

New Zealand Motor Caravan Association Inc

Motor Vehicle Insurance Policy



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Introduction

In consideration of the **insured** agreeing to pay **Lumley** the premium stated in the **schedule**, **Lumley** will provide the **scope of cover** stated in the **schedule**.

Definitions

The words below (and any derivatives of them) have the following meanings when they appear in bold:

Accessories: accessories and spare parts of the **vehicle** (including when temporarily removed from the **vehicle**), such as (but not limited to): on board computers, telephone installations, load securing or protection equipment in, on or in connection with the **vehicle**. This definition does not apply to any item of electrical or communication equipment not permanently affixed to the **vehicle's** electrical system.

Accident: a happening or event occurring in New Zealand that is unintended and unexpected by the **insured**.

Agreed value: The gross value given on the current valuation provided by a certified valuer, or the full purchase price of the **vehicle** if purchased within the last FIVE years unless superseded by another certified valuation. A valuation is current for up to FIVE years from the date of issue. If no certified valuation is provided then **market value** applies.

Bodily injury: the **accidental** death of, or **accidental** bodily injury to, any person, including disability, sickness, disease, shock, fright, mental anguish or mental injury.

Certified Member: Certified Members are those Member of the New Zealand Motor Caravan Association (Incorporated) who have applied for and become Members of the Association and have paid their current Subscription to the Association.

Description of use: used by the **insured**, or anyone with the **insured's** consent:

- (a) for the **insured's** business or occupation stated in the submission or proposal;
- (b) for the **insured's** private, social or domestic purposes;
- (c) for a business or occupation comparable with the **insured's** stated in the submission or proposal when temporarily lent out by the **insured**.

Driver: the person driving the **insured vehicle** or operating any equipment in it or on it.

Hidden Gradual Damage: means hidden rust, hidden corrosion, hidden rot, hidden mildew or hidden gradual deterioration.

Insured: the 'INSURED'; named on the **schedule**, so long as they are a certified member of the NZMCA or have paid an additional non-member fee included in the insurance premium.

Insured vehicle: All Motor or Towed Caravans and Articulated Units (also known as 5th Wheelers) of every description, to be collectively described as a Motor Caravan, owned by the **insured**.

Loss: sudden physical loss, sudden physical damage or sudden physical destruction.

Lumley: Lumley, a business division of IAG New Zealand Limited.

Market value: the reasonable sale price of the same, or a comparable **Motor Caravan**, of similar pre-**loss** age and condition.

Motor Caravan: Is the Motor or Towed Caravan and Articulated Units including the permanent fixtures, fittings, furnishings and equipment contained in or on the motor or towed Caravan. This includes specifically, but not only, built in furniture, generators (up to 3.75KW) awnings, ranges, refrigerators, blinds, squabs, carpets and toilets (whether loose or permanently installed). It also includes permanently fixed microwave ovens, videos/DVDs, television sets, audio equipment and CBs. For a vehicle to be classed as a Motor Caravan, the minimum requirement is that the **insured vehicle** must have a built-in sink, bench and bed. If your **insured vehicle** does not meet these requirements it cannot be insured under this policy, unless covered by Section 1: Cover for the insured vehicle - D. Section 1 Automatic Extensions - 1 Builders Risk.

Period of insurance: the period of time stated in the **schedule**. If this policy is renewed, the period of time stated in the most recent Renewal Invitation.

Reparation: is the amount ordered by a New Zealand Court to be paid to the victim of an offence under section 32 of the Sentencing Act 2002.

Schedule: the most recent schedule (and any policy endorsements) issued to the **insured**.

Scope of cover: one of the following levels of cover:

- (a) **"Comprehensive"**: All Sections of this policy apply; or
- (b) **"Third Party Liability Only"**: Only Section 2 of this policy applies; or
- (c) **"Third Party Fire Theft and Illegal Conversion"**: Sections 1 and 2 of this policy apply. However, in respect of Section 1 the cover is restricted to **loss** caused directly by fire, lightning; explosion and theft or illegal conversion of the **insured vehicle**.

Vehicle: any type of machine on wheels, tracks or rollers that is propelled by its own power, and anything designed to be towed by such a machine.

Vehicle schedule: the most recent underwriting schedule supplied to **Lumley**, on behalf of the **insured**, listing the **vehicles** covered under this policy and their **market values**.

Section 1: Cover for the insured vehicle

A. Cover

Lumley will indemnify the **insured** for **accidental loss** to an **insured vehicle** during the **period of insurance**.

B. Basis of Settlement

1 **Lumley** will, at its option, settle the claim in one of the following ways:

- (a) pay the reasonable cost of repairs to the **insured vehicle**, or
- (b) pay the cash equivalent of the reasonable cost of repairs to the **insured vehicle**, or
- (c) replace the **insured vehicle**, or
- (d) pay the **insured vehicle's market value** at the time of the **loss**, or
- (e) pay the **insured vehicle's agreed value** at the time of the **loss** if **agreed value** applies to that vehicle.
- (f) All truck and or tractor units forming part of an articulated unit and any **Motor Caravan** not complying with **agreed value** terms are insured on the basis of **market value**.

The tables below will be used when settling any claim:

- (a) The replacement cost without deduction for wear and tear or depreciation for:
 - Built-in furniture, toilets, refrigerators, microwave ovens less than 10 Years Old.
 - Carpets, blinds, drapes and squabs less than 5 Years Old.

(b) The replacement cost for awnings, less deduction for wear and tear as per the chart below:

| Age of Awning at time of Loss | Percentage of Depreciation |
|-------------------------------|----------------------------|
| 1 – 3 Years | 0% |
| 4 – 5 Years | 20% |
| 6 – 8 Years | 40% |
| 9 – 12 Years | 60% |
| 13 – 15 Years | 80% |
| Over 15 Years | 100% |

NOTE: Wind and Storm damage is excluded to any awning if it has been left erected and unattended for more than 48 consecutive hours.

- 2 Unless specified elsewhere in this policy **Lumley's** maximum liability will not exceed the **market value** of the **insured vehicle** or the limit stated in the **schedule** for any one **insured vehicle**, whichever is the lesser.
- 3 **Lumley** is not liable for that portion of any repair or replacement that improves the condition of the **insured vehicle** beyond its condition before the **loss**.
- 4 If any part or component of the **insured vehicle** is no longer manufactured **Lumley** is not liable for more than the supplier's or manufacturer's last list price.
- 5 **Lumley** is not liable for the deductible shown below for each **loss** to an **insured vehicle**. However, where more than one **insured vehicle** suffers **loss** in relation to the same **accident**, only one deductible will apply.

Deductibles - Applicable to Section 1 of this policy (Unless a different excess is shown on the **schedule**)

i For Motor Caravans less than \$350,000

(a) Damage to the **insured vehicle** -

1. New Zealand Residents - \$500 excess.
2. Non New Zealand Residents - \$1,250 if you normally reside in a country that requires you to drive on the right hand side of the road. If you normally reside in a country that requires you to drive on the left hand side of the road then a \$750 excess applies.

(b) Windscreen and Window Glass - Nil.

(c) Loss or damage caused by fire, or if the whole **Motor Caravan** is stolen and not recovered - Nil excess.

ii For Motor Caravans equal to or greater than \$350,000

(a) Damage to the **insured vehicle** -

1. New Zealand Residents - excess of 1% of the sum insured shall apply.
2. Non New Zealand Residents - an additional \$1,250 if you normally reside in a country that requires you to drive on the right hand side of the road. If you normally reside in a country that requires you to drive on the left hand side of the road then the standard excess will apply.

(b) Windscreen and Window Glass - \$1,000 for glass replacement but Nil for glass repairs.

(c) Loss or damage caused by fire, or if the whole **Motor Caravan** is stolen and not recovered – 1% of the sum insured shall apply.

C. Exclusions

1 Causes of Loss

This policy does not insure **loss** caused by:

- (a) Wear and tear. However, this Exclusion is limited to the part immediately affected and does not apply to resultant damage to other parts of the **insured vehicle**.
- (b) Rust or corrosion (other than the cover provided under the **hidden gradual damage** benefit).
- (c) Faulty or defective design or specification. However, this Exclusion is limited to the part immediately affected and does not apply to resultant damage to other parts of the **insured vehicle**.

2 Types of Loss

This policy does not insure the following types of **loss** however caused:

- (a) Consequential loss of any kind (including loss of use);
- (b) Depreciation or loss of value;
- (c) Mechanical or electrical breakdown or failure of any part of the **insured vehicle**, including its engine, hydraulic and transmission systems. (Note: servicing and maintenance errors (among other things) are not covered). However, this Exclusion 2(c) shall not apply if the mechanical or electrical breakdown or failure results in or from the **insured vehicle**:
 - i. Catching fire;
 - ii. Overturning;
 - iii. Suffering an impact or collision;
 - iv. Being partly or fully immersed in water;
 - v. Being stolen or illegally converted;
 - vi. Being maliciously damaged
- (d) Any loss to tyres or their tubes by the application of brakes or by punctures, cuts, splits or bursts unless caused at the same time as a loss for which a claim is payable.

Please also refer to the General Exclusions.

D. Section 1 Automatic Extensions

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

1 Builders Risk

It is noted and agreed that the **Motor Caravan** declared to be in the course of construction (and materials to be incorporated in the completed **Motor Caravan**) are deemed to be insured under the terms, conditions and exceptions of the Policy including road/mobile testing when the vehicle is not in a complete state.

2 Claims preparation costs

This policy covers reasonable costs incurred by the **insured** in preparing a claim for **loss** covered under Section 1, or proving that a **loss** is a claim under Section 1 (but not costs incurred in disputing the claim if it is declined).

Lumley's total liability in respect of any one claim will not exceed \$5,000. A deductible of \$500 for any one claim applies.

3 Completion of journey costs

When, as a result of a **loss** covered under Section 1, the **insured's** journey cannot be continued, this policy covers the reasonable costs incurred in:

- (a) hiring another vehicle of similar make and model to complete the journey, or returning the **insured** to where the journey first commenced; and
- (b) returning the **insured vehicle** to the premises where it is normally based following its repair, or the cost of recovering it in the event of theft or illegal conversion.

Lumley's total liability will not exceed \$5,000 in the aggregate for all **accidents** during the **period of insurance**.

4 Death by Accident

If the **insured** dies as a result of **accident** covered by this policy, whether or not death occurs at the time of the **accident**, **Lumley** will pay \$5,000 to the **insured's** estate, regardless of any other insurance, provided that death occurs within 90 days following the **accident**.

5 Disability modifications

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

However, **Lumley** is only liable in excess of any amount payable by the Accident Compensation Corporation, and its total liability will not exceed \$5,000 for any one **accident**.

6 Diesel Exhaust Fluid

This policy is extended to cover **accidental loss** to an **insured vehicle** during the **period of insurance** caused directly by the addition of diesel exhaust fluid into the **insured vehicle's** fuel system.

'Section 1 – Exclusions C, 2 – Types of Loss (c)' does not apply to this extension.

Lumley is not liable for the deductible of \$500, or the standard Section 1 deductible, whichever is the greater.

7 Electrical Equipment

This policy is extended to indemnify the **insured** in respect of loss or damage to electrical motors and starters not forming part of the engine of the **Motor Caravan** which do not individually exceed 3.75KW (5HP). Exclusion 2 C does not apply to this extension.

8 Free Trailer Benefit

This policy extends to provide cover in respect of loss or damage to any trailer, not otherwise insured, up to the **market value** of that trailer or \$1,500 whichever is less. Section 2 of this policy will also extend to the trailer whilst it is being used in connection with the **insured vehicle**. There is no cover for loss of or damage to any contents of any such trailer.

9 Funeral expenses

- (a) If the **insured** dies as a direct result of **loss** covered under Section 1, whether or not death occurs at the time of the **loss**, this policy covers all funeral expenses associated with the burial or cremation of the **insured**, in excess of any amount payable by the Accident Compensation Corporation or another insurer.
- (b) Cover includes any travel costs within New Zealand of the deceased **insured** or any member of his or her immediate family (e.g. father, mother, brother).

Lumley's total liability will not exceed \$5,000 in respect of any one **accident**.

10 Hidden Gradual Damage

Lumley will cover the **insured** for the cost of repairing the **insured vehicle** if it suffers **hidden gradual damage** caused by water which **accidentally** leaks or overflows from any window, door, toilet system, shower system, internal water pipe, internal waste disposal pipe, internal water tank, or internal waste tank permanently installed in the **insured vehicle**.

However, the leak or overflow must first occur and the **loss** must first be discovered during the **period of insurance**.

Lumley will pay up to \$2,000 during any one 12 month period to repair the damage. This limit includes the costs of locating the leak provided that **Lumley** has given prior consent. **Lumley** will not pay for repairing the leak.

11 Increased Value Extension

It is noted and agreed where any **insured vehicle** is taken off the road for the purpose of major overhaul or refit work, the sum insured may be increased at any time by the value of the work undertaken, but in the event of loss the total amount payable shall not exceed the sum insured declared or agreed on the policy **schedule**.

12 Load recovery

Section 1 covers the reasonable costs incurred in salvaging any load carried by an **insured vehicle** which, following loss covered under Section 1, has spilled onto a road, carriageway or parking area. This includes the reasonable costs of reloading or trans-shipping the load to the nearest place of safe storage.

Lumley's total liability will not exceed \$5,000 for any one **accident**.

13 Other Caravan Contents

This policy is extended to insure **your** other caravan contents for sudden and **accidental loss** whilst in or around **your vehicle**. For the purpose of this Additional Benefit, other caravan contents includes loose items of bedding, linen, cooking utensils and cutlery, outdoor furniture, furnishings, barbecues and the like and possessions that would normally be used in connection with a **Motor Caravan** provided that they are not otherwise insured. It does not include personal effects such as clothing, wearing apparel, money, traveller's cheques, papers and documents, jewellery or fashion accessories.

Lumley will pay the **market value** or the sum insured, whichever is the lesser. The most **Lumley** will pay for this extension is \$2,000 for any one item and \$10,000 for any one **event**, unless a higher amount is shown in the **schedule**.

14 Makers Specification

It is acknowledged that an **insured vehicle** may be modified from the makers' specification to convert it into a Motorhome or Towed Caravan in such a way as to comply with all relevant Regulations issued by the Land Transport Authority.

15 Mutually acceptable assessors

An assessor mutually agreed upon by the insured and **Lumley** shall assess any claim within the terms of Section 1 of this policy.

16 Protection and Replenishment Costs

This cover extends to include the reasonable costs of replenishing and/or replacing fire fighting equipment which is lost or damaged whilst used protecting the **insured's** property against loss or damage by any cause not excluded by this policy. This cover only applies if such replenishment or replacement is not more specifically insured by another policy. The maximum amount payable under this extension is \$300 during any one **period of Insurance**.

17 Repairs authorisation

The **insured** may authorise any reasonable repairs to a maximum of \$1,000 without prior notice to **Lumley**. If the estimated repair costs exceed this amount repairs must not be commenced without the consent of **Lumley** or its assessor. **Lumley** or its assessor must be given the opportunity of examining the damage to the **insured vehicle** prior to repair.

18 Rewards

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

Lumley's total liability will not exceed \$5,000 for all rewards offered for any one loss.

19 Salvage and Safety

Following **loss** covered under Section 1, this policy covers reasonable costs incurred in salvaging, recovering or disposal of the **insured vehicle**, including the costs of ensuring its safety and delivery to a place of suitable repair or inspection.

In the event of mechanical breakdown of the **insured vehicle**, Lumley will pay towing costs up to maximum amount of \$500 per breakdown to deliver the **insured vehicle** to the nearest suitable repairer, subject to prior consent from Lumley, up to a maximum amount of \$750 per **period of insurance**, the cost of the breakdown itself, towing without prior consent and more than two breakdowns per **period of insurance** are excluded. Lumley is not liable for the deductible of \$100.

20 Transportation costs and Travel Expenses

In the event of loss or damage to the **insured vehicle** described in the **schedule** for which a claim is made and payable under Section 1 of this policy, Lumley will meet the actual reasonable costs incurred for:

- i. Transportation and travel expenses incurred by the **insured** and/or the **insured's** family permanently residing with the **insured** from the place at which the loss or damage occurred to the **insured's** normal place of residence in New Zealand if they are unable to return in the **insured vehicle**. The maximum amount payable under this extension is \$1,500 during any one **period of insurance**.
- ii. Temporary accommodation whilst the **insured vehicle** is in an unusable condition to a value of \$700 per week for a duration of no more than 7 weeks where the **Motor Caravan** is the **insured's** only form of residence.
- iii. The return of the **insured vehicle** to the **insured's** normal place of garaging in New Zealand or to such other place as may be agreed upon following repairs.

In the event of the theft or conversion and later recovery of the **insured vehicle** described in the **schedule**, Lumley will meet the actual reasonable costs incurred for the return of the **insured vehicle** to the place from which it was stolen or to such other place as may be agreed or to its normal place of garaging.

21 Windscreen and Window Glass

If **loss** covered under Section 1 occurs solely to an **insured vehicle's** windscreen, sunroof, headlights or window glass or perspex no deductible applies unless otherwise specified in the **schedule**. This will also apply in respect to bodywork that has been scratched or damaged as a result of the above items sustaining **loss**.

This extension includes sign writing that requires reinstating due to the breakage of the windscreen or window glass, up to the value of \$250.

Section 2: Liability To The Public

A. Cover

Lumley will indemnify the **insured**, and any **driver** who is in charge of the **insured vehicle** with the **insured's** consent against the following:

(a) Liability for:

- (i) **accidental bodily injury** to any person;
- (ii) **accidental loss** to any property;

occurring in New Zealand during the **period of insurance** in connection with an **insured vehicle** (including whilst being loaded or unloaded).

(b) Liability for:

- (i) **accidental bodily injury** to any person;
- (ii) **accidental loss** to any property;

occurring in New Zealand during the **period of insurance** in connection with the movement, by the **insured** of any **vehicle** which:

- (i) is parked in a position which prevents or impedes the loading or unloading of the **insured vehicle**; or
- (ii) prevents or impedes the legitimate passage of the **insured vehicle**.

Exclusion 4 to Section 2 shall not apply to the **vehicle** being moved.

- (c) Liability for **reparation** payable to a victim who has suffered **accidental loss** of property or **bodily injury** as a result of the **insured** committing an offence occurring in New Zealand during the **period of insurance** (including while being loaded or unloaded) in connection with the **insured's** use of the **insured vehicle**, or any other private motor caravan, provided that the **insured** had the owner's permission to use the motor caravan.

Provided that:

- (i) the **insured** or any other person entitled to cover under this benefit must tell **Lumley** immediately if they are charged with any offence in connection with the use of the **insured vehicle**, or any other private motor caravan, which resulted in **loss** of property or **bodily injury** to another person; and
- (ii) **Lumley** must give written approval before any offer of **reparation** is made.

There is no cover under this benefit for any amounts that are covered under the Accident Compensation Act 2001 (Act), or would be covered but for:

- (i) a failure by the victim to correctly notify a claim to the Accident Compensation Corporation within the time required under the Act,
- (ii) the victim's decision, for whatever reason, not to claim any amount he or she would be entitled to claim under the Act,
- (iii) a decision by the Accident Compensation Corporation to decline a claim or limit its liability in whole or in part and for any reason whatsoever.

Nothing in this benefit should be taken as providing cover for any defence costs, court costs, levies or costs awarded for any offence.

- (d) Liability arising out of the **insured vehicle** being used in accordance with the **description of use**, during the **period of insurance**, for the purpose of towing any one trailer or caravan, or any one disabled vehicle, while attached to the **insured vehicle**. However, the towing must not be for hire or reward.
- (e) Defence costs necessarily and reasonably incurred to defend (a) and (b) above.

B. Basis of Settlement

- 1 Lumley's** maximum liability under this Section 2 (inclusive of all costs and expenses) will not exceed the limit stated below for each claim, or series of claims, arising from one **accident**
- (a) Third Party Liability \$10,000,000
- (b) Carriage of Hazardous Goods \$5,000,000
- (c) Airside Liability \$2,000,000
- 2** If **Lumley's** maximum liability is insufficient to cover both the **insured** named in the **schedule** and any other party entitled to cover under this Section it shall apply first to the **insured** named in the **schedule**.
- 3 Lumley** is not liable for the deductible shown in the **schedule** for each claim or series of claims arising from one **accident**.

C. Exclusions

This policy does not insure:

1 Liability outside New Zealand

Liability determined by any court outside New Zealand;

2 Operation of plant or machinery

Liability directly or indirectly caused while any component on the **insured vehicle** is being used or operated for the purpose for which it was designed (e.g. operation of a crane or back hoe);

3 Person in charge

Liability in respect of **loss** to the property of, or **bodily injury** to, any person, who at the time of the accident, was in charge of the **insured vehicle**;

4 Property in care, custody or control

Liability in connection with any property that belongs to, or is in the care, custody or control of the **insured**, other than:

- (a) personal baggage and wearing apparel of any passenger; or
- (b) a building leased or rented by the **insured**; or
- (c) a **vehicle** (not being the property of the **insured**, or insured under Section 1 of the policy), which is being towed by an **insured vehicle**. However this does not apply to **vehicles** which are towed or recovered for reward where the **insured's** business includes a vehicle recovery service;

5 Transporting of a load

Liability in connection with the transporting of a load to, or away from, the **insured vehicle**. However this Exclusion does not apply to the actual loading or unloading of the **insured vehicle**.

6 Vibration or weight

Liability for **loss** to property (including a road) arising from:

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

7 Legal defence costs or court costs

Any legal defence costs or court costs arising from the prosecution of any offence under any Act of Parliament including any Regulations, Rules or By-Laws made under any Act of Parliament.

Please also refer to the General Exclusions.

D. Section 2 Automatic Extensions

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

1 Cleaning up costs

Section 2 covers all costs lawfully charged by any local government body or authority, or any other entity for cleaning or restoring the site of an **accident** following **loss**, which is covered under Section 1 of this policy.

Lumley's total liability will not exceed \$20,000 for any one **loss**. A deductible of \$500 for any one claim applies.

2 Defence costs

If any **driver** insured under Section 2:

- (a) is charged with manslaughter, or dangerous or careless driving causing death arising from **loss**, covered under Section 1; and
- (b) is legally represented at any enquiry or coroner's inquest in connection with the death,

this policy covers the reasonable costs of the **driver's** legal representation.

'Section 2 - Liability to the Public, C. Exclusions - 7 Legal defence costs or court costs' does not apply to this extension.

Lumley's total liability will not exceed \$5,000 for any one **accident**.

3 Drivers indemnity

Lumley will indemnify any person who is in charge of any **insured vehicle** on the **insured's** order or with their permission, provided that:

- (a) the **driver** is not entitled to indemnity under any other policy;
- (b) this indemnity will not apply to liability in connection with the letting out on hire of the **insured vehicle** without a **driver**.

4 Exemplary damages

Section 2 covers the **insured's** liability for exemplary damages in New Zealand for **bodily injury**. General Exclusion 2(d) is deleted.

This extension is subject to the following:

- (a) **Lumley's** total liability will not exceed \$500,000 for any one claim, or series of claims arising from one **accident**, and \$1,000,000 in the aggregate for all claims during the **period of insurance**.
- (b) Each claim will be subject to a deductible of 10% of the claim, with a minimum of \$5,000, in addition to any other policy deductible.
- (c) There is no indemnity under this extension:
 - (i) arising from any dishonest, fraudulent or malicious act or omission by the **insured** or anyone acting on behalf of the **insured**;
 - (ii) arising from any claim first notified to the **insured** but not notified to **Lumley** within six months of that date.

5 Financial charge

Where there is **loss** this policy covers the balance of any outstanding charge on an **insured vehicle** if, after it is purchased during the **period of insurance**, the **insured** becomes liable to pay it, despite making proper enquiries before purchasing it.

Lumley's total liability will not exceed \$5,000 for any one **insured vehicle**.

6 Marine liability

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

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

7 Weight damage

Section 2 covers the **insured's** legal liability for damage to any property (including a road) during the **period of insurance** caused by:

- (i) the weight of the load carried by the **insured vehicle**, or
- (ii) from the weight of the **insured vehicle**, or
- (iii) from the combined weight of the load and the **insured vehicle**.

Lumley's total liability will not exceed \$500,000 for any one **accident**, and is subject to a deductible of \$2,000 for each claim. 'Section 2: Liability To The Public - C. Exclusions - 2 Operation of plant or machinery' is deleted to this extent.

General Policy Extensions Applicable To Sections 1 & 2

Automatic Extensions

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

1 Additions and Deletions

Any **insured vehicle** sold during the **period of insurance** ceases to be insured from that date and is deleted.

- (a) Any **vehicle** purchased by the **insured** during the **period of insurance** will automatically be insured from the date of its purchase as an addition, as long as the purchase is advised to **Lumley** within 30 days (or if the **vehicle** is purchased for more than \$100,000 within 7 days).
- (b) Each purchased **vehicle** will be insured for its **market value**, and each sold **insured vehicle** was insured for the value shown on the **vehicle schedule**.
- (c) The premium for all additions and deletions will be calculated and paid at the end of the **period of insurance** based on **Lumley's** current premium rates.
- (d) **Lumley's** total liability will not exceed the limit specified in the **schedule** in respect of any new addition that has not been advised to it.

2 Breach of Condition

This policy will not be invalidated by any breach of Condition, where the breach occurs without the knowledge of the **insured**, PROVIDED **Lumley** is advised immediately it becomes known to the **insured** and any additional premium paid.

3 Uninsured third party protection

If a third party has no valid and collectable insurance, this extension covers the **insured's** no claims bonus, policy deductible, and uninsured **loss**, where:

- (a) the third party was at fault for the **accident**; and
- (b) the identity of the third party is established; and
- (c) the **insured** is unable to make any recovery from the third party.

PROVIDED that in respect of the Third Party Liability Only, and Third Party Fire Theft and Illegal Conversion **scope of covers**, **Lumley's** total liability will not exceed \$5,000 in respect of any one **accident**.

General Policy Exclusions

1 This policy does not insure any **insured vehicle** while it is:

- (a) being driven outside the **description of use**, including being driven on a race track, or for: pace making, reliability trials, hill climbs or speed tests, or being driven in preparation for any one of these activities.
- (b) being driven in an unsafe condition. This includes any condition:
 - (i) which is contrary to any recommendation by the manufacturer of the **insured vehicle**, or
 - (ii) as a result of which the **insured vehicle** is not fit to deal with any peril likely to be encountered during the course of its operation;

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

- (c) loaded or operated in excess of the manufacturer's recommended specifications, or loaded contrary to the law; or its ancillary plant or machinery being operated contrary to the law.

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

- (d) being driven by any person who is not the holder of a licence for the appropriate class and use applicable to the operation of the **insured vehicle** or its components, or who is breaching any condition of their licence. This exclusion will not apply if the **driver** had held and is not disqualified from holding or obtaining, and actually obtains a licence, nor if the **insured vehicle** is being used for the purpose of teaching a learner to drive, if all requirements of the law are being complied with;
- (e) being driven by any person who:
 - (i) is under the influence of any intoxicating substance or drug, or
 - (ii) has a proportion of alcohol in the breath or blood which exceeds the legal limit, or
 - (iii) fails to supply a blood or breath sample as required by law, or
 - (iv) fails to stop, or remain at the scene, following an **accident** as required by law
- (f) being driven in breach of the law relating to driving hours.

Exclusions 1(a) - 1(f) will not apply in respect of **loss** which results from fire, theft or conversion.

2 This policy does not insure:

- (a) liability incurred by the **insured** under an agreement where there would have been no liability without the agreement;
- (b) liability for **bodily injury** which is covered by the Accident Compensation Corporation;
- (c) **loss** or liability which is directly or indirectly caused by:
 - (i) confiscation, nationalisation or destruction or damage to property by order of government, public or local authority,
 - (ii) nuclear weapons material,
 - (iii) ionising radiation or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel, and for the purpose of this Exclusion 2(c)(iii) combustion includes any self-sustaining process of nuclear fission or fusion;
- (d) liability for exemplary damages.
- (e) any **loss** or liability arising from any intentional or reckless act or omission.

3 This policy does not insure:

- (a) death, injury, illness, loss, damage, liability, cost or expense of any nature directly or indirectly caused by, resulting from, or in connection with, any of the following regardless of any other contributing cause or event:
 - (b) war, invasion, act of foreign enemies, hostilities or warlike operations (whether war is declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or
- (c) acts of terrorism.

For the purpose of this Exclusion, terrorism means an act including but not limited to the use of threat of force or violence by any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s) which from its nature or context is committed for, or in connection with, political, religious, ideological, ethnic or similar purposes or reasons, including the intention to influence any government and/or to put the public or any section of the public in fear.

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

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

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

This exclusion shall not apply where such **loss** or damage occurs as a direct result of an accident which you have a valid claim for any other part or component of the **insured vehicle** for under this policy.

Claims Conditions

Section 1

1 Minimise the loss

If there is a claim under Section 1, the **insured**:

- (a) must take prompt steps to minimise the **loss** and to prevent further **loss**, and:
 - (i) if the **insured vehicle** can be driven safely and without causing further **loss**, take it to any repairer, or otherwise have it towed to the nearest suitable repairer or tow-yard, and
 - (ii) as soon as possible inform **Lumley** and complete and return a **Lumley** claim form; and
- (b) is responsible for the payment of the deductible to the repairer;

NOTE: No repairs should be carried out until **Lumley's** surveyor/assessor has examined the **insured vehicle** and approved any repair work, unless **Lumley** has agreed otherwise.

2 Progress payments

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

Section 2

1 Notification and conduct

If there is a claim, or possible claim, under Section 2 the **insured** must, as soon as possible, notify **Lumley** to obtain, complete and return a claim form. The **insured** must forward any relevant correspondence and court documents to **Lumley** as soon as possible.

The **insured** or anyone else entitled to cover under this policy must tell **Lumley** immediately if the **insured** or they are charged with any offence in connection with the use of the **insured vehicle**, or any other private motor caravan which resulted in **loss** of property or **bodily injury** to another person.

The **insured** must not, without the written consent of **Lumley**:

- (a) incur any expense in making good any loss to the property of others or incur any legal expense;
- (b) make any statement or take action which may be considered to be an admission of liability;
- (c) negotiate, pay, settle, admit or repudiate any claim made by another person.
- (d) negotiate, offer to pay or pay any **reparation**, including but not limited to, offers made as part of any case management conference or sentencing hearing.

Lumley has the sole right to act in the **insured's** name to defend, negotiate or settle the claim as it sees fit, at its expense.

2 Settlement option

Lumley has the option to pay to the **insured** the full amount of **Lumley's** liability under Section 2, or any lesser amount for which the claim can be settled, plus defence costs incurred to date.

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

Applicable To Both Sections Of The Policy

1 Additional information

The **insured**, and any other person covered under this policy, must:

- (i) agree to be examined under oath by a person named by **Lumley** whenever reasonably required
- (ii) supply any information or documentation that **Lumley** reasonably requires
- (iii) authorise the disclosure to **Lumley** of any personal information about them held by other parties, which is relevant to the claim or this policy.

2 Notification to authorities

The **insured** must notify the police immediately in respect of **loss** or liability as a result of theft, illegal conversion, arson, malicious damage, or **bodily injury** to any person.

3 Subrogation

Once **Lumley** agrees to indemnify the **insured**, it may exercise for its own benefit any legal right of recovery the **insured** has in connection with the claim.

Lumley will do this at its own expense, but the **insured** must cooperate fully.

4 Waiver of subrogation (group companies)

Where the **insured** is a parent or subsidiary in a group of related companies, **Lumley** waives any right of recovery it may have against any other company in the same group.

A 'subsidiary' means a company, with more than half the nominal value of its equity share capital owned by a parent company, either directly or through other subsidiaries. A 'group of related companies' means a group of companies related to one another by virtue of such ownership.

General Conditions

1 Alteration

This policy was arranged on the basis of the information supplied to **Lumley** by the **insured**. If any of the information changes during the **period of insurance** which:

- (a) increases the nature of the risk covered; or
- (b) alters the nature of the risk covered.

The **insured** must tell **Lumley** as soon as the **insured** becomes aware of the change.

Examples of changes are:

- i. modifications made to the **insured vehicle** (excluding conversion to LPG or CNG);
- ii. a change in the use of the **insured vehicle**;
- iii. a change in the physical ability of any **driver**;
- iv. criminal convictions.

2 Cancellation

This policy may be cancelled by the **insured** at any time by notice in writing to **Lumley**. **Lumley** will refund to the **insured** 80% of the amount of any unexpired premium already paid on a pro rata basis, subject to **Lumley's** retained premium.

Lumley may also cancel this policy by letter to the **insured** either delivered personally, posted or facsimiled to the address last known to **Lumley**. Cancellation will be effective from 4.00pm on the 30th day after the day the letter is delivered, posted or faxed.

3 Compliance

It is a condition precedent to **Lumley's** liability under this policy that:

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

4 Diligence

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

There is no cover if the **insured** is reckless or grossly irresponsible.

5 Fraud

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

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

6 Goods and Services Tax

The **market value** or **agreed value** of any **insured vehicle** is inclusive of GST. For example, **Lumley** will settle a claim for total **loss** up to the maximum amount insured by this policy, inclusive of GST.

In respect of any deductible, policy limit or sub-limit within any policy extension, the amounts shown are inclusive of GST.

7 Governing Law

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

8 Headings

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

9 One Contract

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

10 Other Interested Parties

If there is any mortgagee, debenture holder, hire purchase company, conditional purchaser or other party with a financial interest in any **insured vehicle** which has been notified to **Lumley**, **Lumley** may, at its option, pay any claim under Section 1 of this policy to the interested parties in the order of their legal priorities, and to the extent of their financial interest.

However, **Lumley's** total liability will not exceed the amount it would have paid to the **insured**.

11 Other Insurance

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

12 Several Insurance

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

However, this will not increase **Lumley's** total liability under this policy.

13 Sums Insured

All values of **insured vehicles** stated in the **vehicle schedule** must represent, as nearly as possible, their **market value**, if insured on a **market value** basis. Where an **agreed value** policy has been issued the sum insured will be agreed where the appropriate documentation has been provided. Values such as book value, depreciated cost, written down value and residual value are not sufficient to comply with this policy condition.

In the event of a claim **Lumley** may require the **insured** to provide schedules of **insured vehicles** showing their book value, depreciated cost, written down value or residual value in the **insured's** business records.

14 Total loss

If a claim for an **insured vehicle** is paid as a total **loss** (or constructive total **loss**), the cover on that **insured vehicle** ceases entirely from the date of the **loss** and no premium will be refundable for the unexpired **period of insurance** in respect of that **insured vehicle**.

The **insured vehicle** then becomes the property of **Lumley** unless otherwise agreed.