

AutoRisk™ Motor Vehicle Insurance Policy

Underwritten by Lumley General Insurance (N.Z.) Limited.

Head Office, Lumley Centre, 88 Shortland Street, Auckland

PO Box 2426, Auckland, New Zealand



Custom Fleet NZ

Head Office, Mt Wellington Highway, Auckland

PO Box 3630, Auckland, New Zealand

Introduction

In consideration of the Insured having paid Lumley General (N.Z.) Limited (the Company) the agreed premium the Company will provide the insurance in this Policy in respect of events happening during the Period of Insurance, stated in the Schedule.

Definitions

Accident

Means an unforeseen and unintended happening or event occurring anywhere within New Zealand. Accidental refers to "Accident" as defined above.

Description of Use

This Policy only applies while the Insured Vehicle is being driven:

- a) in the course of the business or occupation of the Insured stated in the submission or proposal; or
- b) for private, social or domestic purposes, or
- c) in the course of a business or occupation comparable with the Insured's stated in the submission or proposal and having been temporarily lent out by the Insured named in the Schedule.

Driven

Includes the Insured Vehicle or any component being used or operated, and reference to the driver will be deemed to include the user or operator of any component, whether or not the driver.

Insured

Means the persons and/or person or corporation shown that is the lessee as specified on monthly declarations provided to the Company by Custom Fleet NZ, including;

- a) Any committee or boards established by the named Insured;
- b) Any Subsidiary company or subsidiary thereof;
- c) Any associated managed company;
- d) Any social and/or sporting club;
- e) Any employee and/or elected member and/or official;
- f) Any new company or organisation formed or acquired by the named Insured through consolidation, merger, purchase or assumption of control or management during the Period of Insurance.

Provided however where there is more than one Insured named in the Schedule this Policy insures them jointly.

Insured Vehicle

Means all vehicles as specified on monthly declarations to the Company by Custom Fleet NZ, including all their accessories supplied with or installed in the vehicle such as, but not limited to, spare parts, on board computers, telephone installations, load securing or protection equipment in or on the Insured Vehicle, but excluding any item or electrical or communication equipment not permanently affixed to the vehicle and wired into to the vehicle's electrical system. Limit any one vehicle is \$250,000 unless otherwise advised and agreed by the Company.

Lease Vehicle Payout

Means the amount owing (being the Lessor's accounting book value) by the lessee under a valid, leasing or other finance agreement at the time of the Loss. Payment under this extension shall not include any;

- i. penalties for early termination;
- ii. penalties for any additional distances travelled;
- iii. unpaid outstandings;
- iv. penalties resulting from lack of or poor servicing or maintenance;
- v. balloon payments;
- vi. payment on a lease where the book value exceeds more than 120% of the Insured Vehicle's market value.

Loss

Means sudden physical loss, damage or destruction to an Insured Vehicle caused by an Accident.

Market Value

Means the price for which the Insured could purchase the same or a comparable vehicle of similar pre-Loss age and condition.

Schedule

Means the most current Schedule and endorsements issued to the Insured, and includes any subsequent Schedule and endorsements which may be issued if this insurance is renewed.

Section 1: Cover for the Insured Vehicle**Basis of Settlement**

This Section indemnifies the Insured for Loss by either:

- a) paying for cost of repair; or
- b) paying the amount equal to the reasonable cost of repair; or
- c) paying any amount equal to its Market Value or Lease Vehicle Payout value at the time of Loss.

The Company will decide whether a), b), or c) will apply PROVIDED the Company's liability will not exceed the Market Value or Lease Vehicle Payout value for the Insured Vehicle, whichever is the greater.

The Company will not be liable for that portion of any repair or replacement which improves the condition of the Insured Vehicle beyond its condition before the Loss.

If any part or component of the Insured Vehicle is no longer manufactured the Company will not be liable for more than the supplier's or manufacturer's last list price.

Exceptions to Section 1

This Section does not cover:

- i. loss of use or consequential losses of any kind;
- ii. depreciation or loss of value;
- iii. wear and tear, rust corrosion, deterioration
- iv. mechanical, electrical or electronic, breakdown, failure or breakages;
- v. loss to any part or component of the engine, hydraulic or transmission systems resulting from Exceptions iii. and iv. above. However resultant damage to any other part or component of the Insured Vehicle is not excluded by this Exception;
- vi. loss of tyres by application of brakes or by punctures, cuts, slits or bursts unless caused at the same time as other loss for which a claim is payable;
- vii. loss arising from ingestion or entry of any foreign object into any agricultural implement or machine (e.g. combine harvester);
- viii. loss arising from theft or conversion by a prospective purchaser;
- ix. loss arising from failure of, or defect or fault in the design or specification;
- x. the Deductible in the Schedule for each and every claim. Where more than one Insured Vehicle is involved in the same Accident, only one Deductible will apply.

Section 2: Liability to the public**Cover**

This Section covers the Insured against liability at law, including legal expense in defending any claim, to indemnify third parties for their loss or injury in the event of Accident, caused by, or in connection with, any Insured Vehicle, including while it is being loaded or unloaded;

PROVIDED the Company's total liability will not exceed the limit specified in the Schedule (inclusive of all costs and Expenses) in respect of any one claim or claims arising from any one Accident.

If the Company's total liability is insufficient to cover both the Insured named in the Schedule and any other party entitled to cover under this Policy it shall apply in priority to the Insured named in the Schedule.

Exceptions to Section 2

This Section does not cover:

- i. liability in connection with the bringing of a load to the Insured Vehicle or taking away the load from it;
- ii. liability for any property (including any road) arising from vibration caused by the Insured Vehicle or from the weight of the load carried by the Insured Vehicle, or from the weight of the Insured Vehicle or from the combined weight of the load and the Insured Vehicle;
- iii. liability directly or indirectly caused while any component on the Insured Vehicle is being used or operated for the purpose for which it has been designed (e.g. operation of a crane or back hoe);
- iv. liability in respect of any property which belongs to, or is in the care, custody or control of any Insured, other than personal baggage and wearing apparel of any passenger, a building leased or rented by the Insured or 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;
- v. liability in respect of property, or death or injury to any person, who at the time of the Accident, was in charge of the Insured Vehicle;
- vi. liability arising as a result of a judgement or order of any court outside New Zealand, or for any debt based on such judgement or order;
- vii. the Deductible in the Schedule for each and every claim.

General Policy Extensions

These Extensions automatically apply.

ADDITIONS AND DELETIONS

All Insured Vehicles disposed of during the currency of this Policy will be treated as deleted from the date of their disposal and any vehicle acquired by the Insured will be covered by this Policy from the date of its acquisition. For declaration purposes, the value for each Insured Vehicle will be its Market Value and for each deletion the value shown on the latest schedule of vehicles as supplied by the Insured.

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 the Company is immediately notified of such breach.

CLAIM PREPARATION COST

This extension covers reasonable costs incurred by the Insured for preparing a claim for Loss which is payable under Section 1 of this Policy or proving that Loss is a claim under Section 1 of this Policy, PROVIDED the Company's total liability will not exceed \$5,000 in respect of any one claim nor begin unless such costs exceed \$500 in respect of any one claim.

CLEANING UP COSTS

Section 2 of this Policy is extended to cover all costs involved in cleaning or restoring the site of an accident following Loss, which is payable under Section 1 of this Policy, to as practically the same condition which existed immediately prior to the accident, charged by any Local Body or Authority, the New Zealand Fire Service, or any other entity, PROVIDED the Company's total liability will not exceed \$20,000 subject always to a Deductible of \$500 each and every claim.

COMPLETION OF JOURNEY COSTS

If Loss occurs, which is payable under Section 1 of this Policy, and as a result the Insured's journey cannot be continued, this extension covers the reasonable costs incurred in:-

- a) hiring another vehicle of similar make and model to complete the journey or of 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 recovery costs in the event of theft or illegal conversion.

PROVIDED the Company's total liability will not exceed \$2,000 in respect of any one Accident and \$5,000 in the aggregate for all Accidents in any one Period of Insurance.

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 Accident, Lumley will pay \$5,000 to the Insured's estate, regardless of any other insurance.

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.

DEFENCE COSTS

If the Insured is;

- a) charged with manslaughter or reckless or dangerous or careless driving causing death
 - b) legally represented at any enquiry or coroner's inquest in connection with such death;
- and such death arises from Loss, for which a claim is payable under Section 1 of this Policy, this extension covers the reasonable costs of legal representation,

PROVIDED the Company's total liability will not exceed \$5,000 in respect of any one Accident.

EMPLOYEES PERSONAL EFFECTS

In the event of an Accident giving rise to a claim payable under this Policy, the Company shall pay for Loss or damage to the Insured's employee's personal effects which arises out of an Accident, PROVIDED the employee is not otherwise indemnified under any other policy of insurance. Cover under this extension is restricted to personal effects not used in conjunction with or for the purpose of any trade, business or profession.

PROVIDED the Company's total liability will not exceed \$1,000 in respect of any one claim.

EXEMPLARY DAMAGES

In the event of an Accident giving rise to a claim payable under this Policy, Section 2 is extended to cover the legal liability of the Insured for exemplary damages in respect of death or bodily injury awarded by a New Zealand court, PROVIDED that;

1. The Company's total liability will not exceed \$500,000 any one claim and \$1,000,000 in the aggregate for all claims during any one Period of Insurance.
2. Each and every claim will be subject to a special Deductible of 10% with a minimum of \$5,000 regardless of any other Policy Deductible;
3. There is no indemnity under this extension:
 - a) if the claimant was involved in any way in driving, operating, directing or controlling the Insured Vehicle at the time of the Accident;
 - b) arising from any dishonest, fraudulent or malicious act or omission by the Insured or anyone acting on behalf of the Insured;
 - c) arising from any claim first notified to the Insured but not notified to the Company within six months of that date.
 - d) notwithstanding anything contained in this Policy, if at the time of any claim under this Policy, there is any other valid and collectable insurance covering all or part of the same claim, this Policy will apply only to the amount of the claim over that recoverable under the other insurance.

EXCESS WAIVER / UNINSURED THIRD PARTY PROTECTION

If a third party has no valid and collectable insurance, this extension covers the Insured's policy Deductible 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.

FUNERAL EXPENSES

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. 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.

HIRED USE

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

HOISTS

Notwithstanding Section 1 Exceptions iv. & v., this extension covers mechanical breakdown or mechanical failure of hoists, permanently attached to the Insured Vehicle, which is not due to wear and tear, PROVIDED the Company's total liability will not exceed \$5,000 in respect of any one Accident, subject always to a Deductible of \$500 or the Insured Vehicle's Deductible whichever is the greater.

INVALIDATION

The Company will indemnify the Insured, where the Insured has not waived any right of recovery against the driver or any other person(s) causing the Loss or damage, in respect of Loss or damage to Insured Vehicle, whilst such Insured Vehicle is being driven without the knowledge and consent of the Insured, in a manner which would fall within a Policy Exception, should a claim arise under Section 1 of this Policy. This Extension also extends to indemnify the Insured for any Section 2 liability which may arise from such Loss or damage.

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

JOINT INSURED

If there is more than one Insured named in the Schedule, this extension extends Section 2 to apply separately to each Insured, in the same manner and to the same extent as if a separate Policy had been issued to each, PROVIDED the Company's total aggregate liability, for all Insured's, will not exceed the limit of liability under Section 2 of this Policy.

LOAD RECOVERY

Section 1 of the Policy is extended to cover the reasonable costs incurred in salvaging any load carried by an Insured Vehicle which following Loss, for which a claim is payable under Section 1 of this Policy, has spilled onto a road, carriageway or parking area, including the costs of reloading or trans-shipping the load to the nearest place of safe storage, PROVIDED the Company's total liability will not exceed \$5,000 in respect of any one Accident.

MARINE LIABILITY

If the Insured Vehicle is transported by sea or air between places in New Zealand, Section 2 of this Policy is extended to cover the Insured in respect of General Average and Salvage Charges adjusted according to the contract of affreightment and or the governing law and practice, for example vessel carrying the Insured Vehicle is involved in a casualty or if cargo is jettisoned to save the voyage because the vessel is at peril, the Company will cover contributory costs, regardless of whether or not the Insured Vehicle is damaged.

MOVEMENT OF OTHER VEHICLES

Notwithstanding Section 2 Exception iv., this extension covers liability arising out of the movement by the Insured of any vehicle, which was parked in a position which prevented or impeded the Insured from attending any emergency, or legitimate passage of the Insured Vehicle or during loading or unloading of any Insured Vehicle.

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 have been notified to the Company, the proceeds of any claim under Section 1 of this Policy will be payable to such interested parties in the order of their legal priorities and their receipt will be sufficient discharge, PROVIDED the Company's total liability will be limited to such amount as would have been payable to the Insured in the absence of this extension.

PRINCIPALS INDEMNITY

In respect of any construction or works project, Section 2 of this Policy is extended to indemnify the Principal of such projects, but only in respect of their legal liability in terms of cover afforded by Section 2 of this Policy arising from accidents in connection with vehicles insured by this Policy, used or operated in connection with such projects.

PROGRESS PAYMENTS

In the event of Loss, for which the company accepts liability under Section 1 of this Policy, the Company shall make progress payments PROVIDED the Insured supplies an interim statement of such Loss which is approved by the Company's assessor.

RENTAL VEHICLES

If the Insured does not accept the vehicle owner's statutory offer of insurance, this extension covers hired vehicles, as if they were an Insured Vehicle, for the Insured's liability;

- i) to the owner of the vehicle, against;
 - a) Loss under Section 1 of this Policy, subject to \$100,000 in respect of any one vehicle;
 - b) Consequential losses caused by a Loss for which a claim is payable under a) above, subject to \$100,000 in respect of any one claim;
- ii) under Section 2 of this Policy.

REWARDS

If Loss results from theft to an Insured Vehicle in its entirety, which is payable under Section 1 of this Policy, this extension covers costs incurred by the Insured, with the Company's prior approval, for any reward offered to secure the return of the Insured Vehicle, PROVIDED the Company's total liability will not exceed \$5,000 in respect of the total amount of rewards offered in respect of any one claim.

SALVAGE & SAFETY

Section 1 of this Policy is extended to cover reasonable costs incurred in salvaging or recovering the Insured Vehicle, including the costs of ensuring its safety and delivery to a place of suitable repair or inspection.

THEFT COSTS

If Loss results from theft of the Insured Vehicle in its entirety, which is payable under Section 1 of this Policy, this extension covers reasonable costs incurred by the Insured for the protection and recovery or attempted recovery of the Insured Vehicle. PROVIDED the Company's total liability will not exceed \$5,000 in respect of any one claim.

TYRE DAMAGE

This extension covers damage to any tyre (including its inner tube) fitted to any Insured Vehicle, other than an Insured Vehicle principally used for road transport (e.g. car or truck), PROVIDED the liability of the Company will not exceed the current replacement cost of the damaged tyre at the time of Loss, less a reasonable deduction for its use. The Company's total liability will not exceed \$2,000 in respect of any one tyre and a Deductible of \$50 for each and every claim.

WAIVER OF SUBROGATION (GROUP COMPANIES)

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

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

WEIGHT DAMAGE

Notwithstanding Section 2 Exception ii., Section 2 is extended to cover liability caused by the weight of the load carried by the Insured Vehicle, or from the weight of the Insured Vehicle or from the combined weight of the load and the Insured Vehicle, PROVIDED the Company's total liability will not exceed \$500,000 for any one Accident and subject to a Deductible of \$2,000 for each and every claim.

WINDSCREENS AND WINDOWGLASS

If loss covered under Section 1 occurs solely to an insured vehicle's windscreen, sunroof, headlights or window glass 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.

General Policy Exceptions

This Policy does not cover any Loss or liability;

1. while any Insured Vehicle is:
 - a) being driven outside the Description of Use, including racing, pacemaking, reliability trial, hill climbing or speed tests, or being driven in preparation for any one of these activities
 - b) being driven in an unsafe condition. For the purposes of this Exception unsafe condition 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.
 - c) loaded or operated in excess of the manufacturer's recommended specifications, or loaded contrary to regulations or Statute, or operated for its specialised purpose and not as a vehicle contrary to regulations or Statute.

PROVIDED this Exception b) and c) will only apply 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, PROVIDED this Exception 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;
 - ii) has a proportion of alcohol in the blood which exceeds the legal limit. This Exception will apply notwithstanding the driver may have died as a result of the Accident; or
 - iii) has a proportion of alcohol in the breath which exceeds the legal limit; or
 - iv) fails to supply a blood or breath sample as required by law; or
 - v) fails to stop, or remain at the scene, following an Accident as required by law;
- PROVIDED:
- A certificate of conviction of the driver, may be used by the Company as sufficient evidence for these Exceptions to apply where the offence was committed at the time of or following the Accident.
 - A certificate of analysis of the driver's blood or a reading from an evidential breath testing device of the driver's breath may be used by the Company as sufficient evidence of the driver's minimum blood or breath alcohol level at the time of the Accident.
 - Exceptions 1a) – 1e) will not apply in respect of Loss which results from fire, theft or conversion.
- f) being driven in breach of the legal requirements relating to driving hours.
2. incurred by the Insured by virtue of an agreement and which would not have attached in the absence of such agreement.
 3. which is recoverable from the Accident Rehabilitation and Insurance Compensation Act;
 4. which is directly or indirectly caused by:-
 - a) war, invasion, act of foreign enemy, war-like operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, or military or usurped power;
 - b) confiscation, nationalisation or destruction or damage to property by order of government, public or local authority;
 - c) nuclear weapons material;

- d) ionising radiation or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel. Solely for the purpose of this Exception 4 d) combustion will include any self-sustaining process of nuclear fission;
- 5. deliberately brought about by any Insured under this Policy;
- 6. while any Insured Vehicle is being used for the purposes or in furtherance of any criminal activity;
- 7. for any exemplary damages.
- 8. for death, injury, illness, Loss, damage, liability, cost or expense of any nature directly or indirectly caused by, resulting from, or in connection with, any of the following regardless of any other contributing cause or event:
 - (a) war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or
 - (b) any act of Terrorism.

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

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

- 9. arising directly or indirectly out of:
 - i) the corruption, destruction or alteration of or damage to data, coding programme or software or;
 - ii) the unavailability of data or reduction in the functionality, availability or operation of hardware, software and embedded chips or;
 - iii) any business interruption losses resulting therefrom.

PROVIDED that this Exception shall not apply where such loss or damage occurs as a direct result of physical damage which is otherwise covered by this Policy and any such loss or damage will be settled in accordance with the Policy conditions and sum insured limits.

Claims Conditions

SECTION 1

If there is a claim under Section 1, the Insured;

- a) must take prompt steps to minimise 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 the nearest office of Custom Fleet NZ and complete a claim form and deliver it to the Company.

NOTE: No repairs should be carried out until the Company surveyor/assessor has examined the Insured Vehicle and approved any repair work, unless this requirement is specifically waived by the Company, prior to the commencement of the repair;

- b) is responsible for the payment of the Deductible to the repairer;
- c) will notify the police immediately in respect of Loss or liability a result of theft, illegal conversion, arson, malicious damage; or death or bodily injury to any person.

SECTION 2

If there is a claim, or possible claim, under Section 2;

- a) the Insured must as soon as possible notify the nearest office of Custom Fleet NZ to obtain and complete a claim form, if not already completed for a claim under Section 1, and deliver it to the Company and must not, without the written consent of the Company: -
 - i) incur any expense in making good any loss to the property of others or incur any legal expense; or
 - ii) make any statement or take action which may be considered to be an admission of liability; or
 - iii) negotiate, pay, settle, admit or repudiate any claim made by another person, but must refer that person to the Company, which will be entitled to handle the claim on behalf of the Insured
- b) the Company may pay to the Insured or agree to pay, as and when incurred by the Insured, the full amount of the Company's liability for a claim under Section 2 and relinquish the conduct of any claim, defence or proceedings. The Company will not be liable for any costs or expenses whatsoever incurred by the Insured or other person after the Company will have paid such amount and relinquished such conduct.

ADDITIONAL INFORMATION

The Insured, or any other person, will as often as may be reasonably required submit to an examination under oath by any person named by the Company, and must co-operate with the Company and supply any information or documentation that the Company may reasonably require.

NOTIFICATION TO AUTHORITIES

The Insured will notify the police immediately in respect of Loss or liability as a result of theft, illegal conversion, arson, malicious damage; or death or bodily injury to any person.

RELINQUISHMENT OF CONDUCT

At any time after the happening of any event giving rise to a claim or series of claims under Section 2 of this Policy, the Company may pay to the Insured or agree to pay, as and when incurred by the Insured, the full amount of the Company's liability for a claim under Section 2 and relinquish the conduct of any claim, defence or proceedings. The Company will not be liable for any costs or expenses whatsoever incurred by the Insured or other person after the Company will have paid such amount and relinquished such conduct.

TOTAL LOSS

If there is any payment by the Company in respect of the total Loss (or constructive total Loss) of any Insured Vehicle, the cover granted by this insurance on such Insured Vehicle ceases entirely from the date of such 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 the Company.

SUBROGATION

If the Company indemnifies the Insured for any Loss or liability it shall be entitled to instigate, take over or defend any legal proceeding in the name of the Insured, including any claim or counterclaim, and shall have full discretion to conduct or settle such proceedings including any recovery action. The Insured, named in the Schedule, shall render the Company all reasonable assistance.

General Conditions

1. ALTERATION

This Policy was arranged on the basis of the information supplied to the Company by or on behalf of the Insured. If any circumstance(s) change during the currency of the Policy, the Insured will notify the Company as soon as the Insured becomes aware of such change, for example:

- i) modifications made to the Insured Vehicle (excluding conversion to LPG or CNG);
- ii) change in the use of the Insured Vehicle;
- iii) change in the physical ability of any driver.

2. CANCELLATION

This Policy may be cancelled by the Insured at any time by notice in writing delivered to the Company. This Policy may also be cancelled by the Company, by letter to the Insured either delivered personally, posted or facsimiled to the address last known to the Company. Cancellation will be effective from 4.00pm on the 30th day after delivery.

3. DILIGENCE

The Insured will take all reasonable steps to protect the Insured Vehicle from Loss and will comply with all legal requirements as to safety, maintenance and operation of the Insured Vehicle.

4. FRAUD

If any fraudulent means or devices are used by the Insured, or anyone acting on behalf of the Insured, when entering into this insurance or to obtain any benefit under this Policy, all benefits under this Policy are forfeited.

5. GOODS AND SERVICES TAX

The Market Value in respect of any Insured Vehicle, is exclusive of GST. So, for example a claim for total loss will be settled by the Company up to the maximum amount insured by this policy plus GST. However, in respect of any deductible; policy limit or sub-limit within any policy extension these shall include GST.

6. INSTALMENT PREMIUMS

If the Insured elects to pay the premium by instalments then:-

- a) the instalment payment plan will be an approved Company plan;
- b) if paying quarterly then, notwithstanding the Period of Insurance stated in the Schedule, the Period of Insurance is for 3 months only. However it will be continuously renewed thereafter for a further Period of Insurance of 3 months by payment of the next instalment due at the end of the previous Period of Insurance, until such time as this insurance is cancelled or;
- c) if paying monthly then, notwithstanding the Period of Insurance stated in the Schedule, the Period of Insurance is for 2 months only. However it will be continuously renewed thereafter for a further Period of Insurance of 1 month by payment of next instalment premium due at the end of the previous Period of Insurance, until such time as this insurance is cancelled;
- d) Where there is total or constructive total Loss which is covered by this Policy, the Company shall be entitled to deduct from any payment made to or on behalf of the Insured or anyone entitled to indemnity under this Policy, an amount equivalent to the annual premium otherwise payable by the Insured if the decision had not been made to pay the premium by instalments.

7. OBSERVANCE

The due observance and fulfilment of the terms, provisions, conditions and endorsements of this Policy in so far as they relate to anything to be done or complied with by the Insured, and the correctness of the statements and answers in the declaration or supporting statements made to Custom Fleet NZ, or in any claim form, or in any statement in support of a claim, whether made by the Insured or by others on behalf of the Insured, will be conditions precedent to the Company's liability to make any payment under this Policy.

8. ONE CONTRACT

This Policy, and any Schedule or endorsements will be read together as one contract.

9. OTHER INSURANCE

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

10. SUMS INSURED

- a) All values declared to the Company in respect of all Insured Vehicles must represent, as nearly as possible, their current Market Value. Values such as book value, depreciated cost, written down value and residual value will not be sufficient to comply with this Policy condition.
- b) In the event of a claim the Company 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.