

# Rural Statutory Liability

POLICY WORDING  
NOVEMBER 2025

AG GUARD LIMITED



**Ag Guard**

POWERED BY



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## Introduction

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### About this policy

**Your** Rural Statutory Liability Policy consists of:

- (a) this policy wording,
- (b) the **schedule**,
- (c) any endorsements that **we** apply.

### Reading this policy

The headings in this policy wording are for reference only and must not be used when interpreting the policy wording.

The examples and comments, which are in *italics*, have been included to make parts of this policy wording easier to understand. They do not affect or limit the meaning of the section they refer to.

If a word is shown in **bold**, it has a specific meaning. There is a list of these words and what they mean at the end of this policy wording.

*It is important to read this policy in full to understand what it means and how it operates.*

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## 1. INSURANCE AGREEMENT

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### 1.1 Our agreement

**You** agree to pay **us** the premium and comply with this policy. In exchange, and in reliance on the **application**, **we** agree to insure **you** as set out in this policy.

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## 2. WHAT YOU ARE INSURED FOR

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### 2.1 Statutory liability

**You** are insured for any **fine** that a New Zealand court or tribunal imposes on **you** arising out of a **prosecution** for an **event**.

Provided that:

- (a) **you** first knew about, or ought to have known about, the **prosecution** during the **period of insurance**,
- (b) **you** notified **us** of the **prosecution** as soon as possible, but no later than 30 days after the **period of insurance** ends,
- (c) **we** are not legally prohibited from indemnifying **you**.

### 2.2 Limit of indemnity

The most **we** will pay in the aggregate during the **period of insurance** for all **fin**es, monetary penalties, damages, enforceable undertakings or **reparations** covered under this policy is the **limit of indemnity** shown in the **schedule**.

### 2.3 Defence costs

In addition to the **limit of indemnity**, **we** will pay all reasonable and necessary **defence costs** incurred by **you** with **our** prior written consent to defend any:

- (a) claim covered by this policy,
- (b) **prosecution** under the Health and Safety at Work Act 2015,
- (c) **prosecution** under the Resource management Act 1991,
- (d) **prosecution** under any other Act in the **schedule** or in an endorsement as a 'defence costs Act'.

The most **we** will pay in the aggregate for all **defence costs** incurred during the **period of insurance** is \$1,000,000, or an amount equal to the **limit of indemnity** shown in the **schedule**, whichever is less.

### 2.4 Separate limits

The limit for **defence costs** is a separate limit and cannot be used to meet liability for **fin**es, monetary penalties, damages, enforceable undertakings or **reparations**.

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### 2.5 Excess

**You** must pay the excess specified in the **schedule** in respect of each claim including **defence costs**. If a single **event** results in claims being accepted under more than one rural policy that **you** hold with **us** only one excess will be applied, being the highest applicable individual policy excess.

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## 3. AUTOMATIC EXTENSIONS

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In addition to the cover under 2. 'What you are insured for', **we** also provide the following Automatic extensions. These are subject to the terms and conditions of the policy.

Unless expressly stated otherwise, any amounts payable under these Automatic extensions are included within 2.2 'Limit of indemnity' and are not payable in addition to the **limit of indemnity**.

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### 3.1 Continuous cover

**You** are insured for any claim that would be covered under this policy but for the operation of Exclusion 4.10 'Known claims and circumstances', provided that all the following conditions are met:

- (a) **we** were **your** statutory liability insurer at the primary level under a policy ("the former policy") at the time **you** first became aware of the circumstances, that subsequently gave rise to the claim,
  - (b) **we** continued without interruption as **your** statutory liability insurer at the primary level from the time when **you** first became aware of the circumstances up until such time as the claim was made against **you** and notified to **us**,
  - (c) **our** liability is limited to the amount **we** would have been liable for at the time referred to in (a) above in accordance with the terms and conditions of the former policy,
  - (d) **our** liability will be reduced by the amount that fairly represents the extent to which liability for the claim could have been reduced had the circumstances been reported under the former policy.
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### 3.2 Defence costs if acquitted

**We** will reimburse the reasonable **defence costs you** incur to defend a **prosecution** alleging that **you** acted, or omitted to act, knowingly, wilfully, recklessly or intentionally, if **you** are subsequently acquitted.

For the purposes of this extension "acquitted" means the dismissal of charges before or after a defended hearing, or the entry of a not guilty verdict. "Acquitted" does not include the disposition of a charge pursuant to a plea bargain.

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### 3.3 Enforceable undertakings

**You** are insured for:

- (a) an amount **we** agree to pay as part of an enforceable undertaking under the Health and Safety at Work Act 2015 in respect of a **prosecution** arising out of an **event** in connection with the **business**,
- (b) **defence costs** necessarily and reasonably incurred by **you** with **our** prior written consent.

Provided that:

- (i) the **prosecution** could result in an order for **reparation** if **you** were convicted,
- (ii) the amount **we** pay is no greater than the amount **we** would reasonably expect to pay as **reparation** had **you** been convicted.

**You** are not insured for any:

- (1) amounts in respect of an undertaking or agreement **you** make without **our** prior written consent,
- (2) costs in connection with compliance, training or remedial actions,
- (3) costs of compliance monitoring activities or meeting any non-financial terms of the enforceable undertaking,
- (4) amount payable to any party other than a person who would be a victim under the definition of “victim (a)” under the Sentencing Act 2002 had the **event** resulted in a conviction (or their estate in the event of death),
- (5) amount or **defence costs** that may result from **your** failure to comply with or contravention of any of the terms of the enforceable undertaking.

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### 3.4 Extended reporting period

If **we** elect to cancel or refuse to offer renewal of this policy, then **you** have the right to extend cover under this policy for another 12 months, provided **you** pay **us** an additional premium (being 90% of the last premium).

However, **we** will only provide cover in respect of an **event** or act or omission otherwise covered under this policy that happened before the cancellation or non-renewal takes effect.

This right of extension will lapse unless **we** receive written notice of such election, together with payment of the additional premium due, within 30 days following the effective date of cancellation or non-renewal. If the right of extension lapses, then cover under this policy ceases as at the effective date of the cancellation or non-renewal.

Any claim made during the extended reporting period will be treated as if it had been made during the last **period of insurance** and is subject to the remaining **limit of indemnity** and limit on **defence costs** as at the effective date of cancellation or non-renewal.

The entire premium for the extended reporting period is deemed fully earned and non-refundable on payment.

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### 3.5 Mergers and consolidations

**We** will continue to cover **you** under this policy until the expiry of the **period of insurance** in respect of **events** that occur prior to the date the company named as Insured in the **schedule** either:

- (a) is merged, amalgamated, or consolidated with or becomes a subsidiary company of another company,
  - (b) sells all or substantially all of its assets to another company.
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3.6 New subsidiary companies	<p>This policy is extended to insure a subsidiary company created or acquired by <b>you</b> during the <b>period of insurance</b>.</p> <p>Provided that:</p> <ul style="list-style-type: none"> <li>(a) the operations and activities of the new subsidiary company are the same as the <b>business</b>,</li> <li>(b) <b>you</b> give <b>us</b> notice that <b>you</b> wish to extend cover within 30 days of the acquisition or creation of the new subsidiary company,</li> <li>(c) <b>we</b> are entitled to vary the policy terms, conditions and exclusions and charge an additional premium.</li> </ul> <p><b>We</b> will only cover <b>events</b> or acts or omissions that occur after the acquisition of the subsidiary company.</p>
3.7 Official investigations cover	<p><b>You</b> are insured for <b>defence costs</b> necessarily and reasonably incurred in connection with an <b>official investigation</b>.</p> <p>Provided that:</p> <ul style="list-style-type: none"> <li>(a) the <b>official investigation</b> arises out of an <b>event</b>, or potential <b>event</b>,</li> <li>(b) <b>you</b> first knew, or ought to have known, of the <b>official investigation</b> during the <b>period of insurance</b>,</li> <li>(c) <b>you</b> give <b>us</b> notice of the <b>official investigation</b> as soon as possible, but no later than 30 days after the <b>period of insurance</b> ends.</li> </ul> <p>There is no cover under this Extension for any <b>official investigation</b> investigating matters that broadly affect the industry in which <b>you</b> operate.</p>
3.8 Previous subsidiary companies	<p>The definition of <b>you</b> is extended to include any entity that ceased to be <b>your</b> subsidiary company before or during the <b>period of insurance</b>.</p> <p>However, <b>we</b> will only cover the previous subsidiary for <b>events</b> or acts or omissions that occurred before it ceased to be <b>your</b> subsidiary.</p>
3.9 Private prosecutions	<p><b>You</b> are insured for <b>defence costs</b> necessarily and reasonably incurred by <b>you</b> with <b>our</b> prior written consent, to defend a private <b>prosecution</b> under section 144 of the Health and Safety at Work Act 2015 arising out of an <b>event</b>.</p> <p>Provided that:</p> <ul style="list-style-type: none"> <li>(a) <b>you</b> first knew, or ought to have known, of the private <b>prosecution</b> during the <b>period of insurance</b>,</li> <li>(b) <b>you</b> give <b>us</b> notice of the private <b>prosecution</b> as soon as possible, but no later than 30 days after the <b>period of insurance</b> ends.</li> </ul> <p>There is no cover under this Extension for <b>defence costs</b> in respect of a <b>prosecution</b> arising from <b>your</b> failure to comply with or contravention of any of the terms of an enforceable undertaking. Exclusion 4.15 'Private prosecutions' does not apply to this Extension.</p>
3.10 Reparation	<p><b>You</b> are insured for <b>your</b> legal liability to pay an order for <b>reparation</b> arising from an <b>event</b> covered under this policy.</p> <p>Exclusion 4.17 (b) 'Pecuniary penalties or damages' does not apply to this Extension.</p>

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## 4. EXCLUSIONS

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<b>4.1 Asbestos</b>	<b>You</b> are not insured for liability in connection with asbestos.
<b>4.2 Commerce Act</b>	<b>You</b> are not insured for any liability in connection with a breach of the Commerce Act 1986. However, this Exclusion does not apply to any individual person(s) covered under this policy.
<b>4.3 Compliance costs</b>	<b>You</b> are not insured for: <ul style="list-style-type: none"><li>(a) costs incurred in complying with any abatement, compliance, enforcement or remedial notice or order, or enforceable undertaking,</li><li>(b) costs incurred in challenging any abatement, compliance, enforcement or remedial notice or order,</li><li>(c) liability in connection with a failure to comply with any abatement, compliance, enforcement or remedial notice or order or enforceable undertaking.</li></ul>
<b>4.4 Communicable diseases</b>	<b>You</b> are not insured for any actual or alleged loss, liability, claim, cost or expense that is either: <ul style="list-style-type: none"><li>(a) caused by or attributable to a <b>communicable disease</b>,</li><li>(b) in connection with any orders, actions or measures of a public authority (including any act, error, or omission by any person in connection with any such order, action or measure) to control, prevent, suppress or respond to any <b>communicable disease</b>.</li></ul>
<b>4.5 Continuing offences</b>	<b>You</b> are not insured for any part of a <b>fine, reparation</b> or any other monetary penalty imposed for a continuing offence under an <b>Act</b> that relates to any period after <b>you</b> knew or ought to have known an offence was being committed.
<b>4.6 Dishonesty or fraud</b>	<b>You</b> are not insured for liability in connection with any: <ul style="list-style-type: none"><li>(a) wilful breach of duty or wilful breach of an <b>Act</b>,</li><li>(b) dishonest, fraudulent or malicious act or omission,</li><li>(c) act or omission committed with criminal intent,</li><li>(d) unlawful profit or advantage,</li><li>(e) insider trading.</li></ul>
<b>4.7 Excluded Acts</b>	<b>You</b> are not insured for any liability under the following Acts: <ul style="list-style-type: none"><li>(a) Anti-Money Laundering and Countering Financing of Terrorism Act 2009</li><li>(b) Arms Act 1983</li><li>(c) Aviation Crimes Act 1972</li><li>(d) Crimes Act 1961</li><li>(e) Land Transport Act 1998</li><li>(f) Misuse of Drugs Act 1975</li><li>(g) Criminal Proceeds (Recovery) Act 2009</li><li>(h) Summary Offences Act 1981</li><li>(i) any other Act specified in the <b>schedule</b> as an excluded Act.</li></ul>
<b>4.8 Infringement fees</b>	<b>You</b> are not insured for any liability for any infringement notices or infringement fees.
<b>4.9 Intentional or reckless conduct</b>	<b>You</b> are not insured if <b>you</b> intentionally or recklessly disregard the provisions of an <b>Act</b> .

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<b>4.10 Known claims and circumstances</b>	<b>You</b> are not insured for liability in connection with any claim that <b>you</b> first knew of, or ought to have known of, prior to the start of the <b>period of insurance</b> .
<b>4.11 Legal jurisdiction</b>	<b>You</b> are not insured for liability in connection with: <ul style="list-style-type: none"> <li>(a) a <b>prosecution</b> that is brought, or may be brought, in a court or tribunal outside New Zealand,</li> <li>(b) a <b>prosecution</b> that is brought, or may be brought, in a court or tribunal within New Zealand to enforce a judgment made by a court or tribunal outside of New Zealand,</li> <li>(c) legal liability arising under the proper law of a country other than New Zealand.</li> </ul>
<b>4.12 Monetary amounts paid or offered before sentence</b>	<b>You</b> are not insured for any amount paid, or offered to be paid by <b>you</b> prior to sentencing by the court, where the amount is paid or offer is made without <b>our</b> prior written consent.  This Exclusion does not apply to any payment made with <b>our</b> prior written consent by way of a negotiated compromise to avoid a <b>prosecution</b> or settle a claim.
<b>4.13 Nuclear</b>	<b>You</b> are not insured for liability in connection with either: <ul style="list-style-type: none"> <li>(a) the use of nuclear reactors, such as atomic piles, particle accelerators or generators or similar devices,</li> <li>(b) the use, handling or transportation of any radioactive materials, weapon of war or explosive device employing nuclear fission or fusion.</li> </ul>
<b>4.14 Personal grievances</b>	<b>You</b> are not insured for liability arising out of any contract of employment or service or any intended contract of employment or service, including any personal grievance or similar action by an employee.
<b>4.15 Private prosecutions</b>	<b>You</b> are not insured for liability or <b>defence costs</b> arising from any investigation, proceeding, inquiry, or <b>prosecution</b> taken by a person or entity other than the statutory authority or enforcement agency given responsibility for administering enforcement of an <b>Act</b> .
<b>4.16 Prohibited fines</b>	<b>You</b> are not insured for any <b>fine</b> under the Health and Safety Act 2015, the Resource Management Act 1991 or any other <b>fine</b> that <b>we</b> are legally prohibited from insuring.
<b>4.17 Pecuniary penalties or damages</b>	<b>You</b> are not insured for any of the following imposed by a court or tribunal for the breach of any <b>Act</b> : <ul style="list-style-type: none"> <li>(a) pecuniary penalties,</li> <li>(b) damages, including compensatory, punitive, aggravated, liquidated or exemplary damages.</li> </ul>
<b>4.18 Retroactive date</b>	<b>You</b> are not insured for any liability arising out of an <b>event</b> that occurred prior to the <b>retroactive date</b> .
<b>4.19 Sanctions</b>	<b>We</b> do not provide any cover or benefit, or pay anything in connection with this policy, if doing so may breach or risk exposure to any of the following: <ul style="list-style-type: none"> <li>(a) sanction, prohibition or restriction under United Nations resolutions,</li> <li>(b) trade or economic sanction, law or regulation of New Zealand, Australia, Singapore, the United Kingdom, the United States of America, or the European Union.</li> </ul>

4.20 Taxes	<b>You</b> are not insured for any <b>event</b> or act or omission in connection with a requirement to pay taxes, rates, duties, levies, charges, fees or any other kind of revenue under an <b>Act</b> .
4.21 Terrorism or war	<b>You</b> are not insured for any liability in connection with any of the following: (a) <b>terrorism</b> , or controlling, preventing, suppressing, retaliating against or responding to <b>terrorism</b> , (b) war, invasion, act of foreign enemy, hostilities (whether war is declared or not), civil war, rebellion, revolution, insurrection, or military or usurped power.

## 5. GENERAL CONDITIONS

### How we administer this policy

5.1 Assignment	<b>You</b> may not assign this policy or any interest under this policy without <b>our</b> prior written consent.
5.2 Cancellation	<p><b>By you</b>  <b>You</b> may cancel this policy at any time by giving <b>us</b> or <b>your</b> broker notice in writing or by electronic means. If <b>you</b> do, <b>we</b> will refund any premium that is due to <b>you</b> based on the unused portion of the <b>period of insurance</b>. <b>You</b> must pay any outstanding premium due for the expired portion of the <b>period of insurance</b>.</p> <p><b>By us</b>  <b>We</b> may cancel this policy by giving <b>you</b> or <b>your</b> broker notice in writing or by electronic means, at <b>your</b> or <b>your</b> broker's last known address. <b>Your</b> policy will be cancelled from 4pm on the 30th day after the date of the notice. <b>We</b> will refund <b>you</b> any premium that is due to <b>you</b> based on the unused portion of the <b>period of insurance</b>.</p> <p><b>We</b> will cancel this policy if the premium is not paid when due. Cancellation will be effective from the date this policy was paid up to.</p>
5.3 Change of terms	<p><b>We</b> may change the terms of this policy (including the excess) by giving <b>you</b> or <b>your</b> broker notice in writing or by electronic means, at <b>your</b> or <b>your</b> broker's last known address.</p> <p>Unless otherwise specified in the notice the change in terms will take effect from 4pm on the 30th day after the date of the notice.</p>
5.4 Currency	Any amounts shown in this policy or in the <b>schedule</b> are in New Zealand dollars.
5.5 Goods and services tax (GST)	<p>Where GST is recoverable by <b>us</b> under the Goods and Services Tax Act 1985:</p> <ul style="list-style-type: none"> <li>(a) the <b>limit of indemnity</b> excludes GST,</li> <li>(b) all sub limits exclude GST,</li> <li>(c) all excesses include GST,</li> <li>(d) GST will be added, where applicable, to claim payments.</li> </ul>
5.6 Other insurance	<p><b>You</b> must notify <b>us</b> as soon as <b>you</b> know of any other insurance policy that covers <b>you</b> for any of the risks covered under this policy.</p> <p>If <b>you</b> hold other insurance cover with any other insurer in respect of any claim covered under this policy, then <b>we</b> will only pay under this policy once cover under any other policy has been exhausted.</p>

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**5.7 Separate insurance**

Where the defined word '**you**' consists of more than one legal entity then all the parties are insured separately (as though a separate policy had been issued to each person/entity). However, this does not increase the amount of cover available under this policy.

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## Laws and Acts that govern this policy

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**5.8 Disputes about this policy**

The law of New Zealand applies to disputes about this policy and the New Zealand courts have exclusive jurisdiction.

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**5.9 Legislation and Crown entity changes**

Any reference to any Act of Parliament or subordinate rules referred to in this policy includes any amendments made or substitutions to that law.

Any reference to any Crown entity includes any new name given to that entity and any replacement entity that is responsible for the same or similar functions.

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## Your obligations

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**5.10 Comply with the policy**

**You** and any other person or entity covered by the policy must comply with the terms and conditions of this policy.

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**5.11 Breach of any condition**

If **you**, any other person or entity covered under this policy, or anyone acting on your behalf, breaches any of the terms or conditions of this policy, **we** may decline both:

- (a) the claim, either in whole or in part,
- (b) any claim in connection with the same **event** that **you** make on any other policies underwritten by IAG New Zealand Limited.

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**5.12 True statements and answers**

True statements and answers must be given in all communications by **us**, whether by **you** or any other person, including when:

- (a) applying for this insurance,
- (b) notifying **us** regarding any change in circumstances,
- (c) making any claim under this policy, including when communicating with **us** or providing any further information regarding the claim.

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**5.13 Take reasonable care**

**You** must take reasonable care at all times to avoid circumstances that could result in a claim.

**Your** claim will not be covered if **you** are reckless or grossly irresponsible.

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#### 5.14 Change in circumstances

**You** must give **us** notice in writing as soon as possible if there is a material increase or change in the risk insured.

Once **you** have told **us** of the change, **we** may then vary the policy terms and charge an additional premium, or **we** may cancel this policy.

If **you** fail to notify **us** about a material change in the risk insured, **we** may do any of the following:

- (a) declare this policy unenforceable,
- (b) decline any subsequent claim either in whole or in part.

These actions will be taken from the date **you** knew, or ought to have known, of the increase or alteration in the risk insured.

*Information is 'material' where, if we had known that information, we would have made different decisions about either:*

- (i) *accepting your application for insurance,*
- (ii) *setting the terms of this insurance.*

*If in any doubt, notify us anyway.*

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## 6. MANAGING YOUR CLAIM

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### Your obligations

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#### 6.1 Do not admit liability

**You** must not:

- (a) admit **you** are liable,
  - (b) do or say anything that may prejudice **our** ability to defend the claim against **you** or take recovery action in **your** name.
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#### 6.2 Advise us

If **you** become aware of anything that is likely to give rise to a claim under this policy, regardless of the anticipated amount, **you** must contact **us** as soon as possible.

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#### 6.3 Minimise the loss

**You** must take all reasonable steps to minimise the claim and avoid any further loss or liability arising.

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#### 6.4 Provide full information

When making a claim, **you** consent to **your** personal information in connection with the claim being both:

- (a) disclosed to **us**,
- (b) transferred to the Insurance Claims Register Limited.

**You** must:

- (i) give **us** free access to examine and assess the claim,
  - (ii) send any relevant correspondence or document to **us**,
  - (iii) complete a claim form or statutory declaration to confirm the claim if **we** request it,
  - (iv) provide any other information, proof of ownership or assistance that **we** may require at any time.
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#### 6.5 Dishonesty

If **you** or any other person covered under this policy makes any dishonest or fraudulent statement in connection with a claim under this policy, **we** may, at **our** sole discretion, do any of the following:

- (a) decline the claim, either in whole or in part,
  - (b) declare either this policy or all insurance **you** have with IAG New Zealand Limited to be of no effect and to no longer exist from the date of the dishonest or fraudulent statement.
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6.6 Do not dispose of property	<p><b>You</b> must not destroy or dispose of anything that is or could be part of a claim until <b>we</b> have given <b>you</b> permission to do this.</p>
6.7 Obtain our agreement	<p><b>You</b> must obtain <b>our</b> agreement before doing any of the following:</p> <ul style="list-style-type: none"> <li>(a) incurring any <b>defence costs</b> or other expenses in connection with any claim under this policy,</li> <li>(b) negotiating, paying, settling, admitting or denying any claim against <b>you</b>,</li> <li>(c) doing anything that may prejudice <b>our</b> rights of recovery.</li> </ul>
<h2>How we manage a claim</h2>	
6.8 Allocation of defence costs	<p>If a claim is covered only partly by this policy, <b>we</b> will attempt to ensure fair and proper allocation of the <b>defence costs</b> for insured and uninsured portions.</p> <p>If all parties are unable to agree upon the allocation of the <b>defence costs</b> then that allocation will be decided by a lawyer that <b>we</b> and <b>you</b> agree to instruct, whose determination will be binding upon all parties. The cost of the lawyer's determination is to be taken as part of the <b>defence costs</b> covered under this policy.</p> <p>If the parties cannot agree on a lawyer, then a lawyer will be appointed by the President of the New Zealand Law Society.</p>
6.9 Claim below the excess	<p>If <b>we</b> believe that a claim will not exceed the excess, <b>we</b> may instruct <b>you</b> to conduct the investigation, defence and settlement of the claim at <b>your</b> expense.</p>
6.10 Claim exceeds the limit of indemnity	<p>If the claim subsequently exceeds the excess, <b>we</b> agree to reimburse the reasonable <b>defence costs</b> incurred by <b>you</b> that exceed the excess, or to pay any additional <b>defence costs</b> on <b>your</b> behalf. <b>You</b> must advise <b>us</b> as soon as the total costs of the claim exceed, or are likely to exceed, the excess.</p> <p>If any payment, settlement or judgment in excess of the <b>limit of indemnity</b> has to be made to settle or dispose of any claim, <b>our</b> liability for <b>defence costs</b> is limited to such proportion as the <b>limit of indemnity</b> bears to the amount payable to dispose of the claim.</p> <p><b>You</b> must refund to <b>us</b> all amounts <b>we</b> pay for <b>defence costs</b> in excess of <b>our</b> proportion.</p>
6.11 Defence of a claim	<p>After <b>you</b> have made a claim under this policy, subject to condition 6.13 'Requirement to defend a claim', <b>we</b> have the sole right (which will be a condition precedent to <b>your</b> right to be covered) to:</p> <ul style="list-style-type: none"> <li>(a) act in <b>your</b> name and on <b>your</b> behalf to defend, negotiate or settle the claim as <b>we</b> see fit,</li> <li>(b) appoint lawyers of <b>our</b> choice to defend or legally represent <b>you</b> and the lawyers will report directly to <b>us</b>.</li> </ul>
6.12 Discharge of a claim	<p><b>We</b> may elect at any time to pay <b>you</b> either:</p> <ul style="list-style-type: none"> <li>(a) the maximum amount payable under Section 2.2 'Limit of indemnity' in relation to a claim,</li> <li>(b) any lesser amount that the claim against <b>you</b> can be settled for.</li> </ul> <p>Once <b>we</b> have paid this (including any <b>defence costs</b> already incurred up to the date of <b>our</b> election), <b>our</b> responsibility to <b>you</b> under this policy for that claim is met in full.</p>

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**6.13 Requirement to defend a claim**

If the lawyer appointed to defend **you** advises that the claim should not be defended, then **we** are not required to defend a claim against **you** unless a second lawyer that **we** and **you** agree to instruct, advises that the claim should be defended.

If the parties cannot agree on a lawyer, then a lawyer will be appointed by the President of the New Zealand Law Society. In formulating his or her advice, the lawyer must be instructed to consider the:

- (a) **fine, reparation or prosecution** costs likely to be ordered,
- (b) likely costs of defence,
- (c) prospects of successfully defending the claim.

The cost of the second lawyer's opinion is to be taken as part of the **defence costs** covered under this policy.

If the second lawyer advises that the claim should be settled and if the terms of settlement that **we** recommend are reasonable, then **you** must co-operate with **us** to effect such settlement in accordance with this policy and must pay the applicable excess.

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**6.14 Your right to contest settlement of a claim**

If **you** do not agree with a decision by **us** to settle a claim (including publishing a retraction or apology in the case of defamation proceedings), **you** can elect to contest the claim at **your** own expense.

However, **our** liability will not exceed the amount for which the claim could have been settled in the opinion of the lawyer appointed under Condition 6.13 'Requirement to defend a claim'.

**We** will pay **defence costs** incurred up to the date **you** notify **us** in writing of **your** election under this clause, and will pay **you** (subject to the excess) the amount for which the claim could have been settled. **You** expressly agree that **our** liability in respect of such a claim will then be at an end.

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**6.15 Waiver of legal privilege**

The lawyers **we** instruct to act on **your** behalf in relation to any claim against **you**, may disclose to **us** any information they receive in that capacity, including information they receive from **you**. **You** authorise the lawyer to disclose this information to **us**.

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## 7. DEFINITIONS

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The definitions apply to the plural and any derivatives of the bolded words. For example, the definition of 'accidental' also applies to the words 'accidentally', 'accident' and 'accidents'.

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**accidental**

Unexpected and unintended by **you**.

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**Act**

Any Act of the New Zealand Parliament and any statutory regulations that the Government makes under such Acts.

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**agricultural**

Any agricultural chemical, including:

- (a) pesticides, herbicides or insecticides,
- (b) lime or fertilisers,
- (c) growth regulators and defoliants.

It does not include:

- (i) any substance or chemical that requires or required regulatory approval, and for which approval has not been given or is no longer current,
  - (ii) 1080, 1081, or other poison with a similar method of action,
  - (iii) any hormone herbicides including phenoxy,
  - (iv) agricultural waste and discharges, animal effluent or manure.
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<b>application</b>	The information provided to <b>us</b> by <b>you</b> or on <b>your</b> behalf when <b>you</b> purchased this insurance or requested a quotation for this insurance. It also includes any subsequent information <b>you</b> provide to <b>us</b> , including when requesting any change to the policy, and at renewal. It does not include publicly available information, for example from <b>your</b> social media or websites or <b>your</b> advertising activities.
<b>business</b>	The business stated in the <b>schedule</b> , and includes: <ul style="list-style-type: none"> <li>(a) using <b>your</b> property for agricultural and/or horticultural activities,</li> <li>(b) the sale or supply of farm goods and produce including sale at shows, fairs and farmers' markets,</li> <li>(c) <b>occasional contracting</b>,</li> <li>(d) exhibitions and competitions at agricultural or horticultural shows,</li> <li>(e) use of <b>agrichemicals</b> at <b>your</b> farm,</li> <li>(f) the ownership, possession or use of any agricultural or horticultural plant and machinery (except aircraft or watercraft) provided that it is used only for: <ul style="list-style-type: none"> <li>(i) <b>your</b> own business activities,</li> <li>(ii) <b>occasional contracting</b>,</li> </ul> </li> <li>(g) provision of short term farmstay or bed and breakfast accommodation incidental to the business at a farm property owned by <b>you</b>.</li> </ul>
<b>communicable disease</b>	Any of the following: <ul style="list-style-type: none"> <li>(a) a disease stated to be a quarantinable disease under the Health Act 1956 or in respect of which a state of emergency has been declared under the Civil Defence Emergency Management Act 2002,</li> <li>(b) an outbreak of disease declared as a pandemic or epidemic by the World Health Organisation or the New Zealand government or any New Zealand government agency or lawful authority,</li> <li>(c) a disease declared by the World Health Organisation to be a Public Health Emergency of International Concern.</li> </ul>
<b>defence costs</b>	Legal costs and expenses that relate directly to the investigation, defence, compromise or handling of any claim. Defence costs include disbursements and the costs of any witnesses, assessors, adjusters or experts, if required. Defence costs do not include any costs of <b>your</b> time, including any time spent in assisting <b>us</b> or <b>our</b> appointed lawyers with the conduct of any claim.
<b>event</b>	Any act or omission by <b>you</b> that happened in New Zealand after the <b>retroactive date</b> and in connection with the <b>business</b> , that is the <b>accidental</b> commission of an offence under an <b>Act</b> .
<b>fine</b>	The amount of money that <b>you</b> are ordered to pay as a fine as well as any costs order made against <b>you</b> by the court or tribunal following conviction of any offence under an <b>Act</b> . This does not include compliance or remedial costs.
<b>limit of indemnity</b>	The amount shown in the <b>schedule</b> as 'Limit of Indemnity' or 'Sum Insured'.
<b>occasional contracting</b>	Paid agricultural and horticultural contracting work anywhere in New Zealand, provided that this work represents less than 30% of <b>your</b> annual turnover and does not involve either: <ul style="list-style-type: none"> <li>(a) the spraying, application or release of pesticides, herbicides, insecticides, hormone sprays or any other chemical product,</li> <li>(b) the use of explosives.</li> </ul>
<b>official investigation</b>	An investigation: <ul style="list-style-type: none"> <li>(a) by a body empowered under an <b>Act</b> to investigate, and</li> <li>(b) relating to a breach or potential breach of an <b>Act</b>.</li> </ul>

<b>period of insurance</b>	The period shown in the <b>schedule</b> , that specifies the start and end dates of this insurance contract.
<b>prosecution</b>	Any of the following arising from an <b>event</b> : (a) receipt by <b>you</b> of an official complaint of a breach (or potential breach) of an <b>Act</b> that if proven could give rise to a <b>fine</b> or <b>reparation</b> , (b) service upon <b>you</b> of a prosecution (or notice of intended prosecution) under an <b>Act</b> that if proven could give rise to a <b>fine</b> or <b>reparation</b> , (c) a circumstance that a reasonable person in <b>your</b> position would have considered is likely to lead to either (a) or (b) above.
<b>reparation</b>	An amount ordered by a New Zealand court to be paid to the victim of an offence under section 32 of the Sentencing Act 2002. It includes costs <b>you</b> are ordered to pay by the court when making an order for reparation.
<b>retroactive date</b>	The retroactive date shown in the <b>schedule</b> .
<b>schedule</b>	The latest version of the schedule <b>we</b> issue to <b>you</b> for this policy.
<b>terrorism</b>	Any act, threat of action or preparation for action, which from its nature or context is designed to influence any rightful or actual government or intimidate the public, or is in pursuit of political, religious, ideological or similar purposes, that involves any of the following: (a) violence against any person, (b) damage to property, (c) danger to life, other than the life of the person committing the action, (d) risk to the health or safety of any person, (e) planned interference with or disruption to an electronic system.
<b>we</b>	NZI, a business division of IAG New Zealand Limited.  We may also use the words 'us' or 'our' to describe NZI.
<b>you</b>	Any person or entity named in the <b>schedule</b> as 'Insured'. If the entity is a company then it includes: (a) any subsidiary company, (b) any director, officer, partner or employee of the entity or its subsidiaries, but only while they are acting in that capacity.  <b>We</b> may also use the word 'Insured' to describe you.

AG GUARD LIMITED AGLPF1.0  
NZ COMPANY NUMBER 8835948



**Ag Guard**

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