

Management Shield – Summary of Changes

We've made changes to the Broadform Liability, Statutory Liability, Employers Liability and Directors and Officers Liability sections of the Management Shield wording.

This document is a summary only and provides a highlight of some of the most significant changes. Please read it along with the policy wording so you are familiar with all the amendments and how they apply to you.

Broadform Liability

AUTOMATIC POLICY EXTENSIONS	
3.1 Advertising liability <ul style="list-style-type: none"> Definition of 'advertising liability' has been amended. This change was made to make the coverage clearer. 	Clearer
Forest and Rural Fires <ul style="list-style-type: none"> The Fire and Emergency New Zealand Act 2017 came into effect on 1st July 2017 and has replaced Fire Service Act and the Forest and Rural Fires Act. The cover provided by this extension is no longer relevant, so it has been deleted along with the exclusion. 	Deleted
3.5 Drones <ul style="list-style-type: none"> New extension provides automatic cover for legal liability for injury or damage caused by an insured's operation of a drone in connection with the business. Cover is only available if the use or operation complies with all Civil Aviation rules and other laws or by-laws regarding the use of drones. A definition for 'drones' has been added. There is a limit of \$1,000,000 and an excess of \$1,000. 	New
3.12 Punitive or Exemplary Damages <ul style="list-style-type: none"> Clarifies that cover under this extension relates to an injury that happens in New Zealand only. 	Clearer
3.16 Underground Services <ul style="list-style-type: none"> The conditions for the cover to apply have been changed to make it easier for the insured to comply. For example, the insured can make enquiries of the appropriate authorities or owners, or sight plans of locations or utilize a competent third party to confirm locations. 	Changed
3.18 Vibration and Removal of Support <ul style="list-style-type: none"> Clarification to confirm that cover relates to removal of support for structures as well as land and buildings. 	Clearer
OPTIONAL POLICY EXTENSION	
4.1 Property Being Worked on <ul style="list-style-type: none"> The scope of cover provided by this extension has been widened to include damage to property that the insured has worked on. Previously the insured only had cover while they were working on the property. Cover for faulty products has been added. Where a product has caused physical loss or damage to other tangible property, Lumley will cover the cost of repairing, correcting, removing, or replacement of the insured's products. The sub-limit and excess remain unchanged. 	Changed
EXCLUSIONS	
5.1 Aircraft <ul style="list-style-type: none"> This was amended to make it clearer how this exclusion applies to the Insured's use of aircraft. 	Clearer
5.21 Sanctions <ul style="list-style-type: none"> Excludes cover for liability to the extent it would expose Lumley to any sanction. 	New

Statutory Liability

REFERENCE TO ACTS	
<ul style="list-style-type: none"> All references to Health and Safety in Employment Act 1992 have been replaced with Health and Safety at Work Act 2015. 	Updated
AUTOMATIC POLICY EXTENSIONS	
3.2 Enforceable Undertakings <ul style="list-style-type: none"> New automatic extension has been added to cover amounts Lumley agrees to pay as part of an enforceable undertaking under the Health and Safety at Work Act 2015. The insured must obtain Lumley's prior approval to any offer to make an enforceable undertaking. The extension confirms the types of sums that are not covered. 	New
EXCLUSIONS	
4.18 Sanctions <ul style="list-style-type: none"> Excludes cover for liability to the extent it would expose Lumley to any sanction. 	New

Employers Liability

REFERENCE TO ACTS	
<ul style="list-style-type: none"> All references to Health and Safety in Employment Act 1992 have been replaced with Health and Safety at Work Act 2015. 	Updated
EXCLUSIONS	
4.12 Sanctions <ul style="list-style-type: none"> Excludes cover for liability to the extent it would expose Lumley to sanction. 	New

Directors & Officers Liability

INSURING CLAUSES	
Defence Costs The Lumley D&O policy dealt with paying defence costs in addition to the Limit of Indemnity by endorsement to the policy in two ways, the options were: <ul style="list-style-type: none"> an additional amount for defence costs of 20% of the Limit of Indemnity; or a set specified limit selected by the Insured. 	Insuring Clause 1.3 Now automatically provides cover for defence costs payable in addition to the Limit of Indemnity, to maximum of \$1,000,000 or the policy limit, whichever is the lesser.
EXTENSIONS	
Company Securities Entity Cover \$1,000,000 sub limit	The new wording does not provide cover to the company for securities claims.
Compensation for Court Attendance \$400 per day for an Insured Person \$20,000 sub limit	Extension 3.2 Now \$500 per day per insured person \$20,000 sub limit
Extended Reporting period 100% of the annual premium payable	Extension 3.8 Available only if Lumley does not offer renewal of the policy. 50% of the last annual premium is payable. The extension is not available if Lumley cancels or declares the policy unenforceable because of non-payment of the premium, non-disclosure or breach of conditions.

<p>Health & Safety Defence Costs New Zealand and Australia only \$1,000,000 sub limit</p>	<p>Extension 3.12 Now covers an insured persons defence costs in respect of a claim or investigation alleging a breach of the Health and Safety at Work Act 2015 or equivalent legislation in any other jurisdiction covered by the policy. No sub limit - the amount payable for defence costs applies.</p>
<p>Investigations and Inquiries New Zealand or Australia only. Policy limit applied</p>	<p>Extension 3.14 The new extension does not cover an investigation:</p> <ul style="list-style-type: none"> • brought outside the jurisdiction covered by the Policy or in the USA; or • under the Health and Safety at Work Act 2015. <p>The amount payable for defence costs applies. Defence costs must be refunded to Lumley where there is an admission, settlement, judgment or other final adjudication that an insured person committed a dishonest, fraudulent or criminal act or reckless or knowing breach of any law.</p>
<p>New Subsidiary Covered any new entity automatically if:</p> <ul style="list-style-type: none"> • the total assets of the new entity did not exceed 20% of the total gross consolidated assets of the company, • if it was located in the USA or Canada provided that total revenue of the new entity did not exceed NZ \$250 million, • the business activities of the new entity were not materially different from those of the company. 	<p>Extension 3.15 Automatically covers any new entity except if the new entity:</p> <ul style="list-style-type: none"> • has total gross assets exceeding 25% of the total gross consolidated assets of the company; • is located in the USA; • has business activities that are materially different to the activities of the company at the commencement of the period of insurance.
<p>Outside Positions Covered any appointment to:</p> <ul style="list-style-type: none"> • a Non-Profit Entity or Associated Company or • other entity where Outside Position cover is noted in the Policy by endorsement. 	<p>Extension 3.16 Now covers any appointment to another entity:</p> <ul style="list-style-type: none"> • that is established for charitable, community, industry or social purposes; and • in which the company owns between 20% and 50% of the shares. <p>It does not cover an appointment to a publicly listed company, a company in the USA or that is a Financial Institution or Financial Services company as defined.</p>
EXCLUSIONS	
<p>Pollution \$1,000,000 sub limit for loss \$1,000,000 sub limit for defence costs</p>	<p>Exclusion 4.12 There are no longer any express extensions for pollution cover as existed in the prior Management Shield wording but the new policy exclusion 4.12 Pollution only excludes pollution occurring:</p> <ul style="list-style-type: none"> • outside the jurisdiction covered by the policy, or • in the USA.
<p>Sanctions</p>	<p>Exclusion 4.15 New Excludes cover for liability to the extent it would expose Lumley to sanction.</p>