter into a contract of general insurance with us, *you* have a duty at common law to disclose to us every matter *you* know, or could reasonably be expected to know that a prudent insurer would want to take into account in deciding whether to insure *you* and, if so, on what terms. This applies to all persons to be covered under this contract of insurance.

You have the same duty to disclose those matters to us before *you* renew, extend, vary or reinstate a contract of general insurance. *Your* duty however, does not require disclosure of a matter:

- that diminishes the risk to be insured;
- that is of common knowledge;
- that we know or in the ordinary course of our business we ought to know;
- that we state to *you* that we do not want to know.

Non-disclosure or Misrepresentation

If *you* make a material misrepresentation to us, or if *you* do not comply with *your* duty of disclosure we may treat *your* policy as if it never existed.

Our contract with you

Your policy is a contract of insurance between *you* and Zurich and contains all the details of the cover that we provide.

Your policy is made up of:

- the policy wording. It tells *you* what is covered, sets out the claims procedure, exclusions and other terms and conditions of cover;
- the proposal, which is the information *you* provide to us when applying for insurance cover;
- *your* most current policy *schedule* issued by us. The policy *schedule* is a separate document unique to *you*, which shows the insurance details relevant to *you*. It includes any changes, exclusions, terms and conditions made to suit *your* individual circumstances and may amend the policy; and
- any other written change otherwise advised by us in writing (such as an endorsement). These written changes vary or modify the above documents.

Please note, only those covers shown in *your* policy *schedule* are insured.

This policy wording is used for any offer of renewal we may make, unless we tell *you* otherwise. Please keep *your* policy in a safe place.

We reserve the right to change the terms of this policy wording where permitted to do so by law.

Zurich Statutory Liability Insurance

Subject to the prior payment of or *your* agreement to pay the premium set out in the *schedule*, we agree with *you* to provide insurance as set out in this policy.

1. Insuring Clause

Subject to the terms and conditions of this policy, we will pay:

- 1.1 any *fine* payable by *you* upon *your* conviction of an *offence* under any *Act of Parliament*, except an *excluded Act*; and
- 1.2 *defence costs* incurred by *you* in relation to *your* defence.

Provided that:

- (i) the *event* giving rise to the *offence* happened on or after the *retroactive date*;
- (ii) *you* notified us of the *event*, in writing during the *period of insurance*, or with 21 days after its expiry.

2. Extensions of Cover

2.1 Additional defence costs

Subject to the terms and conditions of this policy, if it is alleged that *you* have knowingly, wilfully or intentionally breached an *Act of Parliament*, except an *excluded Act*, we will pay *defence costs* incurred by *you* in relation to *your* defence but only if *you* are *acquitted*. For the purposes of the cover under this extension, Exclusion 5.3.1 does not apply.

2.2 Extended reporting period

If we refuse to renew this policy, *you* may, upon payment of an additional premium of 100% of the full annual premium payable for the expiring *period of insurance*, extend the cover under this policy for a further 12 months from the date of expiry.

Provided that:

- 2.2.1 this option to extend the policy must be notified in writing to us within 30 days of the date of expiry;
- 2.2.2 the extension shall only apply in respect of an *event* before the expiry date;
- 2.2.3 an offer by us of any renewal terms or premiums different from expiring terms or premiums shall not constitute a refusal to renew;
- 2.2.4 the *limit of liability* under this extension is part of and not in addition to the *limit of liability* specified in the *schedule*.

2.3 Newly created or Acquired subsidiary

If any *subsidiary* is created or acquired by *you* after the inception of this policy, *your* new *subsidiary* shall be included.

Provided that:

- 2.3.1 written notice of such creation or acquisition is given to us together with appropriate underwriting information and the payment of any additional premium required by us;
- 2.3.2 in respect of acquisitions, cover granted under this policy shall only apply to an *event* both discovered by *you* after the date of such acquisition and suffered after the *retroactive date*, and for which *you* have agreed to cover any such *subsidiary*.

2.4 Official investigations

Subject to the terms and conditions of this policy, we will pay *your civil defence legal costs* in relation to any inquiry involving *you*.

2.5 Subsidiary change of ownership

2.5.1 In the event that an entity ceases to be a *subsidiary* during the *period of insurance*, cover under this policy with respect to such *subsidiary* shall continue until the expiry date of the *period of insurance*.

Provided that such cover shall only apply in respect of an *event* that occurred after the *retroactive date* or the date of creation or acquisition by *you* (whichever is the later), and until the date such entity ceased to be a *subsidiary*.

2.5.2 Where the entity has ceased to be a *subsidiary* because it is acquired by a third party, then this extension shall only apply where *you* have agreed to retain a continuing obligation to indemnify the third party arising out of an *event* that has taken place whilst it was a *subsidiary*.

3. Definitions

3.1 Acquitted

acquitted means the dismissal of charges before or after a defended hearing or trial, or entry of a not guilty verdict (but shall not include the disposition of a charge pursuant to a plea bargain where multiple informations have been laid).

3.2 Act of Parliament

Act of Parliament means any Act of the New Zealand Parliament, and any Code or Regulations or other subordinate legislation made under those Acts, but does not include an *excluded Act*.

3.3 Act of terrorism

act of terrorism means any act, or preparation in respect of action, or threat of action designed to influence the government de jure or de facto of any nation or any political division thereof, or in pursuit of political, religious, ideological or similar purposes to intimidate the public or a section of the public of any nation by any person or group(s) of persons whether acting alone or on behalf of or in connection with any organisation(s) or government(s) de jure or de facto, and which:

- 3.1.1 involves violence against one or more persons;
- 3.1.2 involves damage to property;
- 3.1.3 endangers life other than that of the person committing the action;
- 3.1.4 creates a risk to health or safety of the public or a section of the public; or
- 3.1.5 is designed to interfere with or to disrupt an electronic system.

3.4 Business

business means all *your* activities and operations stated in the *schedule*.

3.5 Civil defence legal costs

civil defence legal costs means the legal costs and expenses, including witness costs and expenses, necessarily and reasonably incurred in relation to:

- 3.5.1 a formal inquiry by a regulatory body, which could lead to a prosecution for an *offence*;
- 3.5.2 proceedings before a Human Rights or Privacy Complaints Review Tribunal.

3.6 Deductible

deductible means the amount *you* first bear in relation to each *event*. The *deductible* applies to all amounts payable under this policy.

3.7 Defence costs

defence costs means the legal costs and expenses, including witness costs and expenses, necessarily and reasonably incurred with our prior consent, in investigating and/or defending any prosecution or threatened prosecution alleging the commission of an *offence*.

3.8 Event

event means any act or omission in the course of the *business* that gives rise, or may give rise, to a prosecution for an *offence*, a formal inquiry by a regulatory body, which could lead to a prosecution for an *offence*, or proceedings before a Human Rights or Privacy Complaints Review Tribunal.

3.9 Excluded Act

excluded Act means the following:

- 3.9.1 Arms Act 1983;
 - 3.9.2 Aviation Crimes Act 1972;
 - 3.9.3 Crimes Act 1961;
 - 3.9.4 Criminal Investigations (Blood samples) Act 1995;
 - 3.9.5 Criminal Proceeds (Recovery) Act 2009;
 - 3.9.6 Land Transport (Road Safety and Other Matter) Amendment Act 2001;
 - 3.9.7 Misuse of Drugs Act 1975;
 - 3.9.8 Summary Offences Act 1981;
 - 3.9.9 Transport (Vehicle and Driver Registration and Licensing) Act 1986;
- and any other *Act of Parliament* specified in the *schedule* as an *excluded Act*.

3.10 Fine

fine means any fine, infringement fee, court costs, witness expenses or solicitor's costs, ordered by a court to be paid by *you* upon *your* conviction for an *offence*, for which we may legally indemnify *you*. This does not include a *fine* imposed pursuant to the Health and Safety in Employment Act 1992, but this definition is extended to include a sentence of reparation imposed following a conviction under that Act.

3.11 Inception date

inception date means the commencement date of the *period of insurance* stated in the *schedule*.

3.12 Limit of liability

limit of liability means the Limit of Liability stated in the *schedule*.

3.13 Offence

offence means any information alleging the commission by *you* of an offence under an *Act of Parliament*, for which *you* are liable to a *fine* if convicted.

3.14 Period of insurance

period of insurance means the Period of Insurance stated in the *schedule*.

3.15 Retroactive date

retroactive date means the Retroactive Date stated in the *schedule*.

3.16 Schedule

schedule means the Schedule attaching to and forming part of the policy, including any *schedule* substituted for the original *schedule*.

3.17 Subsidiary

subsidiary means a company or legal entity in respect of which *you* directly or indirectly:

3.17.1 control or controlled the composition of the board of directors; and/or

3.17.2 control or controlled more than half of the voting power; and/or

3.17.3 hold or held more than half of the issued share capital or other ownership of the entity,

and shall in any event include any company or legal entity whose financial accounts are required to be consolidated with those of the named *insured* pursuant to the New Zealand Company Law or the applicable New Zealand Accounting Standards.

3.18 You, Your, Insured

you, your, insured means:

3.18.1 the Insured named in the *schedule*; or

3.18.2 any *subsidiary* of the Insured described in 3.18.1,

and includes any person who is, or was at the time of the *event*, a trustee, director, officer, sole trader, partner or employee of *yours*.

4. Limit of liability

4.1 Our liability to indemnify *you* for all *events* under this policy is limited in the aggregate to the amount specified in the *schedule* applicable for the *period of insurance* within which *you* have, or should have, first notified us of the *event*.

4.2 Where an *event* is alleged to have taken place on, over or between a number of specified dates, which fall within more than one *period of insurance*, for the purposes of the applicable *limit of liability* and *deductible*, the *event* will be treated as if it occurred in the *period of insurance* in which *you* have, or should have, first notified us of the *event*.

4.3 The *deductible* specified in the *schedule* shall be borne by *you* in respect of each and every *event*.

5. Exclusions

We will not pay anything in respect of:

5.1 Asbestos

any liability of whatsoever nature in connection with, directly or indirectly caused by or contributed to by or arising from asbestos or asbestos products in whatever form or quantity.

5.2 Daily continuing offences

5.2.1 the cost or payment of any enforcement order, remedial order or compliance order;

5.2.2 any *fine* imposed in relation to a daily continuing *offence* where the *fine* is imposed in relation to a period of time after *you* first received notice from the informant or his employing body of the intention to commence a prosecution in relation to that *offence*.

5.3 Deliberate disregard

the prosecution for an *offence* which has allegedly resulted from the:

5.3.1 deliberate or reckless disregard by *you* of any of the provisions of any *Act of Parliament* which *you* are alleged to have contravened;

5.3.2 *you* instructing another person to discharge one or more of *your* obligations under any of the provisions of the Acts and failing to take all reasonable steps to ensure that *your* obligations were discharged as instructed;

5.3.3 failure by *you* to comply with any lawful abatement notice or enforcement order, improvement notice, prohibition notice or suspension notice, building consent, Notice to Rectify, Compliance Schedule, Gazetted Notice, or order made by a Human Rights or Privacy Review Tribunal.

5.4 Dishonest acts

any *event* actually or allegedly brought about or contributed to, by any dishonest, fraudulent or malicious act or omission by or on *your* behalf.

5.5 Orders and Costs

5.5.1 any pecuniary penalty, restitution, compensation or order for payment pursuant to sections 80, 83 or 89 (3) (b) of the Commerce Act 1986;

5.5.2 any order for payment of costs made under the Commissions of Inquiry Act 1908;

5.5.3 any court order in the nature of damages or compensation, except a sentence of reparation following a Health and Safety in Employment Act prosecution;

5.5.4 any action, proceeding, inquiry, investigation or prosecution taken against *you* by the Inland Revenue Department or any other revenue collecting authority.

5.6 Personal grievances

any contract of service with any current, former or prospective employee, including any personal grievance or similar action by an employee, but this exclusion shall not apply to any investigation or inquiry by the Department of Labour pursuant to the Health & Safety in Employment Act.

5.7 Prior and pending

any *event* after the *retroactive date* but before the *inception date*, if *you* knew, or ought reasonably to have known, of the *event* and failed to notify the *event* to us before the *inception date*.

5.8 Private prosecutions

any investigation of or defence of any action, proceeding, inquiry, investigation or prosecution taken against *you* by a person other than the statutory authority or enforcement agency given that responsibility under the relevant *Act of Parliament*.

5.9 Radioactive contamination

5.9.1 any ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel. For the purpose of this Exclusion combustion shall include any self-sustaining process of nuclear fission;

5.9.2 any nuclear weapons material.

5.10 Territorial limits

any liability suffered outside of New Zealand and from any judgement brought in any Court outside of New Zealand.

5.11 War, Act of terrorism

any death, injury, illness, loss, damage, costs or expenses of whatsoever nature caused by or arising out of the following regardless of any other cause or event contributing concurrently or in any other sequence by:

5.11.1 any consequence of war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection or military or usurped power or confiscation, nationalisation, requisition, destruction of or damage to property by or under the order of any government or public or local authority;

5.11.2 any *act of terrorism* or any action taken in controlling, preventing, suppressing or in any way relating to any *act of terrorism*.

6. Standard Conditions

6.1 Apportionment of costs

- 6.1.1 if there are claims against *you* which contain uninsured allegations or allegations against other parties then we shall use our best efforts to agree upon a fair and proper allocation of *defence costs*.
- 6.1.2 if *you* and Zurich disagree over the allocation of *defence costs*, then we shall advance such *defence costs* we believe to be covered under this policy, until a different allocation is negotiated, arbitrated or judicially determined. In this case we will, if requested by *you*, refer the dispute for determination of allocation to an expert mutually agreeable to all parties and such determination shall apply retrospectively to all *defence costs* incurred in the defence of that particular claim or *event*.

6.2 Assignment

This policy and any rights thereunder shall not be assigned without our prior written consent.

6.3 Cancellation

- 6.3.1 *You* may cancel this policy at any time by giving notice in writing to us;
- 6.3.2 We may cancel this policy at any time by giving notice in writing to *you*, such cancellation to take effect after 30 days from the time of notification received by *you*;
- 6.3.3 Upon cancellation by *you*, a refund of premium will be allowed pro rata of 80% of the premium for the unexpired *period of insurance*;
- 6.3.4 Upon cancellation by us, a refund of premium will be allowed pro rata for the unexpired *period of insurance*.

6.4 Claims notification and Duties

As a condition precedent to our liability, *you* shall give us immediate notice in writing of any *event*. At the same time, or as soon as possible thereafter, *you* shall:

- 6.4.1 provide full details of any notice or circumstance of an *event* together with any documentation, information and details that are relevant;
- 6.4.2 give any notice or circumstance notified to us during the *period of insurance*, any subsequent claim that arises from that *event* is covered under this policy as though the *event* itself was notified during the *period of insurance*;
- 6.4.3 use *your* best endeavours to preserve all property, products, appliances, plant and other things which may assist us in the investigation or conduct of *your* defence. So far as may be reasonably practical, no alteration or repair shall be effected until we have first had the opportunity of inspection;
- 6.4.4 co-operate with us or our authorised representatives in all aspects of the claim;
- 6.4.5 not make any admission of fact or liability, offer, promise or payment or settlement without our prior written consent;
- 6.4.6 if the *offence* alleged is a continuing one, immediately take, at *your* expense, all reasonable steps to prevent its continuation.

6.5 Conduct of defence

- 6.5.1 Upon acceptance by us of *your* claim, we shall have the right to nominate a solicitor to act on *your* behalf and we shall have the total discretion as to the conduct and control of *your* defence, including strategy, in respect of any prosecution, inquiry, settlement, negotiation or proceedings against *you*.
- 6.5.2 Where *you* disagree with us over *your* defence, including strategy, we shall provide *you* in writing with our reasons and shall refer them to an independent barrister for a final determination as to their reasonableness. This independent determination shall be binding all parties.

6.6 Consolidation or Merger

If *you* acquire by merger, consolidate with, or are merged into or acquired by any other entity after the commencement of the *period of insurance*, *you* shall give written notice to us as soon as practicable, together with such information as we may require, and *you* shall pay us any required additional premium.

6.7 Fraudulent claim

If any claim is in any respect fraudulent, or if any false declaration is made or used in support of any claim, or if any fraudulent means or devices are used by *you* or by anyone acting on *your* behalf, to obtain any benefit under this policy, all benefits will be forfeited.

6.8 Headings

Headings have been included for ease of reference, but do not form part of the policy.

6.9 Material change of risk

You shall give immediate notice to us of any material change to any of the facts or circumstances existing at the commencement of the *period of insurance*. We shall be entitled to charge an additional premium as appropriate.

6.10 Other insurance

If, at the time of any claim arising under this policy, there is any other valid and collectable insurance covering all or part of the same *event* this policy will apply to the amount in excess of that recoverable or in fact recovered under the other insurance, whether such insurance is stated to be primary or excess, unless such other insurance is written only as specific excess insurance over the *limit of liability* under this policy.

6.11 Payments in respect to Goods & Services Tax

All sums insured in this policy (except for the *deductible*) exclude GST where that GST is recoverable by us under the Goods and Services Tax Act 1985. We add GST, where applicable, to claim payments. However, this does not apply to the *deductible* which is GST inclusive.

6.12 Prejudice

Where *you* breach or fail to comply with Standard Conditions 6.4 'Claims notification and duties' or 6.15 'Reasonable precautions' of this policy, and this results in prejudice to us in relation to the handling of any claim, the indemnity afforded by this policy in respect of such claim, shall be reduced to such sum as would have been payable by us in the absence of such prejudice.

6.13 Progress payment of legal expenses

In the event of a claim for which we have agreed to indemnify *you*, on production of acceptable evidence of expenditure prior to the final settlement of the claim, we shall pay *defence costs* or *civil defence legal costs* necessarily and reasonably incurred by *you*.

6.14 Proper law and Jurisdiction

6.14.1 The construction, interpretation and meaning of the provisions of this policy shall be determined in accordance with New Zealand law.

6.14.2 In the event of any dispute arising under this policy including, but not limited to, its construction and/or validity and/or performance and/or interpretation, *you* will submit to the exclusive jurisdiction of any competent Court in New Zealand.

6.15 Reasonable precautions

As a condition precedent to our liability, *you* shall take all reasonable precautions to:

6.15.1 avoid, prevent or minimise any circumstances that may give rise to an *event*;

6.15.2 comply with all relevant statutory obligations.

6.16 Sanctions regulation

Notwithstanding any other terms or conditions under this policy, Zurich shall not be deemed to provide coverage or will not make any payments or provide any service or benefit to any *insured* or any other party to the extent that such cover, payment, service, benefit and/or any *business* or activity of the *insured* would violate any applicable trade or economic sanctions, law or regulation.

6.17 Severability and Non-imputation

Where this policy insures more than one party, the application for insurance is construed as a separate application by each *insured*. When determining whether coverage is available under this policy:

6.17.1 any failure by an *insured* to comply with the duty of disclosure shall not be imputed to any other *insured*, where that *insured* is innocent of and had no prior knowledge of the failure; and

6.17.2 for the purposes of the exclusions, no facts pertaining to, conduct of or knowledge possessed by an *insured* shall be imputed to any other *insured*.

6.18 Singular and Plural

Except where the context otherwise requires, a reference to the singular includes the plural and vice versa.

6.19 Subrogation

In the event of a payment under this policy to *you* or on *your* behalf, we shall be subrogated to all *your* rights of recovery against all persons and organisations. *You* shall do all that is necessary to assist us in the exercise of such rights, including prosecuting proceedings in *your* name at our expense.

6.20 Waiver of privilege

If we instruct any lawyer to investigate or defend any claim made against *you*, *you* shall authorise the lawyer to provide us with any documents, information or advice in respect of the claim, including in relation to indemnity, and *you* waive any privilege to the extent necessary to give full effect to our entitlement in this respect.

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Zurich Australian Insurance Limited
(incorporated in Australia)
Trading as Zurich New Zealand
ABN 13 000 296 640, AFS Licence No: 232507
Zurich House: Level 16, 21 Queen Street Auckland Central 1010

Client Enquiries
Telephone: 0508 ZURICH
0508 987 424
www.zurich.co.nz

