

A GUIDE TO INSURANCE

This provides a brief summary of the cover provided. The actual policy wordings should be reviewed for specific details of coverage. Most Liability policies are written on a claims made basis.

GENERAL PROPERTY AND BUSINESS INTERRUPTION

Additional Expenses

Covers the extra cost of working following a loss, including reconstruction of lost data. Generally an extension of a Business Interruption policy.

Boiler Explosion

Covers boilers and other pressure vessels against risk of explosion. Material Damage policies usually exclude this risk, but it may be covered under a Machinery policy.

Book Debts

Covers loss resulting from the inability to recover debts because of damage to records.

Business Interruption

Covers loss of income and increased costs resulting from damage to assets. Also covers the extra cost of working following a loss, including reconstruction of lost data. Sometimes referred to as "Loss of Profits" or "Consequential Loss" insurance.

Computer Crime

Covers losses resulting from dishonesty in relation to computers.

Computer

Covers computers and computer media against breakdown and a wider variety of risks than those covered under a Material Damage policy. Material Damage policies usually exclude breakdown of computers.

Contract Works

Covers contract works against physical loss or damage and, as an option, can cover public liability arising in connection with the contract works.

Extended Warranty

Covers the breakdown of vehicles or equipment beyond the standard time limits provided by the manufacturer or supplier.

Fidelity Guarantee / Employee Fraud

Covers staff dishonesty and theft. Material Damage policies normally exclude these risks.

Frozen Foods/Goods

Covers the deterioration of goods following failure of the refrigeration system in which they are kept. Generally an extension of a Material Damage policy.

Machinery

Covers breakdown of machinery. Material Damage policies normally exclude these risks.

Marine Hull

Covers physical loss or damage to commercial and private pleasure craft .

Material Damage

Covers physical loss or damage to non-vehicular property. Sometimes referred to as "Industrial Special Risks" insurance.

Money

Covers the actual loss of money during business hours, in transit to or from the bank, and (to a lesser limit) out of business hours. Also extends to cover theft by employees provided the theft is discovered with 72 (sometimes 48) hours. Generally an extension of a Material Damage policy.

Motor

Covers physical loss or damage to vehicles, as well as your liability to third party property.

LIABILITY INSURANCE

Advertising Liability

Covers claims brought by persons alleging false or misleading advertising.

Associations Liability Insurance (also known as Statutory Body's Liability Insurance)

Provides cover to an Association for claims arising from negligence in the conduct and execution of the Association's business. It also provides protection to Officers for claims caused by a wrongful act.

An Associations Liability Insurance policy is a hybrid of a combination of a Professional Indemnity Insurance and Directors & Officers Liability Insurance policies.

Bailees Liability

Covers the legal liability of persons acting as Bailees for reward.

Carriers Liability

Covers the liability at law of persons involved in the carriage of goods, property or livestock within New Zealand.

Defamation Insurance

Provides cover for claims arising by reason of an alleged injury or potential injury to the reputation, name, title, goodwill, office, calling, profession, trade, business or credit of parties in consequence of any libel, slander, or defamation.

Directors & Officers Liability Insurance / Personal Liability insurance for Directors and Officers

Directors and Officers can be held liable for the actions and omissions of others, as well as their own actions or omissions. This policy provides cover for the *personal liability* of Directors and Officers for claims arising from their wrongful acts in the discharge of their duties on behalf of the company. In short, it protects the personal assets of the directors and officers of a company.

This insurance also provides reimbursement to the Company for payments it is entitled to make to its Directors and Officers for their wrongful acts.

Employers' Liability Insurance

Provides cover in respect of the Common Law exposures that Employers have for claims brought by Employees for injuries or illness occurring in the workplace, where cover is not provided by the Accident Compensation Corporation.

Employment Dispute Insurance

Provides cover for claims made against Employers by current, former or prospective Employees for breaches of their Employment contracts, or breaches of certain provisions of the Human Rights Act 1993 and Privacy Act 1993.

Liability Consequential Loss Insurance

Covers financial loss following an interruption of your business due to a claim being made by a third party. The interruption must result from an event which the insurer has accepted under a liability policy.

Libel and Slander Insurance

Provides for liability arising out of libel and slander, particularly in connection with commercial publishing and broadcasting activities.

Product Guarantee Insurance

Covers the cost of removal, recovery, repair, alteration or replacement of any product that fails to perform the function for which it was manufactured, designed, sold or supplied.

Products Liability Insurance

Provides cover for liability incurred by suppliers of goods to their customers for such things as loss or damage to property caused by any article, commodity or thing supplied, repaired, installed, designed, manufactured or distributed. Cover generally includes personal injury and property damage.

Product Recall Insurance

Covers the costs incurred in withdrawing a product due to safety or health requirements.

Product Tamper Insurance

Covers the cost of recalling products that has been maliciously tampered with or are alleged to have been maliciously tampered with.

Professional Indemnity Insurance

Provides cover for claims brought by clients alleging the insured has been negligent in providing professional advice or in carrying out duties of a professional nature. In addition to providing cover for settlements, compensation and / or damages, it also provides cover for legal costs and expenses incurred in defending legal actions.

Public Liability Insurance

Provides cover for legal liability resulting from unexpected or unintended damage to another person's property, or bodily injury to third parties.

Punitive and Exemplary Damages Insurance

Provides cover for punitive or exemplary damages that are awarded against a party who has been grossly negligent and whose actions are punished by the Court. Insurance in New Zealand is generally restricted to bodily injury, but this does vary from Insurer to Insurer.

Statutory Liability Insurance

Provides cover for defence costs and fines/penalties in respect of unintentional breaches of certain sections of various Acts of Parliament. The Acts for which cover is generally not available include:

- Acts of a criminal nature involving the police
- Acts of a financial nature involving the Inland Revenue Department
- Certain sections of the Commerce Act 1986

Cover extends to Directors, Officers, Employees and the Company.

Trustees Liability Insurance

Provides cover to Trustees for their personal liability resulting from claims made against them in the discharge of their duties as Trustees.

LIFE, INCOME AND MEDICAL

Endowment

The payment of a lump sum at the end of a specified term or on earlier death. Includes an investment element, and has a value in the event of early surrender.

Group Benefits

Employer purchased insurance to cover death, permanent and partial disablement of an employee. The benefit payable is directly payable related to the individual employee's salary.

Income Protection

Provides a monthly income in the event of long term injury or illness. Income is payable to age 65, or can be limited to 2 or 5 years. Policy can only be cancelled by the insured.

Injury and Illness

Provides a weekly benefit in the event of illness or accident. Usually payments are restricted to 2 or 5 years. Policy can be cancelled by either the insurer or the insured.

Keyperson

Life insurance which, upon death of a key person, provides an injection of cash in to the Company to either repay debt or to be used as working capital or cash flow or for any reason the director's choose from time to time. Complimented by a minute/resolution. A form of business interruption cover.

Medical Expenses

The reimbursement of actual medical and surgical expenses to specified levels from a schedule of conditions and illnesses.

Personal Guarantee

Life Insurance which, upon death, provides the cash to repay a commercial loan, secure the release of a guarantee and enable prompt distribution of the guarantor's estate.

Shareholder/Partnership Share Purchase

Life insurance which, upon death provides the cash to exchange for shares of the deceased or permanently disabled shareholder or partner. Complimented by a Purchase and Sale agreement.

Superannuation

Provision is made by monthly, annual or ad hoc contributions to a fund for retirement. Contributions [plus growth/interest] may be locked in [until a specified age] as an option. Many different investment portfolios to choose from.

Term Life

The payment of a lump sum on death within a specified term – prior to age 120. Can also include a lump sum for permanent disablement, or certain specified illness/disease. There is no investment or surrender value.

Trauma

Provides cash payment on diagnosis of a number [up to 30] serious illnesses and conditions such as heart attack, cancer etc.

Whole of Life

The payment of a lump sum on death, whenever this occurs. Premium normally ceases at age 85. Includes an investment element, and has a value in the event of early surrender.

FILM & ENTERTAINMENT

Cancellation or Abandonment / Rain Insurance

Covers the loss of Profit or extra costs involved following the cancellation or abandonment of an event.

Errors and Omissions

Covers claims arising from libel, slander, plagiarism, infringement of copyright, invasion of privacy, incorrect use of format, ideas and titles.

Extra Expense

Covers the production in case of damage to important props, sets or wardrobe that would cause delays and increase production costs.

Miscellaneous Equipment

Covers camera, sound, electrical and other equipment owned, hired or on loan to the production.

Negative Insurance

Covers against extra costs incurred because of loss of or damage to raw stock, exposed film, sound stock and recordings. Can also cover the cost of reshooting scenes lost as a result of faults in stock, camera, processing or editing.

MISCELLANEOUS RISKS

Accident Compensation / Supplementary Benefits

Supplements the limited cover available under Accident Compensation legislation.

Aviation

Covers loss or damage to aircraft, including liability arising therefrom.

Bonds

Financial devices (rather than insurance policies) designed to avoid the need to provide a bond in cash.

Contingent Debt

Covers a lender of funds against the failure of a borrower to insure the assets on which funds have been lent.

Environmental Impairment

A special form of pollution liability insurance.

Extortion

Insurance in this category includes kidnap, ransom and malicious product tampering.

Extended Warranty

Extends the warranty provided by manufacturers of goods. Can apply to retail goods, vehicles, boats and some commercial goods.

Forestry

A special form of insurance for forests against fire and lightning. (Material Damage policies do not cover standing timber.)

Growing Crops

A special form of insurance for crops being destroyed or damaged as a result of fire, lightning, flooding etc.. (Material Damage policies do not cover growing crops.)

Legal Expenses

Covers legal expenses incurred in civil actions.

Livestock

Cover for livestock against mortality risks. (Material Damage policies do not cover livestock)

Trade Credit Insurance – Internal New Zealand

Provides indemnity where a debtor (Buyer) fails to pay due to Insolvency. A claim may also be made in cases of Protracted Default, subject to a Waiting Period.

Trade Credit Insurance – Export Sales

Provides indemnity where a debtor (Buyer) fails to pay due to Insolvency, plus extends to include Contract Repudiation and Political Risks where applicable.

- Contract Repudiation refers to situations where the Buyer refuses to accept goods shipped by an exporter.
- Political Risk cover includes non-payment due to Government action such as cancellation of import licence, war, currency transfer restriction, or default by a Public Buyer.

Travel

Special policies for overseas travel, which includes cover for baggage, medical costs, and other travel related risks.

TRANSPORT RISKS

Marine Cargo

Covers movement of goods by land, sea or air. Various types of cover are available