

Fidelity Guarantee Insurance Policy

The Insurance

State, a business division of IAG New Zealand Limited will, subject to the terms and conditions of this Policy, indemnify the Insured for

(a) loss directly caused by the theft of property committed by any employee of the Insured acting alone or in collusion with other employees of the Insured.

'Property' is money or goods belonging to the Insured or held by the Insured in trust and for which the Insured is responsible.

(b) costs or expenses incurred with the written consent of State for the investigation of the loss and the preparation of any claim under this Policy.

Provided that

(a) the theft was committed

(i) during the Period of Insurance, and

(ii) not more than eighteen months prior to the date on which notice of the loss is given to State.

(b) the loss is discovered

(i) during the Period of Insurance, or

(ii) within six months thereafter, or

(iii) within six months after the termination of the offending employee's employment with the Insured, whichever event shall occur first.

All loss sustained by any theft or series of thefts by any one employee will be treated as one loss for the purpose of this Insurance.

Cover Limits

The liability of State shall in no case exceed the Sum Insured shown in the Schedule.

Conditions

Duty to Comply

1 State will not pay under this Policy if any provision of this Policy is breached by

(a) the Insured;

(b) anyone acting on behalf of the Insured;

or if any statements or answers in the proposal or any other document are false.

Claims

2 When the Insured becomes aware of any act of theft by any employee or the Insured has reasonable cause to suspect that such an act has occurred which is likely to give rise to a claim under this Policy, the Insured must

(a) obtain State's agreement before the Insured incurs any expense, negotiates, pays, accepts payment, settles, admits or denies any claim or does anything which may in any way prejudice State's rights;

(b) tell State as soon as possible;

(c) report the theft to the Police and at State's expense use all due diligence in prosecuting any employee to conviction for any criminal act or acts which such employee shall have committed;

(d) give State any information or assistance that State requires;

(e) send to State immediately any letter or other document received from anyone else;

(f) allow State to inspect the Insured's accounting records and any accountant's report on those records.

- 3 State shall have the right to refuse to pay for any claim if
 - (a) it is false;
 - (b) the Insured gives any information known to be untrue;
 - (c) the loss was caused by the Insured's wilful act or with the Insured's connivance.
- 4 State shall have the right to take action in the Insured's name
 - (a) in the defence or settlement of any claim;
 - (b) to make a recovery from any employee whose act of theft has given rise to a claim under this Policy.
- 5 If agreement over a claim cannot be reached then
 - (a) the claim may be referred to arbitration but only if the Insured and State both agree;
 - (b) State will not be liable under this Policy unless
 - (i) the Insured commences Court action, or
 - (ii) arbitration proceedings beginwithin 12 months from the date of the loss or damage.

Other Insurance

- 6 If the Insured can claim under any other insurance State will only pay the amount of any loss in excess of that recoverable under such other insurance.

Cancellation

- 7 This Policy can be cancelled at any time by
 - (a) the Insured giving notice in writing to State.
 - (b) State giving notice in writing to the Insured. The notice can either be
 - (i) handed to the Insured in which case cancellation will take place at 4 p.m. thirty days later, or
 - (ii) posted to the Insured at the Insured's last known postal address in which case cancellation will take place at 4 p.m. on the thirtieth day after posting.The Insured will then be given a refund of any premium which is due but if the Policy is cancelled by the Insured State shall have the right to keep a minimum premium.

Deductible

- 8 All loss sustained by any theft or series of thefts by any one employee or group of employees acting in collusion will be adjusted separately as one loss. The adjusted loss will be net of recoveries.
From each adjusted loss, the Deductible amount specified in the Schedule will be deducted.

Reduction of Loss

- 9 If
 - (a) the Insured holds any money due or payable to any person whose act of theft results in a claim payable under this Policy, or
 - (b) the Insured holds any money or property belonging to any person whose act of theft results in a claim payable under this Policythat money or property will be applied, in priority to any other claim on that money or property, to the reduction of the loss for which the claim under this Policy is made.

Subsequent Theft

- 10 If the Insured discovers an act of theft by an employee, State will not be liable for loss sustained by any subsequent thefts by the same employee where the subsequent thefts are committed after the time of that discovery.

Temporary Employees

- 11 The words 'employee' and 'employees' are deemed to include any temporary employee hired by the Insured, whether directly or under contract with the supplier of a temporary employment service.