



# Business Package

**Policy Wording**  
October 2015

Arranged by One Underwriting Pty Ltd  
ABN 50 006 767 540 AFSL 236 653

**one**  
UNDERWRITING

One Underwriting Pty Ltd ABN 50 006 767 540 AFSL 236653 acts as an underwriting management company and under a binding authority on behalf of QBE Insurance (Australia) Limited ABN 78 003 191 035 AFS Licence No 239545. One Underwriting Pty Ltd is part of the Aon Group of Companies, which is a global leader in the design and provision of risk services and products including insurance, reinsurance, employee benefits and superannuation. One Underwriting Pty Ltd can be contacted at Level 33, 201 Kent Street, Sydney NSW 2000.

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## **INTRODUCTION**

Any word that is defined in the introduction will apply to all Cover Sections.

## **YOUR INSURER**

**WE, US** and **OUR** means the Insurer named in the Schedule.

## **APPLYING FOR COVER**

We agree to insure You based on the information You have provided as set out in the Data Questionnaire (please refer to Your Duty of Disclosure) and subject to the payment of the requested premium by the required date.

Please note, only those Cover Sections shown in Your Schedule as having been selected for cover and for which You have agreed to pay Us a premium, will be insured. Those Cover Sections then form part of Your Policy.

The covers You select are in force for the Period of Insurance set out in the Schedule, subject to the Limit of Liability and Sub-Limits applicable under each Cover Section shown in the Schedule.

The General Definitions, General Exclusions and General Conditions form part of this Policy and apply to each of the Cover Sections.

Specific Definitions, Exclusions and Conditions also apply to individual Cover Sections.

The cover granted is subject to due observance and fulfilment of the Policy Conditions and other terms, by You and by any other party included in the coverage, and any failure to do so may result in Our refusal to pay a claim.

## **ABOUT THIS POLICY**

**YOU, YOUR or YOURS** means the persons or parties named as 'The Insured' in the Schedule, and shall also include all subsidiary companies, organisations and other entities incorporated in Australia in which they have a controlling interest to the extent only that each of them is engaged in carrying on the Business described in the Schedule or activities that are substantially of the same kind or related to that Business. For the purpose of this definition, a controlling interest shall in the case of a company mean the beneficial ownership of shares carrying more than Fifty Percent (50%) of votes capable of being cast at a general meeting of all shareholders in the company.

Welfare, social or sporting clubs of any of the above formed with Your knowledge and consent exclusively for the benefit of employees of the Business and their families are also included within the definition of You, Your and Yours.

**COVERAGE SUMMARY** means the document issued by One Underwriting Pty Ltd with Our authorisation, which is deemed by Us to be the Schedule for any period to which it relates.

**COVER SECTION** means the individual covers described in the Policy booklet available for inclusion in the insurance.

**DATA QUESTIONNAIRE** means the document completed by FMM setting out the information provided by You when applying for Your insurance cover and upon which We have made Our decision to accept the risk of Your insurance on the terms stated in the Schedule. A copy of the Data Questionnaire is attached to Your Schedule for Your confirmation of the details and You must contact FMM immediately if there are any errors or discrepancies in the information shown.

## **IMPORTANT NOTICES**

**POLICY** means:

- this Policy booklet, which shows the Cover Sections available for inclusion in the insurance;
- the Data Questionnaire attached to Your Schedule;
- Your most current Schedule;
- any Endorsement We have issued or agreed to issue; and
- any other written change advised by Us that varies or modifies the above documents.

**SCHEDULE** means the document We give You that attaches to and forms part of Your Policy, specifying the parties insured, the Cover Sections granted and details of Limits of Liability, Sub-Limits and Deductibles applicable. Schedule includes the initial and any subsequent Schedules issued by Us noting changes or variations to the Policy and renewal.

### **PRIVACY**

The Privacy Act 1988 contains National Privacy Principles that require Us to tell You that We collect, handle, store and disclose Your personal and sensitive information.

We need to do so for the purpose of providing You with insurance products and services, and for processing and assessing claims. You can choose not to provide this information, however if You do so, We may not be able to process Your requests.

Your personal information is treated with care and will not be released to anyone other than another Insurer or an insurance reference service or as permitted or required by law. In the event of a claim, We may disclose information to and also receive additional information about You from investigators or legal advisers.

You have a right to seek access to Your personal and sensitive information, and to correct it at any time. Our aim is to ensure that Your personal information is accurate, up to date and complete. If You wish to exercise Your right to review Your personal information, please do so through FMM, Your appointed Broker.

### **YOUR DUTY OF DISCLOSURE**

Before You enter into this contract of insurance with Us, the Insurance Contracts Act 1984 requires You to tell Us everything of which You are aware, which You know, or which a reasonable person in the circumstances could be expected to know is relevant to Our decision whether and on what terms Your application for insurance is acceptable and to calculate the premium required for Your Policy.

You have the same duty to disclose those matters to Us when You renew, vary, extend, reinstate or replace Your Policy.

#### **What You do not need to tell Us**

You do not need to tell Us about any matter:

- that diminishes Our risk;
- that is of common knowledge;
- that We know or should know as an Insurer; or
- that We tell You We do not need to know.

#### **Who do the above two Duties apply to?**

Everyone who is insured under this Policy must comply with the relevant Duty.

## What happens if You or they do not comply with either Duty?

If You or they do not answer Our questions honestly or do not properly disclose to Us, We may reduce or refuse to pay a claim or may cancel the insurance. If You or they act fraudulently in answering Our questions or not disclosing to Us, We may refuse to pay a claim or treat the insurance as never having existed, and pay nothing.

## DELAY OF COVER

We will not provide any cover for a period of 48 hours from the time of commencement of Your insurance for Damage to Your property caused by:

- bushfire or grassfire; or
- a named cyclone.

This restriction of cover shall not apply however, if this insurance commences directly after:

- another insurance policy covering the same property expired without a break in cover;
- You have entered into a contract of sale to purchase the property; or
- You have entered into a contract to lease the property.

## COOLING OFF PERIOD

Please ensure that You read Your whole Policy, including the Schedule, to be sure You have the cover You require.

You have the right to cancel Your Policy within the Cooling Off Period, being twenty-one (21) days from the commencement of cover. The same right applies when You renew Your Policy. You must advise Us in writing and return Your Schedule to Us within twenty-one (21) days. You will receive a full refund of the premium paid, providing nothing has occurred for which a claim is payable under the Policy.

After the Cooling Off Period has ended, You may cancel Your Policy. Please refer to Cancellation under General Conditions on page 8.

## UNDER-INSURANCE

Cover Section 1—Fire and Other Insured Perils is subject to the Under-insurance Condition.

The Under-insurance Condition applies if the total value of the assets declared for insurance is less than Eighty Percent (80%) of the actual value thereof at the commencement of the Period of Insurance, calculated in accordance with the Basis of Settlement Clause (ie. the full replacement value or reinstatement value on a new for old basis, where reinstatement or replacement conditions apply).

The Under-insurance Condition shall not apply if the amount of the Damage does not exceed Ten Percent (10%) of the amount of Your declaration of value for all Property Insured.

If Under-insurance applies, then You are considered Your own insurer for the proportion under-declared below Eighty Percent (80%), and Your claim entitlement will reduce accordingly.

Asset declarations must therefore be accurate and take into account such aspects as architect's and other professional fees.

We recommend that You have Your property professionally valued at least once every three (3) years, and arrange cover in accordance with the valuation(s). These Under-insurance provisions **do not apply** to any such property if this is done and an Approved Valuer has updated the valuation not more than 12 months prior to the commencement of the current Period of Insurance.

**Example of a claim calculation where Under-insurance applies under the Fire and Other Insured Perils (Cover Section 1)**

- You insure the property located over all situations covered by the insurance for a total Declared Value of Five Hundred Thousand Dollars (\$500,000).
- Your property is Damaged by fire.
- The cost of repairs and replacement of all lost and Damaged property is assessed as Two Hundred Thousand Dollars (\$200,000).
- The value of all property at Premises covered by this Policy at the commencement of the Period of Insurance, in accordance with the basis of settlement was Eight Hundred Thousand Dollars (\$800,000).
- Under-insurance is applied because the Declared Value of Your property is less than Eighty Percent (80%) of the true value at the commencement of the Period of Insurance.

$$\begin{array}{rcl}
 \text{Claim Payment} & = & \$200,000 \quad \times \quad \frac{\$500,000}{\$800,000 \times 80\%} \\
 & & \\
 & = & \$156,250
 \end{array}$$

In this example, We pay One Hundred and Fifty Six Thousand, Two Hundred and Fifty Dollars (\$156,250) less the amount of any Deductible applicable under Cover Section 1—Fire and Other Insured Perils, and the uninsured loss is Forty Three Thousand, Seven Hundred and Fifty Dollars (\$43,750) plus the amount of the Deductible.

**GOODS AND SERVICES TAX (GST)**

When choosing Limits of Liability, You should exclude Goods and Services Tax ('GST').

In the event of a claim, if You are not registered for GST, We will also reimburse You the GST component of Your loss. If You are registered for GST, You will need to claim the GST component from the Australian Taxation Office.

| Input Tax Credit | Claim Settlement                              |
|------------------|---|
| 0%               | Settled, inclusive of GST                     |
| 100%             | Settled, less GST                             |
| 80%              | Settled, less Eighty Percent (80%) of the GST |

You must advise Us of Your correct Input Tax Credit percentage where You are registered as a business and have an Australian Business Number. Any GST liability arising from Your incorrect advice is payable by You.

**GENERAL INSURANCE CODE OF PRACTICE**

As members of the Insurance Council of Australia, We subscribe to the General Insurance Code of Practice, which sets out standards of best practice.

The purpose of the Code is to raise the standards of practice and service in the general insurance industry.

The code aims to:

- constantly improve claims handling in an efficient, honest and fair manner;
- build and maintain community faith and trust in the financial integrity of the insurance industry; and
- provide helpful community information and education about general insurance.

If You would like more information about the Code, please go to [www.codeofpractice.com.au](http://www.codeofpractice.com.au).

## COMPLAINTS AND DISPUTE RESOLUTION PROCESS

If You have any complaint about an insurance product issued by Us or a service You have received from Us, including the settlement of a claim, please contact FMM to initiate the complaint with Us.

If You are not satisfied with Our initial response, You may use Our internal dispute resolution process.

We will respond to Your complaint within fifteen (15) working days provided We have all of the necessary information and have completed any investigation required. If more information or investigation is required, We will agree reasonable alternative timeframes with You.

If You are unhappy with Our response or We cannot agree on reasonable alternative timeframes, Your complaint will be registered as a dispute and it will be reviewed by Our Internal Dispute Resolution process, which is free of charge.

We will respond to Your dispute within fifteen (15) working days provided We have all necessary information and have completed any investigation required. If more information or investigation is required We will agree reasonable alternative timeframes with You. We will keep You informed of the progress of Our review at least every ten (10) working days, and give You Our response in writing.

If You are still unhappy with Our response or We cannot agree on reasonable alternative timeframes, You can refer the matter to the External Disputes Resolution Scheme of which We are a member. This is a free service provided by an independent body.

The scheme is administered by Financial Ombudsman Services Limited. Financial Ombudsman Services Limited will review Our decision in accordance with their Terms of Reference, however, this will not apply to all types of claims. You are not bound by their decision, however if the claim is one that can be determined by them, We are bound to act immediately on their decision.

Brochures outlining the operation of Financial Ombudsman Services Limited are available from Us or from the Insurance Council of Australia in Your State or Territory. You can telephone their offices from anywhere in Australia on 1300 780 808 or write to them at:

Financial Ombudsman Service Limited  
GPO Box 3  
Melbourne Vic 3001  
Email: [info@fos.org.au](mailto:info@fos.org.au)

## GENERAL DEFINITIONS APPLICABLE TO ALL COVER SECTIONS OF THE POLICY

**ACT OF TERRORISM** means an act including, but not limited to, the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s), which from its nature or context is done for, or in connection with, political religious, ideological or similar purposes or reasons, including the intention to influence any government and/or to put the public, or any section of the public, in fear.

**AIRCRAFT** means any vessel, craft or device made or intended to fly, to move in or through the atmosphere or space.

**AUSTRALIA** means Australia and all of its States and Territories, including all external Territories.

**BASIS OF SETTLEMENT** means the method by which a claim is met. This will be either Reinstatement and Replacement or Indemnity according to the method selected by You as specified in the Schedule in those Cover Sections where a choice is available, or otherwise as stated in the appropriate Cover Section.

**BUILDING(S)** means the building(s) at the Situation, including outbuildings, underground and above ground services, roads, pavements and pathways, walls, gates and fences and signs, landlord's fixtures and fittings, of every kind and description and permanent additions forming part of the building complex.

**BUSINESS** means the Business specified in the Schedule carried on by You at the commencement of the Period of Insurance and such other Business or Businesses as may be declared by You during the Period of Insurance for which We have agreed to accept cover. Business shall include any trade or occupation incidental to the Business or Businesses.

**BUSINESS HOURS** means Your business and office hours and any other time You or Your employees are on the Premises at the Situation for business purposes.

**DAMAGE** (with 'Damaged' having a corresponding meaning) means physical loss, damage or destruction.

**DEBRIS** means the residue of Damaged property Insured excluding any material which is itself a pollutant or contaminant and which is deposited beyond the boundaries of the Situation.

**DEDUCTIBLE** means either the amount shown in the Schedule or otherwise stated in a Policy Cover Section that We will not pay in respect of each and every claim or series of claims arising out of one cause or event.

Where the Deductible is expressed in the Schedule as:

- a specified sum – it means the amount shown;
- a percentage – it means the monetary equivalent of such percentage; and
- a specified time – it means the monetary amount accruing during the period of time specified beginning at the time of the happening of an Insured Peril.

Should more than one Deductible apply for any claim or series of claims arising from the one original source or cause other than for Deterioration of Refrigerated Goods under Cover Section 9— Engineering, such Deductibles will not be aggregated and the highest single level of Deductible shall apply.

**ELECTRONIC DATA** means facts, concepts and information converted to a form useable for communications, display, distribution, interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment, and includes programs, software and other coded instructions for such equipment.

**EXCLUDED PERIL** means any event excluded from cover under an individual Cover Section, or an event excluded in the General Exclusions that applies to all selected Cover Sections.

**FLOOD** means the covering of normally dry land by water that has escaped or been released from the normal confines of any of the following:

- (a) a lake (whether or not it has been altered or modified);
- (b) a river (whether or not it has been altered or modified);
- (c) a creek (whether or not it has been altered or modified);
- (d) another natural watercourse (whether or not it has been altered or modified);
- (e) a reservoir (whether or not it has been altered or modified);
- (f) a canal (whether or not it has been altered or modified);
- (g) a damn (whether or not it has been altered or modified).

**INSURED PERIL** means an event or occurrence described in any of the Cover Sections selected by You for which We have agreed to provide You with cover subject to the terms and conditions outlined in the Policy booklet and any variation where introduced by Endorsement specified in the Schedule.

**LIMIT OF LIABILITY**, when shown in the Schedule, means the maximum amount as shown in the Schedule for each insured Cover Section, payable by Us under the clauses headed Extent of Cover and Basis of Settlement, for any one loss or series of losses suffered by You arising out of any one

original source or cause, excluding any amounts that We have agreed to pay in any Cover Section as Additional Cover exceeding the Limit of Liability.

Our payment is subject to any Sub-Limits of Liability and the application of any Deductible.

Each of the Deductibles will apply to each Sub-Limit, but will not be cumulative.

**MONEY** means but is not limited to current coin, bank notes, currency notes, cheques, credit card sales/service vouchers, used and unused gift vouchers, postal and money orders, negotiable and non-negotiable securities and valuable documents, the unused value of postage stamps, revenue stamps, instant lottery tickets (for their face value only) metropolitan transport tickets, phone cards, credit cards, stored value cards, travellers cheques, pre-paid travel passes, cab-charge vouchers, and the contents of franking machines.

**PERIOD OF INSURANCE** means the period shown in the initial Schedule and any subsequent period for which You agree to pay and We agree to accept a renewal premium. The time of expiration will be 4.00pm on the last day of the Period of Insurance, being the local Australian time at the place where Your contract was entered into.

**POLLUTANTS** means any solid, liquid, gaseous or thermal irritant, including but not limited to smoke, vapour, soot, fumes, acids, alkalis chemicals or waste. Waste includes materials to be recycled, reconditioned or reclaimed.

**PREMISES** includes the Situation referred to in Cover Section 1 or any Premises where Property Insured is used by You for the purposes of the Business.

**SOFTWARE** means programs, procedures and routines associated with the operation of electronic or electromechanical data processing or electronically controlled equipment, including any operating system.

**SUM INSURED**, when shown in the Schedule or any Cover Section, means the amount You have selected for cover and is the maximum amount payable by Us under clauses headed Extent of Cover and Basis of Settlement for any one loss or series of losses suffered by You arising out of any one original source or cause, excluding any amounts that We have agreed to pay in any Cover Section as Additional Cover exceeding the Sum Insured.

## **GENERAL EXCLUSIONS APPLICABLE TO ALL COVER SECTIONS OF THE POLICY**

### **1. WAR, ACT OF TERRORISM, RADIOACTIVITY ,NUCLEAR PERILS**

1.1 Your Policy does not cover loss, Damage, costs or expense, personal injury, illness or liability directly or indirectly caused by, resulting from or in connection with the following, regardless of any other cause or event contributing concurrently or in any other sequence thereto:

1.1.1 war, invasion, act of foreign enemy, hostilities (whether war is declared or not), civil war, rebellion, revolution, insurrection or the use of military or usurped power;

1.1.2 any Act of Terrorism or any action taken in controlling, preventing, suppressing or in any way relating to any Act of Terrorism;

1.1.3 any order of any government, public or local authority involving the confiscation, nationalisation, requisition or Damage of any property excepting any order relating to the loss or destruction of property insured to prevent the spread of Damage from a cause insured by a Cover Section of this Policy.

Notwithstanding the provisions of General Exclusion 2.1, We will extend indemnity for the reasonable cost of removal of Property Insured at the Premises for the purpose of preventing or diminishing imminent Damage by or inhibiting the spread of, fire or any other cause not excluded under this Policy and for Damage resulting from the removal carried out in those circumstances;

1.1.4 ionising radiation or contamination by radioactivity from:

- 1.1.4.1 any nuclear fuel or from any nuclear waste;
- 1.1.4.2 from the combustion of nuclear fuel (including any self-sustaining process of nuclear fission); or
- 1.1.4.3 nuclear weapons material.

Provided that Exclusion 1.1.2 will not apply to Cover Section 2—Glass, Cover Section 3—Theft, Cover Section 4—Money and Cover Section 7—General Property.

1.2 In accordance with the Terrorism Act 2003, the above Terrorism Exclusion will not apply in respect of an act deemed by the Federal Treasurer to be a 'declared terrorist incident'.

## **2. ALTERATION OF RISK**

2.1 If the risk of loss, Damage, personal injury, illness or liability is significantly increased by any alteration in Your business, occupation, products or circumstances, We will not cover any claims that are caused by such alteration unless:

- 2.1.1 You did not know of the alteration; or
- 2.1.2 You have notified Us of the alteration and We have agreed to accept the alteration to the risk.

## **3. WILFUL ACTS**

3.1 We do not cover loss, Damage, personal injury, illness or liability caused directly or indirectly by any actual or alleged:

- 3.1.1 dishonest, fraudulent, criminal or malicious act;
  - 3.1.2 wilful breach of any Statute, contract or duty;
  - 3.1.3 conduct intended to cause loss or Damage or with reckless disregard for the consequences;
- by You or any person acting with Your knowledge, consent or connivance.

## **4. ELECTRONIC DATA**

4.1 We do not cover loss, Damage or liability under the Cover Sections of this Policy, which consists of or arises directly or indirectly out of or in connection with:

- 4.1.1 total or partial destruction, distortion, erasure, corruption, alteration, misinterpretation or misappropriation of Electronic Data and/or Software;
- 4.1.2 error in creating, amending, entering, deleting or using Electronic Data or Software; or
- 4.1.3 total or partial inability or failure to receive, access or use Electronic Data and/or Software for any time at all; from any cause whatsoever, regardless of any other contributing cause or event whenever it may occur.

4.2 However for all Cover Sections of the Policy, excepting those dealing with General and Product Liability (Cover Section 6) and/or Engineering (Cover Section 9), in the event that a peril listed below (being an Insured Peril covered under this Policy, but for this Exclusion) is caused by any of the matters described in Clause 4.1 above, this Policy subject to all of its provisions will insure:

- 4.2.1 physical loss or Damage or destruction to Property Insured directly caused by such listed Insured Peril; and/or
- 4.2.2 Business Interruption when included in the insurance.

4.3 Further, this Exclusion does not apply in the event that a peril listed below (being a peril insured by this Policy but for this Exclusion) causes any of the matters described in Clause 4.1 above:

4.3.1 Unspecified Damage that is physical, sudden and unintended from Your standpoint, fire, lightning, thunderbolt, meteor, aircraft or other aerial devices or articles dropped therefrom, earthquake, subterranean fire, volcanic eruption, or tsunami, storm, tempest, rainwater, snow, sleet, wind, hail, water liquids or other substances discharged, overflowing or leaking from fixed apparatus, fixed appliances, fixed pipes or other systems, riots, civil commotions, strikes or locked out workers, or persons taking part in labour disturbances, explosion, breakage of glass, impact by vehicles, animals or trees, or branches of trees, communication masts, towers, antennae, satellite dishes, watercraft, meteorites or theft of Electronic Data or Software solely where such theft is accompanied by theft of the computer hardware, firmware, medium, microchip, integrated circuit or similar device containing such Electronic Data and/or Software.

## **5. AGGRAVATED, PUNITIVE OR EXEMPLARY DAMAGES, FINES OR PENALTIES**

5.1 We do not cover fines, penalties, exemplary, punitive, liquidated or aggravated damages and/or additional damages resulting from the multiplication of compensatory damages under any Cover Section unless We have expressly agreed to do so as Additional Cover or by Endorsement.

## **GENERAL CONDITIONS APPLICABLE TO ALL COVER SECTIONS OF THE POLICY**

### **1. OTHER INSURANCE**

On the happening of any event likely to give rise to a claim under this Policy, You and any other party insured, must inform Us of any other insurance effected by You or them under which either of You has an entitlement to be indemnified for all or part of the loss.

### **2. REASONABLE CARE AND PRECAUTIONS TO PREVENT LOSS**

You shall take all reasonable precautions in the conduct of Your Business to:

- 2.1 maintain the Property Insured and Premises in sound condition, to minimise or avoid theft, loss, Damage and/or liability to persons or property;
- 2.2 comply with all statutory obligations, by-laws, regulations, public authority requirements and safety requirements;
- 2.3 verify that the persons You employ have the necessary qualifications, licences and experience to perform their required duties.

### **3. TRANSFER OF INTEREST**

Apart from Will or operation of law, no interest in this Policy can be transferred without Our written consent.

### **4. CLAIMS PROCEDURES**

Important Notice: You must not negotiate, admit or deny any claim without Our written permission, nor are You entitled to abandon any property to Us whether taken possession of by Us or not.

When an event happens that is likely to result in a claim under this insurance, You or any other person or party whose interest is included in the cover, must:

- 4.1 take all reasonable precautions to prevent further loss, Damage, injury, illness or liability, including authorising any make safe works necessary in the circumstances;

- 4.2 as far as possible, preserve any products, appliances, plant or other items that may have caused the event for examination and for possible use as evidence in any subsequent proceedings until We have had an opportunity of inspection;
- 4.3 inform the police immediately if Your property is lost, stolen or maliciously Damaged;
- 4.4 provide Us with full details of the event in writing within thirty (30) days of learning of its occurrence and, as soon as is practicable to do so or within such time as We agree, deliver to Us in writing a detailed statement of Your claim;
- 4.5 supply Us with all information and assistance as We may reasonably require to attend to Your claim and defend Your interests;
- 4.6 allow Us to use any legal rights held by You or held by any other party covered by Your Policy;
- 4.7 allow Us to negotiate, defend or settle the claim;
  - 4.7.1 in Your name and on Your behalf; or
  - 4.7.2 in the name and on behalf of any other party covered by Your Policy;
- 4.8 immediately send Us any claim, writ or summons or full details of other relevant legal or other proceedings such as an impending prosecution or inquest You receive or become aware of;
- 4.9 not authorise the repair or replacement of anything without Our prior consent, unless for safety or other reason authorised under 4.1 above or allowed under the cover terms of a particular Cover Section of the Policy;
- 4.10 tell Us immediately if Property Insured for which We have paid a claim under Your Policy for loss or theft is found or recovered, and give Us any such Property Insured if We request You to do so.

## **5. CANCELLATION**

You may cancel the Policy or any Cover Section at any time. If You do cancel, You must pay a pro rata premium for the time Your insurance or Cover Section has been in force plus any tax or duty applicable. If You cancel within the Cooling Off Period a full refund of premium will be allowed.

We may cancel Your Policy or any Cover Section subject to Section 60 of the Insurance Contracts Act 1984, by giving You written notice of Our proposed cancellation in person or by post to Your last known address.

Cancellation will take effect at the earlier of the following times:

- 5.1 when another contract of insurance is obtained that is intended to replace Your Policy or Cover Section; or
- 5.2 at 4.00pm on the fourteenth (14th) business day after delivery of the cancellation notice to You or by post to Your last known address.

After cancellation of Your Policy or Cover Section, We will refund that part of any premium paid that applies to the cancelled period.

## **6. PROGRESS PAYMENTS**

Provided that liability has been admitted, We shall make reasonable progress payments at such intervals and for such amounts as may be agreed. Any such payment shall be deducted from the amount finally determined upon adjustment of the claim.

## **7. SUBROGATION**

Any person or party claiming under this Policy shall at Our request and expense do and concur in doing and permit to be done, all such acts and things as may be necessary or reasonably required by Us for the purpose of enforcing any rights and remedies, or of obtaining relief or indemnity from other parties to which We shall be or would become entitled or subrogated upon Our paying for or making good any loss, Damage or liability under this Policy. Except under Cover Section 10—Fidelity Guarantee, unless We agree otherwise prior to undertaking subrogation proceedings, if We make any recovery as a result of such action, You may only recover from Us any amount by which the amount recovered by Us exceeds the amount We paid to You in relation to the loss.

## **8. WAIVER OF SUBROGATION (APPLICABLE TO COVER SECTION 1—FIRE AND OTHER INSURED PERILS, COVER SECTION 5—BUSINESS INTERRUPTION AND COVER SECTION 8—COMPUTER AND ELECTRONIC EQUIPMENT)**

8.1 We agree to waive any rights and remedies or relief to which We are or may become entitled to by subrogation against:

- 8.1.1 any party included as a co-insured (including its directors, officers and employees);
- 8.1.2 any corporation or entity (including its directors, officers and employees) owned or controlled by You or any party covered by this Policy or against any co-owner of any of the Property Insured.

Provided that if such corporation, firm or individual is protected from such loss by any other policy of indemnity or insurance, the right of subrogation is not waived to the extent and up to the amount of such other policy.

8.2 You may, without prejudicing Your position under this insurance:

- 8.2.1 release any statutory, governmental, semi-governmental or municipal authority from any liability if required by any contract to do so;
- 8.2.2 agree to enter into a contract for the storage of goods or merchandise if the terms of that contract include a disclaimer clause;
- 8.2.3 agree to enter into a lease for occupancy of Premises or a lease for hiring of property where the terms of the lease or hiring include a disclaimer clause in favour of the lessor or hirer.

## **9. REINSTATEMENT OF COVER AFTER LOSS**

Following an Insured Peril under Cover Sections 1, 2, 3, 4, 5, 7, 8 and 9 for which a claim is payable, the amount by which the Limit of Liability is reduced as a consequence of the loss or Damage will be automatically reinstated as from the date of the loss or Damage provided that:

9.1 there is no written request from You or written notice by Us to the contrary;

9.2 You agree to pay the premium We require for the reinstatement.

## **10. OBSERVANCE OF TERMS AND CONDITIONS**

The due observance and fulfilment of the Conditions and other terms of this Policy by You, are a prerequisite to any liability We may have to You to make any payment under this Policy. If You are in breach of any of the provisions of this Policy, We may refuse to pay a claim or reduce Our liability under the claim.

## 11. ACQUIRED COMPANIES (NOT APPLICABLE TO COVER SECTION 10—FIDELITY GUARANTEE)

This Policy extends to cover:

- 11.1 property located in Australia belonging to companies and other organisations in which You acquire a controlling interest during the Period of Insurance;
- 11.2 property located in Australia for Damage to which such companies or other organisations are legally responsible or for which they have assumed responsibility to insure prior to the occurrence of any Damage; and
- 11.3 any loss suffered by any such companies or organisations, which is the subject of indemnity under Cover Section 5 of this Policy.

Provided You declare in writing to Us within ninety (90) days of acquisition:

- 11.4 the name of the company or other organisation and the nature of its business;
- 11.5 the nature and extent of the property to be insured;
- 11.6 the value of the property and Gross Profit details of such acquired companies or organisations, calculated in accordance with the applicable Basis of Settlement Clauses of the relevant Cover Sections insured under Your Policy;

Provided also that:

- 11.7 the business of the acquired company or other organisation must be similar to the Business stated in the Schedule;
- 11.8 for the purpose of this Condition, a controlling interest shall, in the case of a company, mean the acquisition of shares carrying more than Fifty Percent (50%) of votes capable of being cast at a general meeting of all shareholders in the company; and
- 11.9 You pay any additional premium required and comply with any reasonable directions by Us with respect to the security or safety of that property.

## 12. JURISDICTION

Any dispute over the application of this Policy shall be determined in accordance with the law of Australia and its States and Territories and, if necessary, decided in an Australian Court of competent jurisdiction.

## COVER SECTION 1 FIRE AND OTHER INSURED PERILS

### INTRODUCTION

Coverage applies only when Cover Section 1 is shown in the Schedule as having been selected for inclusion in Your Policy, and is limited to the Period of Insurance indicated.

### 1. DEFINITIONS

For the purpose of Cover Section 1, the following definitions apply:

- 1.1 **PROPERTY INSURED** means all tangible property both real and personal of every kind and description belonging to You or property for which You are legally responsible in the event of Damage thereto or property for which You have assumed responsibility to insure prior to the occurrence of any Damage, and includes stock. Property Insured includes all such property acquired after the commencement of the Period of Insurance.
- 1.2 **SITUATION** is the Situation or Situations shown in the Schedule and elsewhere in Australia where You have property or carry on business, or have goods or other property stored or being processed, or where You are having work done.

- 1.3 **DECLARED VALUES** are the values of Property Insured at each Situation declared by You and calculated in accordance with the Basis of Settlement Condition, with the exception of any allowance for extra cost of reinstatement referred to in Clause 5.5 of this Cover Section or for the costs and expenses referred to in the Additional Covers 4.1.2 to 4.1.8 and 4.2, and Endorsements 9.3, 9.5, 9.6, 9.7 and 9.9. You will provide a schedule of Declared Values at the commencement of the Period of Insurance and at each renewal.
- 1.4 **POLLUTION OR CONTAMINATION** means the discharge, dispersal, release or escape of smoke, vapours, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials or other irritants, contaminants or pollutants into or upon any property, land, atmosphere or any water course or body of water (including ground water).
- 1.5 **UNSPECIFIED DAMAGE** means Damage not otherwise excluded under 3.11 of this Cover Section, or Damage not caused by a peril or circumstance insurable or excluded under:
- 1.5.1 Insured Perils 3.1 to 3.7, 3.9 and 3.10 of this Cover Section; or
- 1.5.2 Cover Sections 2, 3, 4 and 10.

## 2. EXTENT OF COVER

Provided You have paid or agreed to pay the premium, We will indemnify You against Damage caused by or resulting from any of the Insured Perils described in Sub-Clauses 3.1 to 3.11 of Clause 3, occurring to Property Insured during the Period of Insurance, and shall provide the Additional Cover referred to in Clause 4 up to the value of the Limits of Liability and Sub-Limits of Liability, referred to in the Schedule, but subject to:

- 2.1 the Property Insured being either:
- 2.1.1 at the Situation as defined in 1.2 above at the time that the Damage occurs; or
- 2.1.2 in the case of property other than Money, stock and merchandise, whilst in transit during temporary removal to any Situation within Australia, but cover is limited to Damage caused directly by fire, lightning, explosion, earthquake, subterranean fire, volcanic eruption or tsunami, aircraft, riot, strikes, malicious damage and storm and tempest;
- 2.2 the Limits of Liability and Sub-Limits referred to in the Schedule;
- 2.3 the amount of the indemnity being calculated in accordance with the Basis of Settlement at Clause 5 of this Cover Section;
- 2.4 the exclusion of certain items of property as referred to in Clause 6 of this Cover Section;
- 2.5 the Damage not occurring in circumstances that are excluded from cover by Clause 7 of this Cover Section, or in circumstances that are excluded from cover within the perils described under each Sub-Section in Clause 3 of this Cover Section;
- 2.6 the application of any Deductible referred to in this Cover Section or the Schedule;
- 2.7 the General Conditions and General Exclusions applying to the whole Policy and the Conditions set out in Clause 8 of this Cover Section; and
- 2.8 the Endorsements set out in Clause 9 of this Cover Section, but only if the numbers set against them in Clause 9 are shown in the Schedule.

## 3. INSURED PERILS APPLICABLE TO COVER SECTION 1

- 3.1 **FIRE** (whether resulting from Explosion, Earthquake or otherwise) but not if the Property Insured was Damaged:
- 3.1.1 due to its own spontaneous fermentation or heating; or

3.1.2 due to its undergoing any process involving the application of heat;

provided these Exclusions shall be limited to the item or items immediately affected and shall not extend to other property destroyed or Damaged by fire as a result of such spontaneous fermentation or heating or process involving the application of heat.

**3.2 LIGHTNING or THUNDERBOLT.**

**3.3 EXPLOSION or IMPLOSION** but excluding Damage to pressure vessels and their contents, resulting from their own explosion or implosion. This Exclusion shall not apply to Damage to:

3.3.1 boilers used for domestic purposes only; or

3.3.2 loss, destruction of or Damage to any boiler economiser or other pressure vessel, including pipes, valves and other apparatus (hereinafter referred to as plant) forming part of any of these caused by or in connection with or arising from or occasioned through explosion, implosion, rupture, collapse, bursting, cracking, fracturing or overheating thereof, up to a limit of Two Hundred Thousand Dollars (\$200,000) any one loss.

The following defects do not constitute explosion, implosion, rupture, collapse or bursting even though repair or replacement may be necessary:

3.3.2.1 wearing away or wasting of the material of the plant whether by leakage, corrosion or by the action of the fuel or otherwise;

3.3.2.2 slowly developing deformation or distortion of any part of the plant;

3.3.2.3 cracks, fractures, blisters, laminations, flaws or grooving even when accompanied by leakage or Damage to tubes, headers or other parts of the plant caused by overheating or leakage at seams, tubes or other parts of the plant;

3.3.2.4 failure of joints;

but explosion, implosion, rupture, collapse, or bursting arising from any such defect is not excluded hereby.

Furthermore, in respect of Damage to plant arising from:

3.3.2.5 cracking or fracturing, such Damage must be caused by the plant's own sudden cracking or fracturing, which immediately prevents or makes unsafe the continued use of the plant or, in the case of a boiler, which prevents the plant from working satisfactorily, to constitute a claim under this Cover Section 1;

3.3.2.6 overheating, such damage must be sudden and accidental to constitute a claim under this extension.

**3.4 IMPACT** by:

3.4.1 vehicles designed for use on land;

3.4.2 all vehicle equipment (including mobile cranes);

3.4.3 animals, but not Damage by eating, chewing, clawing or pecking by animals or birds;

3.4.4 trees or branches of trees, including the reasonable costs associated with the removal and disposal of the tree or branches that caused the Damage;

- 3.4.5 communication masts, towers, antennae or satellite dishes;
- 3.4.6 watercraft;
- 3.4.7 meteorite;
- 3.4.8 a falling building or other structure or part thereof.

3.5 **EARTHQUAKE, SUBTERRANEAN FIRE, VOLCANIC ERUPTION or TSUNAMI.**

3.6 **AIRCRAFT** and other aerial devices and/or articles dropped therefrom, sonic boom and space debris.

3.7 **RIOTS, STRIKES, MALICIOUS ACTS**

The acts of:

- 3.7.1 persons taking part in RIOTS OR CIVIL COMMOTIONS or strikers or locked-out workers or persons taking part in labour disturbances or malicious persons acting on behalf of or in connection with any political organisation;
- 3.7.2 the acts of other malicious persons (including persons carrying out theft or attempted theft) but excluding theft of property (other than records or parts of the building, when buildings are insured) and Damage caused by tenants; or
- 3.7.3 any lawfully constituted authority in connection with the acts referred to in Sub-Clause 3.7.1 and 3.7.2.

3.8 **SMOKE** or smut from industrial operations except accumulative Damage.

3.9 **STORM** and/or **TEMPEST** and/or **RAINWATER** including snow, but excluding Damage:

- 3.9.1 to gates, fences, textile awnings, blinds, shade-cloth, plastic or vinyl sheeting in excess of Twenty Five Thousand Dollars (\$25,000);
- 3.9.2 to property in the open air unless such property comprises or forms part of a permanent structure designed to function without the protection of walls or roofs in excess of Twenty Five Thousand Dollars (\$25,000);
- 3.9.3 caused by Flood unless the Schedule indicates that Flood risk is insured; or
- 3.9.4 caused by the action of water from the sea or tidal wave or high water provided that this Exclusion shall not apply if Damage is caused by or arises out of Insured Peril 3.5 above.

3.10 **WATER OR ANY SUBSTANCE AT ALL** discharged, overflowing, or leaking from any pipe, tank, storage, distribution system or main, or otherwise escaping from its intended confines.

3.11 **UNSPECIFIED DAMAGE** caused by any sudden, unexpected or unforeseen occurrence.

We do not cover Damage to any Property Insured caused directly or indirectly by or in connection with or arising from or occasioned through:

- 3.11.1 the incorrect siting of buildings as a result of error in architectural design or specification, faulty workmanship or non-compliance with the requirements of any government, local government or statutory authority;
- 3.11.2 demolition ordered by any government, local government or statutory authority as a result of the failure to comply with any lawful requirement.

We do not cover Damage to any Property Insured caused by or occasioned through:

- 3.11.3 electrical, electronic or mechanical breakdown which shall mean the actual breaking, seizing, deformation or burning out of any part of a machine causing stoppage of the functions thereof and necessitating repair or replacement before it can resume working. For the purpose of this Exclusion 3.11.3, 'machine' means any apparatus whether or not functioning independently or as any component part of a collection of apparatus that generates, contains, controls, transmits, receives, transforms or utilises any form or source of energy or power;
- 3.11.4 erosion, subsidence, earth movement or collapse resulting therefrom;
- 3.11.5 the action of moths, termites or other insects, vermin, rust or oxidation, mildew, mould, wet or dry rot, corrosion, change of colour, dampness of atmosphere or other variations in temperature, evaporation, disease, inherent vice or latent defect, loss of weight, change in flavour, texture or finish;
- 3.11.6 wear and tear, fading, scratching or marring, gradual deterioration or developing flaws, normal upkeep or making good;
- 3.11.7 error or omission in design, plan or specification or failure of design;
- 3.11.8 normal settling, seepage, shrinkage or expansion in buildings or foundations, walls, pavements, roads and other structural improvements, creeping, heaving and vibration;
- 3.11.9 faulty materials or faulty workmanship;
- 3.11.10 the property undergoing any process where the Damage results from it being processed;
- 3.11.11 the cessation of work whether total or partial or the cessation, interruption or retarding of any process or operation as a result of any industrial dispute. This Exclusion 3.11.11 shall not apply to any Damage caused directly by persons participating in an industrial dispute; or
- 3.11.12 kidnapping, bomb threat, threat of contamination, hoax, extortion or any attempt at any of these.

Provided that Exclusions 3.11.3, 3.11.7, 3.11.9 and 3.11.12 of this Cover Section shall be limited to the item, appliance, unit or machine immediately affected, and shall not extend to other property that would otherwise be covered under this Cover Section 1.

Our liability for Unspecified Damage is limited to the amount shown in the Schedule.

#### **4. ADDITIONAL COVER**

- 4.1 If Damage to Property Insured occurs in circumstances giving rise to indemnity under Cover Section 1, We will also pay the following additional costs where they are necessarily and reasonably incurred in respect of:
  - 4.1.1 architects', surveyors', consulting engineers', legal and other fees and clerks of works' salaries for estimates, plans, specifications, quantities, tenders and supervision necessarily incurred as a direct result of any such Damage, but not costs, fees or other expenses for preparing any claim made under this Cover Section 1;
  - 4.1.2 any fee, contribution or other impost payable to any government, local government or other statutory authority necessarily incurred by You because payment of such fee, contribution or impost is a condition precedent to the obtaining of consent to repair or replace any buildings insured under this Cover Section 1, provided that We shall not be liable for payment of any fine or penalty imposed by any such authorities;

- 4.1.3 the temporary protection and safety of Property Insured pending repair or replacement as a direct result of Damage;
- 4.1.4 the removal, storage and/or disposal of Debris and of any thing that caused the Damage, from the Situation;
- 4.1.5 the removal, storage and disposal of Debris from Premises, roadways, services, railway or waterways owned by any other person or entity (and not withstanding the provisions of Exclusion 7.1.1) where You are liable at law to remove, store or dispose of such Debris as a result of the Damage, together with the cost of cleaning up, but provided that such liability has not arisen as a result of any agreement made by You after the commencement of the Period of Insurance unless liability would have attached in the absence of such agreement;
- 4.1.6 the demolition, dismantling, shoring up, propping or underpinning of the Property Insured or the carrying out of other temporary repairs to the Property Insured as a result of the Damage;
- 4.1.7 the demolition and removal of any Property Insured belonging to You, which is necessary for the purpose of repair or replacement as a result of the Damage; or
- 4.1.8 customs, excise and other duties that You are liable to pay as a direct result of the Damage.

With respect to Additional Covers 4.1.2 to 4.1.8 and notwithstanding Definition 1.3 herein, We will pay in addition to the Limit of Liability where such amount is otherwise exhausted.

- 4.2 We will also pay the following additional costs, which are necessarily and reasonably incurred:
  - 4.2.1 the repair or replacement of personal property (excluding Money) belonging to directors and employees of Your business and/or the property of welfare sport and social clubs of the business, which are Damaged during the Period of Insurance, to a limit of Five Thousand Dollars (\$5,000) any one person or club;
  - 4.2.2 in extinguishing a fire at or in the vicinity of Property Insured or threatening to involve Property Insured or for the purpose of preventing or diminishing imminent Damage to Property Insured, including the cost to gain access to any property;
  - 4.2.3 fire brigade or other authorised government authority charges for attendance at a chemical emergency for the purpose of preventing or diminishing imminent Damage to Property Insured, including the cost to gain access to any property;
  - 4.2.4 in replenishing fire fighting appliances and paying costs and charges incurred for the purpose of shutting off the supply of water or any other substance following the accidental discharge or escape of any such substance occurring during the Period of Insurance, whether from fire protective equipment or otherwise;
  - 4.2.5 in locating the source of the leakage of water or other substance leaking or escaping from its intended confines. Our payment is limited to Twenty Five Thousand Dollars (\$25,000) any one loss;
  - 4.2.6 in taking inventory (including unpacking, re-packing and re-stocking) to establish the value of property Damaged; or
  - 4.2.7 in the replacing of growing plants, trees, shrubs, garden plots and lawns forming part of landscaping at the Premises (including rockwork and ornamentation and paving) that are Damaged during the Period of Insurance, limited to the amount shown in the Schedule under the heading of

'Landscaping', any one loss. For the purpose of this extension only, Clause 3.9.2 and Exclusion 6.9 shall not apply.

- 4.3 Where Cover Section 5 is shown as 'not insured' in the Schedule, the coverage provided by Clause 3.5—Claims Preparation Costs under Cover Section 5 shall be deemed to apply as though it were written in Clause 4.1 of this Cover Section 1.

Provided that where We are required to pay in addition to the Limit of Liability for this Cover Section as provided for under this Clause 4, such Limit of Liability being otherwise exhausted, We will not pay more than Fifteen Percent (15%) of the Limit of Liability for this Cover Section in respect of Additional Covers 4.1.2 to 4.1.8, 4.2.1 to 4.2.7, 4.3 and Endorsement 9.3 (if included), in the aggregate.

- 4.4 We will also automatically increase the Limits of Liability under Fire and Other Insured Perils to cover peak period Seasonal or Festive Increases as follows.

4.4.1 An increase of Fifty Percent (50%) for stock:

4.4.1.1 from sixty (60) days before Christmas Day to the twentieth (20th) day following, both days inclusive; and

4.4.1.2 from thirty (30) days before Good Friday to the twentieth (20th) day following, both days inclusive; and

4.4.1.3 from forty-two (42) days before and seven (7) days following any celebrated event of a festive, religious or ethnic nature (other than Christmas or Easter) where You can reasonably demonstrate that the stock levels during that period have risen by more than Twenty Percent (20%) above standard levels and that the increase has happened solely for the purpose of meeting additional customer demand associated with the happening of that festive, religious or ethnic event.

Provided that this Additional Cover will not extend the insurance beyond the Period of Insurance stated in Your current Schedule.

## 5. BASIS OF SETTLEMENT

For the purpose of this Clause 5:

- 5.1 **REINSTATEMENT VALUE** is the cost necessary to replace, repair or rebuild the Property Insured to a condition substantially the same as, but not better or more extensive than, its condition when new.
- 5.2 **INDEMNITY VALUE** is the cost necessary to replace, repair or rebuild the Property Insured to a condition substantially the same as, but not better or more extensive than, its condition at the time that the Damage occurred taking into consideration age, condition and remaining life.
- 5.3 On buildings, machinery, plant and all other property and contents other than those specified in 5.12 to 5.20 below, the Basis of Settlement shall be the REINSTATEMENT VALUE and the provisions of 5.4 to 5.8 shall apply.
- 5.4 Reinstatement Provisions applying to buildings, machinery and all other property other than property referred to in 5.12 to 5.20
- 5.4.1 The work of replacement, repair or rebuilding may be carried out upon any other site(s) and in any manner suitable to Your requirements, subject to Our liability not being thereby increased.
- 5.4.2 Such work must be commenced and carried out with reasonable despatch, failing which We shall not be liable to make any payment greater than the Indemnity Value.

- 5.4.3 Where any Property Insured is Damaged in part only, Our liability shall not exceed the sum representing the cost that We could have been called upon to pay by way of Reinstatement Value if such property had been totally destroyed.
- 5.4.4 We shall not be liable to make any payment beyond the Indemnity Value of the Property Insured until a sum equal to the Reinstatement Value has actually been incurred by You in the replacement, repair or rebuilding of the property, provided that where You reinstate or replace any lost or destroyed property at a cost that is less than its Reinstatement Value but greater than its Indemnity Value, then the cost so incurred shall be deemed to be the cost of reinstatement.
- However, Clause 5.4.4 shall not prevent Us making progress payments in settlement of any claim for the reinstatement of any Property Insured.
- 5.4.5 Notwithstanding anything contained in Clause 5.3 and Clauses 5.4.1 to 5.4.4 to the contrary, You may elect to reinstate destroyed property with dissimilar property whether or not to be used for a similar purpose as the destroyed property, in which case We shall pay the lesser of:
- 5.4.5.1 the cost of the dissimilar property; or
- 5.4.5.2 an amount equal to the replacement cost that would have been payable if the destroyed property had been reinstated by similar property in a condition equal to but not better or more extensive than its condition when new.
- 5.4.6 Notwithstanding anything contained in Clause 5.3 and Clauses 5.4.1 to 5.4.4 to the contrary, You may elect to purchase an existing building or buildings instead of replacing a building or buildings destroyed, in which case such replacement(s) shall be deemed to constitute Reinstatement Value subject to Our liability not being thereby increased. If both the total Replacement Value and the total volume (measured over the roof and external walls) of the building(s) purchased are less than both the total Replacement Value and the total volume (measured over the roof and external walls) of the building(s) destroyed, then the total amount recoverable shall include, in respect of that proportion of the total building volume that is not replaced, an additional amount equal to but not exceeding the equivalent proportion of the Indemnity Value.

## 5.5 EXTRA COST OF REINSTATEMENT

We will also pay the extra cost of reinstatement (including demolition or dismantling) of Property Insured that has been Damaged, necessarily incurred by You to comply with the requirements of any statute or regulation or of any municipal or statutory authority, provided that:

- 5.5.1 We shall not pay for any additional cost incurred in complying with any such requirement with which You were required to comply prior to the happening of the Damage;
- 5.5.2 the Under-insurance Condition, 8.2 of this Cover Section, shall not apply to any amount recoverable under this Clause 5.5, and any amount payable shall not be taken into account for the purpose of the application of the Under-insurance Condition; and
- 5.5.3 if the cost of reinstatement of Damaged Property Insured is less than Fifty Percent (50%) of the cost of reinstatement if such property had been totally destroyed, the indemnity under this Clause 5.5 shall be limited to the extra cost necessarily incurred in reinstating only that portion Damaged or the sum calculated at Twenty Percent (20%) of the cost of reinstatement if such property had been totally destroyed, whichever is the greater.

## 5.6 OUTPUT REPLACEMENT

Where any Property Insured consists of equipment, machinery or plant having a measurable function, capability or output and if, by reason of the application of the Basis of Settlement Clause it is necessary to replace such property with a new item or items that perform a similar function or functions, then the Basis of Settlement for such property shall be as follows.

- 5.6.1 Where any property is to be replaced by an item or items that have the same or a lesser total function, capability or output, then the Basis of Settlement is the new installed cost of such replacement item or items as would give the same total function, capability or output as the property.
- 5.6.2 Where any property is to be replaced by an item or items that have a greater total function, capability or output and the new installed cost of such replacement property is no greater than the replacement value of that property, then the Basis of Settlement is the new installed cost of the item or items so replaced.
- 5.6.3 Where any property is to be replaced by an item or items that have a greater total function, capability or output and the new installed cost of such replacement property is greater than the replacement value of the property, then the Basis of Settlement is the lesser of the Reinstatement Value and that proportion of the new installed cost of the replacement item or items that the output of the property Damaged bears to the output of the replacement item or items.

## 5.7 FLOOR SPACE RATIO INDEX (PLOT RATIO)

If a building being Property Insured is Damaged and the cost of reinstatement is more than Fifty Percent (50%) of the cost of reinstatement if the building had been totally destroyed and reinstatement is only permissible by reason of any requirement of any law or local government or other statutory authority subject to a reduced floor space ratio index, We will pay in addition to any other amount payable on reinstatement of the building, the difference between the actual cost of reinstatement incurred in accordance with the reduced floor space ratio index and the cost of reinstatement that would have been incurred had a reduced floor space ratio index not been applicable. In calculating the amount payable under this Clause 5.7, any payment made by Us shall include the extra cost payable under Clause 5.5.

Any amount payable under this Clause 5.7 shall be made upon completion of the rebuilding works as certified by the architect acting on Your behalf in the reinstatement of the building.

## 5.8 UNDAMAGED FOUNDATIONS

Where any Property Insured being a building or an installation constructed on its own foundations, is Damaged but its foundations are not destroyed and due to the requirement of any law or of any local government or statutory authority, reinstatement of the building has to be carried out upon another site, the abandoned foundations shall be considered by Us as having been destroyed. If, however, the resale value of the original building site is increased by virtue of the presence of the abandoned foundations, then such increase in resale value shall be regarded as salvage and that amount shall be paid to Us by You upon completion of the sale of the site, or shall be deducted from the final amount of any moneys payable by Us under this Cover Section 1, whichever shall occur later.

## 5.9 LOSS OF LAND VALUE

We will, to the extent that the Limit of Liability on any Building is not exceeded, also cover a reduction in land value that results from the requirements of any statute or regulation or any municipal authority that does not allow rebuilding or only allows partial rebuilding at the Situation following Damage covered under this Cover Section 1 provided that:

- 5.9.1 the amount payable shall be calculated by subtracting the land value after rebuilding or after We have agreed that rebuilding is not possible, from the land value applicable before the Damage, less any sum payable by any authority to You by way of compensation;
- 5.9.2 Our liability under this extension is limited to Twenty Percent (20%) of the Limit of Liability shown for the Buildings at the Situation or One Hundred Thousand Dollars (\$100,000) whichever is lesser; and
- 5.9.3 Property Exclusion 6.10 is modified to the extent necessary to give effect to this extension of cover.
- 5.9.4 All differences under this Cover Section 1 relating to the land value should be dealt with by both parties appointing Certified Practising Valuers to agree the before and after values of the land and in the event that they are unable to agree, the President of the Australian Property Institute shall appoint a third valuer who shall act as an expert and whose decision will be final.

#### **5.10 DISCHARGE OF MORTGAGE COSTS**

We will pay the legal and other costs incurred by You to discharge the mortgage(s) on any insured Building following settlement of a claim for the total loss of the property.

#### **5.11 DEPRECIATION OF UNDAMAGED STOCK**

We will, to an extent not exceeding the value of stock and/or merchandise remaining after Our liability for any direct Damage has been discharged, also agree to accept liability for Damage resulting from the deterioration or depreciation to stock and/or merchandise due to Your inability to process such stock and/or merchandise in the normal way as a result of Damage to Your Property Insured or property used by You.

### **PROVISIONS APPLICABLE TO SPECIFIC ITEMS OF PROPERTY**

- 5.12 In the case of raw materials, supplies and other merchandise not manufactured by You, the Basis of Settlement shall be the replacement cost calculated at the time and place of replacement, provided that replacement shall have been carried out with reasonable despatch or, if not replaced, the original cost to You of such property or the Indemnity Value, whichever is the lesser.
- 5.13 In the case of materials in process of manufacture, the Basis of Settlement shall be the replacement cost of the raw materials and the cost of labour and other manufacturing costs expended on them, calculated at the time and the place of the Damage.
- 5.14 In the case of finished goods manufactured by You, the Basis of Settlement shall be either the replacement cost of the raw materials and the cost of labour and other manufacturing costs expended on them without any allowance for profit calculated at the time and place of the Damage or the cost of restocking such goods within a reasonable time, whichever is the lesser.
- 5.15 In the case of computer systems records, documents, manuscripts, securities, deeds, specifications, plans, drawings, designs, business books and other records of every description, the Basis of Settlement shall be the cost of repairing, replacing, reproducing or restoring them, including the information contained on or in them, but excluding the value to You of that information. If repair, replacement, reproduction or restoration is not required, the Basis of Settlement shall be the replacement cost of the materials as blank stationery calculated at the time and place of the Damage, provided that replacement shall have been carried out with reasonable despatch.
- 5.16 In the case of patterns, models, moulds, dies or casts, the Basis of Settlement shall be the Reinstatement Value (if replaced with reasonable despatch), otherwise the value of such property to You calculated at the time and place of the Damage, but not exceeding the Reinstatement Value.

- 5.17 In the event of any claim, any salvage of branded goods or merchandise owned by You or held by You in trust or on commission, and goods sold but not delivered, shall not be disposed of by sale without Your consent. If such salvage is not disposed of by sale, then the amount payable by way of claim will be assessed at the market value of the goods after brands, labels or names have been removed by You or by others on Your behalf.
- 5.18 In the case of personal property (excluding Money) belonging to directors, employees, welfare, sport and social clubs, but only while on the Premises at the Situation, the Basis of Settlement shall be the Reinstatement Value, but limited to Five Thousand Dollars (\$5,000) any one person and any one club.
- 5.19 In the case of shade cloth, plastic and vinyl sheeting included under Clause 3.9.1, cover will be for the Reinstatement Value if not over 5 years old, otherwise Indemnity Value.
- 5.20 In the case of empty Premises awaiting demolition, the Basis of Settlement shall be the salvage value of the building materials and landlord's fixtures and fittings.
- 5.21 Designation.

For the purpose of ascertaining the classification under which any property is insured, We agree to accept the designation applied to such property in Your records, provided that such property is not specifically excluded by this Cover Section 1.

#### **PROVISIONS APPLICABLE TO ALL PROPERTY**

- 5.22 We may, at Our option, reimburse You for the cost of carrying out work or obtaining any item or items in accordance with this Basis of Settlement Clause, or may arrange for that work to be carried out or for the purchase of the item or items.
- 5.23 We shall not be bound to replace, repair or rebuild exactly or completely, but only as circumstances permit and in reasonably sufficient manner, and shall not in any case be bound to expend more than the applicable Limit of Liability.

#### **5.24 ELECTION TO CLAIM INDEMNITY VALUE**

You may elect to claim the Indemnity Value of any property and, if so, We will pay that value or may, at Our option, replace, repair or rebuild the property or any part in accordance with the Indemnity Value, but including the extra cost of reinstatement as set out in Clause 5.5.

#### **6. PROPERTY EXCLUDED**

Cover Section 1 of the Policy does not cover Damage to the following property in the circumstances set out:

- 6.1 Property whilst in transit except:
- 6.1.1 during the incidental movement of such property within Situations occupied by the Insured; or
  - 6.1.2 as specifically provided in Clause 2.1.2.
- 6.2 Money.
- 6.3 Jewellery, furs, bullion, precious metals or precious stones other than where used as stock or merchandise of the Business.
- 6.4 Works of art, antiques and curios unless they are at the Situation at the time of the Damage, and then limited for all such items to an amount not exceeding in total Ten Percent (10%) of the Declared Values for Property Insured under Cover Section 1 or One Hundred Thousand Dollars (\$100,000), whichever is the lesser.

- 6.5 Any locomotive or rolling stock or watercraft other than where used as stock or merchandise of the Business, provided always that no cover shall apply while any watercraft is on or in water.
- 6.6 Any aircraft (including its accessories and spare parts) other than where used as stock or merchandise of the Business, provided always that no cover shall apply during taxiing, take-off, flight or landing of any aircraft.
- 6.7 Vehicles or trailers registered or licensed to travel on a public road, provided that this Exclusion shall not apply to mobile plant and equipment (excluding cars, sedans, panel vans and trucks) not otherwise insured against Damage, nor to any vehicles or trailers whether registered or otherwise, where used as stock and/or merchandise of the Business while on any Premises occupied or used by You.
- 6.8 Live animals, birds or fish or any other living creature, except when insured as stock.
- 6.9 Standing timber, growing crops and pastures not forming part of the landscaping at any Premises.
- 6.10 Land, unmined or unrecovered oil, gas and mineral deposits, provided that this Exclusion shall not apply to structural improvements on or in the land if they are not otherwise excluded in this Cover Section 1.
- 6.11 Bridges, canals, roadways, tunnels and railway tracks, provided that this Exclusion shall not apply to such property on the Premises occupied or used by You for the purpose of Your Business.
- 6.12 Dams and reservoirs (other than tanks) and their contents.
- 6.13 Docks, wharves and piers not attached to or forming part of any building.
- 6.14 Mining property and equipment located beneath the surface of the ground, unless otherwise expressly insured under this Cover Section 1 and noted in the Schedule.
- 6.15 Property whilst it is undergoing any process where the Damage results from its being processed.
- 6.16 Property undergoing construction, erection, alteration or addition, including the partial dismantlement of existing structures where the total contract value of all work to be carried out at any one Situation exceeds Five Hundred Thousand Dollars (\$500,000), provided that this Exclusion shall apply only to the portion of the Premises or the part of any property that is the subject of any such work, and this Exclusion shall not apply to any other Property Insured under this Cover Section 1.
- 6.17 Empty Premises undergoing demolition.
- 6.18 Oil and gas drilling and production rigs while offshore.

## **7. CIRCUMSTANCES WHERE COVER IS EXCLUDED**

- 7.1 Cover Section 1 does not cover Damage to any Property Insured caused directly or indirectly by or in connection with or arising from or occasioned through:
  - 7.1.1 any legal liability of whatsoever nature other than as herein provided;
  - 7.1.2 consequential loss of any kind including, but so as not to limit the generality of this Exclusion, loss due to delay, lack of performance, loss of contract or depreciation in the value of any undamaged property, except as provided for in Basis of Settlement Clause 5.9 and Cover Section 5;
  - 7.1.3 Pollution or Contamination unless arising in consequence of Damage to Property Insured directly caused by fire, lightning, meteorite, explosion, impact by aircraft or other aerial devices or articles dropped from them, riot, civil

commotion, persons taking part in an industrial dispute, persons acting maliciously, earthquake, subterranean fire, volcanic eruption or tsunami, storm, or the bursting, overflowing and discharging of water or other substance from tanks, apparatus or pipes, sprinkler leakage, or impact by any road vehicle, animal or falling building or other structure; or

- 7.1.4 any circumstances other than those referred to in Exclusion 7.1.3 above that results directly or indirectly from Pollution or Contamination.

## **8. CONDITIONS**

### **8.1 INTERESTS OF OTHER PARTIES**

8.1.1 If any person or entity shall have any interest in the Property Insured, We shall protect that interest in the event of a claim, provided that the interest is disclosed in Your records and You shall have disclosed the nature and extent of that interest to Us at the time of notification of a claim.

8.1.2 Where the separate interests of more than one co-insured in the Property Insured are insured under this Cover Section 1, any act or neglect of one co-insured will not prejudice the rights of the remaining co-insured, provided that the remaining co-insured shall, within a reasonable time after becoming aware of any act or neglect whereby the risk of Damage has increased, give notice in writing to Us and shall on demand pay such reasonable additional premium that We may require.

### **8.2 UNDER-INSURANCE APPLICABLE TO COVER SECTION 1—FIRE AND OTHER INSURED PERILS**

8.2.1 You are required to insure for the full value of all Property Insured under this Cover Section 1 calculated in accordance with the Basis of Settlement Clause as applicable at the commencement of the Period of Insurance.

8.2.2 In the event of a claim, the moneys otherwise payable under this Cover Section 1 shall be the proportion that Your declaration at the time of the commencement of the Period of Insurance of the value of all Property Insured bears to Eighty Percent (80%) of the value of all such property as at the time of the commencement of the Period of Insurance calculated in accordance with the Basis of Settlement Clause.

8.2.3 This Condition 8.2 shall not apply if the amount of the Damage does not exceed Ten Percent (10%) of the amount of Your declaration of value for all Property Insured.

8.2.4 For the purpose of the application of this Condition 8.2:

8.2.4.1 Your requirement to insure for full value and Your Declared Values at any Situation shall not include any allowance for the extra cost of reinstatement referred to in Clause 5.5 or for the costs and expenses referred to in the Additional Cover referred to in Clauses 4.1.2 to 4.1.8 and 4.2 and, where shown in the Schedule as applying, Endorsements 9.3, 9.5, 9.6, 9.7 and 9.9; and

8.2.4.2 where You elect to claim an amount in respect of all or any part of the Damaged Property Insured that is less than the value that could have been claimed for under the Basis of Settlement Clause of this Cover Section, such amount shall be used when determining the value, to which the Eighty Percent (80%) in 8.2.2 applies.

### **8.3 PROPERTY VALUED BY AN APPROVED VALUER**

Clause 8.2 of this Cover Section (Under-insurance) shall not apply to property, forming part of the Property Insured, which You have insured under this Cover Section 1 for its full

value as stated in a Valuation, provided that a copy of that Valuation is given to Us as soon as reasonably practical after the notification of a claim.

Valuation means a valuation report by an Approved Valuer carried out less than three (3) years before the commencement of the current Period of Insurance and which an Approved Valuer has updated, not more than twelve (12) months prior to the commencement of the current Period of Insurance.

Approved Valuer means Certified Practising Valuer registered with the Australian Property Institute within the relevant discipline.

Notwithstanding the provisions of this Clause 8.3, We agree that, in the event of a claim occurring to any property forming part of the Property Insured, but which You have not insured under this Cover Section 1 for its full value, the total value of all the Property Insured shall be taken into account in determining whether there has been under-insurance for the purpose of Clause 8.2.

#### **8.4 SPRINKLER INSTALLATIONS**

8.4.1 This Condition applies to any Property Insured in which an automatic sprinkler system is installed, and which is owned by You or where You are responsible for the operation or maintenance of the automatic sprinkler system.

8.4.2 You shall ensure that the property is protected as required by law by an approved installation of automatic sprinklers, automatic external alarm signal and automatic alarm signal connected with a Fire Brigade Station.

8.4.3 You shall also exercise due diligence to ensure that any system and alarm signal are at all times maintained in good working order.

#### **8.5 DAMAGE OVER A PERIOD OF TIME**

All Damage that occurs during any period of seventy-two (72) consecutive hours, which is caused by an earthquake, seismological disturbance, subterranean fire, volcanic eruption, tsunami, bushfire or atmospheric disturbance, shall be considered for the purpose of the application of any Limit and Sub-Limit of Liability and of the Deductible as resulting from the one original source or cause. Each period shall be deemed to have commenced on the first happening of any such Damage that does not occur within any prior period of seventy-two (72) consecutive hours. This Clause shall apply to any of these causes whether continuous or sporadic in their 'sweep' or scope, and whether the Damage was due to the same seismological condition.

### **9. ENDORSEMENTS**

9.1 The following Endorsements apply only if the numbers set against them here are shown in the Schedule as having been selected for cover under this Cover Section 1.

Provided that:

9.1.1 unless otherwise specified in the following Endorsements and without in any way limiting the generality of this provision, We will not pay more than the Limit of Liability shown in the Schedule against each Endorsement; and

9.1.2 all the terms, Conditions and Exclusions of this Cover Section remain unaltered except where specifically varied by an Endorsement.

#### **9.2 FLOOD**

Cover Section 1 extends to cover You for Damage caused by or occasioned through Flood. Exclusion 3.9.3 is deleted. The word 'Flood' is added to the exceptions in General Exclusion 4.3.1.

### 9.3 DETERIORATION OF REFRIGERATED STOCK

Cover Section 1 extends to cover You for loss or deterioration of refrigerated stock arising from breakdown stoppage or malfunction of machinery, plant or insulation through any accidental occurrence other than strikes, work bans, shortage of fuel or the deliberate withholding of supply.

Cover is limited to the amount stated in the Schedule as applying to this Endorsement.

### 9.4 FUSION

Cover Section 1 extends to cover You for the actual burning out by electric current of parts of electrical machines, installations or apparatus, provided that We shall not be liable under this Endorsement for:

9.4.1 loss of use, depreciation, wear and tear;

9.4.2 Damage (including electric current generated by lightning) to:

9.4.2.1 lighting or heating elements, fuses or protective devices;

9.4.2.2 electrical contacts at which sparking or arcing occurs in ordinary working; or

9.4.2.3 rectifiers, radio, television, amplifying or electronic equipment of any description, microwave ovens, and EDP equipment of any description.

Limited to the amount stated in the Schedule as applying to this Endorsement.

### 9.5 DATA PROCESSING FAILURE BREAKDOWN OR MALFUNCTION OF THE PROCESSING SYSTEM

Cover Section 1 extends to cover Electronic Data processing system(s), including peripheral equipment, against any sudden and unforeseen loss whilst such property is within the precincts of the Situation and/or Premises and working or at rest or being dismantled, moved, reassembled or reinstalled for the purpose of cleaning, adjustment, inspection, repair, overhaul or relocation, but only after successful commissioning at the Situation and/or Premises. Provided that We shall not be liable for costs otherwise recoverable under any service/maintenance or under any maker's or manufacturer's warranty, but We shall be liable for any consequential loss as insured by Cover Section 5.

Exclusion 3.11.3 shall not apply to this cover.

Limited to the amount stated in the Schedule as applying to this Endorsement.

### 9.6 WIND, RAINWATER OR HAIL TO PROPERTY IN THE OPEN AIR IN EXCESS of \$25,000

Cover Section 1 extends to cover Damage to property in the open air other than property described in Clause 3.9.1. Clause 3.9.2 is deleted.

Our liability is limited to the amount stated in the Schedule as applying to this Endorsement.

### 9.7 DIRECTORS AND EMPLOYEES PERSONAL PROPERTY

The limit provided under Clause 4.2.1 is replaced with the amount shown in the Schedule as applying to this Endorsement.

## 9.8 BOILER PRESSURE VESSEL EXPLOSION

The limit provided under Clause 3.3.2 is replaced with the amount shown in the Schedule as applying to this Endorsement.

## 9.9 WORKS OF ART EXCEEDING THE LESSER OF 10% OF DECLARED VALUE or \$100,000

Exclusion 6.4 is amended to read:

“Works of art, antiques and curios unless they are at the Situation at the time of the Damage and then limited for all such items to the amount shown in the Schedule against Endorsement 9.9.”

## COVER SECTION 2 GLASS

### INTRODUCTION

Coverage applies only when Cover Section 2 is shown in the Schedule as having been selected for inclusion in Your policy, and is limited to the Period of Insurance indicated.

### 1. DEFINITIONS

For the purpose of this Cover Section 2, the following definitions apply:

- 1.1 **GLASS** means all Internal Glass and External Glass and ceramic vitreous china wash basins, sinks, toilet bowls, urinals and cisterns at the Premises, owned by You or for which You are legally responsible or have assumed responsibility to insure prior to the occurrence of any Breakage.
- 1.2 **EXTERNAL GLASS** means fixed glass, perspex or plastic material used as glass fixed in the external windows, skylights, doors and showcases of the building/s.
- 1.3 **INTERNAL GLASS** means Glass, perspex or plastic material used as glass (fixed or unfixed) in internal partitions, windows, doors, counters, showcases, refrigerated cabinets, shelves and mirrors.
- 1.4 **BREAKAGE** means by a fracture extending through the entire thickness of the Glass.
- 1.5 **ILLUMINATED SIGNS** means permanently affixed electrical or illuminated signs at the Premises covered by this Cover Section 2.

### 2. EXTENT OF COVER

If a Glass Breakage or Breakage of an Illuminated Sign occurs, We will indemnify You for the actual cost incurred by You to repair and/or reinstate the damaged item in its normal position using glass or materials of a similar type and quality to the originals.

We will also indemnify You, when applicable, for any additional cost incurred by You to comply with current building or other regulations that relate to the replacement of the Glass or the Illuminated Sign.

Our indemnity is subject to the General Conditions and General Exclusions applying to the whole Policy and the terms and Exclusions of this Cover Section 2.

### 3. EXCLUSIONS

3.1 We do not cover Breakage of:

- 3.1.1 Glass in circumstances where cover is provided under Insured Perils 3.1 to 3.6, 3.8, 3.9 and 3.10 of Cover Section 1—Fire and Other Insured Perils;

3.1.2 Cracked or imperfect Glass; or

3.1.3 Glass forming part of stock in trade and/or merchandise.

#### **4. ADDITIONAL COVERS**

##### **4.1 SUPPLEMENTARY EXPENSES**

We will pay the following additional costs necessarily and reasonably incurred by You following a Glass Breakage.

4.1.1 Temporary repairs, installation of shuttering and/or the hire of security services or watchmen pending the replacement of the broken Glass.

4.1.2 The removal, repair and refixing of window and showcase frames, fittings and tiles to enable replacement of the broken Glass.

4.1.3 The cost of replacing signwriting or ornamentation on the Glass and replacing heat reflecting material or process on the Glass.

4.1.4 The cost of replacing burglar alarm tapes and testing to re-establish security for the Premises.

4.1.5 Additional charges for after hours services, express delivery and/or labour at overtime rates if applicable.

Provided that Our liability for all such costs and expenses incurred by You under Clause 4.1 is limited to Eight Thousand Dollars (\$8,000) during the Period of Insurance.

#### **COVER SECTION 3 THEFT**

##### **INTRODUCTION**

Coverage applies only when Cover Section 3 is shown in the Schedule as having been selected for inclusion in Your policy, and is limited to the Period of Insurance indicated.

##### **1. DEFINITION**

For the purpose of this Cover Section 3, the following definitions apply:

1.1 **PROPERTY INSURED** means the property belonging to You or property for which You are legally responsible in the event of Damage thereto or property for which You have assumed responsibility to insure prior to the occurrence of any Damage, shown in the Schedule as being covered under this Cover Section 3, and separated into the following categories:

1.1.1 All Contents including stock in trade other than liquor and tobacco products;

1.1.2 Liquor and tobacco products; and

1.1.3 Specified items listed in the Schedule.

##### **2. EXTENT OF COVER**

2.1 We will indemnify You for the cost of replacing or repairing any Property Insured that is lost or Damaged by or in consequence of:

2.1.1 Theft consequent upon actual forcible and violent entry to or exit from the building and/or outbuildings at the Premises, or any attempt thereat;

2.1.2 Theft or any attempt thereat by a person unlawfully concealed in any building and/or outbuildings at the Premises;

- 2.1.3 Theft consequent upon threat or immediate violence or violence or violent intimidation; or
- 2.1.4 Theft of Property Insured in the open air at the Premises limited to Five Thousand Dollars (\$5,000) any one loss.
- 2.2 Our payment will be reduced by the amount of any Deductible shown in the Schedule and We will not pay more for each category of Property Insured as defined in 1.1.1, 1.1.2 and 1.1.3 above, than the Sum Insured thereon shown in the Schedule.

Our indemnity is subject to the General Conditions and General Exclusions applying to the whole Policy and the terms and Exclusions of this Cover Section 3.

### **3. EXCLUSIONS**

3.1 We do not cover:

- 3.1.1 Theft of Money in excess of \$250 in total for any one loss;
- 3.1.2 jewellery, furs, bullion, precious metals or precious stones other than where used as stock or merchandise of the Business;
- 3.1.3 Theft of contents of Buildings in the course of reconstruction where security is rendered less effective than that existing at the commencement of such reconstruction;
- 3.1.4 Damage to any Property Insured caused directly or indirectly by or in connection with or arising or arising from or occasioned through unexplained or inventory shortage or disappearance resulting from clerical or accounting errors or shortage in the supply or delivery of materials to or from You;
- 3.1.5 breakage of glass or illuminated signs;
- 3.1.6 vehicles or trailers registered or licensed to travel on a public road, provided that this Exclusion shall not apply to mobile plant and equipment (excluding cars, sedans, panel vans and trucks) not otherwise insured against Damage, nor to any vehicles or trailers whether registered or otherwise, where used as stock and/or merchandise of the Business while on any Premises occupied or used by You; or
- 3.1.7 Damage to any Property Insured caused by or occasioned through fraudulent or dishonest acts, fraudulent misappropriation, embezzlement, forgery or counterfeiting involving the Property Insured and committed by You or any of Your employees whether acting alone or in collusion with any other person or persons.

Provided that Exclusion 3.1.7 shall not apply to theft, consequent upon forcible and violent entry to the Premises or unlawful concealment within the Premises, committed by an employee of Yours.

### **4. ADDITIONAL COVERS**

Following a claim being admitted under this Cover Section 3, We will pay for the reasonable and necessary costs incurred by You as set out in the Additional Covers listed below.

Our payment is in addition to any Limit of Liability applying unless We state otherwise.

#### **4.1 DAMAGE TO BUILDINGS**

We will also cover You for Damage to the Buildings at the Premises, caused by or arising from or due to Theft or attempted Theft, where the building(s) is/are not included under Cover Section 1, Our liability is limited to Five Thousand Dollars (\$5,000) any one event.

## 4.2 NEW PREMISES – TEMPORARY COVER

We will temporarily extend the cover provided by this Cover Section to Property Insured at any Premises that is used by Your Business for the first time during the Period of Insurance.

Provided that:

- 4.2.1 this temporary cover is limited to a period of 60 consecutive days from the day that You first use the new Premises;
- 4.2.2 this temporary cover is not available to property that cannot be correctly designated to one of the categories of Property Insured shown in the Schedule;
- 4.2.3 this temporary cover is only available to property that is of a similar type to that insured by this Cover Section;
- 4.2.4 for each specific category of Property Insured shown in the Schedule, this temporary cover is limited to Fifty Percent (50%) of the Limit of Liability applying to that category; or
- 4.2.5 if more than one Premises is shown in the Schedule, then this Fifty Percent (50%) limitation will apply to the lowest Limit of Liability for each specific category of Property Insured.

## 4.3 SEASONAL OR FESTIVE INCREASE

The Limit/s of Liability for all Contents is/are increased by Fifty Percent (50%) to cover the increased value of stock in trade excluding any Liquor or Tobacco Products, for losses occurring during peak seasonal or festival trading periods as follows:

- 4.3.1 from sixty (60) days before Christmas Day to the twentieth (20th) day following, both days inclusive; and
- 4.3.2 from thirty (30) days before Good Friday to the twentieth (20th) day following, both days inclusive; and
- 4.3.3 from forty-two (42) days before and seven (7) days following any celebrated event of a festive, religious or ethnic nature (other than Christmas or Easter) where You can reasonably demonstrate that the stock levels during that period have risen by more than Twenty Percent (20%) above standard levels and that the increase has happened solely for the purpose of meeting additional customer demand associated with the happening of that festive, religious or ethnic event.

Provided that this Additional Cover will not extend the insurance beyond the Period of Insurance stated in Your current Schedule.

## 4.4 TEMPORARY PROTECTION

For temporary protection to safeguard the Premises and Property Insured pending repair or replacement including the cost of employing watchmen or guards. Our liability is limited to Five Thousand Dollars (\$5,000) any one event.

## 4.5 SECURITY

Reinstatement of the security system to its former functionality, security service provider's costs for attendance and services rendered and the cost of developing or replacing film. Our liability is limited to Five Thousand Dollars (\$5,000) any one event.

#### **4.6 REPLACEMENT OF LOCKS AND KEYS**

The replacing of locks, keys and combinations as a direct result only of Damage caused by theft or any attempt at theft, or theft where the keys or combinations are stolen or if there are reasonable grounds to believe that the keys may have been duplicated. We will also pay the cost of opening safes and strongrooms as a direct result of theft of keys and combinations forming part of Property Insured.

Our liability is limited to Five Thousand Dollars (\$5,000) or Fifteen Percent (15%) of the Limit of Liability for this Cover Section, whichever is greater for any one event.

#### **4.7 DIRECTORS AND EMPLOYEES PERSONAL EFFECTS**

The repair or replacement of personal property (excluding Money) belonging to directors and employees of Your business and/or the property of welfare sport and social clubs of the business, which are Damaged by Theft or attempted Theft during the Period of Insurance, to a limit of Five Thousand Dollars (\$5,000) any one person or club.

#### **4.8 DEATH BY ASSAULT**

If any person is injured while protecting or attempting to protect the property from theft and death results from this injury within 12 months, We will pay Ten Thousand Dollars (\$10,000) to the estate of that person.

#### **4.9 TEMPORARY REMOVAL**

We also cover Your Property Insured while temporarily removed to any other premises within Australia. Provided that:

- 4.9.1 We will not cover liquor or tobacco products;
- 4.9.2 We will not cover stock in trade or property that is on consignment to other parties unless it is owned by You or is property for which You are responsible;
- 4.9.3 The maximum amount We will pay for this Additional Cover will be 20% of the Limit of Liability under this Cover Section 3;
- 4.9.4 This Additional Cover will not apply to any Property Insured that has been removed for a period greater than sixty (60) days without Our prior written consent.

#### **4.10 EMPLOYEE DISHONESTY**

Damage to Property Insured caused by or arising from, theft or dishonesty of Your employees occurring during the Period of Insurance, which is discovered within thirty one (31) days of its occurrence. Exclusion 3.1.7 does not apply to this Additional Cover. Our liability shall not exceed Two Thousand Five Hundred Dollars (\$2,500) for any one event. If You are also insured under the Money Cover Section, the benefit payable under this Additional Cover is not cumulative. This Additional Cover does not apply if specific cover under Cover Section 10—Fidelity Guarantee is selected for inclusion in Your Policy.

### **5. ENDORSEMENTS**

The following endorsements apply only if the numbers set against them are shown in the Schedule as having been selected for cover under this Cover Section 3.

#### **5.1 THEFT OF PROPERTY WITHOUT FORCIBLE ENTRY**

The words “consequent upon actual forcible and violent entry to or exit from the Premises and/or outbuildings or any attempt thereat” appearing in Clause 2.1.1 of Extent of Cover, are deleted. Our liability is limited to the amount stated in the Schedule as applying to this Endorsement 5.1.

## 5.2 THEFT OF PROPERTY IN THE OPEN AIR IN EXCESS OF \$5,000

The limit of Five Thousand Dollars (\$5,000) shown in Clause 2.1.4 of Extent of Cover is now increased to the amount stated in the Schedule as applying to this Endorsement 5.2.

### COVER SECTION 4 MONEY

#### INTRODUCTION

Coverage applies only when Cover Section 4 is shown in the Schedule as having been selected for inclusion in Your policy, and is limited to the Period of Insurance indicated.

#### 1. DEFINITIONS

For the purpose of this Cover Section 4, the following definitions apply:

- 1.1 **MONEY** also means Money held in trust or for which You are legally responsible or for which You have assumed responsibility to insure prior to the occurrence of Damage.
- 1.2 **BANK** means a bank, building society, credit union or similar financial institution.
- 1.3 **YOU** or **YOUR** is extended to include directors and employees of Your Business.
- 1.4 **SAFE** means a burglar resistant container that has been designed to resist fire and attack by hand-held or power operated tools which has been specifically designed for the storage of Money and valuables.
- 1.5 **STRONGROOM** means a burglar-resistant structure constructed of masonry and steel, designed to resist fire and attack by hand-held or power operated tools, which has been specifically designed and for the storage of Money and valuables.

#### 2. EXTENT OF COVER

- 2.1 We will indemnify You for Damage to Money in each of the following risk categories occurring in circumstances not otherwise excluded during the Period of Insurance.
  - 2.1.1 Money in transit including in any night safe or automatic teller machine until removed by a Bank employee, or Money in the personal custody of persons authorised by You and Money on Premises during Business Hours;
  - 2.1.2 Money at any time on the Premises whilst contained in a securely locked safe or securely locked strongroom and/or automated teller machine;
  - 2.1.3 Money on the Premises outside Business Hours; or
  - 2.1.4 Money in or at the private residence of an authorised person.
- 2.2 We will pay You the value of Your monetary loss less the Deductible shown in the Schedule but We will not pay more for each category of Money as described in 2.1.1 to 2.1.4 above, than the Sum Insured shown in the Schedule applicable to that category of risk.

Our indemnity is subject to the General Conditions and General Exclusions applying to the whole Policy and the terms and Exclusions of this Cover Section 4.

#### 3. EXCLUSIONS

- 3.1 We do not cover:
  - 3.1.1 Damage by or through the fraudulent embezzlement or fraudulent misappropriation by You or by any person in Your service provided that this

exclusion shall not apply to theft consequent upon forcible and violent entry upon Premises or unlawful concealment upon Premises committed by any person in Your service or to theft of Money while in transit;

- 3.1.2 Damage to Money while being carried by professional money carriers, professional carriers or common carriers which is insured by any person or entity other than You except to the extent of any Damage in excess of the amount of that insurance;
- 3.1.3 Damage to Money where stolen from any unlocked and unattended vehicle;
- 3.1.4 Damage to Money where the loss is not discovered within seven (7) working days of the loss occurring;
- 3.1.5 Damage to Money where stolen from a safe or strongroom opened by a key or by use of details of a combination, either of which has been left at the Situation, outside business hours, unless such key or combination details have been properly secured; or

#### **4. ADDITIONAL COVERS**

Following a claim under this Cover Section 4, We will provide indemnity for the following Additional Covers.

Our payment is subject to the Limit/s of Liability stated for each Additional Cover and is in addition to any Limit of Liability otherwise applicable unless We state otherwise in the Schedule.

##### **4.1 DAMAGE TO SAFES AND STRONGROOMS**

Damage to safes, strongrooms or automated teller machines for which You are responsible, arising in consequence of a loss insured under this Cover Section 4.

Provided that Our liability is limited to Five Thousand Dollars (\$5,000) or Fifteen Percent (15%) of the total Sum Insured for this Cover Section, whichever is greater.

##### **4.2 SEASONAL OR FESTIVE INCREASE**

(Not applicable to Extent of Cover 2.1.3—Money on the Premises at the Situation outside Business Hours)

The Sums Insured for Money are increased by Fifty Percent (50%) for losses occurring during peak seasonal or festival trading periods as follows:

- 4.2.1 from sixty (60) days before Christmas Day to the twentieth (20th) day following, both days inclusive; and
- 4.2.2 from thirty (30) days before Good Friday to the twentieth (20th) day following, both days inclusive; and
- 4.2.3 from forty-two (42) days before and seven (7) days following any celebrated event of a festive, religious or ethnic nature (other than Christmas or Easter) where You can reasonably demonstrate that the stock levels during that period have risen by more than Twenty Percent (20%) above standard levels and that the increase has happened solely for the purpose of meeting additional customer demand associated with the happening of that festive, religious or ethnic event.

Provided that this Additional Cover will not extend the insurance beyond the Period of Insurance stated in Your current Schedule.

#### 4.3 **BANK OR PUBLIC HOLIDAY INCREASE**

(Not applicable to Extent of Cover 2.1.3—Money on the Premises at the Situation outside Business Hours)

The Limit/s of Liability for Money are increased by One Hundred Percent (100%) for all public and/or Bank holidays, such period to include adjoining weekend periods.

Provided that:

- 4.3.1 Our liability under this Additional Cover shall cease at Bank closing time on the next business day following the public holiday;
- 4.3.2 This Additional Cover is not cumulative with Additional Cover 4.2—Seasonal or Festive Increase; and
- 4.3.3 This Additional Cover will not extend the insurance beyond the Period of Insurance stated in Your current Schedule.

#### 4.4 **SECURITY**

Reinstatement of the security system to its former functionality, security service provider's costs for attendance and services rendered and the cost of developing or replacing film.

Provided that Our liability is limited to Five Thousand Dollars (\$5,000) any one event.

#### 4.5 **TEMPORARY PROTECTION**

For temporary protection to safeguard the Premises following theft or attempted theft covered by this Cover Section including but not limited to temporary repairs or the employment of watchmen or guards.

Provided that Our liability is limited to Five Thousand Dollars (\$5,000) any one event.

#### 4.6 **REPLACEMENT OF LOCKS AND KEYS**

If Extent of Cover 2.1.2 (Money in securely locked safes or strongrooms) is insured, the replacing of locks, keys and combinations that have been accidentally lost or where the keys or combinations are stolen and Exclusion 3.1.5 does not apply, or if there are reasonable grounds to believe that the keys may have been duplicated:

- 4.6.1 the cost of opening safes and strongrooms as a direct result of theft of keys and combinations; and
- 4.6.2 the cost of replacing locks, keys and magnetic cards or similar devices, or to change the numbers or the sequence of the numbers or letters forming part of Property Insured.

Our liability is limited to Five Thousand Dollars (\$5,000) of Fifteen Percent (15%) of the total Sum Insured for this Cover Section, whichever is greater for any one event.

#### 4.7 **TRAVELLERS MONEY**

Damage to Money while in Your custody while You are travelling for Your Business anywhere in the world.

Provided that Our liability is limited to Five Thousand Dollars (\$5,000) any one event.

#### 4.8 DIRECTORS AND EMPLOYEES PERSONAL EFFECTS

The repair or replacement of personal property belonging to directors and employees of Your business and/or the property of welfare sport and social clubs of the business, Damaged during a theft or attempted theft of Money which occurs in the Period of Insurance.

Provided that Our liability is limited to Five Thousand Dollars (\$5,000) any one person or

#### 4.9 DEATH BY ASSAULT

If any person is injured while protecting or attempting to protect Money from theft and death results from this injury within 12 months, We will pay Ten Thousand Dollars (\$10,000) to the estate of that person.

#### 4.10 EMPLOYEE DISHONESTY

Damage to Money caused by or arising from, theft or dishonesty of Your employees occurring during the Period of Insurance, which is discovered within thirty one (31) days of its occurrence. Exclusion 3.1.1 does not apply to this Additional Cover. Our liability shall not exceed Two Thousand Five Hundred Dollars (\$2,500) for any one event. If You are also insured under the Theft Cover Section, the benefit payable under this Additional Cover is not cumulative. This Additional Cover does not apply if specific cover under Cover Section 10—Fidelity Guarantee is selected for inclusion in Your Policy.

### COVER SECTION 5 BUSINESS INTERRUPTION

#### INTRODUCTION

Coverage applies only in respect of this Section if Cover Section 5 is shown in the Schedule as having been selected for inclusion in Your policy, and is limited to the Period of Insurance indicated.

#### 1. DEFINITIONS

For the purpose of Cover Section 5, the following definitions apply:

- 1.1 **ITEM INSURED** means the item shown in the Schedule and as more particularly described in the Basis of Settlement Clause. Cover only applies in respect of those items shown in the Schedule.
- 1.2 **GROSS PROFIT** means the amount by which the sum of the Turnover and the amount of the closing stock and work in progress shall exceed the sum of the amount of the opening stock and work in progress and the amount of the uninsured working expenses as set out in the Schedule.  
  
(The amounts of the opening and closing stocks and work in progress shall be arrived at in accordance with Your normal accountancy methods, after due provision for depreciation.)
- 1.3 **TURNOVER** means the Money (less discounts if any allowed) paid or payable to You for goods sold and delivered and for services rendered in the course of the Business.
- 1.4 **GROSS REVENUE** means the Money (less discounts if any allowed) paid or payable to You for services rendered in the course of the Business.
- 1.5 **INDEMNITY PERIOD** is the period beginning with the occurrence of the Damage and ending not later than the number of months specified in the Schedule thereafter during which the results of the Business shall have been affected in consequence of the Damage.

- 1.6 **PAY-ROLL** means the remuneration (including but not limited to pay-roll tax, fringe benefits tax, sick pay, bonuses, holiday pay, workers' compensation insurance premiums, accident compensation levies, superannuation and pension fund contributions and the like) of all Your employees.
- 1.7 **SHORTAGE IN TURNOVER** means the amount by which the Turnover during a period shall, in consequence of the Damage, fall short of the part of the Standard Turnover relating to that period.
- 1.8 **RATE OF GROSS PROFIT** means the proportion that the Gross Profit bears to the Turnover during the financial year immediately before the date of the Damage.
- 1.9 **STANDARD TURNOVER** means the Turnover during that period in the twelve (12) months immediately before the date of the Damage, which corresponds with the Indemnity Period (appropriately adjusted where the Indemnity Period exceeds twelve (12) months).
- 1.10 **STANDARD GROSS REVENUE** means the revenue during that period immediately before the date of the Damage, which corresponds with the Indemnity Period (appropriately adjusted where the Indemnity Period exceeds twelve (12) months).

Adjustments shall be made to the Rate of Gross Profit, Standard Turnover and Standard Gross Revenue as may be necessary to provide for the trend of the Business and for variations in or other circumstances affecting the Business either before or after the date of the Damage or which would have affected the Business had the Damage not occurred, so that the figures as adjusted shall represent as nearly as may be reasonably practicable the results which, but for the Damage, would have been obtained during the relative period after the Damage occurred.

## 2. EXTENT OF COVER

- 2.1 Provided that You have paid or agreed to pay the premium stated in the Schedule, We will indemnify You in accordance with the provision of Clause 3 (Basis of Settlement) against loss resulting from the interruption of or interference with the Business, provided the interruption or interference is caused by Damage from an Insured Peril, which You have selected for cover under Cover Sections 1, 2, 3, 4 or 7 of the Policy or any other policy insuring the main events, occurring during the Period of Insurance to:
- 2.1.1 any building or part thereof and any other property used by You at the Premises for the purposes of the Business;
- 2.1.2 any property belonging to You or for which You are responsible, while such property is at any storage premises within Australia or at any Situation within Australia where You have work or process carried out by others;
- 2.1.3 any land-based property including all associated distribution pipelines or transmission lines located in Australia of any party or authority producing, supplying or delivering communication services, electricity, gas, water or sewerage services used by the Business provided that:
- 2.1.3.1 where such property is not at or immediately adjacent to the Situation, the interruption of the supply or delivery extends for a greater period than forty-eight (48) hours following the event; and
- 2.1.3.2 Our liability shall not exceed Twenty Percent (20%) of the Limit of Liability shown in thi Cover Section 5;
- 2.1.4 computer installations, including ancillary equipment and data processing media utilised by You anywhere in Australia;
- 2.1.5 property in the vicinity of the Premises that prevents or hinders the use of or access to the Premises (whether the Premises or any of Your property is Damaged or not);

- 2.1.6 property in any commercial complex of which the Premises forms a part or in which the Premises are contained, which prevents or hinders the use of or access to the Premises that results in cessation or diminution of trade, including any cessation or diminution of trade due to temporary falling away of potential custom;
- 2.1.7 a special attraction, being another business or facility in the immediate vicinity of the Premises, that the Business depends upon to attract people to the area, which results in cessation or diminution of trade, including any cessation or diminution of trade due to temporary falling away of potential custom. Our liability shall not exceed Twenty Percent (20%) of the Limit of Liability shown for this Cover Section 5.
- 2.1.8 roads, bridges and railway lines over which stock, components and materials are conveyed to and from the Premises;
- 2.1.9 any property within a twenty (20) kilometre radius of the Premises, which results in cessation or diminution of Business due to temporary falling away of potential custom, provided that this cover does not apply where Damage is caused by Flood, even where Endorsement 9.2 (Flood) of Cover Section 1 has been included;
- 2.1.10 any registered vehicles or trailers that are owned or operated by You whilst they are at the Situation, but not whilst any such vehicles or trailers are being used on any public highway or thoroughfare;
- 2.1.11 property at any Premises anywhere in Australia where work is done on Your behalf or from where goods are manufactured, obtained or stored, or from where goods are purchased from You, or to any other contributing property not owned or operated by You, but which wholly or partly prevents the delivery of materials, goods or services to You. Our Liability shall not exceed Twenty Percent (20%) of the Limit of Liability shown for this Cover Section 5.

Provided that under Extent of Cover 2.1.1 and 2.1.2, the property that is Damaged is covered under Cover Sections 1, 2, 3, 4 and 7 as stated, or another policy that names You as an insured party.

- 2.2 Provided that You have paid or agreed to pay the premium stated in the Schedule, We will also indemnify You in accordance with the provision of Clause 3 (Basis of Settlement) against loss resulting from interruption or interference with the Business, provided the interruption or interference is in consequence of:
  - 2.2.1 closure or evacuation of Your Business by order of a government, public or statutory authority consequent upon:
    - 2.2.1.1 the outbreak of human infectious or contagious disease occurring within a twenty (20) kilometre radius of the Premises; or
    - 2.2.1.2 the discovery of an organism likely to result in a human infectious or contagious disease at the Premises; or
    - 2.2.1.3 vermin or pests at the Premises; or
    - 2.2.1.4 defects in the drains or other sanitary arrangements at the Premises;

but cover under Clauses 2.2.1.1 and 2.2.1.2 does not apply in respect of highly Pathogenic Avian Influenza in humans or any other disease declared to be a quarantinable disease under the Quarantine Act 1908 and subsequent amendments.
  - 2.2.2 murder or suicide occurring at or in the immediate vicinity of the Premises;

- 2.2.3 injury, illness or disease arising from or likely to arise from or traceable to foreign or injurious matter in food or drink provided from the Premises;
- 2.2.4 the action of a civil authority during a conflagration or other catastrophe for the purposes of retarding same;

occurring during the Period of Insurance.

Our liability under this Clause 2.2 shall be limited to Twenty Percent (20%) of the combined Limit of Liability for Cover Section 5 shown in the Schedule for all items insured, and We shall not be liable for any loss incurred during the first twenty-four (24) hours beginning at the time of the happening of such an Insured Peril.

- 2.3 If the building or other property that is subject to the Damage is owned by You, such Damage must be the subject of indemnity under a policy of insurance covering the circumstances in which it occurred (other than where caused by the explosion, implosion, rupture, collapse, bursting, cracking or overheating of any boiler, economiser or other pressure vessel, including pipes, valves and other apparatus forming part of any of these) and other than indemnity not applying only because of the application of a Deductible.
- 2.4 In the case of any other property that suffers Damage, that Damage must occur in circumstances in which indemnity would apply as if that property were insured under Cover Sections 1, 2, 3, 4 and 7, other than indemnity not applying only because of the application of a Deductible.
- 2.5 Indemnity under Clause 2.1 is also subject to:
  - 2.5.1 the Limit and Sub-Limits of Liability referred to in the Schedule;
  - 2.5.2 the loss being calculated in accordance with the Basis of Settlement Clause 3;
  - 2.5.3 the General Conditions and General Exclusions applying to the whole Policy and the terms, Conditions and Exclusions of this Cover Section;
  - 2.5.4 the loss not being caused as a result of Damage to certain property as referred to in Clause 6 of Cover Section 1;
  - 2.5.5 the loss not being caused as a result of Damage to property occurring in circumstances set out in Clause 7 of Cover Section 1; and
  - 2.5.6 the Endorsements set out in Clause 8, but only if the numbers set against them in Clause 8 are shown in the Schedule as applying to this Cover Section 5.

### **3. BASIS OF SETTLEMENT**

#### **3.1 ITEM NO. 1 (ACTUAL LOSS OF GROSS PROFIT DUE TO REDUCTION IN TURNOVER AND INCREASE IN COST OF WORKING)**

We shall indemnify You for actual loss of Gross Profit as follows.

- 3.1.1 In respect of reduction in Turnover, the sum produced by applying the Rate of Gross Profit to the amount by which the Turnover during the Indemnity Period shall, in consequence of the Damage, fall short of the Standard Turnover.
- 3.1.2 In respect of Increase in Cost of Working, the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in Turnover which, but for that expenditure, would have taken place during the Indemnity Period in consequence of the Damage, but not exceeding the sum produced by applying the Rate of Gross Profit to the amount of the reduction thereby avoided.

3.1.3 There shall be deducted from the amounts calculated in 3.1.1 and 3.1.2 any sum saved during the Indemnity Period in respect of such of the charges and expenses of the Business payable out of Gross Profit as may cease or be reduced as a consequence of the Damage.

**3.2 ITEM NO. 2 (ACTUAL LOSS OF GROSS REVENUE AND INCREASE COST OF WORKING)**

We shall indemnify You for actual loss of Gross Revenue as follows.

3.2.1 In respect of loss of Gross Revenue, being the amount by which the Gross Revenue earned during the Indemnity Period shall, in consequence of the Damage fall short of the Standard Gross Revenue.

3.2.2 In respect of Increase in Cost of Working, being the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the loss of Gross Revenue which, but for that expenditure, would have taken place during the Indemnity Period in consequence of the Damage, but not exceeding the amount of the loss of Gross Revenue thereby avoided.

3.2.3 There shall be deducted from the amounts calculated in 3.2.1 and 3.2.2 any sum saved during the Indemnity Period in respect of such charges and expenses of the Business payable out of Gross Revenue as may cease or be reduced as a consequence of the Damage.

**3.3 ITEM NO. 3 (ACTUAL LOSS OF RENT RECEIVABLE)**

We shall indemnify You with respect to actual loss of rent receivable (including special outgoings paid by the tenant) during the Indemnity Period, but not exceeding the sum by which the rent receivable during such period shall, in consequence of the Damage, fall short of the rents that would have been received during the Indemnity Period had the Damage not occurred.

There shall be deducted from the amount calculated any sum saved during the Indemnity Period in respect of such of the standing charges and working expenses as may cease or be reduced as a consequence of the Damage.

We shall also indemnify You for:

3.3.1 additional expenditure necessarily and reasonably incurred for the sole purpose of reducing loss of rent receivable covered by this item, provided that We will not pay more than the amount of rent receivable which would otherwise have been lost had the additional expenditure not been incurred; and

3.3.2 advertising and re-letting expenses necessarily incurred following the reinstatement of Damage to Your Premises where existing tenancies have been terminated in consequence of the Damage.

**3.4 ITEM NO. 4 (ADDITIONAL INCREASED COST OF WORKING)**

We shall indemnify You for any additional Increased Cost of Working not otherwise recoverable under Cover Section 5 necessarily and reasonably incurred during the Indemnity Period in consequence of the Damage for the sole purpose of avoiding or diminishing reduction in Turnover/Gross Revenue/Rent Receivable and/or resuming and/or maintaining normal operations or services of the Business.

**3.5 ITEM NO. 5 (CLAIMS PREPARATION COSTS)**

We shall indemnify You for reasonable professional fees payable by You and such other reasonable expenses necessarily incurred by You not otherwise recoverable, for the preparation and negotiation of progress claims and/or final claims under Cover Sections 1, 2, 3, 4 and/or 5.

## 4. ADDITIONAL COVER – OUTSTANDING ACCOUNTS RECEIVABLE

### 4.1 DEFINITION

4.1.1 **OUTSTANDING ACCOUNTS RECEIVABLE** means the total amount owed to the Business by customers as at the month immediately prior to the date of the Damage, adjusted for:

4.1.1.1 bad debts;

4.1.1.2 amounts debited (or invoiced but not debited) and credited (including credit notes and cash not passed through the books at the time of the Damage) to customers' accounts in the period between the date to which said last statement relates and the date of the Damage; and

4.1.1.3 any abnormal conditions of trade that had or could have had a material effect on the Business, so that the figures thus adjusted shall represent as nearly as reasonably practicable those which would have been obtained at the date of the Damage had the Damage not occurred.

### 4.2 EXTENT OF COVER

4.2.1 We shall indemnify You if in consequence of Damage to Your documents, books of account or other records You are unable to trace or establish the Outstanding Debit Balances in whole or in part. Our payment of Your resultant loss will be calculated in the following manner:

4.2.1.1 In respect of the loss of Outstanding Debit Balances, the sum of the difference between the Outstanding Debit Balances and the total of the amounts received or traced in respect thereof.

4.2.1.2 In respect of additional expenditure, the additional expenditure incurred with Our prior consent in tracing and establishing customers' debit balances after the Damage.

Our liability under this Additional Cover is limited to Twenty Thousand Dollars (\$20,000) any one event unless a higher Limit of Indemnity is shown in the Schedule for Outstanding Debit Balances.

## 5. CONDITIONS APPLICABLE TO COVER SECTION 5

### 5.1 TURNOVER/GROSS REVENUE ELSEWHERE AFTER DAMAGE

If, during the Indemnity Period, goods shall be sold or services rendered elsewhere than at the Premises for the benefit of the Business, either by You or by others on Your behalf, moneys paid or payable in respect of such sales or services shall be brought into account in arriving at the Turnover/Gross Revenue during the Indemnity Period.

### 5.2 DEPARTMENTAL CLAUSE

If the Business is conducted in departments or business units, the independent trading result of which are ascertainable, the provisions of Clauses 3.1.1, 3.1.2, 3.2.1 and 3.2.2 shall apply separately to each department or unit affected by the Damage.

### 5.3 NEW BUSINESS

In the event of Damage occurring at the Premises before the completion of the first year's trading of the Business, the terms 'Rate of Gross Profit', 'Standard Gross Revenue' and 'Standard Turnover' shall bear the following meanings and not those as stated in Clause 1—Definitions.

**RATE OF GROSS PROFIT** means the proportion that the Gross Profit bears to the Turnover during the period between the date of the commencement of the Business and the date of the Damage.

**STANDARD TURNOVER** means the proportional equivalent, for a period equal to the Indemnity Period of the Turnover realised during the period between the commencement of the Business and the date of the Damage.

**STANDARD GROSS REVENUE** means the proportional equivalent, for a period equal to the Indemnity Period of the Gross Revenue realised during the period between the commencement of the Business and the date of the Damage.

Adjustment shall be made to the Rate of Gross Profit, Standard Gross Revenue and Standard Turnover as may be necessary to provide for the trend of the Business and for variations in or other circumstances affecting the Business either before or after the Damage, or which would have affected the Business had the Damage not occurred, so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for the Damage would have been obtained during the relative period after the Damage.

#### **5.4 ACCUMULATED STOCKS**

In adjusting any loss, account shall be taken and equitable allowance made if any Shortage in Turnover resulting from the Damage is postponed by reason of the Turnover/Revenue being temporarily maintained from accumulated stocks.

#### **5.5 BOOKS OF ACCOUNT**

5.5.1 Any particulars or details contained in Your books of account or other business books or documents that We may require for the purpose of investigating or verifying any claim made under this Cover Section 5, may be produced and certified by Your auditors and their certificate shall be prima facie evidence of the particulars and details to which the certificate relates.

5.5.2 The words and expressions used in this Policy shall have the meanings usually attached to them in Your books and accounts unless otherwise defined in this Policy.

#### **5.6 TURNOVER/OUTPUT ALTERNATIVE**

You may at Your option substitute the word 'Output' for 'Turnover' to determine Your loss. For the purpose of this Cover Section 5, Output shall mean either the sale or invoice value of goods manufactured or processed by You in the course of carrying on the Business at the Premises. At the time of exercising this Output Option, You shall specify whether the sale or invoice value of goods shall apply.

If the Output Option is selected by You:

5.6.1 the provisions of Clause 5.1 (Turnover Elsewhere after Damage) shall read as follows: "If during the Indemnity Period goods shall be manufactured or processed other than at the Premises for the benefit of the Business either by You or by others on Your behalf, the sale and/or invoice value of the goods so manufactured or processed shall be brought into account in arriving at the Output during the Indemnity Period"; and

5.6.2 the definition of Gross Profit shall read as follows: "The difference between sale and/or invoice value of production and the amount of the uninsured working expenses".

#### **5.7 SALVAGE SALE**

If Damage gives rise to a claim under this Cover Section 5 and You hold a salvage sale during the Indemnity Period, Clause 3.1 shall be varied to provide that the amount of the

indemnity shall be calculated by reference to the sum produced by applying the Rate of Gross Profit to the amount by which the Turnover during the Indemnity Period (less the Turnover for the period of the salvage sale) shall, in consequence of the Damage, fall short of the Standard Turnover, from which shall be deducted the Gross Profit actually earned during the period of the salvage sale.

#### **5.8 TERMINATION OF COVER**

Notwithstanding anything contained in this Cover Section 5 to the contrary, if during any period in respect of which Cover Section 5 is in force:

- 5.8.1 You form the intention of ceasing to carry on the Business, or any part of the Business, or if any part of the Business is disposed of, permanently discontinued or You cease to have any proprietary interest in the Business otherwise than by death;
- 5.8.2 You, being a corporation, are placed in liquidation or provisional liquidation, or placed under official management or enter into a scheme of arrangement or have a receiver or manager appointed over Your assets or undertakings; or
- 5.8.3 You, being a natural person, become a bankrupt or You enter into a scheme of arrangement or compromise or composition with creditors;

then the insurance cover provided by this Cover Section 5 in respect of such Business or part of the Business (as the case may be) shall automatically and forthwith cease unless otherwise agreed in writing by Us.

Such termination of cover shall not apply if any of the events stated in clauses 5.8.1, 5.8.2 or 5.8.3 are caused by loss insured by this Cover Section 5, resulting from interruption of or interference with the Business in consequence of Damage to Property Insured.

#### **5.9 MITIGATION OF LOSS**

You shall use due diligence and do and concur in doing all things reasonably practicable to minimise any interruption of or interference with the Business or to avoid or diminish the loss and shall also deliver to Us a statement in writing of any claim certified by Your auditors with all particulars and details reasonably practicable as to the loss and shall produce and furnish all books of account and other business books, invoices, vouchers and all other documents, proofs, information, explanations and other evidence and facilities as may reasonably be required to enable Us to investigate and verify the claim, and such information or documentation shall be verified on oath if required by Us.

#### **5.10 REDUCED MARGIN**

If, in consequence of Damage giving rise to a claim under this Policy, Turnover is maintained at a reduced Rate of Gross Profit, an equitable allowance shall be made for the loss of Gross Profit resulting from an increase in the ratio to Turnover of stock usage or purchases (adjusted for stock variations). No allowance shall be made for an increase in the ratio to Turnover of any other uninsured working expenses.

### **6. PROPERTY EXCLUDED**

We do not cover loss under this Cover Section 5 resulting from Damage to any property described in Clause 6 of Cover Section 1, in the circumstances set out in that Clause other than Damage to property the subject of indemnity as described in Clauses 2.1.8 and 2.1.10.

### **7. CIRCUMSTANCES WHERE COVER IS EXCLUDED**

We do not cover any loss under this Cover Section 5 resulting from Damage to any property in the circumstances set out in Clause 7 of Cover Section 1 or in circumstances that are excluded from cover within the events described under each Sub-Section in Clause 3 (Insured Perils) of Cover Section 1.

## 8. ENDORSEMENTS

8.1 The following Endorsements apply to this Cover Section, but only if the numbers set against them here are shown in the Schedule.

Provided that:

- 8.1.1 unless otherwise specified in the following Endorsements and without in any way limiting the generality of this provision, We will not pay more than the Limit of Liability shown in the Schedule as applying to each item or, in the whole, the total Limit of Liability; and
- 8.1.2 all the terms, Conditions and Exclusions of this Cover Section 5 remain unaltered, except where specifically varied by an Endorsement.

### 8.2 FINES AND DAMAGES

This Cover Section extends to cover You for fines or damages for breach of contract. The amount payable by Us under this extension shall be such sums as You are legally liable to pay and shall pay in discharge of fines or damages for non-completion or late completion of orders provided that such fines or damages are incurred solely as a consequence of Damage; limited to the amount stated in the Schedule as applying to this Endorsement.

### 8.3 SUPPLIERS' AND/OR CUSTOMERS' PREMISES - WORLDWIDE

Cover provided under Clause 2.1.11 is extended to apply in respect of Premises and/or property situated anywhere in the world, however, this cover does not include Insured Peril 3.5—Earthquake, Subterranean Fire, Volcanic Eruption or Tsunami of Cover Section 1 for risks situated in Japan and/or California, USA.

### 8.4 SUPPLIERS' AND/OR CUSTOMERS' PREMISES – LIMIT OF LIABILITY EXTENDED

The Twenty Percent (20%) limitation on Our liability applying to Extent of Cover at Clause 2.1.11 is amended to the percentage shown in the Schedule against Endorsement 8.4.

### 8.5 COST OF GOODWILL

Following Damage to any Buildings at Your Premises We will pay Cost of Goodwill, for the actual cost of goodwill incurred by You when purchasing a Business in order to maintain Your Business activities.

Provided that We will only pay this Cost of Goodwill when:

- 8.5.1 the Building that is Damaged cannot or will not be repaired or rebuilt, including:
  - 8.5.1.1 any refusal by any owner or lessor other than You to repair or rebuild; and
  - 8.5.1.2 any restrictions imposed by any legal authority; and
- 8.5.2 the purchase of the Business is incurred because You were unable to continue Your Business at the Premises as a result of the Damage to the Buildings not being repaired; and
- 8.5.3 the cause of the Damage to the Buildings would have been covered by Cover Section 1—Fire and Other Insured Perils had that Building been insured under that Cover Section; and
- 8.5.4 the business that is purchased is similar to Your Business.

The amount payable by Us under this extension shall be limited to the amount stated in the Schedule as applying to this Endorsement.

## 8.6 PAY-ROLL (DUAL BASIS)

Applicable when Pay-Roll is shown as an uninsured working expense and excluded as an item of Gross Profit.

For the purposes of this Endorsement, Rate of Pay-Roll means the proportion that the Pay-Roll bears to the Turnover during the financial year immediately before the date of the Damage.

- 8.6.1 We shall indemnify You for loss of Pay-Roll, limited to loss due to Reduction in Turnover and Increase in Cost of Working, and the amount payable as indemnity shall be calculated in the following manner:
- 8.6.1.1 During the portion of the Indemnity Period beginning with the occurrence of the Damage and ending not later than the number of weeks thereafter specified in the Schedule, Your loss will be calculated by applying the Rate of Pay-Roll to the Shortage in Turnover during that portion of the Indemnity Period, less any saving during that portion through reduction in the amount of Pay-Roll paid in consequence of the Damage.
  - 8.6.1.2 During the remaining portion of the Indemnity Period, Your loss will be calculated by applying the Rate of Pay-Roll to the Shortage in Turnover during the remaining portion of the Indemnity Period less any saving during that portion through reduction in the amount of Pay-Roll paid in consequence of the Damage, but not exceeding the amount produced by applying the percentage of the Rate of Pay-Roll specified in the Schedule to the Shortage in Turnover during the remaining portion of the Indemnity Period, increased by such amount as is deducted for savings under Clause 8.6.1.1 above.
  - 8.6.1.3 You may at Your option increase the number of weeks referred in Clause 8.6.1.1 to the number of weeks specified in the Schedule under the heading "Consolidated Period", provided that the amount payable under Clauses 8.6.1.2 shall not exceed such amount as is deducted under Clause 8.6.1.1 for savings effected during the increased number of weeks.
  - 8.6.1.4 We shall also indemnify You in addition to the amount payable under clause 8.6.1 for so much of the additional expenditure described in Clause 3.1.2 of Item No. 1 (Loss of Gross Profit) as exceeds the amount payable under Clause 3.1.2, but not more than the additional amount that would have been payable in respect of reduction in Turnover under the provisions of Clauses 8.6.1.1 and 8.6.1.2, had such expenditure not been incurred.
- 8.6.2 If You hold a salvage sale during the Indemnity Period, then for the purpose of Clause 8.6.1:
- 8.6.2.1 a Shortage in Turnover means the amount by which the Turnover during a period (less the Turnover for the period of the salvage sale) shall, in consequence of the Damage, fall short of the part of the Standard Turnover that relates to that period, from which shall be deducted the Pay-Roll paid during the period of the salvage sale; and
  - 8.6.2.2 the amount of insured Pay-Roll recovered from Turnover during the period of the salvage sale shall be deducted from the amount otherwise payable under Clause 8.6.1.

## **COVER SECTION 6 GENERAL AND PRODUCT LIABILITY**

### **INTRODUCTION**

Coverage applies only when Cover Section 6 is shown in the Schedule as having been selected for inclusion in Your Policy, and is limited to the Period of Insurance indicated.

### **1. DEFINITIONS**

The following definitions apply to Cover Section 6:

#### **1.1 YOU, YOUR and YOURS shall include:**

- 1.1.1 the party or parties so named in the Schedule:
- 1.1.2 subsidiary companies, organisations and other entities incorporated in Australia in which You have a controlling interest, and to the extent indicated in each case;
- 1.1.3 any director, executive officer, employee, shareholder, partner of Yours or of a subsidiary company designated in Clause 1.1.2 above, including voluntary workers and persons gaining work experience, but only whilst acting within the scope of their duties in such capacity;
- 1.1.4 any principal of Yours but only in respect of the liability of such principal arising directly out of the performance by You of any contract or agreement for the carrying out of work or services in connection with the Business and only to the extent that You are legally liable in the absence of the agreement. A principal is not covered for the purpose of this Cover Section in respect of any work or services actually carried out by the principal or for any liability of the principal that arises independently of the performance of the work by You;
- 1.1.5 any office bearer or member of unincorporated social and/or sporting clubs, welfare or childcare facilities formed with Your consent (other than a principal designated in Clause 1.1.4 above) in respect of claims arising from duties connected with the activities of any such club or facility;
- 1.1.6 a director, executive officer included under Clause 1.1.3 or 1.1.7 in respect of private work undertaken by employees for such directors or executive officers but only after they have obtained Your prior consent to undertake this private work; and
- 1.1.7 subsidiary companies, organisations and other entities carrying on a similar business to the Business described in the Schedule in which You have acquired a controlling interest, after the commencement of the Period of Insurance, for ninety (90) days from acquisition (unless the Period of Insurance ends sooner or they cease to be part of the Business, whichever shall first occur).

Provided that, in relation to all of the foregoing:

- 1.1.8 all such person(s) or parties as defined herein as You, Your or Yours shall comply with and be subject to the terms, General Conditions and General Exclusions of the Policy, and Conditions, Exclusions, Warranties, provisions and Endorsements of this Cover Section insofar as they can apply;
- 1.1.9 where "You" and "Yours" is comprised of more than one party, Cover Section 6 shall be considered as applying to each party in the same manner as if that party were the only party insured; and

1.1.10 nothing contained in this Definition 1.1 including the foregoing Provisos 1.1.8 and 1.1.9 shall operate to increase Our Limit of Liability under this Cover Section 6.

1.2 **BUSINESS** means the Business as shown in the Schedule including:

1.2.1 any activities incidental thereto;

1.2.2 the provision of a canteen, social, sports, welfare, educational and childcare facilities for the benefit of Your employees;

1.2.3 first aid, medical, fire and ambulance services operated by You for the benefit of You and Your employees;

1.2.4 private work undertaken by Your employees and/or employees of subsidiary companies for any director or senior executive when approved by You; and

1.2.5 any activities that have ceased or have been disposed of but for which You may retain legal liability.

1.3 **CONTAMINATION AND POLLUTION**

Contamination and Pollution means the discharge, dispersal, emission, escape or release of any solid, liquid, gases or thermal irritants, including but not limited to smoke, vapours, soot, fumes, acids, alkalis, chemicals or waste (including materials to be recycled, reconditioned or reclaimed) by You into or upon land, the atmosphere or any watercourse or body of water.

1.4 **DAMAGE TO PROPERTY** means physical damage, destruction to or loss of tangible property, including the loss of use thereof resulting therefrom, or loss of use of tangible property that has not been physically injured or destroyed.

1.5 **EMPLOYEE** means any person under a contract of service or apprenticeship with You.

1.6 **HOVERCRAFT** means any craft or object designed to travel over land or water supported by a cushion of self-generated air pressure.

1.7 **INCIDENTAL CONTRACTS** means:

1.7.1 any written rental agreement or lease of real property not requiring an obligation to insure such property or to be strictly liable regardless of fault;

1.7.2 any written contract with any public authority or company for the supply of water, gas, electricity, telephone or communication services except those contracts in connection with work done for any such party; or

1.7.3 any written contract with any railway authority or company for the loading, unloading and/or transport of Products, including contracts relating to the operation of railway sidings.

1.8 **LEGAL LIABILITY** means legal liability to pay compensation or damages (other than aggravated, exemplary or punitive damages) in respect of:

1.8.1 Personal Injury; and/or

1.8.2 Damage to Property;

occurring anywhere within the Territorial Limits, happening during the Period of Insurance and caused by an Occurrence in connection with Your Business or Products.

1.9 **MEDICAL PERSONS** means legally qualified medical practitioners, legally qualified registered nurses, dentists and first aid attendants.

- 1.10 **OCCURRENCE** means an event, including continuous or repeated exposure to substantially the same general conditions, which results in Personal Injury and/or Damage to Property neither expected nor intended by You.
- 1.11 **PERSONAL INJURY** means:
- 1.11.1 bodily injury, death, sickness, disease, disability, shock, fright, mental anguish or mental injury; and
  - 1.11.2 the effects of:
    - 1.11.2.1 false arrest, false imprisonment, wrongful eviction, wrongful entry or other invasion of the right to private occupancy, wrongful detention and humiliation;
    - 1.11.2.2 libel, slander, defamation of character or invasion of right of privacy;
    - 1.11.2.3 loss of consortium;
    - 1.11.2.4 assault and battery not committed by or at Your direction, unless committed for the purpose of preventing or eliminating danger to persons or property; or
    - 1.11.2.5 discrimination as a result of race, religion, sex, marital status, age, intellectual impairment, disability or otherwise (unless insurance thereof is prohibited by law) not committed by You or intentionally directed by You, but not fines and penalties imposed by law.
- 1.12 **PRODUCTS** means anything after it has ceased to be in Your possession or under Your control, which was manufactured, grown, extracted, produced, processed assembled, altered, serviced, handled, constructed, erected, installed, repaired, treated, sold, supplied or distributed by You (including its packaging or any container thereof other than a vehicle).
- 1.13 **TERRITORIAL LIMITS** means:
- 1.13.1 Anywhere in the world but excluding:
    - 1.13.1.1 claims made and actions instituted within the United States of America ("USA") or Canada or any other territory coming within the jurisdiction of the Courts of USA or Canada (including any Order made anywhere in the world to enforce a judgement, award or settlement of the Courts of USA or Canada);
    - 1.13.1.2 claims and actions to which the laws of the USA or Canada apply; or
    - 1.13.1.3 Products knowingly exported to USA or Canada by You, or on Your behalf.

Provided that:

- 1.13.2 1.13.1.1 and 1.13.1.2 do not apply to claims and actions arising from the presence outside Australia of any person who is normally resident in Australia and who is not undertaking manual work or supervision of work of any kind whilst in USA or Canada; and
- 1.13.3 the Limit of Liability stated in the Schedule is inclusive of supplementary payments as set out in Clauses 2.3, 2.4 and 2.5 of this Cover Section 6.

Should any dispute arise between You (individually or collectively) and Us over the application of this proviso, such dispute shall be determined in accordance with the law and practice of the Commonwealth of Australia.

- 1.14 **TOOL OF TRADE** means a Vehicle that has tools, implements machinery or plant attached or which are towed by the Vehicle and used in connection with it while such tools or plant are in operation for the purpose of the Business but does not include Vehicles whilst travelling to or from a worksite or Vehicles used for transport or haulage.
- 1.15 **VEHICLE** means any type of machine on wheels or on self-laid tracks made or intended to be propelled other than by manual or animal power, and any trailer made or intended to be drawn by any such machine whilst attached thereto.
- 1.16 **WATERCRAFT** means any vessel, craft or thing made or intended to float on or in or travel on or through water.

## 2. EXTENT OF COVER

In consideration of You having agreed to pay to Us the premium, We agree (subject to the terms, Conditions and Exclusions of this Cover Section and the terms, General Conditions and General Exclusions of the Policy) that if You shall incur any Legal Liability, We will pay to You or on Your behalf all sums for which You shall become so liable.

Provided that:

- 2.1 We will not pay more in respect of any one Occurrence than the Limit of Liability stated in the Schedule for Personal Injury and/or Damage to Property arising out of continuous or repeated exposure to substantially the same general condition being deemed to be one Occurrence;
- 2.2 Our total liability for all compensation in respect of Personal Injury and/or Damage to Property arising out of Products, and happening during any one Period of Insurance shall not exceed in the aggregate the Limit of Liability stated in the Schedule.

We will also pay in connection with claims for which You are entitled to indemnity under this Cover Section 6 or in respect of which, if sustained, You would be so entitled, the following payments (hereinafter referred to as "Supplementary Payments"):

- 2.3 Legal costs for representation of any person or party indemnified under this Cover Section 6 at any coroner's inquest, official inquiry or in any court of summary jurisdiction.
- 2.4 All legal costs and all charges and expenses incurred in the settlement or defence of claims for compensation or litigation arising therefrom where such costs, charges and expenses are incurred by Us or by You with Our written consent and all legal costs, charges and expenses recoverable from You by any claimant in connection with such claims.
- 2.5 Expenses incurred by You for first aid administered to others at the time of an Occurrence causing Personal Injury except any medical expenses which the Insurer is prohibited by law from paying.

## 3. EXCLUSIONS

- 3.1 We shall not be liable under this Cover Section 6 to indemnify You for Your Legal Liability to pay:
- 3.1.1 Claims in respect of Personal Injury or Damage to Property arising directly or indirectly out of or caused by or in connection with:
- 3.1.1.1 the ownership, possession, use, construction, repairs, maintenance or installation work by or on behalf of You of any Aircraft or Hovercraft; or
- 3.1.1.2 the ownership, possession, or use by or on behalf of You of any Watercraft exceeding eight (8) metres in length, except where such Watercraft is owned and operated by others and used by You for business entertainment.

3.1.2 Claims in respect of Personal Injury or Damage to Property arising from the ownership, possession or use by You of any Vehicle, whilst used in circumstances whereby such Vehicle is registered or is required by law to be registered.

Provided that this Exclusion 3.1.2 shall not apply:

3.1.2.1 to Personal Injury where compulsory liability insurance or a statutory scheme does not provide indemnity for reasons that do not involve a breach by You of legislation relating to Vehicles;

3.1.2.2 where such Personal Injury and/or Damage to Property:

3.1.2.2.1 is caused by or arises from the loading or unloading or the delivery or collection of goods to or from any Vehicle where such Personal Injury or Damage to Property occurs beyond the limits of any carriageway or thoroughfare;

3.1.2.2.2 arises out of the loading or unloading of or the delivery or collection of goods to or from any Vehicle used in work undertaken by or on Your behalf, but is not in Your physical or legal control; or

3.1.2.2.3 is caused by or arises out of or in connection with any vehicle or attachment thereto being used as a Tool of Trade.

3.1.3 Claims in respect of:

3.1.3.1 Personal Injury to any person arising out of or in the course of employment of such person by You; or

3.1.3.2 any obligation for which You may be liable under any Workers' Compensation Act or similar Act, Law, Regulation or Ordinance.

Provided Exclusions 3.1.3.1 and 3.1.3.2 shall not apply with respect to liability of others assumed by You under written contract:

3.1.3.3 in respect of any liability imposed by the provisions of any industrial award or agreement or determination that would not otherwise have attached; or

3.1.3.4 recoverable by You under any Workers' Compensation Policy or any scheme created by legislation to provide compensation to persons who sustain injuries arising out of or in the course of their employment.

3.1.4 Claims in respect of Damage to Property owned by or leased or rented to You or property in Your physical or legal control.

Provided Exclusion 3.1.4 does not apply to:

3.1.4.1 Premises that are leased or rented to You;

provided that You shall bear the first One Hundred Dollars (\$100) of the total amount otherwise payable by Us under this Cover Section 6 in respect of Damage caused other than by fire or explosion;

3.1.4.2 buildings (including contents thereof), the property of others, temporarily occupied by You to undertake work in connection with the Business;

- 3.1.4.3 Vehicles (not belonging to You or used by or on Your behalf) in Your physical or legal control where such Damage occurs whilst any such Vehicle is in a car park owned or operated by You. Cover under this Clause 3.1.4.3 does not apply if You own or operate such car park for reward;
- 3.1.4.4 property belonging to visitors, directors, executives, employees, voluntary workers or persons on work experience; or
- 3.1.4.5 other property (including customers' property) except an Aircraft, Hovercraft, Vehicle or Watercraft whilst afloat not owned by You but in Your physical or legal control;

excepting to the extent that You are entitled to be indemnified against such Damage to Property under a separate property or motor vehicle policy of insurance, specifically providing cover for the event and the Damage giving rise to the claim.

Provided that Our liability under Clause 3.1.4.5 for any one Occurrence or in the aggregate for all Occurrences during any one Period of Insurance for such property is limited to One Hundred Thousand Dollars (\$100,000) unless a higher amount is shown in the Schedule.

3.1.5 Claims in respect of:

- 3.1.5.1 the cost of making any refund on the price paid for any Products;
- 3.1.5.2 the cost of or damages claimed for the withdrawal, recall, inspection, repair, replacement or loss of use of the Products or of any property of which the Products form a part, if Your Products are withdrawn from the market or from use because of any known or suspected defect or deficiency therein; or
- 3.1.5.3 the cost of performing, completing, correcting or improving any work done or undertaken by You.

3.1.6 Claims arising out of any liability assumed under contract or agreement that requires You to effect insurance over property, either real or personal, or to be liable for, or assume liability for, injury or damage to persons or property regardless of fault. Provided this Exclusion shall not apply to:

- 3.1.6.1 liabilities that would have been implied by law in the absence of such contract or agreement;
- 3.1.6.2 liabilities assumed under Incidental Contracts as defined;
- 3.1.6.3 terms as to merchantability, quality, fitness or care implied by law or statute; or
- 3.1.6.4 such contracts as are specifically designated in the Schedule.

3.1.7 Claims in respect of Personal Injury arising out of the publication or utterance of a libel or slander or defamation of character:

- 3.1.7.1 made prior to commencement of the Period of Insurance;
- 3.1.7.2 made at Your direction with a knowledge of the falsity thereof; or
- 3.1.7.3 related to advertising, broadcasting or telecasting activities or publication of newspapers, journals books or periodicals conducted by You or on Your behalf.

- 3.1.8 Claims arising out of any design, plan, specification, formula or pattern provided by You or any error or omission connected therewith.
- Provided that Exclusion 3.1.8 shall not apply in respect of any design, plan, specification, formula or pattern where no specific fee is charged for the provision of such design, plan, specification, formula or pattern..
- 3.1.9 Claims arising out of the rendering of or failure to render professional advice or service by You or any error or omission connected therewith, but this Exclusion does not apply to:
- 3.1.9.1 Personal Injury or Damage to Property arising therefrom, providing such professional advice or service is not given for a specific fee; or
- 3.1.9.2 the rendering of or failure to render professional medical advice by Medical Persons employed by You to provide first aid and other medical services on Your Premises.
- 3.1.10 Claims in respect of Personal Injury or Damage to Property caused by or arising out of any defect or deficiency in any of the Products, which defect or deficiency You or Your employees (other than employees below a supervisory level) had knowledge of or had reason to suspect at the time when the said Product passed from Your actual physical custody and control.
- 3.1.11 Claims in respect of Personal Injury or Damage to Property caused by, or arising out of or in connection with, asbestos or materials containing asbestos.
- 3.1.12 Claims in respect of:
- 3.1.12.1 Personal Injury or Damage to Property arising out of Contamination or Pollution;
- 3.1.12.2 the cost of removing, nullifying or cleaning up any Contamination or Pollution.
- Provided that We shall cover liability for claims otherwise excluded under 3.1.12.1 and 3.1.12.2 which is caused by a sudden, identifiable, unintended, unexpected and accidental event (but not for Occurrences in the United States of America or Canada or any other territory coming within the jurisdiction of the Courts of the United States of America or Canada or claims or actions to which the laws of the United States of America or Canada apply) and takes place in its entirety at a specific time and place.
- 3.1.12.3 the cost of preventing Contamination or Pollution.
- 3.1.13 Claims in respect of Personal Injury or Damage to Property caused by or arising out of Products You knew or had reasonable cause to believe would be incorporated into the structure, machinery, controls or construction of any Aircraft.
- 3.1.14 Claims in respect of Personal Injury or Damage to Property arising directly or indirectly out of or caused by or in connection with the erection, demolition, alteration of or additions to buildings by You or on Your behalf, except an alteration or addition not exceeding in cost the sum of Five Hundred Thousand Dollars (\$500,000).
- 3.1.15 Loss of use of tangible property that has not been physically Damaged or destroyed resulting from:
- 3.1.15.1 a delay in or lack of performance by You or by others on Your behalf of any contract or agreement; or

3.1.15.2 the failure of Your Products or work performed by You or on Your behalf to meet the level of performance, quality, fitness or durability warranted by You.

Provided this Exclusion does not apply to loss of use of other tangible property resulting from the sudden and accidental physical Damage to or destruction of Your Products or work performed by You or on Your behalf after such Products or work have been put to use by any person or organisation other than a party designated in Definitions 1.1.1 or 1.1.2 of this Cover Section 6.

3.1.16 Claims arising out of communication, display, distribution or publication of Electronic Data.

Provided that this Exclusion 3.1.16 shall not apply to claims in respect of bodily injury, death, sickness, disease, disability, shock, fright, mental anguish and mental injury.

## **4. CONDITIONS**

### **4.1 DUTY OF THE INSURED PARTIES**

The extent of Our liability is conditional upon:

- 4.1.1 the notification to Us by You as soon as possible, of any change materially varying any of the facts or circumstances existing at the commencement of this insurance; and
- 4.1.2 the observance of the terms of this Cover Section by You and by any other person claiming indemnity under this Cover Section 6.

### **4.2 ADJUSTMENT OF PREMIUM**

Within sixty (60) days of the end of each Period of Insurance, You must declare to Us details of actual Pay-Roll paid to employees, number of employees and the Turnover of the Business during such period. The premium paid shall then be adjusted if required on the basis of such declaration, and any extra or return premium shall be charged or allowed.

## **5. ENDORSEMENTS**

5.1 The following Endorsements apply to this Cover Section, but only if the numbers set against them here are shown in the Schedule.

Provided that:

- 5.1.1 unless otherwise specified in the following Endorsements and without in any way limiting the generality of this provision, We will not pay more than the Limit of Liability shown in the Schedule; and
- 5.1.2 all the terms, Conditions and Exclusions of this Cover Section remain unaltered except where specifically varied by an Endorsement.

### **5.2 MOTOR TRADE, EXCLUDING TESTING AND DELIVERY**

Exclusion 3.1.4 (property in Your physical or legal control) of this Cover Section does not apply to liability for Damage to Property in respect of Vehicles not owned by or leased or rented by You for the purpose of repairs, servicing, maintenance or storage whilst within the confines of Your Premises or whilst left stationary in the immediate vicinity of Your Premises in any public or private road or thoroughfare, subject to a maximum Limit of Liability as shown in the schedule for any one Occurrence and a Deductible of Five Hundred Dollars (\$500) each Occurrence.

Exclusion 3.1.2 (Vehicles) in this Cover Section does not apply to Damage to Property arising from any Vehicle (not owned by or leased by You) whilst within the confines of Your Premises.

The indemnity provided by this Endorsement shall not apply to Damage to Property arising from:

- 5.2.1 the use of any unsafe or unroadworthy Vehicle unless such condition could not reasonably be detected by You. This Exclusion shall not apply if such Damage to Property was not caused or contributed to by such unsafe or unroadworthy condition;
- 5.2.2 the use of a Vehicle by:
  - 5.2.2.1 any person with Your consent who is not licensed under any relevant law to drive such a Vehicle; or
  - 5.2.2.2 anyone whose faculties are impaired by any drug or intoxicating liquor or by any person who is convicted of driving at the time of the Damage to Property for being under the influence of intoxicating liquor; or
  - 5.2.2.3 anyone whose blood alcohol reading exceeds the legal limit (subject to any laws to the contrary); or
  - 5.2.2.4 anyone who refuses to provide or allow the taking of a sample of breath, blood, saliva or urine for testing analysis as required by the law of any state or territory where the Damage to Property occurred.

However, We will cover You if You have allowed a person to drive a Vehicle in Your physical or legal control and You can prove that You were not aware that the Vehicle was being driven by or in the charge of that person when they were so affected or unlicensed.

### 5.3 MOTOR TRADE, INCLUDING TESTING AND DELIVERY

Exclusion 3.1.4 (property in Your physical or legal control) of this Cover Section does not apply to liability for Damage to Property in respect of:

- 5.3.1 Vehicles not owned or leased or rented to or by You for the purpose of repairs, servicing, maintenance or storage whilst within the confines of Your Premises or whilst left stationary in the immediate vicinity of Your Premises in any public or private road or thoroughfare, subject to a maximum Limit of Liability as shown in the schedule for any one Occurrence and a Deductible of Five Hundred Dollars (\$500) each Occurrence.
- 5.3.2 Damage to Property to any registered Vehicle not owned or leased by You but in Your physical or legal control for the purpose of repairs, servicing or garaging whilst such Vehicle is on any roadway or thoroughfare whilst being tested and/or collected and/or delivered subject to a maximum indemnity as shown in the schedule for any one Occurrence and a Deductible of Five Hundred Dollars (\$500) each Occurrence.

Exclusion 3.1.2 (Vehicles) in this Cover Section does not apply to:

- 5.3.3 Damage to Property arising from any Vehicle (not owned by or leased by You) whilst within the confines of Your Premises;
- 5.3.4 Damage to Property to any other property not being Your own or used by You or on Your behalf caused by the Vehicle described and used in 5.3.2. The maximum amount We will pay for Damage to Property under this clause as shown in the schedule for any one Occurrence.

The indemnity provided by this Endorsement shall not apply to Damage to Property arising from:

- 5.3.5 the use of any unsafe or unroadworthy Vehicle unless such condition could not reasonably be detected by You. This Exclusion shall not apply if such Damage to Property was not caused or contributed to by such unsafe or unroadworthy condition;
- 5.3.6 the use of a Vehicle by:
  - 5.3.6.1 any person with Your consent who is not licensed under any relevant law to drive such a Vehicle; or
  - 5.3.6.2 anyone whose faculties are impaired by any drug or intoxicating liquor or by any person who is convicted of driving at the time of the Damage to Property for being under the influence of intoxicating liquor; or
  - 5.3.6.3 anyone whose blood alcohol reading exceeds the legal limit (subject to any laws to the contrary); or
  - 5.3.6.4 anyone who refuses to provide or allow the taking of a sample of breath, blood or urine for testing analysis as required by the law of any state or territory where the Damage to Property occurred.

However, We will cover You if You have allowed a person to drive a Vehicle in Your physical or legal control and You can prove that You were not aware that the Vehicle was being driven by or in the charge of that person when they were so affected or unlicensed.

## **COVER SECTION 7 GENERAL PROPERTY**

### **INTRODUCTION**

Coverage applies only when Cover Section 7 is shown in the Schedule as having been selected for inclusion in Your policy, and is limited to the Period of Insurance indicated.

#### **1. DEFINITIONS**

For the purpose of this Cover Section, the following definitions apply:

- 1.1 **PROPERTY INSURED** means the property described in the Schedule under the heading "Property Insured" belonging to You or for Damage to which You are legally liable or for which You have assumed responsibility to insure prior to the occurrence of any Damage.
- 1.2 **SITUATION** means anywhere in Australia.

#### **2. EXTENT OF COVER**

Where You have paid or agreed to pay Us the premium under this Cover Section 7, We agree (subject to the General Conditions, General Exclusions and the terms, Exclusions, limitations and Conditions contained in or endorsed on or otherwise expressed in this Cover Section) that if the Property Insured, or any part of it shall be Damaged directly or indirectly by any Insured Peril, We will indemnify You in accordance with the applicable Basis of Settlement.

Provided that:

- 2.1 We will not be liable under this Cover Section 7 unless the Insured Peril giving rise to the claim occurs during the Period of Insurance or any renewal thereof; and

2.2 Our total liability for each item shall not exceed the Limit of Liability shown in the Schedule against that item, nor in the whole for all items in respect of any one Occurrence, the total Limit of Liability specified in the Schedule as applying to this Cover Section 7.

### 3. INSURED PERILS

3.1 **FIRE** means Damage to property caused by:

3.1.1 fire (whether resulting from explosion or otherwise) not occasioned by its own spontaneous fermentation or heating or its undergoing any process involving the application of heat;

3.1.2 lightning, thunderbolt or meteorite; or

3.1.3 civil authorities through attempts to prevent the spread of fire.

3.2 **THEFT** means the dishonest appropriation of property belonging to You with the intention of permanently depriving You of it but not as a consequence of trickery.

3.3 **THEFT (WITH FORCE)** means:

3.3.1 Theft or any attempt thereat consequent upon forcible and violent entry upon the Premises; and includes

3.3.2 Theft or any attempt thereat by a person feloniously concealed on the Premises; or

3.3.3 Theft consequent upon threat of immediate violence or violent intimidation.

3.4 **MALICIOUS DAMAGE** means Damage to property caused by malicious persons not being tenants.

3.5 **FLOOD** means the inundation of normally dry land by water escaping from or released from the normal confines of any natural water course or lake (whether or not altered or modified) or any dam, reservoir or canal.

3.6 **PERILS** means physical loss or destruction or Damage to property caused by:

3.6.1 aircraft or other aerial devices or articles dropped there from, sonic boom, meteorite or space debris;

3.6.2 earthquake, subterranean fire, volcanic eruption or tsunami;

3.6.3 storm, tempest, rainwater, wind, hail, but not:

3.6.3.1 by water from or action of the sea, tsunami, tidal wave, high water and Flood;

3.6.3.2 to gates, fences, retaining walls, textile awnings and blinds;

3.6.3.3 to property in the open air unless such property comprises or forms part of a permanent structure designed to function without the protection of walls or roof; or

3.6.3.4 by erosion, subsidence or landslide or any other movement of earth, erosion, subsidence, earth movement or collapse resulting therefrom unless caused by water within forty-eight (48) hours of a storm, tempest, rainwater, wind and hail;

3.6.4 water, liquids or substances discharged, overflowing or leaking from apparatus, appliances, pipes or other systems;

- 3.6.5 riots, civil commotions, strikes or locked out workers or persons taking part in labour disturbances or malicious persons not being tenants or any lawfully constituted authority in connection with the foregoing acts, but not by:
  - 3.6.5.1 cessation of work whether total or partial; or
  - 3.6.5.2 cessation, interruption or retarding of any process or operation as a direct result of strikes, labour disturbances or locked out workers;
- 3.6.6 explosion or implosion but not Damage to boilers (other than boilers used for domestic purposes only), economisers, vessels under pressure or their contents resulting from their own explosion; or
- 3.6.7 impact by:
  - 3.6.7.1 vehicles designed primarily for use on land; or
  - 3.6.7.2 animals.
- 3.7 **UNSPECIFIED DAMAGE** means sudden and unforeseen loss of or Damage to property not directly or indirectly caused by or arising out of.
  - 3.7.1 Insured Perils as defined in Clauses 3.1 to 3.6 of this Cover Section;
  - 3.7.2 mechanical, hydraulic, electrical or electronic breakdown, failure malfunction or derangement of any machine or electrical or electronic device;
  - 3.7.3 moths, termites or other insects, vermin, rust or oxidation, mildew, mould, contamination or pollution, wet or dry rot, corrosion, change of colour, dampness of atmosphere or other variations in temperature, evaporation, disease, inherent vice or latent defect, change in flavour texture or finish, smut or smoke from industrial operations;
  - 3.7.4 wear and tear, fading, scratching or marring, gradual deterioration or developing flaws, normal upkeep or making good;
  - 3.7.5 error or omission in design, plan or specification or failure of design;
  - 3.7.6 faulty materials or faulty workmanship;
  - 3.7.7 spontaneous combustion, fermentation, heating or any process involving the application of heat;
  - 3.7.8 cessation of work whether total or partial;
  - 3.7.9 cessation, interruption or retarding of any process or operation as a direct result of strikes, labour disturbances or locked out workers;
  - 3.7.10 testing, intentional overloading or experiments;
  - 3.7.11 faults or defects known to You or any employee of Yours whose knowledge in law would be deemed to be Your knowledge, which was not disclosed to Us at the time this insurance was arranged;
  - 3.7.12 erosion, subsidence or collapse;
  - 3.7.13 settling, expansion, shrinkage or seepage;
  - 3.7.14 creeping, heaving or vibration; or
  - 3.7.15 any other movement of earth.

Provided that 3.7.5 to 3.7.7 shall only apply to the insured item affected and not to other Property Insured for Unspecified Damage under this Cover Section 7.

#### 4. BASIS OF SETTLEMENT

- 4.1 Where the Schedule indicates that the Basis of Settlement is "Reinstatement", We will pay the cost of reinstatement of the Damage.

For the purpose of this clause, 'Reinstatement' shall mean:

- 4.1.1 where Property Insured is lost or destroyed: the replacement thereof by similar property in a condition equal to but not better or more extensive than its condition when new; or
- 4.1.2 where Property Insured is not lost or destroyed, the repair and/or restoration of the property to a condition substantially the same as, but not better or more extensive than, its condition when new.

Provided that:

- 4.1.3 You shall exercise due diligence in commencing such 'Reinstatement', but in no case more than six (6) months from the date of Damage, failing which, We shall not be liable to make any payment greater than 'Indemnity' (as defined in Clause 4.2 hereunder);
- 4.1.4 where any Property Insured is Damaged in part only, Our liability shall not exceed the cost of 'Reinstatement' had such property been totally destroyed;
- 4.1.5 Property Insured under this 'Reinstatement' clause is separately subject to the following clause:

"In the event of Damage to Property Insured hereunder caused by any peril hereby insured against, We shall be liable for no greater proportion of such Damage than the total Limit of Liability on all Property Insured under this 'reinstatement' clause on the day of the commencement of the Period of Insurance bears to the sum representing Eighty Percent (80%) of the cost that would have been incurred in Reinstatement if the whole of such property on the day of commencement of the Period of Insurance had been Damaged on that day, but not exceeding the Limit of Liability expressed in the said Schedule.

Provided that if the sum actually incurred or expended in replacing the property Damaged within the meaning of Clause 4.1.1 of the abovementioned definition of Reinstatement, exceeds the amount that would have been payable under this Cover Section 7 if this Clause had not been incorporated therein, but is less than the cost of Reinstatement as above defined, then the sum so actually incurred or expended shall for all purposes of this clause be deemed to be the cost of Reinstatement of the Property Insured."

Provided further that the above clause shall not apply if the cost of reinstating or repairing the Damage does not exceed Ten Percent (10%) of the Limit of Liability under this Cover Section 7.

- 4.1.6 We shall not be liable to make any payment beyond Indemnity Value (as defined in Clause 4.2 hereunder) of the Property Insured until a sum equal to the cost of 'Reinstatement' has actually been incurred by You in the replacement or repair of the Property Insured.
- 4.2 Where the Schedule indicates that the Basis of Settlement is 'Indemnity', We will at Our option:
- 4.2.1 reinstate or repair the Property Insured or any part thereof;
- 4.2.2 pay the cost of Reinstatement or repair subject to due allowance for wear, tear, depreciation or betterment, but We will not be liable to make any payment until the cost of Reinstatement or repair is actually incurred; or

4.2.3 pay You the value of the Property Insured as at the time of the Damage.

## 5. EXCLUSIONS

5.1 We do not cover:

5.1.1 Damage to any electrical appliance or device (including wiring) caused by electric current artificially generated. Should Fire ensue, We will be liable only for that proportion of the destruction or Damage directly caused by the ensuing Fire;

5.1.2 Theft or any attempted Theft committed by:

5.1.2.1 any member of Your family;

5.1.2.2 any person or persons in Your service unless due to forcible entry to Premises outside of Business hours; or

5.1.2.3 any person or persons in collusion with any of Your family or any person or persons in Your service.

5.1.3 Theft of property:

5.1.3.1 from an unlocked and unattended vehicle, unless such property is contained in a locked metal toolbox, securely fastened to the vehicle body; or

5.1.3.2 located in the open air;

5.1.4 Damage occurring outside the Commonwealth of Australia;

5.1.5 unexplained inventory shortages or disappearances resulting from clerical or accounting errors, shortage in the supply or delivery of materials to or from the Insured; or

5.1.6 any consequential loss whatsoever.

## 6. ENDORSEMENTS

6.1 The following Endorsements apply but only if the numbers set against them here are shown in the Schedule.

Provided that:

6.1.1 unless otherwise specified in the following Endorsements, We will not pay more than the Limit of Liability shown in the Schedule; and

6.1.2 all the terms, Conditions and Exclusions of this Cover Section remain unaltered except where specifically varied by an Endorsement.

### 6.2 WORLDWIDE COVER

Exclusion 5.1.4 is deleted.

### 6.3 THEFT OF PROPERTY (LOCATED IN THE OPEN AIR)

Exclusion 5.1.3.2 is deleted.

**6.4 UNSPECIFIED DAMAGE RESTRICTED TO COLLISION OR OVERTURNING OF CARRYING VEHICLE**

The definition of Unspecified Damage is restricted to the consequence of collision or overturning of the conveying vehicle.

**6.5 FIRE COVER ONLY**

Insured Perils 3.2 to 3.7 are deleted.

**6.6 FIRE AND THEFT COVER ONLY**

Insured Perils 3.3 to 3.7 are deleted.

**6.7 FIRE COVER DELETED**

Insured Peril 3.1 is deleted.

**6.8 FLOOD COVER DELETED**

Insured Peril 3.5 is deleted.

**COVER SECTION 8  
COMPUTER AND ELECTRONIC EQUIPMENT - BREAKDOWN**

**INTRODUCTION**

Coverage applies only when Cover Section 8 is shown in the Schedule as having been selected for inclusion in Your policy, and is limited to the Period of Insurance indicated.

Our indemnity is subject to the General Conditions and General Exclusions applying to the whole Policy and the terms, Conditions and Exclusions of this Cover Section 8.

**SUB-SECTION 8A—COMPUTER SYSTEMS, ASSOCIATED AIR CONDITIONING AND ELECTRONIC EQUIPMENT**

**1. DEFINITIONS**

For the purpose of this Cover Section, the following definitions apply to property insured.

1.1 **COMPUTER SYSTEMS** means Computers, Peripheral Equipment, and Data Carrying Media belonging to You or for which You are legally responsible or have assumed a responsibility to insure.

1.2 **COMPUTERS** means electronic data processing equipment, but does not include software programs, nor equipment used for gaming, gambling, amusement, audio or visual entertainment, or vending.

1.3 **PERIPHERAL EQUIPMENT** means all other equipment connected to and operating from the Computer, excluding underground lines.

1.4 **DATA CARRYING MEDIA** means all disks, tapes, cards or other materials used for storing data.

1.5 **AIR CONDITIONING** means the air conditioning machinery installed and essential for the operation of the Computers.

1.6 **ELECTRONIC EQUIPMENT** means all parts of electronic equipment (excluding Computer Systems) belonging to You or for which You are legally responsible or have assumed a responsibility to insure, but does not include equipment used for gaming, gambling, amusement, audio or visual entertainment, or vending.

- 1.7 **COMPREHENSIVE HARDWARE MAINTENANCE AGREEMENT** means an agreement that provides for remedial repair of faults or Breakdowns that happen in the course of normal operation, and includes the costs of all parts and labour.
- 1.8 **UNSPECIFIED DAMAGE** means Damage to property insured by any cause or event including Breakdown but does not include Damage as a consequence of:
- 1.8.1 the operation of Exclusions 15.1, 15.2, 15.4 and 15.6 of this Cover Section; or
- 1.8.2 Theft or conversion of Your property hired out by the hirer or by the employees or agents of the hirer.
- 1.9 **BREAKDOWN** means Damage resulting from electronic, electrical or mechanical failure of the insured Computer System, Air Conditioning, or Electronic Equipment, arising from internal defects causing sudden stoppage of its function and requiring its repair or replacement.
- 1.10 **SITUATION** means the Situation(s) shown in the Schedule.

## 2. **EXTENT OF COVER**

Provided You have paid or agreed to pay the premium, We agree, subject to the terms, Exclusions, limitations and Conditions contained in or endorsed on or otherwise expressed in this Cover Section, to indemnify You in accordance with the provisions of Clause 4 (Basis of Settlement of Claims) against Unspecified Damage occurring during the Period of Insurance to the Computer Systems, Air Conditioning and Electronic Equipment shown in the Schedule whilst at the Situation.

We will not be liable for:

- 2.1 the cost of reinstatement of data;
- 2.2 consequential loss of any nature whatsoever;
- 2.3 Breakdown provided for under a supplier's or manufacturer's warranty or a Comprehensive Hardware Maintenance Agreement;
- 2.4 Breakdown while the Computer system or Electronic Equipment is not covered under a Comprehensive Hardware Maintenance Agreement or, alternatively, while a supplier's or manufacturer's warranty is in effect, unless Endorsement 6.2 is operative; or
- 2.5 Breakdown of print heads, belts, chains, fuses, circuit breakers, contacts that spark or arc, photo-sensitive drum assemblies, x-ray cathode ray or other electronic tubes, valves or picture tubes, latches, locks, securing mechanisms, magnetron units, batteries, carbon ribbons.

## 3. **ADDITIONAL COVER APPLICABLE TO SUB-SECTION 8A**

We will also pay for:

### 3.1 **CONSULTING ENGINEERS' FEES**

The cost of Consulting Engineers' Fees (excluding fees for preparing a claim), necessarily incurred with Our consent, in the reinstatement of Computer Systems, Air Conditioning or Electronic Equipment, which has sustained Damage insured under this Cover Section 8.

### 3.2 **ADDITIONAL EXPENSES INCURRED IN TEMPORARY REPAIRS**

The reasonable additional expenses incurred in making temporary repairs as a result of insured Damage to Computer Systems, Air Conditioning or Electronic Equipment.

- 3.2.1 Our approval of such additional expenses must first be obtained in writing.

- 3.2.2 Our total liability in respect of all such additional expenses will not exceed Fifty Percent (50%) of what the cost of repair would have been had such additional expenses not been incurred.

### **3.3 REMOVAL OF DEBRIS**

The reasonable costs and expenses necessarily incurred by You with Our consent in:

- 3.3.1 removing the debris of; or
- 3.3.2 dismantling or demolishing any part of the Computer Systems, Air Conditioning or Electronic Equipment that has sustained Damage insured under this Cover Section 8; or
- 3.3.3 shoring up, propping or protecting any part of the Computer Systems, Air Conditioning or Electronic Equipment, whether Damaged or not.

### **3.4 EXPEDITING EXPENSES**

The reasonable costs and expenses necessarily incurred for the sole purpose of expediting reinstatement or repair of Computer Systems, Air Conditioning or Electronic Equipment including (but not limited to) penalty rates for wages during overtime shift, night, Sunday or holiday working, payment for carriage by express passenger fast goods or other rail or road transport, for carriage by air freight but not the cost of overseas air freight unless Endorsement 6.3 is shown in the Schedule.

In respect of these Additional Covers, We will also pay up to Ten Thousand Dollars (\$10,000) in total over and above the Limit of Liability if the Limit of Liability is otherwise exhausted.

## **4. BASIS OF SETTLEMENT OF CLAIMS APPLICABLE TO SUB-SECTION 8A**

4.1 The basis of any claims settlement under this Sub-Section shall be as follows:

- 4.1.1 Where the property insured is repairable, We will pay the cost of restoring the Damaged portion to a condition substantially the same as, but not better or more extensive than its condition when new.
- 4.1.2 Where the Property Insured is not repairable, We will pay the cost of replacing the item with a new item of equivalent make and model that is compatible with Your existing systems and programs.

### **4.2 UNDER-INSURANCE**

In the event of Damage, We will not be liable for more than that proportion of the cost of reinstatement, replacement or repair that the Limit of Liability bears to Eighty Percent (80%) of the total new replacement value of the property insured at the time of the Damage. Under-insurance will not apply where the cost of the claim does not exceed Ten Percent (10%) of the Limit of Liability for all property insured.

## **5. LIMIT OF LIABILITY APPLICABLE TO SUB-SECTION 8A**

Our total liability for any claim arising out of one event or a series of events arising directly or indirectly from one source or original cause, will not exceed the Limit of Liability on the property shown in the Schedule plus any amount provided under Additional Cover, Clause 3 of the Cover Section 8.

## **6. ENDORSEMENTS APPLICABLE TO SUB-SECTION 8A**

The following Endorsements apply, but only if they are shown in the Schedule and then in respect of Endorsement 6.1 and 6.2, only for Computer Systems and/or Electronic Equipment that are indicated in the Schedule as having these Endorsements. All the terms, Conditions and

Exclusions of this Cover Section remain unaltered except where specifically varied by Endorsement.

#### 6.1 TRANSIT AND TEMPORARY REMOVAL

For Computer Systems and/or Electronic Equipment, which are indicated in the Schedule as having this Endorsement, cover is extended to include temporary removal from the Situation to anywhere in Australia, but not:

6.1.1 whilst in storage or whilst being transported for storage or during permanent removal from the Situation;

6.1.2 if stolen from any unlocked vehicle;

6.1.3 whilst unattended in the open air; or

6.1.4 whilst in transit as checked baggage or cargo on aircraft, on vessel or by public transport.

#### 6.2 BREAKDOWN COVER WITHOUT A COMPREHENSIVE HARDWARE MAINTENANCE AGREEMENT

For Computer Systems and/or Electronic Equipment that are indicated in the Schedule as having this Endorsement applying, Clause 2.4 of this Cover Section does not apply.

#### 6.3 OVERSEAS AIR FREIGHT

Cover is extended to include the extra costs incurred in respect of air freight from anywhere in the world for replacement parts on insured items for which a claim is payable. Our maximum liability will be limited to the Limit of Liability for this Endorsement as shown in the Schedule.

### SUB-SECTION 8B—BUSINESS INTERRUPT ION

#### 7. DEFINITIONS

For the purpose of Sub-Section 8B, the following definitions apply.

7.1 **ITEM INSURED** means the item shown in the Schedule and as more particularly described in the Settlement of Claims clause. Cover only applies in respect of those items shown in the Schedule.

7.2 **GROSS INCOME** means the total of:

7.2.1 the amount paid or payable to You for goods sold and services rendered;

7.2.2 all other sources of income received in the course of the Business; and

7.2.3 the amount of closing stock and work in progress.

less:

7.2.4 purchases of stock and consumables;

7.2.5 the amount of opening stock and work in progress; and

7.3 **STANDARD INCOME** means the Gross income during that period in the twelve (12) months immediately before the date of the occurrence of the Damage, which corresponds with the Indemnity Period (appropriately adjusted where the Indemnity Period exceeds twelve (12) months). In the event of Damage occurring before the completion of the first year's trading of Your Business, Standard Income shall mean the proportional equivalent for a period equal to the Indemnity Period of the Gross Income realised during the period between the commencement of the Business and the date of the Damage.

- 7.4 **TURNOVER** means the money (less discounts if any allowed) paid or payable to You for goods sold and delivered and for services rendered in the course of the Business.
- 7.5 **STANDARD TURNOVER** means the Turnover during that period in the twelve (12) months immediately before the date of the Damage that corresponds with the Indemnity Period (appropriately adjusted where the Indemnity Period exceeds twelve [12] months). In the event of Damage occurring before the completion of the first year's trading of the Business, Standard Turnover shall mean the proportional equivalent for a period equal to the Indemnity Period of the Turnover realised during the period between the commencement of the Business and the date of the Damage.
- 7.6 **INDEMNITY PERIOD** means the period beginning with the date of the occurrence of the Damage and ending not later than the number of months specified in the Schedule thereafter, during which the results of the Business shall have been affected in consequence of the Damage.

Adjustments shall be made to the Standard Income and Standard Turnover as may be necessary to provide for the trend of the Business, and for variations in or other circumstances affecting the Business either before or after the date of the Damage or which would have affected the Business had the Damage not occurred, so that the figures as adjusted represent as nearly as may be reasonably practicable, the results which but for the Damage, would have been obtained during the relative period after the Damage occurred.

- 7.7 **THE BUSINESS** means the Business specified in the Schedule carried on by You at the commencement of the Period of Insurance, and such other business or businesses as may be declared by You during the Period of Insurance, and insurance for which has been accepted by Us under Sub-Section 8B of this Cover Section 8.

## 8. EXTENT OF COVER

Provided that You have paid or agreed to pay the premium stated in the Schedule, We agree to indemnify You against loss resulting from the interruption of or interference with the Business, provided the interruption or interference is as a result of:

### 8.1 Damage occurring during the Period of Insurance:

- 8.1.1 to Property Insured under Sub-Section 8A of this Cover Section for which a claim has been paid or liability admitted, or such claim would have been paid or liability admitted but for the application of a supplier's or manufacturer's warranty, Comprehensive Hardware Maintenance Agreements or Deductible; or
- 8.1.2 to other property at or in the vicinity of the Situation that prevents or hinders access to or use of any item of Property Insured under Sub-Section 8A of this Cover Section subject to the terms, Exclusions, limitations and Conditions contained in or endorsed on or otherwise expressed in this Cover Section, and settlement of claims shall be in accordance with the provisions of Settlement of Claims, Clause 9 of this Cover Section 8.

### 8.2 We will also pay for interruption or interference to Your Business as a result of failure of the public supply of electricity at the terminal point of the supply authority's feed to the Situation, but excluding failure caused by:

- 8.2.1 a deliberate act of the supply authority, unless performed for the sole purpose of safeguarding life or protecting a part of the supply authority's system;
- 8.2.2 a scheme of rationing, unless necessitated solely by physical Damage to a part of the supply authority's system; or
- 8.2.3 riot, strike, lock-out or civil commotion, unless arising solely out of Damage to or destruction of the supply authority's system (not being Damage or destruction resulting solely from cessation of work).

## **9. SETTLEMENT OF CLAIMS**

### **9.1 ITEM NO. 1 (INCREASE IN COST OF WORKING ONLY)**

You are indemnified with respect to any additional expenses (other than costs incurred in reinstating data) not otherwise recoverable under Clause 9.2—Item No. 2 (Reinstatement of Data) or Clause 9.3—Item No. 3 (Loss of Gross Income due to reduction in Gross Income and increase in Cost of Working) of Sub-Section 8B of this Cover Section (if applicable), necessarily and reasonably incurred during the Indemnity Period as a consequence of insured Damage and incurred for the sole purpose of avoiding or diminishing reduction in Gross Income or Pay-Roll, or resuming and maintaining the normal operation of the Business.

### **9.2 ITEM NO. 2 (REINSTATEMENT OF DATA)**

You are indemnified for the reasonable costs incurred in reinstating data onto Data Carrying Media, as a result of Breakdown only.

### **9.3 ITEM NO. 3 (LOSS OF GROSS INCOME DUE TO REDUCTION IN GROSS INCOME AND INCREASE IN COST OF WORKING)**

You are indemnified with respect to loss of Gross Income calculated in the following manner:

9.3.1 In respect of loss of Gross Income, the amount by which the Gross Income in consequence of the Damage falls short of the Standard Gross Income during the Indemnity Period.

9.3.2 In respect of Increase in Cost of Working, the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or minimising the reduction in Gross Income which, but for that expenditure, would have taken place during the Indemnity Period in consequence of the Damage but not exceeding the reduction in Gross Income thereby avoided, less any sum saved during the Indemnity Period in respect of such of the charges and expense of the Business, payable out of Gross Income as may cease or be reduced in consequence of the Damage.

### **9.4 ITEM NO. 4 (ADDITIONAL CLAIMS PREPARATION COSTS)**

We shall indemnify You for reasonable professional fees payable by You and such other reasonable expenses necessarily incurred by You not otherwise recoverable, for the preparation and negotiation of progress claims and/or final claims under Cover Sections 8A and 8B.

## **10. ADDITIONAL COVER APPLICABLE TO SUB-SECTION 8B**

### **10.1 PROFESSIONAL ACCOUNTANTS' CHARGES**

To the extent that the Limit of Liability for Insured Items under this Cover Section 8 are not otherwise exhausted, We will pay the reasonable charges payable by You to professional accountants or auditors, for producing and verifying any particulars or details or any other proofs, information or evidence as may be required by Us in support of a claim.

If the Limit of Liability is exhausted, We will pay You over and above the Limit of Liability up to but not exceeding the amount stated in the Schedule for Clause 9.4—Item No. 4 (Additional Claims Preparation Costs).

### **10.2 ADDITIONAL RENTAL CHARGE**

If at the time of Damage to any Computer System (for which a claim is payable), there is a lease or hire contract in force that is cancelled and replaced by a new contract in

respect of a Computer System similar to the one that was Damaged, We will pay the additional rental charges incurred, which result directly from the Damage.

It is a condition of cover that:

- 10.2.1 Our liability under this Additional Cover will not exceed Twenty-five Percent (25%) of the Limit of Liability for Increase in Cost of Working and Loss of Gross Income;
- 10.2.2 Our liability will cease after a period of two (2) years commencing from the time of the Damage; and
- 10.2.3 the Limit of Liability for Increase in Cost of Working and Loss of Gross Income is not otherwise exhausted.

#### **11. LIMIT OF LIABILITY APPLICABLE TO SUB-SECTION 8B**

Our total liability for any claim arising out of one event or series of events arising directly or indirectly from one source or original cause will not exceed the Limit of Liability shown in the Schedule.

#### **12. ENDORSEMENT APPLICABLE TO SUB-SECTION 8B**

The following Endorsement applies but only if it is shown in the Schedule. All the terms, Conditions and Exclusions of this Policy and Cover Section remain unaltered except where specifically varied by Endorsement.

##### **12.1 FAILURE OF NATIONAL DATA TRANSMISSION NETWORKS (HEREINAFTER REFERRED TO AS "FAILURE")**

Cover under Sub-Section 8B is extended to include Failure of national land-based data transmission networks in Australia, which is not caused by a deliberate act of national data transmission networks, unless performed for the sole purpose of protecting a part of their equipment.

- 12.1.1 Cover provided under this extension is limited to a period of ten (10) days from the date of Failure.
- 12.1.2 We will not be liable for Increase in Cost of Working, Loss of Income or Loss of Pay-Roll incurred during the first thirty-six (36) hours immediately following Failure.
- 12.1.3 We will not be liable for Failure caused by riot, strike, lock-out or civil commotion, or vandalism unless arising solely out of physical destruction, loss or Damage to the national data transmission networks (not being physical destruction, loss or Damage resulting solely from cessation of work).

#### **13. SPECIAL CONDITION APPLICABLE TO SUB-SECTION 8B**

##### **13.1 BACKUP OF DATA**

- 13.1.1 It is a condition of Sub-Section 8B that You backup or duplicate the data at intervals of not greater than thirty (30) days, and that these duplicate copies are stored offsite.
- 13.1.2 We shall not be liable for Reinstatement of Data, in respect of data stored more than thirty (30) days before the date of the loss, if such data has not been backed up and stored away from the computer site.

## **14. ADDITIONAL COVER APPLICABLE TO SUB-SECTIONS 8A AND 8B**

### **14.1 COMPUTERS, ELECTRONIC EQUIPMENT AND AIR CONDITIONERS SUBSEQUENTLY INSTALLED**

Cover is extended to include other Computer Systems or Electronic Equipment delivered and installed after the inception of this insurance at any of the Situations described in the Schedule from the time of installation, but excluding items hired by You.

It is a condition of cover that:

- 14.1.1 the Computer Systems or Electronic Equipment are insured only to the same extent as already described in the Schedule, but cover for Breakdown without a Comprehensive Hardware Maintenance Agreement will not apply, unless agreed by Us in writing;
- 14.1.2 the Computer Systems or Electronic Equipment are in satisfactory working order when installed;
- 14.1.3 the total Limit of Liability under Sub-Section 8A will not be increased by more than Twenty Percent (20%) in respect of such Computer Systems and Electronic Equipment;
- 14.1.4 the Limit of Liability under Sub-Section 8B will not be increased by more than Twenty Percent (20%) in respect of such Computer Systems and Electronic Equipment, provided that the increase in Limit of Liability will only apply to items shown in the Schedule;
- 14.1.5 You notify Us of the installation in writing within thirty (30) days of the delivery; and
- 14.1.6 You pay any additional premium required by Us for the insurance of such Computer Systems and Electronic Equipment.

## **15. EXCLUSIONS APPLICABLE TO SUB-SECTIONS 8A AND 8B**

We do not cover:

### **15.1 WEAR**

- 15.1.1 The cost of repairs or replacements necessitated solely by wasting, wearing away or wearing out caused by or naturally resulting from ordinary use or working, rusting, corrosion, oxidation, gradual deterioration, chipping of painted surfaces, or scratching of any surfaces of any part of an item of property. We are, however, liable for the cost of Damage insured by this Cover Section resulting from such causes.
- 15.1.2 Consequential loss resulting from interruption to or interference with the Business directly due to repairs or replacements necessitated solely by wasting, wearing away or wearing out caused by or naturally resulting from ordinary use or working, rusting, corrosion, oxidation, gradual deterioration, chipping of painted surfaces or scratching of any surfaces of any part of an item of property. We are, however, liable for consequential loss insured by this Cover Section resulting from interruption or interference caused by Damage resulting from such causes.

### **15.2 ELECTRONIC DATA**

- 15.2.1 Total or partial destruction, distortion, erasure, corruption, alteration, misinterpretation or misappropriation of Electronic Data.
- 15.2.2 Error in creating, amending, entering, deleting or using Electronic Data.

15.2.3 Total or partial inability of failure to receive, send, access or use Electronic Data for any time or at all; from any cause whatsoever, regardless of any other contributing cause or event whenever it may occur, unless such loss or Damage is a direct consequence of otherwise insured physical Damage and provided that Reinstatement of Data and/or Business Interruption is insured by this Cover Section 8.

### 15.3 SERVICE AGREEMENT

Costs otherwise recoverable under any Comprehensive Hardware Maintenance Agreement or hiring/leasing agreement or under any maker's or manufacturer's warranty.

### 15.4 KNOWN FAULTS OR DEFECTS

Physical destruction, loss or Damage due to faults or defects that You or Your Employees knew about when You arranged, renewed, extended, varied or reinstated this insurance, and which was not disclosed to Us at that time.

### 15.5 ALTERATIONS AND IMPROVEMENTS

The costs of any alterations, improvements, maintenance or overhauls carried out on the occasion of the repair or replacement.

### 15.6 FIRE AND PERILS

Physical destruction, loss or Damage to property resulting from:

- 15.6.1 fire, lightning, thunderbolt, meteorite, spontaneous combustion, fermentation, heating or any process involving the application of heat;
- 15.6.2 aircraft or other aerial devices or articles dropped therefrom, sonic boom and space debris;
- 15.6.3 earthquake, subterranean fire, volcanic eruption or tsunami;
- 15.6.4 storm, tempest, rainwater, wind, hail, Flood, action of the sea, tidal wave and high water;
- 15.6.5 water, liquids or substances discharged, overflowing or leaking from apparatus, fixed appliances, fixed pipes or other systems;
- 15.6.6 riots, civil commotions, strikes, locked out workers or persons taking part in labour disturbances, vandalism, or persons acting with lawfully constituted authority;
- 15.6.7 explosion;
- 15.6.8 impact; or
- 15.6.9 civil authorities attempting to prevent the spread of fire.

## 16. CONDITION APPLICABLE TO SUB-SECTIONS 8A AND 8B

### 16.1 EXCESS AND DIFFERENCE IN CONDITIONS COVERAGE

Where We have also granted insurance to You under Cover Section 1—Fire and Other Insured Perils and Cover Section 5—Business Interruption, and a claim for loss or Damage to property or consequential loss as a result of such loss or Damage is admissible under both Cover Sections 1 or 5 and this Cover Section 8, claims shall first be lodged under Cover Sections 1 and 5. Cover provided under this Cover Section 8 will only extend to areas not payable under Cover Sections 1 and 5, including (but not limited to) the difference in Deductibles between this Cover Section 8 and Cover Sections 1 and

5, amounts in excess of the Limits of Liability of Cover Sections 1 and 5, and any difference in conditions that results in broader coverage or greater benefits being available under Cover Section 8.

## **COVER SECTION 9 ENGINEERING**

### **INTRODUCTION**

Coverage applies only when Cover Section 9 is shown in the Schedule as having been selected for inclusion in Your policy, and is limited to the Period of Insurance indicated.

#### **1. DEFINITIONS**

For the purpose of this Cover Section, the following definitions apply:

1.1 **INSURED DAMAGE** means any sudden unforeseen physical loss or Damage that may include, but is not limited to, the actual breaking, seizing, deformation, burning out or Explosion of any part of the Plant, sufficient to prevent the Plant undertaking its normal operation and necessitating repair or replacement before normal operation can be resumed, and which occurs during the Period of Insurance.

1.2 **PLANT** means the apparatus/equipment/machinery, whether or not functioning independently or as any component part of a collection of apparatus/equipment/machinery that generates, contains, controls, transmits, receives, transforms or utilises any form or source of energy or power, as described in the Schedule.

**Plant does not include** computers, telecommunication transmitting and receiving equipment, electronic data processing equipment, lighting facilities, audio visual amplification and surveillance equipment, research, diagnostic and electro medical equipment, lifts, escalators, office machines, coin/card-operated machines, storage tanks and vats, boilers, economisers or other pressure vessels including pipes, valves and other apparatus forming part of any of these, mobile plant, ducting, reticulating electrical wiring, water and gas piping, and any other Plant and equipment not owned by You or not installed or used at the Situation. However, lifts, escalators, mobile plant and office machines other than electronic equipment may be insured under this Cover Section 9, and are insured if specified in the Schedule.

1.3 **ELECTRICAL, ELECTRONIC AND MECHANICAL PLANT** shall include all integral parts of the Plant specified in the Schedule with the exception of boilers, economisers or other pressure vessels including pipes, valves and other apparatus forming part of any of these.

1.4 **EXPLOSION** means the sudden, unforeseen and violent bursting or disruption of turbines, compressors, engine cylinders, hydraulic cylinders, flywheels or other parts subject to centrifugal force, transformers, switches or oil-immersed switchgear.

1.5 **SITUATION** means the Situation(s) specified in the Schedule at which the insured Plant is located.

1.6 **DEDUCTIBLE** means the amount specified in the Schedule that shall be deducted from the amount payable for a claim or for all claims arising out of the one original source or cause, other than a claim for Deterioration of Refrigerated Goods which, if insured hereunder, shall be subject to its own Deductible.

#### **2. EXTENT OF COVER**

Provided You have paid or agreed to pay Us the premium, We will indemnify You against Insured Damage to Plant as described in the Schedule whilst at the Situation, and for physical loss or Damage to other property belonging to You or in Your custody or control or for which You are legally liable, which results solely from impact from flying fragments of the Plant caused

by Insured Damage to the Plant and shall provide the additional repair costs referred to in Clause 4 of this Cover Section, but subject to:

- 2.1 the Limits of Liability referred to in the Schedule as applying to this Cover Section;
- 2.2 the amount of the indemnity being calculated in accordance with the Basis of Settlement at Clause 3;
- 2.3 the Insured Damage not occurring in circumstances that are excluded from cover by Clause 5;
- 2.4 after the application of any Deductible referred to in this Cover Section or Schedule; and
- 2.5 the General Conditions and General Exclusions of the Policy and the terms, Exclusions and Conditions of this Cover Section 9.

### **3. BASIS OF SETTLEMENT**

- 3.1 We will, at Our option, repair, rebuild or replace any item that has been Damaged, or pay for the cost of same, up to the Limit of Liability.
- 3.2 We will not pay for the cost of any alterations, improvements or overhauls that are not part of the repair, rebuilding or replacement of the item.
- 3.3 We will not pay for Damage to any item that is claimable for repair or replacement under any maintenance agreement or under any warranty issued by a manufacturer, supplier or maintenance organisation.
- 3.4 If the repairs are carried out by You either at the Situation or at a workshop owned by You, subject to Our liability not being increased, We will pay the cost of materials and wages incurred by You for the purpose of carrying out the repairs plus a reasonable markup for overheads, provided the person(s) carrying out the repair is qualified to do so.
- 3.5 If it is necessary to replace parts that are unavailable or obsolete, We will not pay more than the estimated cost of similar parts for similar type of plant currently available. If similar parts are found to be unprocurable, We shall not pay more than the manufacturer's or supplier's latest price list.
- 3.6 The work of repairing, rebuilding or replacing must be commenced and carried out with reasonable despatch, failing which We shall not be liable to make any payment greater than the cost necessary to repair, rebuild or replace the item at the time that the Insured Damage occurred.
- 3.7 Where Damage is confined to part of a machine or structure, We shall not pay more than the cost of repairing or replacing that part together with the cost of any necessary dismantling and erection. However, We shall not pay more than what We could have been called upon to pay had the machine or structure been totally destroyed.
- 3.8 Our total liability in respect of any one occurrence shall not exceed:
  - 3.8.1 when the Plant is specified in the Schedule as a separate item, the amount specified in the Schedule for that item less the Deductible;
  - 3.8.2 when the Plant is insured with other Plant collectively as a group, the amount specified in the Plant Schedule for the group less the Deductible; or
  - 3.8.3 when the item is other property belonging to You or in Your custody or control or for which You are legally liable, more than the amount specified in 3.8.1 or 3.8.2 (as the case may be) inclusive of the amount payable for the repair or replacement of the Plant.

## **4. ADDITIONAL COVER**

### **4.1 ADDITIONAL REPAIR COSTS**

If Insured Damage occurs to the Plant in circumstances giving rise to indemnity under this Cover Section 9, We will also reimburse You for the reasonable cost of the following items, if necessarily incurred:

- 4.1.1 in hiring of temporary Plant for use at the Situation nominated in the Schedule;
- 4.1.2 in effecting temporary repairs;
- 4.1.3 for express carriage rates and extra payments for overtime, night, Sunday or holiday pay incurred in connection with the repair or replacement of insured Plant; and
- 4.1.4 for consultant's fees.

The total additional costs for any one occurrence shall not exceed Fifty Percent (50%) of the normal cost of the repair, without these additional costs, in respect to any one occurrence. Our payment, inclusive of this Additional Benefit, shall not exceed the Limit of Liability specified in the Schedule.

Our approval for these additional costs must be obtained before any costs or expenses are incurred.

### **4.2 AUTOMATIC TEMPORARY COVER FOR ADDITIONAL PLANT**

We will indemnify You for Insured Damage occurring to additional Plant that is installed or brought into use at the Situation after the commencement of the Period of Insurance for a period of ninety (90) days after its installation or bringing into use (whichever is the earlier).

It is a condition of cover that:

- 4.2.1 You must give Us notice in writing within that ninety (90) day period and pay Us any additional premium that We may require, calculated from the date of installation or bringing into use.
- 4.2.2 The additional Plant must be free from known defects and must comply with all statutory requirements.
- 4.2.3 This temporary cover shall not commence until the additional Plant has worked satisfactorily for eight (8) hours and has been handed over after commissioning.
- 4.2.4 This temporary cover shall only apply to Plant that is of a similar kind to the Plant insured under this Cover Section 9.
- 4.2.5 The Limit of Liability and Deductible applicable in respect of the additional Plant shall be determined by Us in accordance with Our then current underwriting practice and the terms of cover applicable to Your insurance under this Cover Section 9.

## **5. EXCLUSIONS**

Other than where specifically provided for in the Schedule, the following Exclusions shall apply.

- 5.1 You are not insured for the cost of repair or replacement of expendable items, such as electrical and electronic glass bulbs, tubes, x-ray tubes, contacts, fuses, heating elements, batteries, wear plates, cutting edges, tools, dies, moulds, patterns, impression rollers, engraving cylinders, shear pins, tyres, tracks, conveyor belts, ropes, glass and

ceramic components or any other parts that require periodic or frequent replacement or have a limited life, unless necessary as part of the rectification of Insured Damage not otherwise excluded under this Cover Section 9.

- 5.2 Except where the repair or replacement is made necessary by Insured Damage to other parts of the Plant, We will not pay for:
- 5.2.1 the repair or replacement of joints, gaskets or seams, drive belts, filters, chains, brickwork, foundations or refractories, seals, shaft seals, flexible drives or flexible pipes, soft rollers, replacement of refrigerant, brine or any transfer media; or
  - 5.2.2 the repair of any crack, fracture, blister, lamination, flaw or grooving that has not penetrated completely through the entire thickness of the material of the Plant, even though repair or renewal of the part affected may be necessary either immediately or at some future time.
- 5.3 You are not insured for the cost of repairs or replacements necessitated solely by wasting, wearing away or wearing out caused by or naturally resulting from ordinary use or working, rusting, gradual deterioration, chipping of painted surfaces or scratching of any surfaces of any part of an item of Plant, but We are liable for Damage resulting from such causes.
- 5.4 We will not pay for the cost of the carrying out of normal or routine maintenance.
- 5.5 You are not insured against loss or Damage to any item of Plant that was known to be defective before the loss or Damage occurred.
- 5.6 You are not insured against loss of use or consequential loss of any kind.
- 5.7 You are not insured against loss or Damage caused directly or indirectly by:
- 5.7.1 fire, smoke or soot, extinguishing of a fire or subsequent demolition, lightning, hail, wind, rain, storm, flood, impact by aircraft or other aerial devices or pressure waves created by their travelling at sonic or supersonic speed, theft or attempted theft, malicious damage, earthquake, subterranean fire, volcanic eruption or tsunami, subsidence, landslip earth movement, subterranean fire, volcanic eruption, impact by the land-borne vehicles or water-borne craft;
  - 5.7.2 explosion, other than as defined;
  - 5.7.3 the application of any tool or process to the Plant in the course of maintenance, inspection, repair, alteration, modification or overhaul; or
  - 5.7.4 occurring during installation or erection other than dismantlement, movement and re-erection at the Situation for the purpose of cleaning, inspection or repair.
- 5.8 You are not insured against loss or Damage caused by:
- 5.8.1 the Plant being subjected to tests involving abnormal stresses or arising out of the Plant being intentionally overloaded; or
  - 5.8.2 any raising or lowering operation in which a single load is shared between more than one item of Plant, whether such item is insured under this Cover Section 9 or not.
- 5.9 In the event of loss or Damage to the Plant giving rise to a claim under this Cover Section 9, We will not be liable for any costs associated with altering or modifying the Plant to enable it to operate with a more ozone-friendly refrigerant gas as required by the UNEP.

For the purpose of 5.9, the UNEP means the UNEP Montreal Protocol with respect to substances that deplete the ozone layer.

## **6. SPECIAL CONDITIONS APPLICABLE TO CERTAIN TYPES OF PLANT**

Where the Policy covers the following types of Plant, the Special Conditions hereunder applicable to such Plant, shall apply.

### **6.1 LIFT MAINTENANCE WARRANTY**

A fully Comprehensive Lift Maintenance Contract must remain in force for the duration of this insurance. Furthermore, We shall not be liable for:

6.1.1 ropes, slides, pulleys, trailing cables, lift car, and any costs recoverable under the Lift Maintenance Contract; or

6.1.2 the cost of repairs that fall under a supplier's or manufacturer's warranty.

### **6.2 TURBINE PUMP PROTECTION**

All turbine and submersible pumps must be fitted with a motor disconnection device that automatically operates in the event of a drop in water pressure in the column pipe.

### **6.3 PETROL/DIESEL ENGINE WARRANTY**

Any unattended petrol or diesel engine must be fitted with a monitoring device that will stop the engine in the event of over-speed, overheating or lubrication failure.

## **7. CONDITIONS**

### **7.1 PRECAUTIONS**

You shall take all responsible measures to maintain the Plant in sound condition and good working order to prevent Insured Damage occurring to the Plant and to comply with all statutory obligations and by-laws or regulations made by any public authority in relation to the operation, maintenance, repair or inspection of the Plant.

### **7.2 ALTERATION OF WORKING CONDITIONS**

You shall notify Us immediately in writing of any proposed alteration of, or any change to, circumstances materially affecting the working conditions of the Plant.

### **7.3 EXAMINATIONS**

You shall permit Us or Our authorised representatives to inspect the Plant at all reasonable times during the Period of Insurance. You shall have the Plant properly prepared, at Your own expense, for such inspection. An inspection by Us shall not warrant or represent that the item of Plant is safe or conforms to any statutory requirement or standard.

### **7.4 MINIMISATION OF LOSS**

In the event of circumstances occurring that may give rise to a claim under this Cover Section 9, You will do all things necessary and reasonable to reduce the amount of any loss or Damage.

### **7.5 NOTIFICATION OF DAMAGE AND REPAIRS**

On the happening of any event that may give rise to a claim under this Cover Section 9:

7.5.1 You must notify Us as soon as possible by telephone, with confirmation in writing or by e-mail or facsimile, giving full particulars of the Damage that has occurred;

7.5.2 You may, at Our option, obtain alternative quotations for the repair work; and

7.5.3 upon notification, You may proceed with the repair of any minor Damage, provided that the carrying out of such repair does not prejudice Us in any way. Any Damaged parts must be kept by You for Our inspection.

#### **7.6 TRANSFER OF INTEREST**

No transfer of interest in any Plant shall affect or be binding on Us.

#### **7.7 EXCESS AND DIFFERENCE IN CONDITIONS COVERAGE**

Where We have also granted insurance to You under Cover Section 1—Fire and Other Insured Perils and a claim for loss or Damage to property or consequential loss as a result of such loss or Damage is admissible under both Cover Sections 1 or 5 and this Cover Section 9, claims shall first be lodged under Cover Sections 1 and 5. Cover provided under this Cover Section 9 will only extend to areas not payable under Cover Sections 1 and 5, including (but not limited to) the difference in Deductibles between this Cover Section 9 and Cover Sections 1 and 5, amounts in excess of the Limits of Liability of Cover Sections 1 and 5, and any difference in conditions that results in broader coverage or greater benefits being available under Cover Section 9.

### **8. ENDORSEMENT**

The following Endorsement applies but only if it is shown in the Schedule and provided that all the terms, Conditions and Exclusions of this Cover Section remain unaltered except where specifically varied by an Endorsement.

#### **8.1 DETERIORATION OF REFRIGERATED GOODS**

Notwithstanding anything contained in this Cover Section to the contrary, We will indemnify You against physical loss of or Damage to the refrigerated goods owned by You, (or for which You are responsible), stored in cold storage spaces (including the cost of their disposal) cooled by the Plant specified in the Plant Schedule, occurring during the Period of Insurance, caused by deterioration or putrefaction resulting from a change in temperature due solely to:

- 8.1.1 Insured Damage to the Plant;
- 8.1.2 the operation or failure of thermostats, pressure controls or limiting/controlling/protection devices, but shall not include loss or Damage caused by the manual operation or manual setting of switches or controls;
- 8.1.3 the accidental failure of public supply services;
- 8.1.4 the sudden leakage of refrigerant from the Plant or pressure pipe systems forming part of the Plant specified in the Plant Schedule; or
- 8.1.5 contamination of the goods by reason only of leakage of refrigerant from the Plant.

Our total liability under this Endorsement for all claims arising out of any one occurrence, shall not exceed the Sum Insured stated in the Schedule less the Deductible for Deterioration.

We may, at Our option, pay for the cost of replacement of the refrigerated goods or replace those goods. If the goods are Your property, however, We shall not be bound to pay more than the purchase price of those goods paid by You, together with any handling costs incurred by You. In the event that such goods, or a portion thereof, are past their 'use by' date or 'best before' date, the amount payable by Us shall be reduced to take into account the reduced value of the goods.

## **Exclusions Applicable to this Endorsement**

You are not insured under this Endorsement for:

- 8.1.6 Any consequential Damage resulting in any way from the deterioration or putrefaction of the goods.
- 8.1.7 Damage to goods due to the failure of the public supply services as a result of any deliberate act by the supply authority not performed for the sole purpose of safeguarding life or protecting any part of the public supply system.
- 8.1.8 Damage to goods due to any scheme of rationing that is not necessitated solely by accidental Damage to the generating or supply equipment of the public supply authority.
- 8.1.9 Damage to goods due to, or resulting from, disease of any kind, from improper storage, Damage to packing material or inadequate air circulation.
- 8.1.10 Damage to goods resulting from the intentional interruption of the electricity service by the public supply consequent upon Flood, fire or storm.
- 8.1.11 Damage to goods that are alive or are of a bacterial nature.

## **COVER SECTION 10 FIDELITY GUARANTEE**

### **INTRODUCTION**

Coverage applies only when Cover Section 10 is shown in the Schedule as having been selected for inclusion in Your policy, and is limited to the Period of Insurance indicated.

### **1. DEFINITIONS**

- 1.1 **EMPLOYEE** means any person under a contract of service or apprenticeship with You and shall further include, but not be limited to:
  - 1.1.1 any non-compensated officer of Your organisation including a voluntary worker performing specified duties;
  - 1.1.2 an elected officer of a welfare, social or sporting club associated with the Business in the performance of duties on behalf of any such organisation;
  - 1.1.3 any director or trustee of Your organisation (including a self-managed superannuation fund) while performing acts coming within the scope of the usual duties of an employee or member of any committee duly elected or appointed to examine or audit or have custody of or access to any of Your property; and
  - 1.1.4 any individual or individuals assigned to perform employee duties within the Premises for You by any agency furnishing temporary personnel on a contingent or part-time basis provided, however, that this Cover Section does not cover any loss caused by any such individual if such loss is also covered by any insurance or suretyship held by the agency furnishing such temporary personnel to You.

Brokers, factors, commission merchants, consignees or other agents or representatives of the same general character shall not be considered employees.

### **2. EXTENT OF COVER**

We agree that if, during any Period of Insurance in respect of which We have accepted the premium, any such Employee shall commit any fraudulent or dishonest act or acts, acting alone or in collusion with others which results in pecuniary loss to You that directly results from such

fraudulent or dishonest act or acts, We will make good and reimburse You up to the amount or value of such pecuniary loss but not exceeding in any case the Limit of Liability stated in the Schedule in respect of any one Employee or any number of Employees during one Period of Insurance.

Provided that the cover granted is subject to the General Conditions and General Exclusions of the Policy and the Exclusions and Conditions of this Cover Section and Your compliance with each of them shall be a condition precedent to Our liability hereunder and to Your rights to sue or recover hereunder except so far as they relate to anything that is not capable of being performed until after payment by Us.

### **3. ADDITIONAL COVER**

3.1 The following covers and clauses apply:

#### **3.1.1 DESIGNATION OF EMPLOYEE CLAUSE**

If You shall sustain any loss covered by this Cover Section but are unable to designate the specific Employee or Employees committing such fraudulent or dishonest act or acts, You shall nevertheless still have the benefit of this Cover Section provided that the proof of loss delivered to Us reasonably proves that the loss was in fact due to the fraud or dishonesty of one or more Employees.

#### **3.1.2 SUBSTITUTION OF A PRIOR POLICY CLAUSE**

If this Cover Section is substituted for any prior policy of insurance carried by You, which prior policy is terminated, cancelled or allowed to expire as of the time of such substitution, We agree that this Cover Section shall apply to any loss:

3.1.2.1 which is discovered within the time limitations provided by this Cover Section (see Exclusion 4.1.3); and

3.1.2.2 which arises from any fraudulent or dishonest act or acts committed within the time provided by this Cover Section (see Exclusion 4.1.4); which loss would have been recoverable by You under the prior policy except for the fact that the time within which to discover any loss had expired;

Provided that:

3.1.2.3 the coverage provided hereunder shall form part of, and shall not be in addition to, the Limit of Liability stated in the Schedule;

3.1.2.4 such loss would have been covered under the prior policy had the policy with its agreements, limitations and conditions as of the time of such substitution been in force when the acts or defaults causing such loss were committed; and

3.1.2.5 recovery under this Cover Section 10 on account of such loss shall not exceed the amount that would have been recoverable under this Cover Section 10 at the time of substitution, had this Cover Section been in force when such acts or defaults were committed or the amount that would have been recoverable under such prior policy had such prior policy continued in force until the discovery of such loss, if the Limit of Liability of the prior policy be smaller.

#### **3.1.3 INVESTIGATION COSTS**

We will also pay, in connection with claims in respect of which You are entitled to indemnity under this Cover Section 10, all costs or fees payable to external auditors, consultants, investigators, private enquiry agents or the like (other than Employees), which are reasonably and necessarily incurred to support the

claim, provided that where We are required to pay in addition to the Limit of Liability such Limit being otherwise exhausted, We will not pay more than Ten Percent (10%) of the Limit of Liability.

#### 3.1.4 **RECOVERIES**

If You sustain any loss covered by this Cover Section that exceeds the Limit of Liability stated in the Schedule, You shall be entitled to all recoveries (except from suretyship, insurance, reinsurance, security, or indemnity taken by Us solely for Our benefit) by whomsoever made, on account of such loss under this Cover Section 10 until You are fully reimbursed and any remainder shall then be applied in Our favour in reduction of Our insured loss payment.

#### 3.1.5 **REINSTATEMENT OF THE LIMIT OF LIABILITY AFTER A LOSS**

In the event of notification to Us during the Period of Insurance of any claim or of circumstances likely to give rise to a claim, the Limits under this Cover Section 10 shall be deemed to be reinstated for such amount if any as may ultimately be paid by Us in respect of such claim so as to remain in force during the Period of Insurance for the Limit of Liability stated in the Schedule provided that the aggregate of the amounts so reinstated shall not exceed an amount equal to the said Limit of Liability.

It is the intention of the above that the sums thus reinstated shall provide cover in respect of subsequent claims or losses that are totally unrelated to the claims or circumstances that give rise to the claims already notified.

Such reinstatement shall be effected once only.

#### 3.1.6 **ACQUIRED COMPANIES**

If You acquire more than Fifty Percent (50%) of the voting stock of another entity, coverage shall extend to the acquired entity but only with respect to losses sustained after such acquisition, unless We agree after presentation of a completed application and all appropriate information, to provide coverage by endorsement for losses sustained prior to such acquisition and discovered during the Period of Insurance stated in the Schedule.

You shall give written notice to Us of such acquisition as soon as practicable, but in no event later than ninety (90) days thereafter, together with such acceptable and satisfactory information as We may require, and shall pay any reasonable additional premium required by Us otherwise coverage as may be provided on such other entity shall be null and void from the date of acquisition.

### **4. EXCLUSIONS**

4.1 We shall not be liable under this Cover Section 10 in respect of or in relation to any Employee, acting alone or in collusion with others, for:

4.1.1 more than the Limit of Liability stated in the Schedule notwithstanding that such fraudulent or dishonest act or acts were committed by such Employee during more than one Period of Insurance underwritten by Us;

4.1.2 any loss, or to that part of any loss as the case may be, the proof of which either as to its factual existence or as to its amount is deduced from an inventory computation or a profit and loss computation, provided however, that this proviso shall not apply to loss of money or other property that You can prove through the evidence wholly apart from such computations, was sustained by You through any fraudulent or dishonest act or acts committed by any one or more of the Employees;

4.1.3 any loss arising from any fraudulent or dishonest act or acts unless discovered within twelve (12) months of the termination of this Cover Section;

- 4.1.4 any loss arising from any fraudulent or dishonest act or acts committed more than forty-eight (48) months prior to the date of receipt by Us of notice of such loss.

Provided that, in respect of loss arising from fraudulent or dishonest act or acts committed during the currency of the Policy and discovered after, but within twelve (12) months of, the termination of cover under this Cover Section 10, You shall be entitled to claim for any such loss that arose within the period of forty-eight (48) months immediately prior to the date of termination of cover under this Cover Section 10;

- 4.1.5 any loss arising from any fraudulent or dishonest act or acts committed by such Employee after You shall have knowledge or information of any act of fraud or dishonesty on the part of such Employee; or
- 4.1.6 any loss arising from the complete or partial non-payment of, or default upon any loan, extension of credit or transaction in the nature of, or amounting to, a loan obtained from or made by You or by any of the Employees, whether authorised or unauthorised, unless such loss results from fraud or dishonesty on the part of any of the Employees.

## **5. CONDITIONS**

### **5.1 YOUR DUTY**

The extent of Our liability is conditional upon:

- 5.1.1 Your notification as soon as possible to Us of any change materially varying any of the facts or circumstances existing at the commencement of this insurance; and
- 5.1.2 the observance of the terms of this insurance by You and by any other person claiming indemnity under this Cover Section 10.

### **5.2 CLAIMS PROCEDURES APPLICABLE TO THIS COVER SECTION**

Upon the discovery of any circumstances giving rise or likely to give rise to a claim under this Cover Section 10, You shall:

- 5.2.1 as soon as practical, give Us notice thereof explaining fully all such circumstances;
- 5.2.2 deliver a detailed proof of loss, duly sworn, to Us within four (4) months after the discovery of the loss; and
- 5.2.3 at all reasonable times permit Us or Our agents to inquire into, investigate and examine the circumstances of the alleged loss to You and the claim in respect thereof, and You shall, at Your own expense, upon being required so to do by Us or Our agents, produce all books, vouchers, correspondence, documents, receipts, and all entries in Your possession or control relating to the alleged loss, and shall furnish copies of such of them and otherwise give all possible assistance as We may require so far as they relate to such claim or may in any way enable Us or Our agents to ascertain the correctness thereof and determine Our liability under this Cover Section 10.

### **5.3 SUBROGATION**

We shall have the right of subrogation in respect of all rights or remedies that You may have against any Employee or any other party or parties, and You shall at Our expense do and take, and permit to be done and taken in Your name, all such acts, things and proceedings as We may consider necessary or require for the purpose of enforcing or exercising all or any such rights.

#### 5.4 **ADJUSTMENT OF PREMIUM**

Within sixty (60) days of the end of each Period of Insurance, You shall declare details of the number of Employees and the actual wages paid to Employees during the previous Period of Insurance.

The premium paid shall then be adjusted if required on the basis of such declaration, and any extra or return premium charged or allowed where appropriate.



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