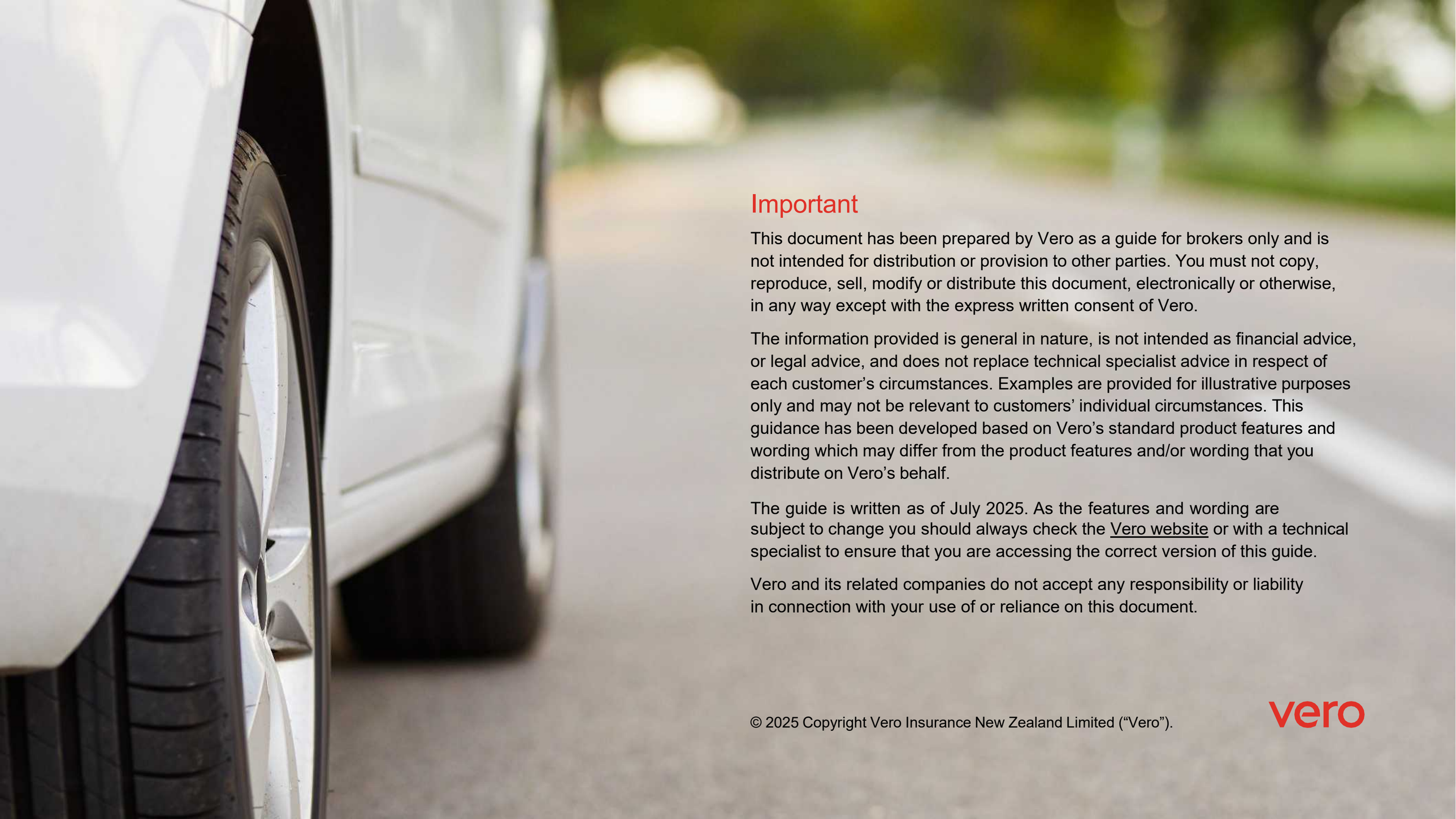
Vero Training Resource | July 2025

Vero MotorPlan Policy



Important

This document has been prepared by Vero as a guide for brokers only and is not intended for distribution or provision to other parties. You must not copy, reproduce, sell, modify or distribute this document, electronically or otherwise, in any way except with the express written consent of Vero.

The information provided is general in nature, is not intended as financial advice, or legal advice, and does not replace technical specialist advice in respect of each customer's circumstances. Examples are provided for illustrative purposes only and may not be relevant to customers' individual circumstances. This guidance has been developed based on Vero's standard product features and wording which may differ from the product features and/or wording that you distribute on Vero's behalf.

The guide is written as of July 2025. As the features and wording are subject to change you should always check the Vero website or with a technical specialist to ensure that you are accessing the correct version of this guide.

Vero and its related companies do not accept any responsibility or liability in connection with your use of or reliance on this document.

© 2025 Copyright Vero Insurance New Zealand Limited ("Vero").

Introducing your customers

Ryan and Olivia Taylor…

Ryan and Olivia Taylor are looking to change insurers as they're not happy with their current one. They've come to you on advice from friends. During the module they will ask you questions about how this policy relates to their insurance needs.

Ryan and Olivia own three vehicles.

Ryan drives a brand new Range Rover. Olivia occasionally lets her daughter (who has a restricted licence) drive her two year old Nissan 350Z.

Their son was given Olivia's previous car, a five year old Subaru Forrester, and he is noted as the main driver.

Motor definitions

The ‘Definitions’ section in the policy wording clarifies certain words that have specific meaning. These defined words are in *italics*, ensuring they carry the same meaning consistently throughout the policy to help with understanding. We’ll look at two of these defined words so you can explain them to Ryan and Olivia.

We’ll focus on these:

Vehicle

Accessories

Vehicle

This definition means any vehicle that your schedule describes, including:

- equipment supplied and fitted by the manufacturer and tools supplied by the manufacturer that would normally stay in the vehicle
- the vehicle’s accessories
- the vehicle’s keys.

Accessories

Accessories are items kept on or in the vehicle which are not directly related to the function of the vehicle.

They are as follows:

- car seat covers
- child restraints and seats
- first aid kit, torch, fire extinguisher, maps
- fitted entertainment, communications, and navigation systems
- other equipment permanently fitted to your vehicle
- roof racks, roof boxes, bike racks, and tow bars when fitted to your vehicle
- tools and breakdown equipment you permanently keep in your vehicle, or bought by you to repair your vehicle.

What’s covered

The types of vehicle use we cover

Depending on what your customer uses their vehicle for, they will need to choose either Private use or Business use. What they choose will be shown on their policy schedule. If they don't have the correct usage shown on their schedule they may not be covered in the event of a claim.

Private use: what we cover

- social, domestic, recreational, and farming purposes
- religious, social welfare, or youth organisation work
- use by you to get to or from work or to carry out occasional work-related use (provided your vehicle is not owned or insured under a company name).

Business use: what we cover

- all of the uses listed under private use
- any form of sales, service, and maintenance callouts for your business (unless your business is in the motor trade, which we never cover under this policy)
- insurance assessing
- carrying goods or samples for your trade or business
- work as a stock or station agent or real estate agent.

Vehicle use: what we never cover

Even if the vehicle is being used for one of the private or business uses above, the customer's vehicle is never covered by the policy for any of the uses below:

- motor trade (including vehicle sales yards, motor mechanics, and vehicle servicing)
- courier or delivery work (including any food delivery service)
- instructing others how to drive, in exchange for pay or reward
- motor vehicle hire
- use as a courtesy or loan vehicle
- carrying fare-paying passengers (including any use as a taxi or for ride-share driving)
- security work.

Olivia is an accountant and sometimes drives her vehicle to meet with clients. She doesn't carry any stock, and the vehicle is owned and insured under her name. Olivia wants to know if she needs to insure her vehicle for business use. **What will you tell her?**

Olivia's vehicle can be insured under private use as she doesn't carry any stock, and only occasionally uses it for work.

What we cover depends on the cover option

We have three different options to help customers choose the level of cover that is best for them and their insurance needs.

Let’s look at what is available under these options.

There are three cover options:

- Comprehensive
- Third Party, Fire and Theft
- Third Party Only

Comprehensive

Comprehensive provides cover for accidental loss or damage to the customer's vehicle anywhere in New Zealand. This cover option includes both automatic and optional benefits, along with legal liability cover for accidental damage caused to someone else's vehicle or property.

Third Party, Fire and Theft

This cover option provides protection for the insured vehicle against fire and theft. It also includes legal liability cover for accidental damage caused to someone else's vehicle or property. While it comes with a selection of automatic and optional benefits, it does not offer the full range of benefits provided under Comprehensive cover.

Third Party Only

Third Party covers your customer's legal liability for accidental damage caused to someone else's vehicle or property.

Both Third Party, Fire and Theft and Third Party Only, cover damage to the insured's vehicle caused by an uninsured driver. For cover to be provided we must be satisfied that:

- The driver or person in charge of the customer's vehicle is free of blame.
- The person at fault is identified.
- The person at fault has no valid insurance.

This is limited to the market value or $3,000, whichever is less, or $1,000 for a motorcycle.

Limits on what we pay:

We limit what we pay in some situations – either in amounts, or what we'll cover.
We'll look at some of these, so you can explain them to Ryan and Olivia.

Parts and Paint

We won't pay to replace any part that isn't damaged.

We'll only pay to repaint areas that have been damaged.

We won't pay any additional cost to match the new and existing paint, or to paint areas that weren't damaged.

Accessories

We pay up to $1,000 in total for accessories that were not supplied by the manufacturer for the vehicle model, unless your customer has specified a higher amount on their schedule.

Before we move on, take some time to read through the 'How we settle your claim' section. When reading, this pay attention to 'Some limits on what we pay'. This specifies the most we will pay for some things.

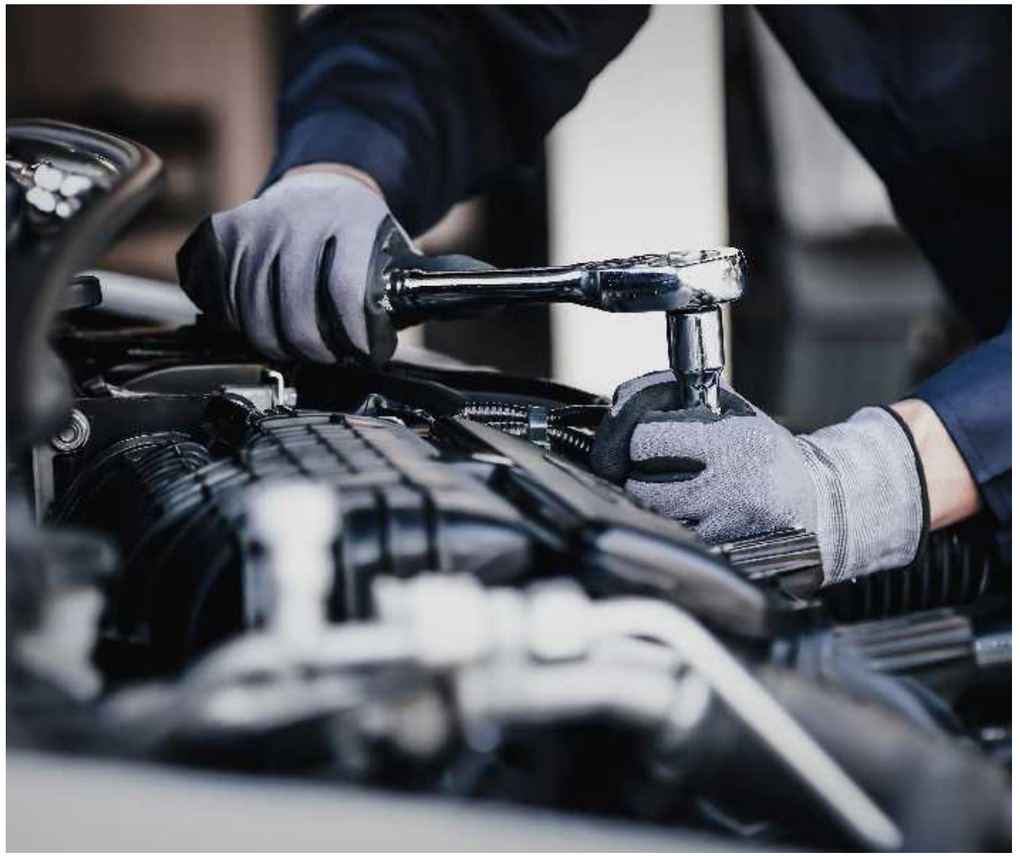
Repairs

We'll work with the customer to select a repairer. This can either be from our approved repairer list, or any repairer the customer chooses.

We'll guarantee repairs by our approved repairer list for as long as the customer owns the vehicle.

If the vehicle is not repaired by a member of our approved repairer list, we won't guarantee the repairs.

If the vehicle is in much better condition or is worth more money after the repairs than it was before the accident, we may ask the customer to contribute to the cost of repairs.



Ryan wants to know if he has an accident, can he have his car repaired at his local repairer as he likes to support local businesses.

What will you tell him?

He can choose his own repairer. However, if they are not part of our approved repairer network we won't guarantee the repairs.

Benefits

Benefits

There are some benefits that apply to all three cover options, while some only apply to Comprehensive cover.

The limits payable under some of the benefits are for any one period of insurance (12 month period from the start date of the policy) rather than per event.

The specific limits applicable to each benefit can be found in the customer's policy wording (or in any agreed endorsement which may apply) and/or their policy schedule.

Optional benefits only apply if they are shown on the customer's schedule and any additional premium is paid.

While you're not expected to remember all the benefits, you'll need to be able to find the information in the policy wording. It is also important to have an understanding of what each benefit means, and be able to explain it to your customers.

Benefits we'll look at that apply to all cover options:

- Legal liability
- Vehicle change

Benefits we'll look at that only apply to comprehensive cover:

- Trailers
- Emergency costs
- New caravan option
- Personal effects – caravan
- Windscreen and window glass

Optional benefit we'll look at that applies to all cover options:

- Excess-free windscreen and window glass

Benefits that apply to all cover options

Legal liability

This benefit provides cover for the customer's legal liability for accidental damage to someone else's property or bodily injury caused by the insured vehicle.

This benefit is complex, so we'll go through it in stages.

Benefits that apply to all cover options +

Liability for damages

This covers the customer's legal liability to pay damages for loss or damage they cause to someone else's property or accidental bodily injury. Damages is a defined term in the policy wording that means money the customer has to pay because of a judgment against them, or a settlement we negotiate. Damages also includes the other party's costs, and interest.

Damages doesn't include:

- punitive or exemplary damages
- reparation
- fines
- taxes
- any other kinds of penalty or compensation, financial or any other payment that is unlawful to insure against.

Benefits that apply to all cover options +

Liability for reparation

This covers a customer's liability to pay reparation for loss or damage to someone else's property or accidental bodily injury.

Reparation is an amount a New Zealand court orders the customer to pay to the victim of an offence under section 32 of the Sentencing Amendment Act 2014.

Reparation doesn't include:

- reparation arising from an offence under the Health and Safety at Work Act 2015
- damages, court costs, fines, any other kind of penalty (financial or not), taxes, or any payment that is unlawful to insure against
- the customer's legal defence costs or expenses relating to an offence.

Limits on what we'll pay for Legal liability

All of our insurance policies include the same legal liability limits, regardless of the cover option selected. We provide up to $20,000,000 for damage to third-party property and up to $1,000,000 for bodily injury.

Extended liability

There are certain instances where we can extend liability cover under the policy. These are:

- The customer is liable for an accident caused by a caravan or trailer they are towing.
- The customer allows someone else to drive the vehicle, unless they have been excluded from cover.
- The customer is driving someone else's vehicle (as long as it is not hired to the customer under a hire purchase or lease agreement). This extension doesn't apply where the customers vehicle is a motorcycle, caravan, or trailer.

Benefits that apply to all cover options

Vehicle change

When a customer purchases an additional car, they automatically have temporary cover for the new car under their existing policy wording.

The specific limits applicable can be found in the customer's policy wording (or in any agreed endorsement which may apply) and/or their policy schedule.

Benefits that apply to Comprehensive cover only

Trailers

This benefit provides automatic cover for trailers up to the specific limit applicable. This limit can be found in the customer's policy wording (or in any agreed endorsement which may apply) and/or their policy schedule.

The trailer benefit does not automatically cover:

- caravans
- boat, horse, or camper trailers
- the contents of any trailer
- any trailer that is separately listed on the schedule
- any trailer that is insured under this or any other policy
- any trailer that can't legally be towed by the vehicle.

Benefits that apply to Comprehensive cover only +

Emergency costs

If required after an accident, we'll pay the reasonable cost of either:

- moving the vehicle to the nearest repairer or safe place, or
- essential repairs so the customer can get their vehicle to your destination or a repairer.

If the vehicle can't be driven, we'll pay up to the specific limit applicable for accommodation and transport to get the customer and their passengers to the customer's home. The specific limit can be found in the customer's policy wording (or in any agreed endorsement which may apply) and/or their policy schedule.

We'll cover the cost of transporting the vehicle back to the customer's home after it's been repaired or recovered after being stolen. This benefit only applies if we're paying for loss or damage covered by this policy.

We only cover reasonable costs. If the customer insists on staying in a luxury hotel for the night when other suitable accommodation is available at a cheaper rate, we'll only pay the lesser amount.

The following benefits relate specifically to caravans.

New caravan option

If the customer suffers a loss and the repair cost of the caravan is greater than 60% of its market value, and the caravan is less than 3 years old, we'll replace it. The caravan replacement must be the same year, make, model and specifications. The replacement must also be available in New Zealand.

Personal effects

We'll pay up to the limit shown on the customer's policy wording (or in any agreed endorsement which may apply) and/or their policy schedule for accidental loss or damage to personal effects, clothing and domestic utensils in the caravan.

Benefits that apply to Comprehensive cover only

Windscreen and window glass

If damage to the windscreen or window glass is repairable, we'll fix it without charging the policy excess.

Windscreen or window glass replacement is covered under Comprehensive cover, but the excess will apply, unless the customer has chosen the Excess-free windscreen and window glass replacement benefit.

Optional benefit that applies to all cover options

Excess-free windscreen and window glass

If your customer selects the Excess-free windscreen and window glass optional benefit they won't need to pay an excess for windscreen or window glass replacement under Comprehensive cover.

Under Third Party, Fire and Theft cover or Third Party cover types, the Excess-free windscreen and window glass optional benefit provides excess free repair and replacement of windscreen or window glass.

This optional benefit only applies if they are not claiming for any other damage.

There is no cover for breakage to any other glass or plastics (e.g., headlights, mirrors, taillights etc.) under this benefit.

Exclusions

Exclusions

We won’t cover some situations, these are called exclusions.

These are detailed under ‘Exclusions – things we don’t cover’ in the policy wording. We’ll focus on:

- Mechanical or electrical breakdown
- Breach of, invalid or incorrect driver’s licence
- Alcohol or drugs
- Depreciation, loss of use, consequential loss, or loss of value

Before we move on, take some time to read through the ‘Exclusions – things we don’t cover’ section of the policy wording. This excludes a range of situations, so you need to make sure you’re across all of them.

Mechanical or electrical breakdown

We won’t cover any breakdown, breakage, or failure of any part of the vehicle or any accessory, the engine or transmission and mechanical, electrical or electronic systems.

However, exclusion won’t apply if an accidental external factor that originated outside of the vehicle directly caused the breakdown, breakage or failure. For example this exclusion wouldn’t apply where the customer is jump starting their car with jumper leads and accidentally does it incorrectly which ends up causing damage to the electrical system.

Breach of, invalid or incorrect driver's licence

When your customer makes a claim we'll ask about who was driving and the licence the driver held at the time of the accident. If the driver was breaching the conditions of their licence or they didn't hold a valid licence then there is no cover.

For example, if a driver holds a learner's licence, they are required to have a supervisor in the vehicle. If they drive without a supervisor, they are breaching the conditions of their licence, and as a result, there is no cover under the policy.

This exclusion doesn't apply if the vehicle is being driven without the customers permission – for example if it has been stolen. This exclusion also doesn't apply to the cover provided under the 'Vehicle servicing and emergency' benefit.

Alcohol or drugs

There is no cover if the driver at the time of the accident:

- had a breath or blood alcohol level higher than allowed under New Zealand law
- refused to take a breath test or give a blood sample when asked
- was under the influence of an intoxicating drug or drugs.

This exclusion won’t apply where the vehicle is being driven without the customers permission – for example it has been stolen.

A note on insurance law

Under Section 11 of the Insurance Law Reform Act 1977 the breach of policy terms and conditions has to be contributory to the claim (i.e. caused or contributed to it in some way) in order for an insurance company to decline the claim under any of these exclusions.

Here is an example (taken from the Insurance & Financial Services Ombudsman Scheme files) of when an insurance company can't rely on these exclusions to decline a claim: The customer's daughter was driving with her mother as a passenger when they were involved in a head on collision with another vehicle. The other driver was charged with careless driving, and it was clearly established the customer's daughter was in no way at fault. The customer's daughter did not have a current driver's licence at the time of the accident. However, the fact that she didn't have a current licence did not cause or contribute to the accident. Therefore, the insurer could not decline the claim on the basis of the customer's vehicle being driven by an unlicensed driver.

Depreciation, loss of use, consequential loss, or loss of value

We won’t cover any of the following:

- depreciation
- loss of use
- consequential loss
- loss of value.

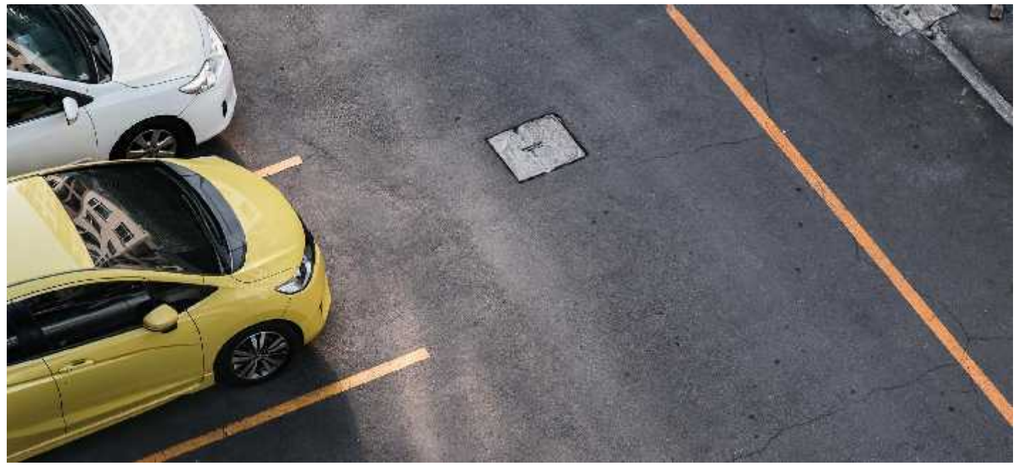
An example would be if the insured vehicle is damaged in an accident, we’ll cover the cost of repairing the physical damage to the vehicle. However, there is no cover for any reduction in the vehicle’s value after repairs are complete (loss of value). There is also no cover for expenses such as hiring a replacement vehicle during the repair period, or bus or Uber fare (loss of use). Additionally, any consequential loss resulting from the vehicle being off the road such as lost income due to the customer not being able to get to work would be excluded.

Customer responsibilities

Just like exclusions, there are many policy conditions and responsibilities contained in the Motor policy wording that are the same as in other personal lines insurance policy wordings.

We'll focus on:

- providing correct information
- duty of disclosure
- modifications



We won't be going through all the responsibilities and conditions here, so take some time now to read through the others.

Information given to us must be correct

This condition reminds the customer they need to make sure all the information they give to Vero via you as their broker is complete and correct when the customer is taking out a policy, changing or renewing a policy, or making a claim.

If the customer supplies false or incorrect information or withholds information, then we may decline the claim or cancel the policy as set out in the ‘We don’t cover you if you breach these terms’ condition.

You have a duty of disclosure

This condition means the customer must give as all material information we need to make a decision on issuing, altering, or renewing a policy.

This also means that if any circumstances change with the risk or with the customer this needs to be advised to Vero immediately so the risk can be reviewed and terms of cover changed if required.

If Ryan or Olivia receive a criminal conviction they need to let us know immediately. We'll look at the circumstances of the conviction and decide if we want to continue cover. If we do, additional terms may apply.

Duty of disclosure – scenario

A customer insured his vehicle stating that he used the vehicle 100% of the time. He had a long insurance history with no claims or convictions. Later he added his son to the policy as a regular driver of the vehicle. The son was 16 and had no insurance history. It was disclosed that the vehicle's engine had been recently modified and mag wheels had been added.

The vehicle was stolen while the son was using it. The insurance company's investigation revealed the son was the principal user of the vehicle and declined the claim. The customer made a complaint on the grounds that the vehicle was owned by him and not his son. **Does the customer have a case?**

The customer's son had provided conflicting information in two statements given to the insurance company. On both occasions he stated that he was the principal user of the vehicle.

The information material to the insurance company was the principal user of the vehicle not just the legal ownership of it.

The Insurance and Financial Services Ombudsman concluded that the insurance company was entitled to avoid the policy and refuse the claim.

Tell us about any vehicle modifications

Modifications to a vehicle can fall into two categories:

- cosmetic
- performance enhancing

Customers must tell us about all modifications to the vehicle so we can assess the risk. If a customer doesn't tell us about modifications that would have affected our acceptance of the risk then we are entitled to void the policy for non-disclosure.

If the modification would not have affected acceptance but would have affected the terms applied then we are entitled to decline the claim or apply those terms and conditions.

Driver options and Excesses

Driver options and excesses

There are driver options that a customer can choose, however we may apply certain driver restrictions as part of our risk assessment.

The same with excess, a customer can choose to have a higher excess to lower their premium. We might also apply additional excesses as part of our risk assessment.

Driver options a customer can choose

- **Open driver** – anyone with a valid driver's licence is covered while driving the customer's vehicle.
- **Voluntary named drivers** – the customer can choose to name two drivers over-25-year-old to reduce their premium. An additional unnamed excess applies to any unnamed driver. Other drivers are still covered with an additional unnamed excess.
- **Excluding under-25-year-old drivers** – the customer can choose to exclude anyone under 25 to reduce their premium.
- **Voluntary named drivers and exclude under-25-year-old drivers** – these options can be combined.

Driver restrictions we might apply

- **Compulsory Named Driver** – we may restrict cover to certain drivers listed on the schedule. Unlike voluntary named drivers, there is no reduction in premium.
- **Excluded Driver** – we may exclude certain drivers, based on their answers to the questions we ask them.

Excesses

You'll find information on excesses in the 'Making a claim' section of the policy wording. An excess is the amount the customer is required to contribute to any claim, unless the policy specifically states there is no excess to pay. An excess encourages some care and responsibility from the customer since they will contribute to each claim.

There are different types of excesses that can apply to a motor policy. There can be more than one excess and all excesses that apply are added together to make one total excess.

Additional excesses

There are different types of additional excesses that might apply:

- **Imposed** – an additional excess we may apply to a specific vehicle. This includes the high value vehicle excess – an additional 1% (of the value of the car) excess applies to all motor vehicles that have a market value or sum insured greater than $75,000.
- **International** – an additional excess for any driver who, at the time of the accident, holds a driver's licence from any country other than New Zealand.

  We don't apply this excess if the driver's licence is from any of the countries considered exempt by NZ Transport Agency Waka Kotahi.

- **Unnamed driver** – an additional excess for any drivers who are not named on the schedule if the customer chooses the voluntary named driver option.
- **New driver** – an additional excess for any drivers over 25 who have held a New Zealand driver's licence for less than 12 months at the time of the accident.
- **Underage** – an additional excess for any driver under 25 at the time of the accident.
- **Special** – an additional excess we may apply to a particular person.

If you’re not at fault, your excess can be refunded

We may refund the excess for a claim, provided that we are satisfied both of the following conditions are met.

- The driver or person in charge of the customer’s vehicle is free of blame.
- The person at fault is identified.

Summary

Let’s recap this module.

There are three types of cover available, and many included benefits.

Just as important as what is covered is what’s not covered. You need to make sure your customers understand what they’re not covered for under their policy.

Lastly, there are policy conditions that your customers must comply with to be covered. It’s particularly important that they disclose all information and be truthful in all transactions and discussions with us.