

Community Underwriting

Not for Profit Business Package

Product Disclosure Statement (PDS) and Policy Document



Community
Underwriting

Making a real difference
to the way that insurance
is provided to the
Not for Profit sector

IMPORTANT NOTICE TO THE INSURED

This insurance is a legal contract. Please read it carefully to ensure that it is in accordance with your requirements and that you understand its terms and conditions. The Insurance Broker or other intermediary who arranged this insurance should be contacted immediately if any correction is necessary. Your attention is particularly drawn to the notice headed 'Not for Profit Business Package' that appears on page 1 of this document.

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Community Underwriting – Our Story

Community Underwriting operates under a unique business model in the Australian insurance market.

Our story begins over 25 years ago when the NSW Meals on Wheels Association assisted a few member Services that were having difficulty obtaining insurances at a reasonable cost.

That grew over the next twenty years into a comprehensive insurance facility assisting over 800 Not for Profits around Australia. In 2014 we created a change in the way that the facility provided insurance to Not for Profit organisations.

Today we are an underwriting agency majority owned by our larger Not for Profit clients, returning our surplus funds back into the sector.

Our 25 year heritage and being uniquely owned by the sector gives us a level of knowledge and empathy that is difficult to match in a corporate insurance organisation.

Our business model is tangible proof of this difference. Each year seventy percent of our surplus is returned to our Not for Profit shareholders as donations.

A further five percent of our surplus is set aside each year to fund a small grants program for our non shareholder clients. Our insurer and broker partners now add to this grants pool to enable us to expand even further the number of clients that we are able to assist.

Join us in making a real difference to the way insurance is provided in our sector.

About Community Underwriting

Community Underwriting Agency Pty Ltd (Community Underwriting) acts under a binding authority as Agent for Mitsui Sumitomo Insurance Company Limited (MSI) to issue, vary and cancel policies on MSI's behalf. In all aspects of this Policy, Community Underwriting acts as an agent for Mitsui Sumitomo Insurance Company Limited, the Insurer and not for the Insured.

About the Insurer

Mitsui Sumitomo Insurance Company Ltd (MSI) ABN 49 000 525 637 AFS License No. 2401816 is part of the Tokyo listed MS & AD Insurance Group with a global network of offices across 42 countries and regions.

Not for Profit Business Package

This document contains important information about this insurance and how it works. Before making a decision to take up this insurance, please read this document carefully.

To determine if this insurance is appropriate for You, it is important that You read:

- this Introduction and the Important Information – it contains information on important matters You need to be aware of before applying for this product;
- the Policy, which explains the features, benefits, terms, conditions and exclusions of this product;
- any other documents We provide to you about this product which may change the features, benefits, terms, conditions and exclusions described in the Policy.

Important Information

1. Entering into the Policy with Us

Where We have agreed to insure You, We confirm this by issuing You with a Schedule which provides details relevant to You, such as Insured Amounts, Limits of Liability, Premium and Excesses.

The Policy, which is Your contract with Us, is entered into on the basis of the information provided by You in the application process. Please ensure You have complied with Your Duty of Disclosure as this can affect Your ability to claim.

The Policy is entered into on the condition that You will pay the Premium required by Us by the agreed time (including any adjustments).

In order to calculate Your Premium, We take various factors into consideration, including the level of cover requested and the property to be insured.

The Policy is made up of:

- this Product Disclosure Document (PDS);
- the Schedule;
- any Endorsements to the Policy issued by Us.

You need to:

- read these documents together as they set out all of the terms and conditions of Your cover;
- check them to make sure that the cover given is what You want;

- keep them together in a safe place for future reference along with receipts, and other evidence of ownership and value of items You have specified on the proposal form, or any other application for insurance, and for any other items of significant value.

If You do not meet Your obligations under the Policy, We may cancel it and/or reduce Our liability in respect of a claim to the extent permitted by law.

If You need more information about the Policy please contact Your insurance adviser or Us.

2. Cost of the insurance

In order to calculate Your Premium, We take various factors into consideration, including the level of cover requested and the property to be insured.

Factors that increase the risk to Us generally increase the Premium (e.g. high claims experience or higher Insured Amounts) and factors that reduce the risk to Us generally reduce the premium (e.g., low claims experience or lower Insured Amounts).

Your Premium also includes amounts that take into account Our actual or estimated obligation to pay any relevant compulsory government charges, taxes or levies (for example Stamp Duty, GST and Fire Services Levy). Where We are required to pay an estimated amount (e.g. For Fire Services Levies) based on criteria set by the Government, We allocate to the Policy Our estimate of the amount We will be required to pay. We may under or over recover in any particular year but We will not adjust Your Premium because of this. You can ask Us for more details if You wish.

When You apply for this insurance, You will be advised of the total amount payable, when it needs to be paid and how it can be paid. This amount will be clearly set out in the Schedule, which will be sent to You within five (5) days of the issue of this product. If You fail to pay, We may reduce any claim payment by the amount of Premium owing and/or cancel the Policy.

You may also be required to pay an Excess in the event of a claim under this Policy. The amount of any Excess will be shown on the Schedule.

About this Product Disclosure Statement and this Policy wording

We are required to give You a Product Disclosure Statement (PDS) if You are insuring a Home Building under Section 1 – Business Property, Section 3 - Theft or Section 6 - Glass and You are:

- An individual; or
- A small business, having:
 - In the case of a non-manufacturing business, less than 20 employees; or
 - In the case of a manufacturing business, less than 100 employees.

This PDS and this Policy wording consists of 4 parts:

- Part 1 contains a ‘Summary of the available covers under this Policy’. You can use this summary, together with Your insurance intermediary’s assistance, to decide which Policy sections You need for the Business.
- Part 2 contains information about Your rights and responsibilities, the General Insurance Code of Practice and how to contact Us if You have a question or complaint. Part II applies to all Policy Sections and should be read by all persons who take out this Policy.
- Part 3 contains information for certain persons insuring a Home Building. This part only applies to You if You are insuring a Home Building under Section 1 – Business Property, Section 3 - Theft or Section 6 - Glass and You are an individual or a small business.
- Part 4 comprises the Policy terms and conditions. It applies to all persons who take out this Policy.

To understand the full terms and conditions Your Policy, You must read Part 2 “Your Rights and Responsibilities” and Part 4 - the terms and conditions of this Policy.

If You are insuring a Home Building under Section 1 – Business Property, Section 3 - Theft or Section 6 – Glass and You are an individual or a small business, You should also read Part 3.

Part 1 – Summary of the available covers under this Policy

This Policy has been designed to meet the specific needs of the Business. We set out below a summary of the available covers provided by each Section of the Community Underwriting Not for Profit Business Insurance Policy.

Cover Section	Summary of covers – please refer to the relevant Sections for details, relevant limits, Excesses and specific terms, conditions and exclusions that apply.
Section 1 – Business Property	This section covers Loss of or Damage to the Business Property at the Business Premises caused by the events listed under ‘Defined Events Cover’ and ‘Accidental Damage Cover’ and provides a number of automatic Additional benefits and an Optional Flood Benefit.
Section 2 - Business Interruption	This section covers loss of Revenue or Gross Profit and/or additional / increase in cost of working resulting from interruption of or interference with the Business caused by events covered under certain other sections of Your Policy and also provides a number of automatic Additional benefits and Optional benefits.
Section 3 - Theft	This section covers Loss of or Damage to your Contents, Stock or Specified Items due to theft and it also provides a number of additional benefits.
Section 4 - Money	This section covers Loss of or Damage to the Business’ Money whilst on the Business Premises in a Safe or Strongroom, in transit to or from the Premises, or in Your personal custody, or the custody of a trusted employee.
Section 5 - Machinery and Electronic Breakdown	This section covers Insured Damage to the Business’ Machinery (including Boilers and Pressure Plant), Computer Equipment and Electronic Equipment caused by a Breakdown. It also provides a number of automatic Additional benefits and an Optional benefit for deterioration of stock which is kept in freezers or refrigerated units, if the fridge or freezer breaks down.
Section 6 - Glass	This section covers You for Accidental Breakage of Glass at the Business Premises and provides a number of additional benefits.

Section 7 – General Property	This section covers Loss of or Damage to portable items of property, which You usually carry around with You in the course of the Business anywhere in the world, which occurs anywhere in Australia or the rest of the world.
Section 8 - Goods in Transit	This section covers the Loss of or Damage to goods and stock (that the Business buys, sells or uses) whilst they are in transit.

Part 2 – Your rights and responsibilities

The Duty of Disclosure

Your duty of disclosure

Before you enter into an insurance contract, you have a duty of disclosure under the Insurance Contracts Act 1984.

If We ask you questions that are relevant to Our decision to insure You and on what terms, You must tell us anything that You know and that a reasonable person in the circumstances would include in answering the questions.

You have this duty until We agree to insure You.

If You do not tell Us something

If You do not tell us anything You are required to tell Us, We may cancel Your contract or reduce the amount We will pay You if You make a claim or both.

If Your failure to tell Us is fraudulent, We may refuse to pay a claim and treat the contract as if it never existed.

Renewal of Eligible Contracts of Insurance

Your duty of disclosure

Before you enter into an insurance contract, you have a duty of disclosure under the Insurance Contracts Act 1984.

Also, We may give You a copy of anything that You have previously told Us and ask You to tell us if it has changed. If We do this, You must tell us about any change or tell Us that there is no change.

You have this duty until We agree to renew the contract.

If You do not tell Us something

If You do not tell us anything You are required to tell Us, We may cancel Your contract or reduce the amount We will pay You if You make a claim or both.

If Your failure to tell Us is fraudulent, We may refuse to pay a claim and treat the contract as if it never existed.

Consequence of non-disclosure

If You fail to comply with Your duty of disclosure for a new Policy, or before You renew, extend, vary or reinstate Your Policy We may be entitled to reduce Our liability under the Policy in respect of a claim or may cancel it. If Your non-disclosure is fraudulent, We may also have the option of avoiding the Policy from its commencement.

Other party's interests

We only cover persons specified in the Policy as entitled to cover for the relevant interest specified. If You want to cover a person's interest that is not specified You need to apply to Us for this.

Cooling off

If You are not completely satisfied with the Policy You may cancel it by notifying Us in writing within thirty (30) days of cover having commenced. You will receive a refund of the amount You have paid unless You have made or are entitled to make a claim under the Policy. You still have cancellation rights after this Cooling Off period ends, which are set out in the General Conditions.

Paying Your premiums

When You apply for this insurance, You will be advised of the total amount payable, when it needs to be paid and how it can be paid. This amount will be clearly set out in the Schedule, which will be sent to You within five (5) days of the issue of this product. If You fail to pay, We may reduce any claim payment by the amount of Premium owing and/or cancel the Policy.

Excess

This is the amount You have to pay if You suffer Loss, Damage or liability which leads to a claim under this Policy.

The amount and type of Excess that applies to Your Policy is shown either in Part 4 of this PDS and Policy wording or in the Schedule.

If You claim under more than one section of Your Policy for one incident or event, then You only pay the highest Excess that applies unless expressly stated otherwise in this Policy. For example, Additional Benefits may have their own Excess which are in addition to any Excess that may apply to a claim.

Fraudulent claims

If You or anyone acting on Your behalf or with Your knowledge makes a claim that is false or causes Loss or Damage deliberately, We may do one or more of the following:

- refuse to pay a claim.
- Cancel Your Policy.

- Take legal action against You.

Complaints

If You have a complaint, You may contact Us and request that We review the matter. If You are dissatisfied with Our decision, You may request it be reviewed by Our Internal Dispute Resolution (IDR) Committee.

If You are unhappy with Our decision You may refer Your dispute to the Financial Ombudsman Service (FOS).

The FOS is a free and independent external dispute resolution scheme for consumers approved by the Australian Securities and Investment Commission for disputes. The scheme applies to matters that are covered by the FOS' Terms of Reference. We are a member of this scheme and We agree to be bound by the FOS' determinations on disputes but You are not so bound. If You wish Your dispute to be determined by the FOS, You must refer Your dispute to the FOS within 2 years of the date of Our final IDR response. You may refer the matter to the FOS by contacting them at:

Financial Ombudsman Service

GPO Box 3

Melbourne Victoria 3001

Phone: 1300 78 08 08

Email: info@fos.org.au

Website: www.fos.org.au

Privacy

We are bound by the National Privacy Principles (NPPs) and comply with the Privacy Act 1988 (Cth). We are committed to ensuring that all Our business dealings comply with the NPPs and acknowledge the importance of keeping personal details for individuals confidential and secure.

Collection

We collect personal information for the purpose of providing insurance, including arranging insurance, Policy administration and claims handling.

Disclosure

When necessary, We may disclose Your personal information to and/or collect Your personal information from:

- other companies within the same Group;

- other insurers, financial institutions, insurance and claims reference agencies, credit agencies, loss assessors, financial or investigative service providers;
- service providers including: mail delivery, information technology, research and development, customer research, imaging and document management, legal and other professional service providers;
- government, law enforcement or statutory bodies, where required by law;
- dispute resolution service providers, such as the Financial Ombudsman Service; and
- hospitals, medical and health professionals.

Where You are an insured person and not the Insured, We may disclose Your personal information to the Insured.

Disclosure overseas

There are also instances where We may have to send Your personal information overseas or collect personal information from overseas. These instances include:

- sending Your personal information to companies in the same Group;
- when You have asked Us to do so;
- when We are authorised or required by law to do so; or
- when We have outsourced a business activity or function to an overseas service provider with whom We have a contractual arrangement.

We will only send Your personal information overseas or collect personal information about You from overseas for the purposes in this statement and in compliance with the privacy regime.

Use

We use and disclose Your personal information for the purposes of providing insurance, including arranging insurance, Policy administration, claims handling and dispute resolution.

We may also use and disclose Your personal information for a secondary purpose related to the purpose for which We collected it, where You would reasonably expect Us to use or disclose Your personal information for that secondary purpose. In the case of sensitive information, any secondary purpose, use or disclosure will be directly related to the purpose of collection.

When We disclose personal information to third parties We limit their use and disclosure to the specific purpose for which We supplied it. By providing personal information to Us or Our agent, You consent to Us making these disclosures.

Without Your personal information, We may not be able to provide You with the services You require.

When You give Us personal information about other individuals, We rely on You to have made, or make, them aware that You will, or may, provide their information to Us and the types of third parties We may provide it to; the relevant purposes We and the third parties will use it for; and how they can access it. If You have not done or will not do either of these things, You must tell Us before You provide the relevant information.

If You require a copy of Our Privacy Statement, the full Privacy Policy, or further information, please contact Community Underwriting and ask for the Compliance Manager.

Access

You can request access to, and if applicable the correction of, the personal information We hold about You by contacting Us. A fee may be charged to cover the cost associated with providing access.

In some circumstances, We are able to deny Your request for access to personal information. If We deny Your request for access, We will tell You why.

Goods And Services Tax (GST)

All amounts insured by the Policy are in accordance with the advice You have given to Us regarding Your GST status. Any claim settlements, up to the total of all amounts insured, will be calculated with reference to Your GST status and the GST status of the property which is the subject of the claim.

We will not be liable to pay any GST, or any fine, penalty or charge that You are liable for arising out of Your misrepresentation of, or failure to disclose, Your proper input tax credit entitlement on the Premium relating to the Policy.

When You are:

- a) not registered for GST, the amount We pay is the Insured Amount/Limit of Indemnity or other limits of insurance cover including GST.
- b) registered for GST, we will pay the Insured Amount/Limit of Indemnity or the other limits of insurance and where You are liable to pay an amount for GST in respect of an acquisition relevant to Your claim (such as services to repair a Damaged item insured under the Policy) We will pay for the GST amount.

We will reduce the GST amount We pay for the amount or any Input Tax Credits to which You are or would be entitled if You made a relevant acquisition. In these circumstances, the Input Tax Credit may be claimable through the Business Activity Statement (BAS).

You must advise Us of Your correct Australian Business Number and Taxable Percentage.

Where the settlement of Your claim is less than the Insured Amount/Limit of Indemnity or the other limits of insurance cover, We will only pay an amount for GST (less Your entitlement for Input Tax Credit) applicable to the settlement. This means that if these amounts are not sufficient to cover Your loss, We will only pay the GST relating to Our settlement of the claim.

We will (where relevant) pay You on Your claim by reference to the GST exclusive amount of any supply made by any business of Yours which is relevant to Your claim.

GST, Input Tax Credit (ITC), Business Activity Statement (BAS) and Acquisition have the same meaning as given to those expressions in A New Tax System (Goods and Services Tax) Act 1999 (Cth) and related legislation as amended from time to time.

Taxable Percentage is Your entitlement to an Input Tax Credit on Your premium as a percentage of the total GST on that premium.

Terrorism Insurance Act 2003 (Cth)

Some sections of this Policy exclude cover for losses as a result of Terrorism.

In the event that Loss of or Damage to property occurs and the cause of the Loss or Damage is declared a terrorist incident by the responsible Minister, then You may be afforded protection within the Insured Amounts, Limits of Indemnity or other limits of this Policy by virtue of the Terrorism Insurance Act 2003. The operation of this Act may also serve to reduce the settlement of Your loss to a percentage of the otherwise recoverable loss. In the event that the settlement is reduced then this will be at the direction of the Minister.

A more detailed explanation of the operation of the Terrorism Insurance Act 2003 can be obtained at www.arpc.gov.au.

Underinsurance

The following sections of this Policy:

- a) Section 1 – Business Property
- b) Section 2 - Business Interruption

contain underinsurance provisions which require You to insure for full value.

If You do not, We may pay You a lower amount after taking into account the proportion of the underinsurance or You may be required to pay a portion of the loss Yourself.

It is Your responsibility to ensure that the Insured Amounts of the property You want insured by this Policy are adequate. Insured Amounts should reflect:

- i) the new replacement value of any property to be insured under Section 1 – Business Property; and

- ii) the full insurable value of the basis of cover you have selected under Part A, B or C of Section 2 - Business Interruption.

If Insured Amounts are not adequate, claims may not be paid in full.

You should review the adequacy of Insured Amounts periodically during the Period of Insurance and prior to renewal each year. Inadequacy of Insured Amounts can present significant issues of financial hardship. If You are unable to establish the adequacy of Insured Amounts, You should seek assistance from Your insurance advisor.

Financial Claims Scheme

This Policy may be a 'protected policy' under the Federal Government's Financial Claims Scheme (FCS) and only applies in the event of an insurer becoming insolvent and the Federal Treasurer declaring that the FCS will apply to that insurer.

Payment of a claim under the FCS is subject to the Scheme's eligibility criteria being met.

Information about the FCS can be obtained from the Australian Prudential Regulation Authority at www.apra.gov.au or by calling 1300 55 88 49.

Exclusions and Conditions

Unless stated otherwise in the Policy, General Exclusions apply to all sections of this Policy. Each section also contains exclusions which apply specifically to that section. The exclusions explain the circumstances in which We will not cover You. Please refer to the General Exclusions and the exclusions in each section for full details.

General Conditions apply to all sections of this Policy. Each section also contains conditions which apply specifically to that section. The conditions explain the obligations which You must comply with to be able to make a valid claim. Please refer to the General Conditions and the conditions in each section for full details.

Updating the Product Disclosure Statement

We may need to update this Product Disclosure Statement from time to time if certain changes occur where required and permitted by law. We will issue You with a new Product Disclosure Statement or a Supplementary Product Disclosure Statement or other compliant document to update the relevant information except in limited cases.

Where the information is not something that would be materially adverse from the point of view of a reasonable person considering whether to buy this insurance, We may issue You with notice of this information in other forms or keep an internal record of such changes (You can get a paper copy free of charge by calling Us).

Other documents may form part of Our Product Disclosure Statement and Policy. If they do, We will tell You in the relevant document.

Part 3 – The terms and conditions of this Policy

Your insurance Policy is made up of this Policy wording, any Endorsements and the Schedule, which shows the Insured Amounts, Limits of Indemnity, or other limits of insurance cover, the premium and any relevant government charges.

You should read the Schedule and the Policy wording together to tell You what We cover, what we exclude, what We pay to settle Your claims and other important information.

Most sections of this Policy contains some exclusions, conditions and definitions. There are also some General Definitions, General Exclusions and General Conditions which are listed on pages 18 to 35 and which apply to the whole Policy unless it is expressly stated to the contrary in any particular section.

GENERAL DEFINITIONS

Unless defined differently in individual sections, these definitions shall apply to all sections of this Policy.

“Accidental” means unexpected and unintended from Your standpoint.

“Aircraft” means any craft or object designed to travel through air or space, other than model Aircraft.

“Australia” means the Commonwealth of Australia including any of its dependencies and Territories.

“Building(s)” means all buildings and structural appurtenances at the Situation. Buildings includes:

- a) walls, foundations, roofs, gates, fences, exterior lights, floodlights and signs, letter boxes, lettering, communication masts, aerials, antennae and dishes.
- b) fixtures and fittings owned by the owner of the building, including lifts, elevators, escalators and equipment all permanently fixed and non-portable, fixed carpets, plumbing or wiring services that are within the building.
- c) exterior blinds, awnings, gangways, verandas, terraces, outbuildings, sheds, lean-tos, carports, car parks, paths and roadways.
- d) towers, flagpoles, power lines and their supports, permanently fixed water and fuel storage tanks, underground and above ground services, including aprons, supply mains and meters.
- e) external fixed items including swimming pools, saunas and spas, air conditioning units and associated piping and wiring.
- f) customized and modified shipping containers or transportable buildings permanently located at the Situation used as workshops, lunchrooms or storage which are permanently fixed to the ground with electrical or plumbing services as necessary at the Situation.
- g) shipping containers in which the Stock the Business distributes is delivered to the Situation and from which merchandise is either being loaded into, unloaded from or stored in before dispatch, provided the container doors are secured when unattended with padlocks with a security rating under AS 4145.4 (or any subsequent amendment) of 6 or above and the padlocked container is fully enclosed by a locked cyclone fenced area at the Situation after hours.
- h) materials and supplies intended for use in the construction, alteration, erection, addition or repair of the Building(s) to an amount not exceeding 10% of the total Insured Amount on Building(s) subject to a maximum of \$100,000.

‘Buildings’ does not include:

- i) plant and machinery.
- ii) Stock.
- iii) Contents.
- iv) Property undergoing erection, construction, 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 Business Premises exceeds \$500,000 or 20% of the total Insured Amounts on Buildings and Contents, whichever is the lesser; provided that this limit shall apply only to the portion of the Business Premises or Business Property which is the subject of any such work and not to any other portion of the Business Property.
- iv) land, unsealed driveways and paths, dams, bridges, canals, tunnels, railway tracks and roadways (not at the Situation), piers, jetties, wharves and docks.

This definition of 'Buildings' is subject to General Condition 8 'Designation of Property'.

"Business" means the business activities or services shown and described in the Schedule, including the ownership of any premises shown in the Schedule (and, where applicable, as further described in any more specific underwriting information provided to Us at the time when this insurance was negotiated).

"Business Hours" means when You or any of Your directors, officers, employees are at the Business Premises for the purpose of conducting the Business.

"Business Premises" the buildings, outbuildings, yards and land used by You for the Business at the Situation.

"Business Property" means Buildings, Contents, Stock and items listed on the current Schedule and used in the Business.

"Computer Virus" means an executable program or computer code segment that is self-replicating, requires a host program or executable disc segment in which it can be contained and which destroys or alters the host program or other computer code or data causing undesired program or computer system operation.

"Contents" means all property at the Business Premises, belonging to You or for which You are responsible or have accepted responsibility to insure prior to the occurrence of any Loss or Damage.

Contents includes:

- a) unused stationery and printed books.
- b) where You are a tenant of a leased or rented premises:
 - i) fixtures and fittings, window blinds, floor coverings owned by Your landlord for which You are legally responsible and leasehold improvements.
 - ii) fixtures and fittings (including fixed carpets) installed by You for the Business; and

- iii) installed fixtures and fittings, window blinds, cool rooms, awnings, CCTV and other security systems, exterior lights, masts, antennae and aerials, fixed external signs and air conditioning units, including external compressors and pipes at the Situation.
- c) improvements, alterations, decorations, fittings and additions to leased Buildings which have been made by You and for which You are not entitled to be reimbursed by the lessor in the event of Loss or Damage.
- d) plant and machinery, unregistered forklifts and hoists, communications systems, fixtures and fittings (unless insured by You as part of Buildings).
- e) documents of title and any other documents of aesthetic, historic, scientific or social value for past, present or future generations.
- f) computers, word processors, printers, scanners and other peripheral equipment and other Electronic Equipment or electronic data processing systems.
- g) dialogue or analogue telecommunication and receiving equipment, lighting facilities, televisions, audio visual amplification or surveillance equipment and office machines.
- h) computer systems records, data, media, manuscripts, other documents, deeds, specifications, plans, drawings, designs, business books and other records of every description.
- i) paintings, works of art and curios.
- j) property of Your welfare, sports and social clubs.

'Contents' does not include:

- i) Stock, if it is shown as a separate item on the Schedule.
- ii) Buildings.
- iii) Specified Items.
- iv) Customers' Goods other than customers' records and documents held or created by You as part of the Business.
- v) growing crops, trees or plants other than pot-plants,
- vi) animals, livestock, fish, birds and any other living organism except laboratory cultures, Stocks of foodstuffs, Stocks of nursery plants, or Stocks of a pet shop,
- vii) motor Vehicles or trailers, caravans or motorcycles all while registered or licensed to travel on a public road, provided that this exclusion will not apply to:
 - 1) mobile plant and equipment (excluding cars, sedans, panel vans, and trucks) not otherwise insured,

- 2) motor Vehicles or trailers, caravans or motorcycles that are Stock in trade of the Business,
- viii) jewellery, furs, bullion, articles containing gold and silver which are not Stock and which exceed \$5,000 any one item,
- ix) Contents undergoing erection, construction, 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 \$500,000 or 20% of the total Insured Amount on Buildings and Contents, whichever is the lesser, provided that this limit shall apply only to the portion of the Business Premises or Business Property which is the subject of any such work and not to any other portion of the Business Property,
- x) land, dams, bridges, canals, roadways, tunnels, railway tracks (not at the Premises), wharves, docks and piers,
- xi) watercraft, Aircraft or any accessories, equipment or spare parts whilst contained in or on these items unless they are Stock and are on the Premises at the time of any Loss or Damage.

This definition of 'Contents' is subject to General Condition 8 - 'Designation of property'.

"Customers' Goods" means goods that do not belong to You, but:

- a) belong to Your customers or clients and are in Your physical or legal control because the Business repairs, services, maintains, or stores those goods before or after it repairs, services or maintains the goods;
- b) have been purchased by Your customers and are in Your physical or legal control awaiting delivery [i.e., goods sold but not delivered]; or
- c) are items at the Situation that You have accepted responsibility to insure under a formal agreement.

"Damage" means physical damage or destruction (with 'Damaged' or 'Destroyed' or 'Destruction' having a corresponding meaning).

"Data" means facts, concepts and information converted to a form usable 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.

“Employee” means any person while employed by You in the Business who You compensate by salary, wages or commission and have the right at all times to govern, control and direct in the performance of their work.

Employee includes:

- a) volunteers, and
- b) students on work experience.

Employee does not include:

- i) any broker, factor, consignee or contractor,
- ii) any member of Your Family; or
- iii) any partner, director or trustee unless that person is also Your employee.

“Endorsement” means documentary evidence of an alteration to this Policy.

“Excess” means the amount, or the loss applicable to a specified period of time, expressed as an Excess on the current Schedule or elsewhere in the Policy. This is the first amount of any loss that You must pay before We pay Your claim.

“Family” means:

- a) Your spouse, Your partner or Your de facto who lives with You.
- b) Your parents and parents-in-law.
- c) Your children and children of Your spouse, partner or de facto (not being Your children) who live with You.
- d) Your brothers and sisters.

For the purpose of this definition ‘You’ and ‘Your’ refers to the directors, owners and officers of the Insured.

“Flood” means the inundation of normally dry land by water escaping or released from the normal confines of any natural watercourse or lake (whether or not they have been altered or modified) or from any dam, reservoir or canal.

“Glass” means

- a) Fixed glass forming part of or fixed to the exterior of the Building including glass in fixed signs; or
- b) Fixed internal glass including fixed glass in furniture, counters, shelving and showcases, fixed and hanging mirrors, fixed washbasins, sinks, toilet pans and cisterns, contained within the Building.

“Home Building” means a building which is used or intended to be used, principally and primarily as a place of residence.

“Hovercraft” means any vessel, craft or device made or intended to float on or in or travel on or through the atmosphere or water on a cushion of air provided by a downward blast.

“Insured Amount” means the maximum amount (subject to any additional benefits or other covers expressly stated to be in addition to the Sums Insured) that will be paid under a section or part of a section of this Policy as specified in the Sums Insured part of the Schedule.

“Loss” means physical loss (with ‘Lost’ having a corresponding meaning).

“Media” means material on which data is recorded or stored, such as magnetic tapes, hard drives, cartridges, dongles, CDs, DVDs, USBs, flash drives, memory cards or floppy disk, or other storage types, but media does not include paper records.

“Money” means current coin, bank notes, currency notes, cheques, travellers’ cheques, credit card sales vouchers, securities, postal orders, money orders, negotiable and nonnegotiable securities and other like documents of value, phone cards and/or stored value cards, unused postage and revenue stamps, public transport tickets, private transport tickets (excluding airline tickets), bridge or highway tokens, car wash tokens, lottery tickets, authorised gift vouchers, discount vouchers from external parties, contents of franking machines and includes cash boxes, alarm bags, or any other portable container used to convey Money all belonging to You or for which You are legally responsible or have assumed a responsibility to insure.

“Period of Insurance” means the time cover commences to the time cover expires. The dates are shown on the current Schedule. Unless stated otherwise, cover shall expire at 4.00 pm local time at the place where You arranged the cover.

“Policy” means this document, the Schedule and any Endorsement or memoranda affixed and any future documents issued to You which amends the Policy wording or Schedule. Together they form the insurance contract.

“Pollutants” means any solid, liquid, gaseous or thermal irritant, including but not limited to smoke, vapour, soot, fumes, acid, alkalis, chemicals or waste. Waste includes but is not limited to material to be recycled, reconditioned or reclaimed.

“Rewriting of Records” means the cost of restoration of computer records, documents, manuscripts, securities, deeds, specifications, plans, drawings, designs, business books and other records of every description.

“Safe” means a burglar-resistant container which has been designed to resist fire and attack by hand-held or power-operated tools and has been specifically designed for the storage of Money and valuables. Safe includes Automatic Teller Machines.

“Schedule” means the most current Schedule of Insurance or any future renewal Schedule, including any Endorsements issued by Us in connection with this Policy.

“Seasonal Increase Periods” means any period of time during the Period of Insurance that has Stock levels or Money levels of up to fifty percent (50%) higher than Stock or Money levels at other times during the Period of Insurance.

For the purpose of this Policy, Seasonal Increase Periods include the following:

- a) eight weeks prior to and including Christmas Day;
- b) three weeks after and including 26 December;
- c) six weeks prior to and including Easter Tuesday;
- d) one week after but not including Easter Tuesday;
- e) six weeks prior to and including 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 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 or celebration; and
- f) one week after the same festive, religious or ethnic event or celebration.

Any other period shown in the current Schedule, in lieu of the covers in clauses a) to f) above.

“Situation” means the Situation stated in the current Schedule.

“Stock” means the items belonging to You or for You are legally responsible or have assumed a responsibility to insure, described below:

- a) raw materials, components, supplies and merchandise not manufactured by You.
- b) materials in process of manufacture.
- c) finished goods manufactured by You.
- d) goods sold but not delivered and goods held by You on consignment or commission.
- e) Customers’ Goods for which You are responsible.
- f) tobacco, products containing tobacco, cigars, cigarettes or alcohol.
- g) consumable materials used in the operation of machinery.
- h) pallets, containers and packaging materials.

Under Section 3 - Theft, Stock does not include tobacco, products containing tobacco, cigars, cigarettes or alcohol unless they are specified on the current Schedule.

“Strongroom” means a burglar-resistant structure constructed of masonry and steel which has been designed to resist fire and attack by hand-held or power operated tools and has been specifically designed for the storage of Money and valuables.

“Subsidiary Company” means any company in which You have a controlling interest. For the purpose of this definition the term ‘controlling interest’ shall mean the beneficial ownership of shares carrying more than 50% of votes capable of being cast at a general meeting of all shareholders of the company.

“Terrorism” means an act including but not limited to the use or threat of force or violence by 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 committed for or in connection with any political, religious, ideological, ethnic 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.

“**Vehicle**” means any type of machine on wheels or on self-laid tracks made or intended to be propelled by other than manual or animal power, and any trailer or other attachment to be utilised in conjunction with or drawn by any such machine.

“**Watercraft**” means any vessel, craft or thing made or intended to float on or in or travel through water, other than model boats.

“**You**”, “**Your**” or “**Yours**” means the person(s), companies or firms named on the current Schedule as the ‘Insured’.

GENERAL EXCLUSIONS

The following General exclusions apply to all sections of this Policy unless expressly stated otherwise.

1. WAR, TERRORISM, RADIOACTIVITY

a) War

We will not pay for any Loss or Damage arising directly or indirectly as a result of:

- i) war, invasion, act of foreign enemy, hostilities or warlike operations (whether declared or not) and/ or civil war; and/or
- ii) rebellion, revolution, insurrection, military and/or usurped power.

However, this Exclusion 1 b) does not apply to Section 8 – Transit.

b) Terrorism

- i) We will not pay for any death, injury, illness, Loss, Damage, liability, cost or expense of any nature directly or indirectly caused by, resulting from, or in connection with, any act of Terrorism regardless of any other contributing cause or event;
- ii) We will not pay for any death, injury, illness, Loss, Damage, liability, cost or expense of any nature directly or indirectly caused by, resulting from, or in connection with, any action taken in controlling, preventing, suppressing or in any way relating to the matters set out in paragraph b) i) of this Exclusion.

General Exclusion 1 b) does not apply to Section 3 - Theft, Section 4 - Money, Section 6 - Glass and Section 7 – General Property.

c) Radioactive Contamination

We will not pay for any:

- i) Loss of or Damage to property eligible for insurance by the relevant Nuclear Insurance Pool and/or Association; or
- ii) Loss, cost, Damage, liability or expense directly or indirectly caused by or contributed to by or arising from:
 - 1) ionising radiation from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel;
 - 2) the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof;
 - 3) any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter; or
 - 4) the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter.

Provided that General Exclusion 1 c) ii) 1) shall not apply to liability arising from radio-isotopes, radium or radium compounds when used away from the place where such are made or produced and when used exclusively incidental to ordinary industrial, educational, medical or research pursuits.

2. BUSINESS IN LIQUIDATION OR CEASES TO TRADE

If the Business is placed into liquidation or administration, a receiver is appointed or the business is wound up or is permanently discontinued, then unless otherwise agreed by Us in writing, all cover under this Policy ceases from the time Your interest is transferred or the Business ceases to trade.

3. GEOGRAPHICAL LIMITATIONS

Unless We agree in writing to the contrary, We will not pay for any Loss of or Damage to property insured by this Policy that is outside the Commonwealth of Australia at the time of its Loss or Damage, except as specifically stated otherwise in the appropriate section.

4. UNOCCUPANCY

Unless We otherwise agree in writing, We will not pay for any Loss of or Damage to the Business Property if the occurrence happens after the Premises has been unoccupied for more than ninety (90) consecutive days.

5. WILFUL ACTS

Subject to the provisions of the Insurance Contracts Act 1984, We will not pay for any Loss or Damage caused by either Your wilful act or by the wilful act of another party committed with Your knowledge and consent, which You were capable of preventing.

6. ELECTRONIC DATA EXCLUSION

We will not cover Electronic Data or the cost of rewriting records as a result of Loss of Electronic Data.

However, We will provide cover for Loss of Electronic Data and Rewriting of Records arising out of the following perils:

fire, lightning; thunderbolt, explosion, implosion, earthquake, subterranean fire, volcanic eruption, impact, Aircraft and/or other aerial device, breakage of Glass, the acts of persons taking part in riots or civil commotions or of strikers or of locked out workers or of persons taking part in labour disturbances which do not assume the proportions of or amount to an uprising, storm, tempest, rainwater, wind, hail, water and/or other liquids, substances discharged, overflowing and/or leaking from any apparatus, appliance or pipes.

If Section 3 - Theft is current We will also provide cover for Loss of Electronic Data arising out of theft of any computer and/or computer hardware, firmware, microchip, integrated circuit or device containing such Electronic Data.

If Section 5 (Part 2) - Electronic Equipment is current and Electronic Data and Electronic Data Media is insured, We will also provide cover for Loss of Electronic Data arising out of vibration, power surge, low voltage, mechanical, electrical and electronic breakdown, but not breakdown occurring as a result of any virus, worm, Trojan Horse, hacking, or any unauthorised access.

For the purposes of this exclusion Electronic Data means any facts, concepts and/or information converted to a form usable for communications, displays, distribution, processing by electronic and/or electromechanical data processing or electronically controlled equipment which includes but is not limited to programs, software or other coded instructions for such equipment.

GENERAL CONDITIONS

The following general conditions apply to all sections of this Policy. You should also refer to each section to see whether any additional conditions apply.

1. BREACH OF CONDITION OR WARRANTY

Breach of a condition or warranty without Your knowledge or consent or error in name, description or Situation of property will not prejudice Your rights under this Policy provided notice in writing is given to Us when such breach or error comes to Your knowledge. Reasonable extra premium shall be paid if required, from the date of such breach or error.

2. ACCOUNTANCY RECORDS

You must provide to Us all books of account, business books and other documents as may be required to investigate or verify claims. If You do not, We may refuse to pay or may reduce the amount of a claim.

3. ACQUISITION OF COMPANIES

Provided that You notify Us in writing within thirty (30) days of the acquisition of:

- a) Any company or other legal entity acquired during the Period of Insurance; or
- b) Any property or liability associated with such company or any other legal entity or business undertaking or operation;

and the business is of a similar occupation to that stated in the Schedule, We will provide cover subject to Your acceptance of Our terms and undertaking to pay the additional premium We may require.

Our liability shall not exceed the Insured Amount, or any sub-limit of liability applicable under the relevant section(s) of this Policy making up Your Policy for each category of property.

4. BANKRUPTCY OR INSOLVENCY

In the event that You should become bankrupt or insolvent, We shall not be relieved thereby of the payment of any claims hereunder because of such bankruptcy or insolvency.

5. CANCELLATION

How You may cancel this Policy

You may cancel this Policy or any section at any time by notifying Us in writing. You can do so by giving such notice through Your insurance broker.

Where “You” involves more than one person or party, We will only cancel this Policy when written agreement to cancel is received from all of such named persons or parties.

We subtract from any premium You have paid Us, an amount to cover the period that We have already insured You for. We will then return the rest of the premium to You (along with GST and any relevant government charges where this allowed).

How We may cancel this Policy

We may cancel this Policy or any section in any of the circumstances permitted by law by informing You in writing.

We will give You this notice in person or send it to Your address last known to Us.

Such cancellation shall take effect at the earlier of the following times:

- a) the time when another policy of insurance between You and Us or some other insurer, being a policy that is intended by You to replace this Policy or any section of this Policy, is entered into; or
- b) at 4.00 pm on the thirtieth (30th) business day after the day on which notification was given by Us to You.

We will refund the premium that You have paid for the rest of the Period of Insurance (along with GST and any other relevant government charges where this is allowed).

This Cancellation condition shall not apply with regard to Section 8 - Transit, in respect of any transits that have commenced during the Period of Insurance and prior to the date of cancellation by You or Us, unless We cancel Your Policy for non-payment of the premium.

Premium funders

If the premium has been funded by a premium funding company, which holds a legal right over the Policy by virtue of a notice of assignment and irrevocable power of attorney, the return of premium calculated on the basis set out above will be made to the premium funding company.

6. CLAIM PREPARATION EXPENSES

We will pay for costs necessarily and reasonably incurred for the preparation of a claim for which We agree to indemnify You under this Policy. The most We will pay is \$25,000 in total for any one claim, unless a higher amount is included in the particular section of the Policy. This benefit is in addition to the Insured Amount.

7. CLAIMS

What You must do after Loss, Damage or accident:

- a) protect Yourself from any danger present;
- b) assist other people within Your capabilities if required;
- c) take reasonable steps to prevent further Loss, Damage or liability;
- d) notify the police immediately if any of Your property is Lost, stolen, or maliciously Damaged and provide the police with all assistance to apprehend the offending party;
- e) advise Us of the claim as soon as practicable and then supply Us with full written details by completing Our claim form. You or someone acting on Your behalf must complete a claim form within a reasonable time of an occurrence. If You do not, We may reduce the amount We pay if the delay causes increased costs or prevents Us investigating the claim;
- f) any invoices, bills, demands letters or notices You receive from other people involved in the Loss, Damage or accident must be sent to Us as soon as possible.

What You must not do after a Loss or accident:

- i) You must not admit fault or agree to pay for Loss or Damage without Our consent. Do not make an offer, settle, or attempt to settle any claim against You. If You do We may not pay all or part of the claim;
- ii) You must not incur any costs or expenses or authorise repairs (other than necessary temporary repairs) without Our agreement.

8. CHANGE TO RISK

Our decision to insure You, and the premium that We charge You, is based on information provided by You about the Business, and the risks to be insured under this Policy. Your insurance, including the amount of premium, may be affected if any of the facts or circumstances that existed at the start of this Policy change during the Period of Insurance, including, for example:

- a) the nature of or type of business carried on by You or Your tenants;
- b) other circumstances that affect the Business Premises or the Business Property in such a way as to increase the risk of Loss or Damage;
- c) Your interest in this Policy ceases, including by operation of law;
- d) the Business is wound up or carried on by an insolvency practitioner or permanently discontinued;

You must notify us as soon as reasonably practicable of any changes as mentioned in clauses a), b), c) and d) above or any other changes that may increase the risk insured under Your Policy.

If You are a property owner insuring Buildings that You lease, our decision to insure You and the premium We charge You will take into account information about Your tenants and how the Building is used that You tell us when You apply for a policy with Us, during the Period of Insurance and at each renewal. For this reason it is important that You tell us as soon as these things change.

For example, if Your Building has three tenants (a Not for Profit peak body, a community centre and a sandwich bar) We will calculate Your Section 1 - Business Property premium component on the sandwich bar, as it is more hazardous than either of the other two occupations. If during the Period of Insurance the sandwich bar closes down and a retail shop opens, then You must notify Us of the change and We will re-calculate Your Section 1 - Business Property premium component either using the menswear or the ladies wear occupation.

We will confirm this in writing. In some cases, We may only agree to continue to insure You under this Policy if You agree to pay Us additional premium.

9. DESIGNATION OF PROPERTY

For the purpose of determining under which item any property is insured, We agree to accept the designation under which such property appears in Your books of account.

Provided always that this General Condition shall not apply to Section 3 - Theft with respect to tobacco, products containing tobacco, cigars, cigarettes and alcohol.

Furthermore, under Section 3 - Theft, Stock does not include tobacco, products containing tobacco, cigars, cigarettes or alcohol unless they are specified on the current Schedule.

10. EXCESS

This is the amount You have to pay if You suffer loss, damage or liability which leads to a claim under this Policy.

The amount and type of Excess that applies to this Policy is shown either in the applicable section or on the Schedule.

If You claim under more than one section of this Policy for one incident or event, then You only pay the highest Excess that applies unless expressly stated otherwise in this Policy. For example, Additional Benefits may have their own Excess which may be in addition to any Excess that may apply to a claim.

11. INSPECTIONS

We (or agents appointed by Us) have the right, but not the obligation, to inspect Your Business Premises and operations at any reasonable time. Neither our right to make an inspection nor the failure to make an inspection, nor the making of an inspection, nor any report of any inspection shall constitute an undertaking or representation by Us on Your behalf or for the benefit of You or others, to determine or warrant that such premises or operations are safe or healthful or fit for use, or fit for a particular purpose, or compliant with any law, rule or regulation.

12. INTERPRETATION OF WORDS

Some of the words used in this Policy have special defined meanings. These words commence with capital letters and are listed under either the "General Definitions" section on pages 13 to 21 or in the definitions section in the applicable section of this Policy.

The headings in each section are not part of this Policy. Their purpose is to provide You with a general guide about the context of the text.

In this Policy, words importing the singular include the plural and the plural the singular, and any gender includes reference to all other genders unless the context requires an alternative construction.

13. JURISDICTION

All disputes arising out of or under this Policy shall be subject to determination by any court of competent jurisdiction within Australia according to the law which applies to that jurisdiction.

14. NON-IMPUTATION

Where this insurance is arranged in the joint names of more than one insured, as described in the definitions of You, it is hereby declared and agreed that:

- a) each insured shall be covered as if it made its own proposal for this insurance;

- b) any declaration, statement or representation made in any proposal shall be construed as a separate declaration, statement or representation by each insured;
- c) any knowledge possessed by any insured shall not be imputed to the other insured(s).

15. OTHER PERSONS OR ORGANISATIONS

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

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

You cannot transfer the Policy into someone else's name without Our written consent.

All persons entitled to claim under the Policy are bound by the terms and conditions of the Policy.

When a claim is paid under the Policy and is also recoverable under another policy or policies, You agree to permit Us to seek contribution from the other insurer or insurers.

16. OUR MAXIMUM LIABILITY

Except as otherwise stated elsewhere in this Policy, the maximum amount We will pay will not exceed the amount stated in the Schedule as the Insured Amount for those sections selected.

The applicable Insured Amount shall apply in addition to, and shall not be reduced by, the amount of any applicable Excess.

17. PROGRESS PAYMENTS

We will not unreasonably withhold progress payments. We will make progress payments on claims at intervals to be agreed by Us following receipt of an interim report from Our loss adjuster or representative.

18. REINSTATEMENT OF INSURED AMOUNT

In the event of Loss or Damage insured under one or more of the Business Property, Business Interruption, Theft, Money and Glass sections of this Policy, the amount by which the Insured Amount is reduced as a consequence of the Loss or Damage will be automatically reinstated as from the date of Loss or Damage provided that:

- a) there is no written request from You or written notice by Us to the contrary;

- b) the section is an operative section of the Policy; and
- c) You pay the premium which We require for the reinstatement.

We will not reinstate the Insured Amount on the Business Property or Business Interruption sections if We have paid a total loss under either of these sections.

19. REWARDS

We will pay You up to \$5,000 or any higher amount shown in the current Schedule for the reasonable cost of any reward paid by You to recover any property belonging to You or for which You are responsible that is Lost, Destroyed or Damaged and which is insured under the Business Property, Theft, Money or Glass sections of this Policy.

However:

- a) the terms of the reward must be agreed by Us before it is offered; and
- b) no such payment shall be made by You unless the value of the property recovered exceeds the reward.

We shall not unreasonably withhold or refuse consent to the terms of any reward payable under this General Condition.

20. SALE OF SALVAGE

We will not sell or dispose of any salvage without giving You the opportunity to buy it at its salvage value, provided that this condition does not allow You to abandon the property to Us.

21. SINGLE OCCURRENCE

We will not pay for Loss of or Damage to property covered by this Policy under more than one section of the Policy in respect of the same item and occurrence unless a relevant Insured Amount has been paid out in full and You have not been fully covered for the Loss or Damage.

22. WAIVER OF SUBROGATION RIGHTS

This condition does not apply to Additional Benefit 13 of Section 3 – Theft, Additional Benefit 8 of Section 4 - Moneys.

We may not be liable to pay any benefits under this Policy for Loss, Damage or liability if You agree, or have agreed, to limit or exclude any right of recovery against any third party who would be liable to compensate You with respect to that Loss, Damage or liability however:

- a) We shall waive any rights and remedies or relief to which We are or may become entitled by subrogation against:
 - i) any co-insured (including directors, officers and Employees);

- ii) any corporation or entity (including directors, officers and Employees) owned or controlled by any insured, or against, any co-owner of the property insured;
- b) You may without prejudicing Your position under this Policy:
 - i) release any statutory governmental, semi-governmental or municipal authority from any liability if required at law to do so;
 - ii) agree to enter into a contract for storage of goods or merchandise if the terms of the contract include a disclaimer clause;
 - iii) agree to enter into a lease for occupancy of any building or part of a building, or a lease, or hiring of property where the terms of the lease, or hiring, include a disclaimer clause in favour of the lessor or the owner.

SECTION 1 - BUSINESS PROPERTY

This section only forms part of Your Policy when Section 1 - Business Property is shown as covered in the Schedule.

COVER

The scope of cover provided is explained in the clauses 'Defined Events Cover' and 'Accidental Damage Cover'.

We will cover You for Loss or Damage caused by the events listed under 'Defined Events Cover' and 'Accidental Damage Cover' to the Business Property which occurs during the Period of Insurance.

We will pay up to the Insured Amount in accordance with the Basis of Settlement for property that is Lost or Damaged at the Business Premises during the Period of Insurance.

The current Schedule shows what You have covered and the method of settlement.

BASIS OF SETTLEMENT

When Business Property shown in the Schedule is Lost or Damaged during the Period of Insurance, the following Basis of Settlement will apply at each of Your Situations:

- a) **Business records**
 - i) for Loss of or Damage to business books, plans, computer records, patterns and other business records, We will pay the cost of re-creating the documents that are Lost or Damaged; and
 - ii) for Loss of or Damage to business records of Your customers at the Situation or Your business records stored off-site, We will pay up to a maximum of \$25,000 any one Loss unless a higher amount is specified in the Schedule.

b) Old plant and equipment

Unless specifically insured otherwise:

- i) for those items kept as spare parts, We will pay the cost of repairs or the second hand replacement value of a similar part of the same age and condition, whichever is the lesser; and
- ii) for any old item kept for use as backup in an emergency, We will pay the cost of repairs or the second hand replacement value of a similar item of the same age and condition, whichever is the lesser.

c) Stock and Customers' Goods

If Stock or Customers' Goods are Lost or Damaged, We will:

- i) pay the replacement cost of raw materials, supplies and other merchandise not manufactured by You at the time and the place of replacement, provided that replacement shall have been carried out with reasonable dispatch or, if not replaced, the value of such property to You at the time and place of the Loss or Damage but not exceeding its original cost price to You.
- ii) pay the replacement cost of the raw materials and the cost of labour and other manufacturing charges expended on materials in process of manufacture, calculated at the time and place of the Loss or Damage.
- iii) pay the replacement cost of the raw materials and the cost of labour and other manufacturing charges expended on finished goods without any allowance for profit or the cost of re-stocking such goods, whichever is the lesser.
- iv) pay the market value of obsolete Stock at the time of the Loss or Damage or its purchase price (net of any input tax credit that You could claim), whichever is the lesser, but not exceeding its original cost to You.
- v) replace or repair the Stock or Customers' Goods with property or materials equal to or of a similar standard and specification as the stock or Customers' Goods at the time of the Loss or Damage; or
- vi) pay the cost of repair or replacement of the Lost or Damaged Stock or Customers' Goods.
- vii) in respect of goods sold but not delivered for which You are responsible (and with regard to which, under the conditions of sale or any statute or at common law, the contract of sale is cancelled either wholly or in part by reason of the Loss or Damage) pay the contract price, or in the case of a partial cancellation of the contract of sale, that part of the contract price which shall have been lost to You because of the partial cancellation.

d) Branded goods

Any salvage of branded goods and/or merchandise owned by You or for which You are legally liable and/or 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 Loss or Damage will be assessed at the market value of the goods after brands, labels or names have been removed by You or on Your behalf.

e) Buildings, Contents or Specified Items

For Buildings, Contents or Specified Items, that are Lost or Damaged, there are two methods of paying Your claims. They are 'Reinstatement or replacement value' and 'Indemnity value'.

The claim payment method You are covered for is shown in the current Schedule.

1. Reinstatement or replacement value

Unless the Schedule shows You are insured for 'Indemnity Value', when Buildings, Contents or Specified Items are Lost or Damaged, We will pay the cost of:

- a) rebuilding, repairing or restoring the Buildings at the Situation shown on the Schedule or at another site.
- b) replacing, repairing or restoring the Contents or Specified Items with similar property.
- c) pay You the amount shown on the proof of purchase for Specified Items.
- d) pay You the amount of a valuation by the Auctioneers and Valuers Association of Australia for Specified Items of works of art, antiques and curios.

Reinstatement or replacement is subject to the following conditions:

- a) the work of rebuilding, replacing or repairing must be commenced and completed by You within a reasonable time of the Loss or Damage, after Our consent has been obtained, otherwise the amount We pay will be no more than the cost that would have been incurred if the work of rebuilding, replacing or reinstatement had been commenced and carried out with reasonable dispatch.
- b) when rebuilding at another site, We will not pay more than We would pay to rebuild at the Situation.
- c) when any property is Damaged, but not Destroyed, We will not pay more than the amount that We could have been called upon to pay for if that property had been Destroyed.
- d) We will only pay to return the property to a condition substantially the same as, but not better or more extensive than, its condition when new, using building materials readily available and in common use in Australia.

2. Indemnity value

(Optional reduction in cover – only applicable to the Policy if the Schedule shows that You have elected this option. If the optional extension does not appear on the Schedule, then it has not been taken up and no cover is provided under the Policy.)

If the basis of settlement is shown in the Schedule as ‘Indemnity value’, then, for the purpose of calculating any loss settlement, “Indemnity value” means:

- a) the cost to reinstate, replace or repair the Business Property to a condition substantially the same as but not better or more extensive than its condition at the time that the Loss or Damage occurred, taking into consideration its age, general condition and remaining useful life.

Or, where such property is not to be reinstated, replaced or repaired:

- b) the value of such Business Property to You at the time that the Loss or Damage occurred, taking into consideration market value (if any), age, condition and remaining useful life having regard to the nature and location of such property and the purposes for which it is owned, maintained or used by You.

We will also pay, in accordance with the ‘Extra Cost of Reinstatement’ clause, the additional costs incurred to comply with the requirements of any statutory authority or by-laws, provided You were not required to comply with any of the by-laws prior to the Loss or Damage occurring.

Extra cost of reinstatement

(Applicable to Buildings, machinery and plant)

We will also pay the additional costs incurred by You to reinstate the Business Property (including undamaged portions thereof) in complying with the requirements of any Act of Parliament or regulations or any by-law or regulation of any Municipal or other statutory authority, other than relating to the heritage status of a Building.

Provided that We will not pay for any costs that would have been incurred when complying with the requirements of any lawful authority that applied to the Business Property or Business Premises prior to the Loss or Damage.

Extra cost of reinstatement: Heritage building

If You are insured under this section on a ‘Reinstatement or replacement value’ basis for Loss of or Damage to any Building that is subject to any heritage listing or protection and You choose to rebuild, replace or repair the Building at the same location, We will pay the extra costs of repairing, replacing, or reinstating the Building, that are related to obtaining special materials or employing specialised labour to match up or reproduce unique or distinctive ornamental or architectural features of the Building to comply with standards imposed by any lawful heritage protection authority.

We will not pay more than the cost to rebuild, replace or repair any such heritage listed Building to a reasonably equivalent appearance and capacity using original design and suitable modern equivalent materials, if the original materials are not available.

Conditions which apply to Extra cost of reinstatement and Extra cost of reinstatement: Heritage Building

The following conditions apply:

- a) The work of reinstatement must be commenced and carried out within a reasonable time of the Loss or Damage, after Our consent has been obtained, failing which We will not pay more than the amount which would have been payable under this Policy if the work of reinstatement had been commenced and carried out with reasonable dispatch.
- b) The work of reinstatement may be carried out wholly or partially upon any other site, if the requirements of the Act, Regulation or By-law necessitate it, subject to Our liability not being increased.
- c) The amount recoverable shall not include the additional costs incurred with complying with any such Act, Regulation or By-law or requirement with which You have been required to comply prior to the happening of the Damage.
- d) Our total liability for Extra cost of reinstatement will be limited to:
 - i) the sub limit of liability shown in the Schedule for 'Extra cost of reinstatement', which shall be in addition to the Insured Amount; or
 - ii) ten percent (10%) of the Insured Amount for the Building the subject of the claim for this section; or
 - iii) the balance of the Insured Amount for the Building the subject of the claim for this section, whichever is the greater.
- e) The underinsurance condition of the Business Property section of the Policy will not be applied to the amount payable under this clause.

Output replacement

Where any Business Property consists of equipment, machinery or plant having a measurable function, capability or output and if it is necessary to replace such property with a new item or items which perform a similar function or functions, then the basis of settlement for such property shall be:

- a) Where any Damaged Business Property is to be replaced with any item or items which 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 Damaged Business Property.

- b) Where any Damaged Business Property is to be replaced with an item or items which 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 Business Property being replaced, then, the basis of settlement is the new installed cost of the item or items so replaced.
- c) Where any Damaged Business Property is to be replaced by an item or items which 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 Business Property being replaced, then, the basis of settlement shall be the proportion of the new installed cost of the replacement item or items which the output of the Damaged Business Property bears to the output of the replacement item or items. If the reinstatement value of the Damaged Business Property is not ascertainable then the basis of settlement is the new installed cost of the replacement item or items.

Provided always that where any Damaged Business Property may be properly repaired, then, We shall pay the cost of restoration of such Damaged Business Property to a condition substantially the same as (but not better or more extensive than) its condition when new and Our liability shall not exceed the sum representing the cost which We could have been called upon to pay if such Business Property had been totally Destroyed.

Floor space ratio index (Plot ratio)

Where Buildings are Damaged and reinstatement of such Damage is limited or restricted by:

- a) any Act of Parliament or regulation thereunder; or
- b) any by-law or regulation of any Municipal or other Statutory Authority,

resulting in either case in the reduction of the floor space ratio index (plot ratio) of the site, then We shall pay, in addition to the amount payable on reinstatement of such Buildings, the difference between:

- i) the actual costs incurred in reinstatement subject to the reduced floor space ratio index (plot ratio), and
- ii) the estimated cost of reinstatement at the time of Damage had the reduced floor space ratio index (plot ratio) not applied.

For example: a Building with a reinstatement value of \$2,000,000 suffers \$1,000,000 worth of damage by an insured event. Reinstatement of the Building is subject to a reduced floor space ratio, which reduces the cost of reinstatement to \$700,000. Therefore, We will also pay You \$300,000 in addition the \$700,000 cost of reinstatement incurred, assuming that there are no extra costs of reinstatement.

DEFINED EVENTS COVER

We cover You for Loss or Damage to the Business Property at the Business Premises caused by the following defined events:

- 1) Bursting, leaking, discharging or overflowing of fixed apparatus, fixed tanks, fixed appliances, fixed pipes or other systems used to hold or carry liquid (including the reasonable cost of identifying and locating the cause of Damage) but We will not cover the repair or replacement of such apparatus, appliances, tanks, pipes or other systems which give rise to the Damage.
- 2) Earthquake, volcanic eruption, subterranean fire or tsunami.

We will not pay for the first \$20,000 or 1% of the Insured Amount at the Damaged Business Premises (whichever is the lower amount) of each claim caused by earthquake, volcanic eruption, subterranean fire or tsunami.

You only have to pay one Excess if further Damage occurs within seventy-two (72) hours of an occurrence.

Damage arising from an insured event that occurs more than seventy-two (72) hours after the event will be considered to be a separate event in which case an additional Excess will be required.

- 3) Fire, lightning or thunderbolt.
- 4) Explosion or implosion but We will not cover Loss of or Damage to any pressure vessel (including a boiler) which is not used solely for domestic purposes or that has a value of more than \$200,000, and where the Damage is directly caused by the explosion or implosion of such pressure vessel.
- 5) Impact by:
 - a) a Vehicle designed primarily for use on land or its load.
 - b) an animal;
 - c) falling trees or branches of trees, masts, satellite dishes, antennae and aerials. This cover includes the reasonable costs associated with the removal and disposal of the tree or branches, which caused the Damage.
 - d) Watercraft or Hovercraft.
 - f) Aircraft or other aerial devices or articles dropped or falling therefrom.
 - g) meteorites or debris from a rocket or satellite.
 - h) a falling building or other structure or part thereof.
- 5) Malicious Damage, including Damage by burglars or thieves, other than Damage caused by You or anyone who permanently or temporarily lives with You.
- 6) The acts of:

- a) persons taking part in riots, civil commotions, strikes or labour disturbances, locked out workers, or persons of malicious intent acting on behalf of or in connection with any political organisation;
 - b) any lawfully constituted authority in connection with any strike, lockout, labour disturbances or political violence.
- 7) Storm, tempest, wind, cyclone or tornado, rainwater, snow, sleet, hail and run-off rainwater that accumulates directly on and flows across normally dry ground or that overflows from public roadside gutters, channels and drains that are normally dry or swimming pools, spas or saunas; but not:
- a) Flood, however caused, unless Optional Extension 1 – ‘Flood’ is shown as covered in the current Schedule.
 - b) by water from or action of the sea, tidal wave, storm surge or high water, unless it is caused by or arises out of an earthquake or tsunami.
 - c) to gates, fences, retaining walls, shade cloth, exterior textile awnings or blinds which exceeds \$25,000 in respect of any one occurrence for Loss or Damage.
 - d) to property in the open air unless such property is a permanent structure designed to function without the protection of walls or roof.
 - e) erosion, subsidence, landslide, collapse or any other movement of earth, unless it is caused by or arises out of, and occurs within seventy-two (72) hours of, a storm, earthquake, subterranean fire, volcanic eruption or water escaping from a water main owned by a water supply authority.
 - f) caused by water entering the Buildings through an opening in the wall or roof made for the purpose of alterations, additions, renovations, or repairs.
- 8) Escape of molten material from its intended confines on or about the Business Premises but excluding:
- a) the cost of repairing any fault which permitted such escape,
 - b) the cost of retrieving or removing escaped material from any escape channel or catchment area designed for the purpose,
 - c) Loss of or Damage to such escaped material,
 - d) Loss or Destruction of or Damage to furnace linings, crucibles, moulds, other containers or ladles from which molten material escapes.

ACCIDENTAL DAMAGE COVER

We will cover You for Accidental Loss of or Damage to the Business Property at the Business Premises other than by any of the events or items listed in 'What You are not covered for under Accidental Damage cover.

What You are not covered for under Accidental Damage cover

We will not pay for claims under 'Accidental Damage cover' for:

- a) Loss or Damage caused by any of the events as described under the Defined Events cover in this section. For the avoidance of doubt, this includes any of the Defined Events' related exclusions.
- b) Loss or Damage caused by events or to the items listed under the General Exclusions of this Policy.
- c) Loss or Damage insurable under any other section or sections of this Policy but this exclusion does not apply to any Loss or Damage which would only be insurable under any other Policy section or sections because it fell within an Extra Cover or Additional Benefit in that section.
- d) Business Property to the extent insurable under Section 7 - Portable and Valuable Items.
- e) unexplained disappearance or unexplained inventory shortage, whether resulting from clerical or accounting errors or shortages in supply or delivery of materials to or by You.
- f) Loss or Damage caused by demolition, other than demolition by or ordered by a public authority, if the value of the demolition work exceeds \$500,000 or 20% of the total Insured Amount on Buildings and Contents, whichever is the lesser, unless We have agreed otherwise.
- h) pollution or contamination of Business Property unless caused by a Defined Event which is insured under this section.
- i) theft, except where the Business Premises 'Buildings' insured by the owner under this section are tenanted under a lease agreement by another party, person or entity not named in the Policy, in which case, the insured owner will be entitled to be indemnified against Loss by theft of their Business Property (as defined in this section for 'Buildings') at the Business Premises in accordance with the terms and conditions of the 'Theft cover section' of this Policy regardless of whether it is selected in this Policy or otherwise.

The maximum We will pay in respect to any Loss under this additional protection provided under this section in relation to theft shall be limited to \$20,000 in total any one occurrence happening during the currency of this Policy.

- j) Loss or Damage following breakage of external Glass, to signwriting or ornamentation affixed to the Glass, except where You are a tenant of a building and not required by lease to insure Glass.

ADDITIONAL BENEFITS

We also provide the following Additional Benefits, subject to the exclusions and conditions of this Policy, unless provided otherwise.

Unless stated otherwise below, any amounts payable under these Additional Benefits apply in addition to the Insured Amount.

1. Capital additions

We cover additions to Your Buildings, Contents and Specified Items obtained or built during the Period of Insurance to an amount not exceeding twenty percent (20%) of the total Insured Amount on Buildings, Contents and Specified Items or \$500,000 whichever is the lesser, in respect of property insured at any one Situation. This Additional Benefit is in addition to Your Insured Amount.

For example:

If the Business is retail and the Contents of Your rented shop are insured for \$200,000 and You are refitting the shop shelving and service counters, We will not pay more than \$40,000 (20% of \$200,000), as this amount is less than \$500,000.

2. Catastrophe escalation cost

If any of Your Buildings is Destroyed or Damaged by any event insured against by this section and We classify such Destruction or Damage as a major loss and the event giving rise to the Destruction or Damage has resulted in any competent authority declaring a state of emergency affecting the area in which Your Building is situated;

We will:

- a) increase the Insured Amount under this section by up to twenty-five percent (25%) of the Insured Amount for the Building(s) provided that Your Building(s) is/are rebuilt, and
- b) increase the amounts payable under the 'Capital additions' (relating to Buildings only) and 'Temporary protection and security guards' Additional benefits of this cover section by twenty-five percent (25%);

to cover any Increase in building costs for labour and materials and any other additional costs which may apply after the event.

Provided that:

- i) We shall not pay more than the increased building costs which are actually incurred by You.

- ii) We will not pay any amount under this Additional benefit until You have incurred costs exceeding the Insured Amount applicable to this section.

‘increase in building costs’ means the difference between the cost of reinstatement actually incurred in accordance with the Basis of Settlement provisions of this section and the cost of reinstatement that would have applied had the event not occurred.

3. Directors and employees personal property

Cover is extended to include tools of trade and personal property of directors, Employees whilst at the Business Premises provided not otherwise insured. If such tools of trade or personal property are covered under another insurance policy, We will only pay for Loss or Damage not otherwise covered by that other policy.

Cover is limited to \$7,500 for any one director or employee.

4. Discharge of mortgages

If Business Property has been Damaged and the Damage is covered by the Business Property section, where the Insured Amount is not otherwise exhausted, We will pay up to the balance of the Insured Amount, for the reasonable legal costs to discharge a mortgage or mortgages on Buildings or Contents following settlement of a claim on the basis of a total loss whether actual or constructive.

Where the Insured Amount is exhausted, in respect of the discharge of a mortgage on Buildings only, We will pay up to an additional ten percent (10%) of the Insured Amount on Buildings, for the reasonable legal costs to discharge a mortgage or mortgages following settlement of a claim on the basis of a total loss whether actual or constructive.

5. Environmental upgrade

If You elect to repair or replace any Business Property (including any part of the Business Property) that is Lost, Destroyed or Damaged in the Period of Insurance, using, or with, more environmentally friendly technology, products or materials, that improve the energy and water efficiency of the Business Property, We will pay you up to ten percent (10%) more than the amount We would otherwise have paid to repair or replace the property that is being upgraded.

Any amount We pay for this Additional Benefit is in addition to the Insured Amount.

6. Fire brigade attendance fees

We will pay up to \$100,000 any one event for any statutory charges payable by You to a fire brigade or firefighting authority for attendance at a fire or chemical emergency involving property insured and for the cost of refilling Your fire fighting appliances used in putting out a fire at or adjoining the Business Premises and threatening the Business Property during the Period of Insurance.

7. Floating stock

Where We pay a claim for Loss of or Damage to Stock at the Business Premises, We will pay more than the Stock Insured Amount at that Business Premises to account for the temporary transfer of Stock between Business Premises provided that:

- (a) there are at least two Business Premises specified in the Schedule and an Insured Amount has been separately specified in the Schedule for Stock at each Business Premises insured under this section, including the affected Situation; and
- (b) You transfer the Stock between Business Premises as a usual business practice.

We will not pay a claim under this Additional Benefit where Stock levels in excess of the Insured Amount at a Business Premises have been temporarily located at that Business Premises for a period exceeding ninety (90) days and where We have not agreed in writing to an extended period.

We will not pay more than the total of the Stock Insured Amounts for all Business Premises.

8. Government fees

We will pay any fee, contribution or other impost payable to any Government, Local Government or other Statutory Authority where payment of the fee, contribution or impost is necessary to the obtaining of consent to reinstate any Business Property; provided that We will not be liable for payment of any fines and/or penalties imposed upon You by any such authorities.

The cost of government fees is included in the Insured Amount for Business Property.

9. Landscaping

We will pay for Loss, Damage or Destruction by the defined events (other than storm, tempest or rainwater) to growing plants, shrubs, garden plots and lawns (including rock work, retaining walls, ornamentation and edging pertaining thereto) at the Business Premises. We will also pay resultant expenses necessarily incurred in cleaning, clearing and/or repairing drains, gutters, sewers and the like, all contained in or on or forming part of or implicitly pertaining to the Buildings insured.

We will not pay more than \$50,000 or twenty percent (20%) of the Insured Amount on Building(s) at the Business Premises specified in the Schedule in respect of any one loss. This additional benefit is included in the Insured Amount of the Buildings covered by this section.

10. Limited transit

Business Property is covered, up to the lesser of \$50,000 or twenty percent (20%) of the Insured Amount for Contents including Stock, if it is in transit in or on any Vehicle owned or operated by You anywhere in Australia away from the Business Premises, including storage during the transit, but only for Damage caused by fire or explosion, wind or earthquake, acts of malicious persons or by collision or overturning of the conveying Vehicle.

We will not cover You for any claims under this Additional Benefit if You have selected Section 8 – ‘Transit’.

11. Loss of land value

If We pay for a claim for Loss of or Damage to a Building at the Business Premises, We will also pay up to \$100,000 for the reduction in land value, which shall be the value certified by the Valuer General or other competent person or authority selected by Us, that results from the requirements of any Statutory Authority that does not allow rebuilding (or only partial rebuilding) at the Business Premises following Loss or Damage covered by this section.

Provided that:

- 1) this shall be calculated by subtracting the land value after rebuilding or after We have agreed that rebuilding is not possible, from the land value before the Damage, and
- 2) We will not pay more than twenty percent (20%) of the Insured Amount for Buildings at the Business Premises where the Loss or Damage happened.

The underinsurance condition does not apply to this additional benefit.

12. New premises – temporary cover

We will temporarily extend cover provided by this section to property at any new Business Premises first occupied by You during the Period of Insurance provided that:

- a) this temporary cover period is limited to the lesser of:
 - i) sixty (60) days from the date You acquire or commence using the premises; or
 - ii) the expiry date of the current Period of Insurance; or
 - iii) the date on which the property ceases to belong to You.
- b) the property is used for the Business described in the Schedule;
- c) the property is of similar type to that already insured under this section;
- d) the new premises comprise Buildings of similar construction, fire and burglary protection as featured in any Business Premises currently described in the Schedule.
- e) You must provide to Us full details of the new premises within sixty (60) days of the commencement of this temporary cover. If We agree to continue the cover You must pay any additional premium that We may require.

The maximum We will pay for this additional benefit is fifty percent (50%) of the highest Insured Amount shown on the Schedule for each item of Business Property.

13. Professional fees

If Business Property has been Damaged and the Damage is covered by the Business Property section, We will pay the reasonable professional fees incurred to rebuild, replace or repair Your Buildings and Contents. The cost of professional fees and legal costs are included in the Insured Amount of the property Lost or Damaged.

14. Playing surfaces

We will pay, up to the greater of \$50,000 or the Insured Amount shown in the current Schedule for playing surfaces, for the cost of repairing Damage to outdoor playing surfaces at the Situation, caused by:

- a) vandals or malicious persons, other than You or Your guests, director's partners, officers, Employees or members, or their guests;
- b) fire occurring to Business Property at the Situation for which We have admitted liability under this section, or
- c) the action of the firefighting services, police or other emergency services in attending to their duties at the Situation.

15. Prevention of imminent Damage

We will pay up to \$100,000 for necessary costs You incur to extinguish a fire on or in the vicinity of the Business Premises which causes or threatens to cause Damage to Business Property or for necessary costs to prevent or diminish imminent Damage to the Business Property by any other insured peril.

We will not pay under this additional benefit for:

- a) any fines, penalties or liability incurred by You,
- b) any Loss or Damage to Your Business Property.

16. Removal of debris

If Business Property has been Destroyed or Damaged and is covered by this section, We will pay the reasonable costs incurred for the demolition, dismantling, necessary temporary repairs, cleaning up and/or removal, storage and disposal of debris from the Business Premises.

We will also:

- a) pay for Your legal liability for the cost of removal of debris from adjoining premises, property, services, roadways and waterways as well as on the site.
- b) pay You up to \$100,000 or 20% of the total Insured Amount on Buildings and Contents shown on the Schedule for the Damaged Business Premises whichever is the lesser (in

addition to the Insured Amount on Buildings and Contents shown on the Schedule for the Damaged Business Premises); or

- c) pay the higher amount shown in the current Schedule for removal of debris; or,
- d) if the cover provided by clause b) or c) above is insufficient and You have not exhausted Your Insured Amount on the Damaged Business Property requiring demolition and/or removal of debris, We will pay up to the remaining balance of the Insured Amount.

17. Rewriting of records

We will pay You, in addition to Your Insured Amount, up to \$25,000 or any higher amount shown in the current Schedule for 'Rewriting of Records', for clerical and professional costs incurred by You to re-write Your necessary business records if they are Lost, Destroyed or Damaged, whilst located at the Business Premises or offsite anywhere in Australia, by an occurrence which You are covered for in this section. We will not pay You for any financial loss, caused by the Loss or Destruction of Your business records, under this additional benefit.

18. Seasonal increase in Stock

If You have insured Stock as a separate item to Your Contents, the Insured Amount on Stock is increased by 50% or such other amount as is specified in the current Schedule during a Seasonal Increase Period.

You can nominate different Seasonal Increase Periods or higher percentage increases of Stock. If You do, they will be shown in the Schedule and You must pay any reasonable additional premium that applies.

If Your Insured Amount for Stock is included in Your Insured Amount for Contents on the current Schedule, We will only apply the increase to that portion of the Insured Amount for Contents which relates to Stock.

19. Temporary protection and security guards

If Business Property has been Lost or Damaged and is covered by the Business Property cover section, We will pay for the cost of temporary protection, including employment of security guards, to safeguard the Business Property insured:

- a) where the Insured Amount is not otherwise exhausted, We will pay the reasonable costs and expenses reasonably incurred, and
- b) when the Insured Amount becomes exhausted, We will pay an additional amount of up to \$30,000, pending repair or replacement, consequent upon Damage for which a claim is payable.

If an occurrence results in a claim being paid under this section and another section of this Policy, the highest single limit under the relevant section applies. The benefit of Temporary Protection and Security Guards shall not be cumulative under this Policy.

20. Temporary removal

We also cover Your insured Business Property while temporarily removed to any other Situation within Australia.

Provided that:

- a) We will not cover motor Vehicles or trailers, Watercraft, caravans or motorcycles unless they are:
 - i) Stock in trade of the Business, or
 - ii) forklift trucks or similar appliances that are normally used for hauling or lifting goods at the Business Premises.
- b) We will not cover Stock in trade that is on consignment to other parties unless it is owned by You or is property for which You are responsible.
- c) The maximum amount We will pay for this additional benefit will be twenty percent (20%) of the Insured Amount of the applicable Business Property for any insured event.
- d) This additional benefit will not apply to any Business Property, which has been removed for a period greater than ninety (90) days without Our prior written consent.

21. Undamaged foundations and/or undamaged buildings

If the Building foundations at the Business Premises are either undamaged or are not Destroyed following an insured event that causes other Damage to the Building but a Government or Statutory Authority requires reinstatement of the Building to be carried out on another site, then the foundations will be considered as Destroyed.

Where any Building(s) at the Situation are Damaged and (due to the exercising of any statutory powers and/or delegated legislation and/or authority by any Government or Statutory Authority) reinstatement of such Building(s) has to be carried out on another site or sites, then, the abandoned portion(s) of such Building(s) will be considered as Destroyed.

Provided that if the resale value of the original building site is increased due to the presence of the abandoned foundations or undamaged portion(s) of such Building(s), then, the increase in resale value will be paid to Us upon completion of the sale of the site or shall be deducted from the final amount of any monies payable to Us, whichever shall occur later.

OPTIONAL EXTENSIONS

(Only applicable to the Policy if the Schedule shows that You have elected any of these Extensions. If the optional extension does not appear on the Schedule, then it has not been taken up and no cover is provided under the Policy.)

1. Flood

When 'Flood' is shown as covered in the current Schedule, We will cover Loss of or Damage to Business Property caused by Flood.

2. Strata title mortgagee(s) interest

This cover applies only if You have arranged this Policy to insure only the interest of a mortgagee in a strata title unit.

This cover only applies when You own part of a Building that has been subdivided into strata, community or similar title units and You have a mortgage on that part of the Building.

We will pay the mortgagee the lowest of:

- a) the Insured Amount shown on the Schedule,
- b) the amount to repair the Damage to a condition similar to but no better than when new,
- c) if the body corporate (or similar) partially covers the loss, then the difference between what the body corporate's insurance pays and the cost of the Damage, or
- d) the amount sufficient to discharge the mortgage held by You over the unit at the date of the Damage.

We pay only that part of the claim that applies to the interest of the mortgagee.

We only pay a claim if:

- a) a claim would be payable under Defined Events 1 to 8 of the Business Property section (and not subject to any exclusions or other limitation in the Policy),
- b) the Policy of the body corporate or similar does not apply or only partially covers the loss, and
- c) the mortgagee requires You to discharge Your mortgage.

If You have arranged this Policy to insure only the interest of a mortgagee in a strata title unit no additional benefits are payable under this Policy.

3. Environmental upgrade

The percentage shown in Additional Benefit 5 – Environmental upgrade is deleted and replaced with the percentage (%) amount shown in the Schedule.

EXCLUSIONS

What You are not covered for under this section.

1) We will not pay for Loss or Damage under this section caused by:

a) tenants –

intentional Loss or Damage caused by Your tenants other than Damage caused by fire or explosion.

b) wear and tear –

i) birds, insects, mice, rats or other vermin;

ii) rust, corrosion, or oxidation;

iii) mildew, mould, rotting, disease, contamination, pollutants, or industrial fallout;

iv) inherent vice, change of colour, loss of weight, loss of volume, change in flavour, change in texture;

v) variation in temperature, variation in humidity, variation in controlled atmosphere;

vi) wear, tear, fading or gradual deterioration,

provided that this Exclusion 1 b) shall not apply to subsequent Loss or Damage to the Business Property occasioned by a peril or event (not otherwise excluded) resulting from any event referred to in this Exclusion.

c) movement of foundations

i) vibration, heaving, creeping, shrinking, settling, or expansion of foundations or supports of Business Property.

ii) erosion, subsidence or earth movement unless caused suddenly by a defined event.

iii) collapse of Business Property unless caused suddenly by a defined event.

d) faulty work

i) error in, omission of or wrong design;

ii) faulty materials or faulty workmanship,

provided that this Exclusion 1 d) shall not apply to subsequent Loss or Damage to the Business Property occasioned by a peril (not otherwise excluded) resulting from any event referred to in this Exclusion.

- e) cessation of work – partial or complete cessation of work, process, operation or activity caused by strikes, labour disputes or locked out workers except as a result of Loss or Damage to the Business Property committed by persons taking part in strikes or labour disputes, or by locked out workers.
 - f) incorrect siting of Business Property.
 - g) heat – spontaneous combustion, fermentation, heating or any process involving the direct application of heat. Provided that this Exclusion 1 g) shall be limited to the item or items of the Business Property immediately affected and shall not extend to other Business Property Damaged as a result of such spontaneous combustion, fermentation or heating or process involving the direct application of heat.
 - h) Flood, unless Optional Extension 1 – ‘Flood’ is shown as covered in the current Schedule.
 - i) the sea – the action of water from the sea, tidal wave or high water, unless it is caused by or arises out of an earthquake or tsunami.
 - j) self-explosion of boilers or other pressure vessels. We do not cover Damage to the boiler or pressure vessel where the boiler or pressure vessel:
 - i) is not solely used for domestic purposes; or
 - ii) has a value of more than \$200,000.However We do cover resultant Damage to other Business Property.
- 2) We will not pay under the this section for:
- a) legal liability – any legal liability You incur to pay compensation, damages, fines, or penalties.
 - b) breakdown – cost to repair or replace Business Property due to:
 - i) mechanical, hydraulic, electrical or electronic breakdown, malfunction, breakage or failure unless caused by an insured occurrence.
 - ii) Computer Virus.
 - iii) access to Your computer systems and records by any person not on the Business Premises.
- 3) We will not pay for Loss or Damage under this section arising from demolition ordered by Government or Public or Local Authorities due to failure by You or Your agents to obtain the necessary permits.

CONDITIONS

1. Tenants actions

If a tenant of Yours or a tenant of Your landlord (but not You) without Your consent, causes or contributes to any Loss or Damage covered by this section which is in breach of any terms or conditions, We will cover You for Your Loss or Damage as per this section, provided:

- a) You have taken all reasonable actions, as soon as You become aware of conditions causing the breach, to have the tenant comply with the terms;
- b) You notify Us within a reasonable amount of time of becoming aware of the breach,
- c) You agree to pay a reasonable increase in premium for the additional risk.

2. Underinsurance/average

In the event of Loss or Damage, We will not be liable for more than that proportion of the Loss or Damage which;

- a) in respect of Buildings, Contents, Stock and Specified Items

the Insured Amount for Buildings, Contents, Stock and Specified Items at the Situation, bears to eighty percent (80%) of the full insurable value of such Buildings, Contents, Stock and Specified Items at the time of the commencement of the Period of Insurance.

Conditions:

- a) Our liability is limited to the Insured Amount at the Situation as shown in the Policy Schedule.
- b) This clause will not apply if the amount of any damage does not exceed ten percent (10%) of the Insured Amount at the Situation.

Any additional costs incurred to comply with the requirements of any statutory authority, by-laws or regulations shall be omitted from the calculation of Our proportion.

3. Release

Without prejudicing Your position under this cover section, You may release any railways, other transportation companies, statutory governmental, semi-governmental or municipal authority from any liability if required by any contract to do so.

4. Leased building clause

Without prejudicing Your position under this cover section, You may agree to enter into a lease for occupancy of any building or a lease for hiring of property where the terms of the lease include a disclaimer clause in favour of the lessor to the owner.

5. Storage premises

Without prejudicing Your position under this cover section, You may enter into a contract which includes a disclaimer clause in relation to the storage of goods or merchandise.

DEFINITIONS

The following words have the following meanings for this section only. You should also refer to the General Definitions section starting on page 13.

“Market Value” means the estimated amount for which the Business Property should exchange immediately before the Loss or Damage, between a willing buyer and a willing seller in an arms-length transaction, after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion.

“Specified Items” means each item of property that is specifically described in the Schedule for Section 1 – ‘Property Cover’.

SECTION 2 - BUSINESS INTERRUPTION

This section only forms part of Your Policy when Section 2 - Business Interruption Cover is shown as covered in the Schedule

COVER

There are three Parts available in this section:

- Part A – Annual Revenue basis
- Part B – Weekly Revenue basis
- Part C – Insurable Gross Profit basis

The Schedule indicates which Part has been selected by You.

PART A – ANNUAL REVENUE BASIS

In the event of interruption of or interference with the Business in consequence of Damage to any building or any other property or any part thereof used by You at the Business Premises for the purpose of the Business, We will pay You in respect of each item selected by You and shown in the current Schedule, the amount of the loss resulting from such interruption or interference.

Provided that:

- a) the payment is in accordance with the basis of settlement provision for the item;
- b) We have paid for or admitted liability in respect of such Damage under the relevant section of Your Policy, or another insurer has paid for or admitted liability in respect of such Damage, unless no such payment shall have been made or liability shall not have been admitted for such Damage (by Us or another insurer) solely due to the application of an Excess; and
- c) Our liability in no case will exceed in respect of each item the Insured Amount shown in the current Schedule for that item.

The insurance under this section provides protection with regard to loss under:

Item 1) Revenue (if selected)

Item 2) Additional increase in cost of working (if selected)

Item 3) Accounts receivable (if selected)

Item 4) Claim preparation expenses (if selected)

BASIS OF SETTLEMENT

Item No:

1. Revenue

This item is limited to the loss of Revenue and Increase in the cost of working.

The amount payable as indemnity under Item 1 will be:

- a) **in respect of the loss of Revenue**, the amount by which the Revenue earned during the Indemnity Period falls short of the Standard Revenue, in consequence of the Damage; and/or
- b) **in respect of the Increase in cost of working**, the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the loss of Revenue which, but for the additional expenditure, would have taken place during the Indemnity Period in consequence of the Damage, but not exceeding the amount of reduction in Revenue thereby avoided;

less any sum saved during the Indemnity Period in respect of such charges and expenses of the Business payable out of Revenue as may cease or be reduced in consequence of the Damage.

Provided that if the Insured Amount for this item is less than eighty percent (80%) of the Annual Revenue, the amount payable will be reduced so that We will be liable for no greater proportion of the loss under this item than that which the Insured Amount bears to eighty percent (80%) of the Annual Revenue.

This provision will not apply if Your claim is for less than ten percent (10%) of the Insured Amount for this item.

2. Additional increase in cost of working

See 'Common Clauses to Parts A, B and C'.

3. Accounts receivable

See 'Common Clauses to Parts A, B and C'.

4. Claim preparation expenses

See 'Common Clauses to Parts A, B and C'.

PART B – WEEKLY REVENUE BASIS

In the event of interruption of or interference with the Business in consequence of Damage to any building or any other property or any part thereof used by You at the Business Premises for the purpose of the Business, We will pay You in respect of each item selected by You and shown in the current Schedule, the amount of the loss resulting from such interruption or interference.

Provided that:

- a) the payment is in accordance with the basis of settlement provision for the item;
- b) We have paid for or admitted liability in respect of such Damage under the relevant section of Your Policy, or another insurer has paid for or admitted liability in respect of such Damage, unless no such payment shall have been made or liability shall not have been admitted for such Damage (by Us or another insurer) solely due to the application of an Excess; and
- c) Our liability in no case will exceed in respect of each item the Insured Amount shown in the current Schedule for that item.

We will not pay any claim under this Part where the interference or interruption to the Business is for a period of less than three days.

The insurance under this Part provides protection with regard to loss under:

Item No:

1. Weekly Revenue (if selected)
2. Additional increase in cost of working (if selected)
3. Accounts receivable (if selected)
4. Claim preparation expenses (if selected)

BASIS OF SETTLEMENT

Item No:

1. Weekly Revenue

This item is limited to the loss of Weekly Revenue and the amount payable as compensation under this item will be the amount by which the Weekly Revenue during the Indemnity Period falls short of the Standard Weekly Revenue in consequence of the Damage.

2. Additional increase in cost of working

See 'Common Clauses to Parts A, B and C'.

3. Accounts receivable

See 'Common Clauses to Parts A, B and C'.

4. Claim preparation expenses

See 'Common Clauses to Parts A, B and C'.

PART C – INSURABLE GROSS PROFIT BASIS

In the event of interruption of or interference with the Business in consequence of Damage to any building or any other property or any part thereof used by You at the Business Premises for the purpose of the Business, We will pay You in respect of each item selected by You and shown in the current Schedule, the amount of the loss resulting from such interruption or interference.

Provided that:

- a) the payment is in accordance with the basis of settlement provision for the item,
- b) We have paid for or admitted liability in respect of such Damage under the relevant section of Your Policy, or another insurer has paid for or admitted liability in respect of such Damage, unless no such payment shall have been made or liability shall not have been admitted for such Damage (by Us or another insurer) solely due to the application of an Excess, and
- c) Our liability in no case will exceed in respect of each item the Insured Amount shown in the current Schedule for that item.

The insurance under this Part provides protection with regard to loss under:

Item No.

1. Gross Profit (if selected)
2. Additional increase in cost of working (if selected)
3. Accounts receivable (if selected)
4. Claim preparation expenses (if selected)
5. Rent Receivable (if selected)

BASIS OF SETTLEMENT

Item No:

1. **Gross profit**

This item is limited to the loss of Gross Profit due to a reduction in Turnover and the increase in cost of working.

The amount payable as indemnity under this item will be:

- a) **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 falls short of the Standard Turnover in consequence of the Damage; and/or

- b) **in respect of the 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 the additional 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 reduction in Turnover thereby avoided;

less any sum saved during the Indemnity Period in respect of such charges and expenses of the Business payable out of Gross Profit as may cease or be reduced in consequence of the Damage.

Underinsurance Provision:

Provided that if the Insured Amount for this item at the commencement of each Period of Insurance is less than the sum produced by applying the Rate of Gross Profit to eighty percent (80%) of the Annual Turnover (or its proportionately increased multiple where the Indemnity Period exceeds twelve months), the amount payable will be reduced so that We will be liable for no greater proportion of the loss under this item than that which the Insured Amount bears to eighty percent (80%) of the sum produced by applying the Rate of Gross Profit to the Annual Turnover (or its proportionately increased multiple, if appropriate).

This underinsurance provision will not apply if Your claim is for less than ten percent (10%) of the Insured Amount for this item.

2. **Additional increase in cost of working**

See 'Common Clauses to Parts A, B and C'.

3. **Accounts receivable**

See 'Common Clauses to Parts A, B and C'.

4. **Claim preparation expenses**

See 'Common Clauses to Parts A, B and C'.

5. **Rent Receivable**

This item is limited to loss of Rent Receivable and additional expenditure.

The amount payable will be:

- a) **in respect of loss of Rent Receivable**, the amount by which the Rent Receivable during the Indemnity Period falls short of the Standard Rent Receivable, in consequence of the Damage; and

- b) **in respect of additional expenditure**, the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the loss of Rent Receivable 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 reduction in Rent Receivable thereby avoided,

less any sum saved during the Indemnity Period in respect of such of the expenses and charges payable out of the Rent Receivable as may cease or be reduced in consequence of the Damage.

Underinsurance Provision:

Provided that if the Insured Amount for this item is less than eighty percent (80%) of the Annual Rent Receivable (or its proportionately increased multiple where the Indemnity Period exceeds twelve months), the amount payable will be reduced so that We will be liable for no greater proportion of the loss under this item than that which the Insured Amount bears to eighty percent (80%) of the Annual Rent Receivable (or its proportionately increased multiple, if appropriate).

This provision will not apply if Your claim is for less than ten percent (10%) of the Insured Amount for this item.

COMMON CLAUSES TO PARTS A, B AND C

1. Departmental clause

If the Business is conducted in departments or business units the independent trading results of which are ascertainable, the provisions of Item 1 will apply separately to each department affected by the Damage. For the purposes of this clause, the Rent Receivable from letting of property at the Business Premises will be regarded as the proceeds of one such department.

2. Insured Amount

Our liability to You will in no case exceed in respect of each item the Insured Amount expressed against that item in the current Schedule. 'Additional Benefits' are within the total Insured Amount of this section and not additional to the total Insured Amount.

3. Additional increase in cost of working

Where an Insured Amount has been specified in the Schedule for 'Additional Increase in Cost of Working', then, We shall extend this section to cover you for additional/increase in cost of working (not otherwise recoverable hereunder) necessarily and reasonably incurred during the Indemnity Period in consequence of the Damage for the purpose of avoiding or diminishing reduction in Revenue or Weekly Revenue or Turnover or Rent Receivable and/or resuming and/or maintaining normal business operations and/or services.

4. **Accounts receivable**

Under this item We will pay You up to the Insured Amount shown in the current Schedule for all sums due to You from debtors that You are unable to collect because of Damage to records of accounts receivable. We will also pay collection expenses in excess of normal collection costs made necessary because of the Damage as well as interest charges at the ruling rate of Your bank on any loan to offset impaired collections pending repayment of such sums made uncollectible by such Damage. If You cannot accurately establish the total amount of accounts receivable outstanding as at the date of the Damage, the amount will be computed as follows:

- a) determine the amount of all outstanding accounts receivable at the end of the same fiscal month in the year immediately preceding the year in which the Damage occurs;
- b) calculate the percentage of increase or decrease in the average monthly total of accounts receivable for the year immediately preceding the month in which the Damage occurs, as compared with such average for the same months of the preceding year;
- c) the amount determined under a), increased or decreased by the percentage calculated under b) above, will be the agreed total amount of accounts receivable as of the last day of the fiscal month in which said Damage occurs;
- d) the amount determined under c) above will be increased or decreased in conformity with the normal fluctuation in the amount of accounts receivable during the fiscal month involved, consideration being given to the experience of the Business since the last day of the last fiscal month for which statements have been rendered less:
 - i) the amounts of such accounts evidenced by records not suffering Damage or otherwise established or collected by You,
 - ii) an amount to allow for probable bad debts that would normally have been uncollectible by You,
 - iii) all unearned interest and service charges, and
 - iv) settlement or term discounts normally allowed.

5. **Claim preparation expenses**

In addition to the amount payable under General Condition 6 - 'Claim preparation expenses' of this Policy, We will pay You up to \$10,000 for the costs of such reasonable professional fees as may be payable by You and other such reasonable expenses necessarily incurred by You and not otherwise recoverable, for preparation and negotiation of claims under this section.

6. **Accumulated Stocks**

In adjusting any loss, account will be taken and equitable allowance made if any reduction in Turnover or loss of Revenue or Weekly Revenue in consequence of the Damage is postponed by reason of the Turnover or Revenue or Weekly Revenue (as the case may be) being temporarily maintained from accumulated stocks of finished goods.

7. **Alternative trading**

If during the Indemnity Period, goods are sold, work is performed or services are rendered elsewhere than at the Business Premises for the benefit of the Business either by You or by others acting on Your behalf, the money paid or payable in respect of such sales, work or services will be brought into account in arriving at the Annual Revenue, Weekly Revenue or Turnover (as the case may be) during the Indemnity Period.

8. **New business**

In the event of Damage occurring at the Business Premises before the completion of the first year's trading of the Business, the defined terms "Standard Revenue", "Annual Revenue", "Standard Weekly Revenue", "Rate of Gross Profit", "Standard Turnover" and "Annual Turnover" shall instead have the following meanings wherever they appear in this section:

"Standard Revenue" means the Revenue achieved between the date of commencement of the Business and the date of the Damage, converted to the selected Indemnity Period.

"Annual Revenue" means the actual Revenue achieved during Your first year of operations, from the commencement of the Business to the date of the Damage, converted to a 12-month equivalent figure.

"Standard Weekly Revenue" means the amount calculated by averaging the Weekly Revenues obtained during the period from the date of the commencement of the Business to the date of the Damage.

"Rate of Gross Profit" means the proportion that the Gross Profit bears to the Turnover during the period between the date of commencement of the Business and the date of the Damage.

"Annual Turnover" means the actual Turnover achieved during Your first year of operations, from the commencement of the Business to the date of the Damage, converted to a 12-month equivalent figure.

"Standard Turnover" means the Turnover achieved between the date of commencement of the Business and the date of the Damage, converted to the selected Indemnity Period.

The above definitions may be used as necessary to calculate 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 result which but for the Damage would have been obtained during the relative period after the Damage.

ADDITIONAL BENEFITS

This section is extended to include the following Additional Benefits. Additional Benefits 1 to 11 inclusive are payable provided that the Insured Amount expressed against the relevant item(s) in the Schedule is not otherwise exhausted. If an Additional Benefit is payable We shall be liable for no more than the Insured Amount expressed against the relevant item(s) in the Schedule.

We will pay You (depending on the Part of this section which is applicable to You) for:

- a) loss of Revenue;
- b) loss of Weekly Revenue; or
- c) loss of Gross Profit;

resulting from interruption of or interference with the Business as a result of Damage occurring during the Period of Insurance to:

1. **Customers and suppliers – unspecified**

Unspecified property at the premises of Your suppliers or customers of goods or materials or services (other than those services provided by any Public utilities as described under Additional Benefit 3 of this section) or at storage premises neither owned nor operated by You where You store goods or materials, all within Australia, provided that Our liability will not exceed twenty percent (20%) or the percentage shown in the Schedule of the Insured Amount applicable to this section.

2. **Prevention of access**

- a) property, or intervention of any lawful authority resulting from threat of Damage to property within a 50-kilometre radius of the Business Premises, which prevents access to or hinders the use of the Business Premises.
- b) property forming part of or contained in a complex of which the location forms part, whether the Business Premises or property of the Insured forming part of or contained in the complex shall be Damaged or not.

3. **Public utilities**

any land-based telecommunications system or any electricity, gas or water supply systems within Australia, provided that where public supply is not at or immediately adjacent to the Business Premises the interruption of supply extends for greater than 48 hours.

4. **Computer facilities**

computer installations, including ancillary equipment and data processing media, utilised by You in the Commonwealth of Australia other than at the Business Premises.

5. **Roads, bridges and railway lines**

roads, bridges and/or railway lines within Australia over which raw materials and other Stock are conveyed to or from the Business Premises.

6. **Storage sites/temporary removal**

Your property stored or being processed at any premises in Australia not occupied by You. Our total liability under this additional benefit will not exceed twenty percent (20%) of the Insured Amount in respect of any one occurrence.

7. **Transit**

Your property while in transit by road, rail, sea or air within Australia and outside of the Business Premises occupied by You, up to an amount not exceeding twenty percent (20%) of the Insured Amount in respect of any one occurrence.

8. **Explosion of pressure vessels**

Damage to pressure vessels including boilers, compressors or economisers by self-explosion or collapse.

9. **Documents**

Damage to documents and electronic data files belonging to or held in trust by You, while in transit or while at the premises not occupied by You but limited to twenty percent (20%) of the Insured Amount or the amount shown in the Schedule, whichever is the greater.

10. **Motor vehicles owned or operated by You**

Damage during the Period of Insurance to any registered Vehicles or trailers owned or operated by You, while such Vehicles are at the Business Premises or at other premises in Australia but not on a public thoroughfare.

11. **Infectious disease, etc.**

We will also pay You for interruption of or interference with the Business due to closure or evacuation of the whole or part of the Business Premises during the Period of Insurance by order of a competent Government, Public or Statutory Authority as a result of:

- a) bomb threat, vermin or pests or defects in the drains or other sanitary arrangements, occurring at the Business Premises;
- b) an outbreak of an infectious or contagious human disease occurring within a 20-kilometre radius of the Business Premises, however there is no cover for highly pathogenic Avian Influenza or any disease declared to be a quarantinable disease under the Quarantine Act 1908 (as amended) irrespective of whether discovered at the location of Your premises, or out-breaking elsewhere;

- c) injury, illness or disease caused by the consumption of food or drink supplied at or from the Business Premises during the Period of Insurance;
- d) murder or suicide occurring at the Business Premises; or
- e) shark or crocodile attack occurring within a twenty (20) kilometre radius of the Business Premises during the Period of Insurance.

12. Salvage sale

If, following Damage giving rise to a claim under this section, You hold a salvage sale during the Indemnity Period:

- a) Clause a) of Item 1 – ‘Gross Profit’ of this section shall, for the purpose of such claim, read as follows: 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 (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.

13. Turnover / Output alternative

In the event of Damage giving rise to a claim under this section, at Your option, the term ‘Output’ may be substituted for the term ‘Turnover’ wherever appearing in this section. Provided that only one such term will operate in connection with any one occurrence involving Damage.

For the purpose of this section, ‘Output’ shall mean the sale and/or invoice value of goods manufactured and/or processed by You in the course of the Business at the Business Premises.

If You select the cover available under this clause, the clause headed ‘Alternative Trading’ shall be altered to read as follows:

“If, during the Indemnity Period, goods are sold, work is performed or services are rendered elsewhere than at the Business Premises for the benefit of the Business either by You or by others acting on Your behalf, the money paid or payable in respect of such sales, work or services will be brought into account in arriving at the Output during the Indemnity Period.

14. Government incentives

If We pay a claim for reduction in Your Revenue, Weekly Revenue or Gross Profit, We will also pay for the reduction in Your Revenue, Weekly Revenue or Gross Profit in relation to the Business where such reduction results from the loss of Government approved incentives, subsidies or market development allowances to which You would have been entitled but for the occurrence of the Damage.

15. Contractual fines and penalties

Following a claim under Part C – Insurable Gross Profit, Item 1 Gross Profit, We will also pay:

- a) for fines or damages, other than aggravated, punitive or exemplary damages, for breach of contract resulting from non-completion or late completion of orders; or
- b) in discharge of contract purchases, cancellation charges, fines or damages for breach of contracts for the purchase of goods or services which cannot be utilised by You during the Indemnity Period, less any value to You for such goods or the amount received from sale.

The amount payable shall not exceed twenty percent (20%) of the total Insured Amount for Gross Profit.

16. Additional Expenditure

We will pay up to \$10,000 or the percentage shown in the Schedule (whichever is the higher) for additional expenditure incurred during the Indemnity Period in consequence of any Damage covered by this Policy, in excess of the amount payable under Item No 1 Gross Profit b) for the purpose of:

- a) resuming or maintaining normal Business operations or administrative facilities; and
- b) minimising any interruption of or interference with the Business;

whether there is a Shortage of Turnover or not.

OPTIONAL EXTENSION

(Only applicable to the Policy if the Schedule shows that You have elected any of these Extensions. If the optional extension does not appear on the Schedule, then it has not been taken up and no cover is provided under the Policy.)

1. Goodwill

Following Damage to any building at the Business Premises We will pay, up to the sub-limit of liability shown in the current Schedule for 'Goodwill', for the actual cost of goodwill incurred by You when purchasing a business in order to maintain the Business activities. Provided that:

- a) We will only pay these goodwill costs when the building that is Damaged cannot or will not be repaired or rebuilt due to any refusal by any owner or lessor other than You to repair or rebuild; and any restrictions imposed by any legal authority; and
- b) the purchase of the business is incurred because You were unable to continue the Business at the Business Premises as a result of the Damage to the buildings not being repaired; and
- c) the cause of the Damage to the buildings would have been covered by Section 1 – 'Business Property' had that building been insured under that section; and

- d) the business that is purchased is similar to the Business.

CONDITIONS

1. Adjustment of premium

We will reduce Your premium for Part A – Revenue or Part C – Insurable Gross Profit cover at the end of each Period of Insurance if the Revenue or Gross Profit (as the case may be) earned during the previous 12 months accounting period is less than the Insured Amount. The adjustment rate is 50% of the difference between the premium payable for the Revenue or Gross Profit Insured Amount and for the Revenue or Gross Profit earned.

Any payment made by Us for a claim under Part A – Revenue or Part C – Insurable Gross Profit is to be included in the Revenue or Gross Profit earned for the purpose of this adjustment.

2. Books of account

Any particulars or details contained in Your books of account or other business books or documents that may be required by Us for investigating or verifying any claim made under this section may be produced and certified by Your auditors and their certificate will be prima facie evidence of the particulars and details to which the certificate relates.

DEFINITIONS

The following words have the following meanings for this section only. You should also refer to the General Definitions section starting on page 13.

“Annual Rent Receivable” means the Rent Receivable during the twelve months immediately before the date of the Damage.*

“Annual Revenue” means the Revenue earned during the twelve months immediately before the date of the Damage.*

“Annual Turnover” means the Turnover during the twelve months immediately before the date of the Damage.*

“Damage” means physical loss, destruction or damage (occurring during the Period of Insurance) from the operation of a peril or event insured against under:

1. a) Section 1 - ‘Business Property’;
- b) Section 3 - ‘Theft’;
- c) Section 4 - ‘Money’;
- d) Section 6 - ‘Glass’; or
- e) Section 7 - ‘Portable and Valuable Items’

for which You are covered (or would have been covered but for the application of an Excess) by this Policy.

2. Any other policy insuring the events described in a) to e) above and for which the insurer has admitted liability, or would have admitted liability if it was not for the application of an Excess.

“Gross Profit” means the amount by which the sum of the Turnover and the amount of the closing stock and work in progress exceeds the sum of the opening stock and work in progress and the amount of the Uninsured Working Expenses.

Note: The amount of the opening and closing stocks will be arrived at in accordance with Your normal accounting methods, due provision being made for depreciation.

“Indemnity Period” means the period beginning with the occurrence of the Damage during which the results of the Business are affected by the Damage and ending at the expiration of the maximum period specified in the current Schedule or, in the case of Weekly Revenue, ending at the earliest of either the expiration of the maximum period specified in the Schedule or when Weekly Revenue during that period equals or exceeds 95% of Standard Weekly Revenue.

“Rate of Gross Profit” means the Rate of Gross Profit, expressed as a percentage, earned on the Turnover during the financial year immediately before the date of the Damage.*

“Rent Receivable” the amount of the rent received or receivable (including base rental, Turnover rental and contributions to outgoings) from the letting of property at the Business Premises.

“Revenue” means the money paid or payable to You as a:

- a) Wholesaler or retailer of goods – for goods sold and delivered in the course of the Business less the cost of any related purchases (after any discounts).
- b) Professional practitioner or consumer services provider – for services rendered and work performed in connection with the Business.
- c) Property owner – by tenants (being Rent Receivable).

“Standard Rent Receivable” means the Rent Receivable during that period in the twelve months immediately before the date of the Damage which corresponds with the Indemnity Period.*

“Standard Revenue” means the Revenue earned within that period during the twelve months immediately before the date of the Damage which corresponds with the Indemnity Period.*

“Standard Turnover” means the Turnover during that period in the twelve months immediately before the date of the Damage which corresponds with the Indemnity Period.*

“Standard Weekly Revenue” means the average of the Weekly Revenues in that period during the fifty two (52) weeks immediately before the date of the Damage which corresponds with the Indemnity Period.*

“Turnover” means the amount (less discounts allowed) paid or payable to You for goods sold and delivered and for services rendered in the course of the Business at the Premises.

“Uninsured Working Expenses” the working expenses of the Business which You have elected not to insure under this section, and which are specified in the current Schedule.

“Weekly Revenue” means the Money paid or payable to You each week as a:

- a) Wholesaler or retailer of goods – for goods sold and delivered in the course of the Business less the cost of any related purchases (after any discounts).
- b) Motel operator – in respect of facilities, accommodation, food and drink made available and services rendered in connection with the Business, less the cost of any related purchases (after any discounts) and laundering and cleaning expenses.
- c) Professional practitioner or consumer services provider – for services rendered and work performed in connection with the Business.
- d) Property owner – by tenants (being Rent Receivable).

*** Other circumstances and trends of the Business**

We shall adjust Your Annual Rent Receivable, Annual Revenue, Annual Turnover, Standard Rent Receivable, Standard Revenue, Standard Weekly Revenue, Standard Turnover and Rate of Gross Profit 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 adjusted figures will 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.

SECTION 3 - THEFT

This section only forms part of Your Policy when Section 3 - Theft is shown as covered in the Schedule

Under this section, 'Stock' does not include tobacco, products containing tobacco, cigars, cigarettes or alcohol unless they are specified on the current Schedule.

COVER

We cover You for Loss of or Damage to the Categories of property shown under the Theft item in the current Schedule caused by:

- a) any person who forcibly and violently enters or attempts to enter or exit from the Business Premises.
- b) any person unlawfully concealed on the Business Premises.
- c) any person who threatens or commits physical violence to You, Your Employees or other persons.
- d) an actual, attempted or threatened armed hold-up.
- e) any person who breaks into any locked cabinet and/or counter and/or showcase which is located on the Business Premises.

The Loss or Damage must occur during the Period of Insurance.

BASIS OF SETTLEMENT

There are two methods for paying Your claims. They are 'Reinstatement or replacement value' and 'Indemnity value'.

The claim payment method You are covered for is shown in the current Schedule.

We will not pay more than the Insured Amount shown in the current Schedule for Section 3 – 'Theft', except to the extent stated under the heading 'Additional benefits in addition to Your Insured Amount'.

1. Reinstatement or replacement value

We will pay Your cost to:

- a) replace the Lost property insured if such property is not found within a reasonable time after the Loss, or
- b) replace the Damaged property insured if such property cannot be economically repaired, or
- c) repair the Damaged property insured if such property can be economically repaired.

2. Indemnity

We will pay You the replacement cost of the property insured less an equitable amount for age, wear, tear, depreciation and will make an adjustment for the general condition and remaining useful life of the individual item or components that are Damaged:

- a) if You do not replace the property insured which is Lost or Destroyed, or
- b) if the property insured can be repaired for less than the cost to replace but You choose not to replace that property.

ADDITIONAL BENEFITS

If We agree to pay a claim under this section for Loss or Damage caused by theft, We will also pay or provide the additional covers set out below.

Unless stated to the contrary, any amounts payable under these Additional Benefits are included in the Insured Amount specified in the Schedule.

1. Theft (limited) without forcible and violent entry

- a) Loss or Damage, limited to \$10,000 for any one occurrence, by theft or attempted theft of property insured other than Electronic Equipment.
- b) Loss or Damage, limited to \$20,000 (unless a higher amount applicable to this paragraph b) is shown in the current Schedule against the above heading) for any one occurrence, by theft or attempted theft of Your Electronic Equipment which is not Stock,
- c) Damage to the Buildings at the Business Premises if caused by theft, limited to \$10,000 for any one occurrence, occurring during the Period of Insurance from the Business Premises without forcible and violent entry but excluding theft or attempted theft from any open-sided structure such as, but not limited to verandas or yards or other open spaces even if they are partially or fully enclosed. This additional benefit does not cover loss as a result of unexplained disappearance, unexplained or inventory shortage, clerical or accounting errors or shortage in supply or delivery to or from the Business Premises.
- d) We will pay an increased amount up to the amount shown in the Schedule, for Damage to property insured caused by theft from the Business Premises where there is no visible forcible and violent entry.

2. Damage to Business Premises

The cost to repair Your Business Premises where an Insured Amount is shown on the Schedule for Contents or total Contents and where that Insured Amount has not been otherwise exhausted, cover is extended to include the repair of Your Business Premises and property contained inside. The maximum amount We will pay for this additional benefit is the total of:

- a) the remaining Insured Amount for each item covered after payment of a claim; and

b) the sub-limit (if any) shown in the current Schedule for this additional benefit.

3. Permanently fixed (non-portable) apparatus

Where an Insured Amount is shown in the Schedule for Contents or total Contents and where that Insured Amount has not been otherwise exhausted, cover is extended to include theft, whether following forcible and violent entry or otherwise, of permanently fixed (non-portable) apparatus or appliances, owned by You or for which You are legally responsible or have assumed a responsibility to insure, attached to the Building other than by means of a flexible or tensile cord to a power point but limited to an amount not exceeding:

- a) \$10,000, or
- b) the balance of the Insured Amount(s) on either Contents or total Contents whichever is the lesser.

4. Seasonal increase of cover

We will automatically increase the Insured Amount in respect of Stock by fifty percent (50%) or such other amount as is specified in the Schedule during a Seasonal Increase Period.

You can nominate different Seasonal Increase Period(s) or higher percentage increases of Stock. If You do they will be shown in the Schedule and You must pay any reasonable additional premium that applies.

5. Temporary protection and security guards

We will pay You the cost of necessary temporary protection and repairs and the employment of guards/watchmen to protect property insured following an occurrence covered by this cover section. The maximum amount We will pay for each occurrence is \$10,000. If an occurrence results in a claim being paid under this section and another section of this Policy, then, the highest single limit under the relevant section applies. The Additional Benefit of Temporary Protection and Security Guards shall not be cumulative under this Policy.

6. Illegal use of corporate financial transaction card

If this Policy covers Your Contents, and any corporate credit and/or debit card used by the Business is Lost or stolen during the Period of Insurance, We will pay any financial loss sustained by You arising from the illegal use of the card by an unauthorised person.

Provided that We will not pay:

- (a) any financial loss arising from the misuse or illegal use of corporate credit cards by Your Employees or any other person acting in collusion with Your Employee or by any member of Your Family.
- (b) more than \$5,000 in total for any one loss or event.

7. **Illegal electronic funds transfer**

If the Policy covers Contents, following entry into the Business Premises arising from one of the events listed under the heading 'COVER' under this section, We will pay any financial loss sustained by You during the Period of Insurance arising from the electronic transfer of funds from Your bank account to a bank account not controlled by You.

We will not pay for:

- a) any financial loss arising from the misuse or illegal use of corporate credit cards or financial transaction cards by any of Your Employees or any other person acting in collusion with any of Your Employees or by any member of Your Family;
- b) transfer of money via electronic funds transfer which was enabled by:
 - (i) a key; or
 - (ii) use of details of a combination, code or password;that are left in the Building outside Business Hours;
- (c) more than \$5,000 in total for any one event.

8. **Replacement of locks and keys**

We will pay the reasonable cost of replacing locks, keys, magnetic keys or cards or similar devices or to change the sequence of numbers or letters used in a Safe or Strongroom if during the Period of Insurance:

- a) as a result of theft covered under this section, keys or combinations are stolen, or if there are reasonable grounds to believe that keys have been duplicated;
- b) keys, magnetic keys or cards or similar devices are accidentally lost;
- c) the sequence of numbers or letters become known by any unauthorised person or are accidentally lost;
- d) circumstances have allowed the unauthorised duplication of keys, magnetic keys or cards or similar devices.

We will also pay the reasonable cost of:

- e) opening Safes and Strongrooms because of the theft of keys or combinations during a theft covered under this section;
- f)
 - i) developing images stored on Media from security cameras following a theft or attempted theft covered under this section; and
 - ii) replacing and developing security film exposed because of theft or attempted theft.

We will not pay more than \$10,000 for any one event.

If You are also insured under Section 4 – ‘Money’, then the Additional Benefit payable for ‘Replacement of locks and keys’ shall not be cumulative and shall be limited to \$10,000 in the aggregate.

9. Business Records

Following a theft which is covered by this section, We will pay, in addition to the Amount Insured, the costs necessarily incurred by You to re-create business books, plans, computer system records, patterns and other business records.

Provided that the maximum amount We will pay is limited to \$25,000 any one occurrence or as noted in the Schedule.

10. Property of directors and Employees

Following a theft which is covered by this section, cover is extended to include tools of trade and personal property of directors and Employees whilst at the Business Premises provided such property is not otherwise insured.

Cover is limited to \$5,000 any one item and \$10,000 in total for each event.

11. Temporary removal

We also cover Your insured Business Property while temporarily removed to any other premises within the Commonwealth of Australia.

Provided that:

- a) We will not cover tobacco, tobacco products, cigars, cigarettes or alcoholic beverages,
- b) We will not cover Stock in trade that is on consignment to other parties unless it is owned by You or is property for which You are responsible,
- c) The maximum amount We will pay for this additional benefit will be twenty percent (20%) of the Insured Amount.
- d) This additional benefit will not apply to any property insured, which has been removed for a period greater than ninety (90) days without Our prior written consent.

12. Death following assault

If any person is injured while protecting or attempting to protect the Property Insured from theft and death results from that injury within twelve (12) months, We will pay \$10,000 to the estate of that person. If You are also insured under the Money cover section, the benefits payable for death following assault shall not be cumulative and shall be limited to \$10,000 in the aggregate.

13. **Tenanted premises**

We will pay the cost of repairing Damage to Premises in which You are a tenant and for which You are legally liable to pay in accordance with the terms of Your lease, provided such Damage occurs as a result of theft or attempted theft of Business Property occurring during the Period of Insurance. The limit of Our liability under this additional benefit is \$10,000 for any one occurrence.

14. **Additional premises – provisional cover**

Cover is extended to include all property within Australia that becomes Yours after the commencement of the Period of Insurance, for 30 days from first being used by You (unless the Period of Insurance ends sooner or the property ceases to be Yours, whichever shall first occur), but the cover is limited to:

- a) the business described in the Schedule, and
- b) property insured described in the Schedule.

Our maximum liability under this additional benefit is limited to twenty percent (20%) of the highest Insured Amount shown in the Schedule in relation to each item of Property Insured.

Full details of such additional property are to be supplied to Us within thirty (30) days of Your commencement of the use of the property. We may require an additional premium before We will insure such property.

OPTIONAL EXTENSION

Only applicable to the Policy if the Schedule shows that You have elected this option which is in addition to the 'Theft (limited) without forcible and violent entry' Additional Benefit. If the optional extension does not appear on the Schedule, then it has not been taken up and no cover is provided under the Policy.)

1. **Theft of property insured in the open air**

Theft of property insured in the open air but within the boundaries of the Situation or contained in an unlocked building, up to the amount shown in the current Schedule for 'theft without forcible and violent entry'.

2. **Additional Damage to Business Premises cover**

If 'Additional Damage to Business Premises' is shown in the Schedule, then, in addition to the cover provided under Additional Benefit 2 – 'Damage to Business Premises', We will pay up to the amount shown in the Schedule for the cost of repairing Buildings at the Business Premises that Damaged during a theft.

EXCLUSIONS

- 1) We will not pay under the Theft cover section for Loss of or Damage to:
 - a) Money and negotiable instruments in excess of \$500,
 - b) jewellery, furs, bullion, property made of gold or silver or precious stones exceeding \$10,000 any one loss and \$2,000 any one item unless they are Stock,
 - c) motor vehicles unless they are:
 - i) Stock; or
 - ii) fork lift trucks and similar appliances that are used for hauling or conveying goods at the Business Premises.
 - d) Glass unless it is Stock.
 - e) property not contained in a locked building, unless insured under Additional Benefit 1 - 'Theft (limited) without forcible and violent entry' .
- 2) We will not pay under this section for Loss of or Damage to property caused by:
 - a) any person lawfully on the Business Premises;;
 - b) any person who does not steal or intend to steal property.
- 3) We will not pay under this section for Loss of or Damage to property caused by or in any way contributed to by dishonest acts by You, Your directors, partners, Employees or any members of Your Family, other than by an Employee following forcible and violent entry.
- 4) Loss from a Safe, Strongroom or security enclosure opened by a key or by the use of details of a combination, either of which has been left on the Business Premises while closed for business, is not covered for more than the Insured Amount on Business Property anywhere on the Business Premises outside Business Hours.
- 5) We will not pay under this section for unexplained disappearances or unexplained shortages, whether resulting from clerical or accounting errors or shortages in supply or delivery of materials to or by You.

DEFINITIONS

The following words have the following meanings for this section only. You should also refer to the General Definitions section starting on page 13.

“Category or Categories” means the category into which property insured can be designated from the following:

1. all Contents including Stock.
2. all Contents excluding Stock.
3. Stock including goods for which You are responsible but excluding tobacco, products containing tobacco, cigars, cigarettes or alcohol.
4. Specified Items listed in the Schedule.

“Specified Items” means each item of property that is specifically described in the Schedule for Section 3 – ‘Theft’.

“Tobacco, products containing tobacco, cigars, cigarettes or alcohol” means: tobacco, products containing tobacco, cigars, cigarettes or alcohol sold by You in the Business.

SECTION 4 - MONEY

This section only forms part of Your Policy when Section 4 - Money is shown as covered in the Schedule

COVER

We cover You for Loss of or Damage to Money which occurs during the Period of Insurance as a result of the Defined events shown in the current Schedule.

DEFINED EVENTS

1. Money in transit

Money in Your personal custody or in the custody of persons authorised by You whilst in transit within Australia but not Money in a private residence or any Vehicle left unattended.

Money in transit includes Money whilst contained in the night safe, night depository chute, or automatic teller machine of any financial services provider. Our liability ceases at the time Your Financial Services Provider ceases trading on the next business day following deposit therein.

2. Money on business premises

Money contained in the Business Premises:

- a) during Business Hours;
- b) outside Business Hours;
- c) any time while contained in a locked Safe or Strongroom.

3. Money in private residence

Money contained in:

- a) Your home; or
- b) in the home of a person authorised by You when it has been taken home for safe keeping from the Business Premises or the place of collection until the time Your Financial Service Provider ceases trading on its next full trading day.

BASIS OF SETTLEMENT

We will pay You up to the Insured Amount shown on the current Schedule for each of the Defined events.

In the case of securities (which shall mean certificates of stock, bonds, coupons and all other types of securities), the basis of valuation shall be:

- a) if the securities can with Our approval be replaced, the cost of replacement paid or payable by You; or
- b) if the securities cannot or are not to be replaced by You, the greater of:
 - i) the price for which You purchased them; or
 - ii) the closing market value on the last business day prior to the date of discovery by You of the Loss or Destruction of the securities, or if the time of discovery by You is after the close of the market, their closing market value on the day of discovery by You of the Loss or Destruction of the securities;
- c) in the case of a loss of subscription, conversion or redemption privileges through the loss of any security, the value of such privileges immediately preceding the expiration thereof, such valuation being in the currency in which the loss was sustained. Losses sustained in currencies other than Australian dollars shall be settled by converting the amount of loss to Australian dollars at the market rate at the time of settlement of the loss or such other rates as may have been expressly agreed with Us. If there is no market price or value on the relevant day stated herein, then the value shall be agreed between You and Us, or in default thereof, We and You shall submit to arbitration and be bound by the decision of the umpire.

In the case of travellers' cheques, discount house vouchers or lottery tickets, the basis of valuation shall be the original purchase price incurred by You.

ADDITIONAL BENEFITS

The following additional benefits shall apply only following Loss of or Damage to Money or any attempt thereat, insured by this section.

1. Counterfeit currency

Provided that Insured Amount has not been otherwise exhausted, We will pay for losses sustained by You due to the acceptance in good faith in exchange for merchandise, Money or services, of counterfeit Australian currency notes up to an amount not exceeding \$500 in any one Period of Insurance.

2. Replacement of **locks and keys**

We will pay the reasonable cost of replacing locks, keys, magnetic keys or cards or similar devices or to change the sequence of numbers or letters used in a Safe or Strongroom if during the Period of Insurance:

- a) as a result of theft of Money covered under this section, keys or combinations are stolen, or if there are reasonable grounds to believe that keys have been duplicated;
- b) keys, magnetic keys or cards or similar devices are accidentally lost;
- c) the sequence of numbers or letters become known by any unauthorised person or are accidentally lost;
- d) circumstances have allowed the unauthorised duplication of keys, magnetic keys or cards or similar devices.

We will also pay the reasonable cost of:

- e) opening Safes and Strongrooms because of the theft of keys or combinations during a theft of Money covered under this section;
- f)
 - i) developing security images stored on Media from security cameras following a theft or attempted theft of Money covered under this section; and
 - ii) replacing and developing security film exposed because of theft or attempted theft of Money.

We will not pay more than \$10,000 for any one event for this additional benefit.

If You are also insured under Section 3 – ‘Theft’ then, the Additional Benefit payable for ‘Replacement of locks and keys’ shall not be cumulative and shall be limited to \$10,000 in the aggregate.

3. **Loss of or damage to Safes, Strongrooms and cash carrying bags**

If Money is stolen or there is an attempt at stealing Your Money from Your Safe or Strongroom, We will pay You:

- a) the cost of opening the Safe or Strongroom and to repair or replace any Loss of or Damage to the Safe or Strongroom that was caused by the theft or attempted theft;
- b) if Money is stolen or if there is an attempt at stealing Your Money, We will pay for Loss of or Damage to Your cash carrying bag that was caused by the theft or attempted theft.

A sub-limit of \$10,000 any one occurrence applies to this additional benefit.

4. **Temporary protection and security guards**

We will pay You the costs necessarily and reasonably incurred by You in effecting temporary protection and the employment of guards/watchmen to safeguard the property insured as a result of theft or attempted theft of Money occurring during the Period of Insurance and that is insured under this section. The maximum amount We will pay for each occurrence is \$10,000. If an occurrence results in a claim being paid under this section and another section of this Policy, then, the highest single limit under the relevant section applies. The Additional Benefit of 'Temporary protection and security guards' shall not be cumulative under this Policy.

5. **Seasonal increase of cover**

We will automatically increase the Insured Amount in respect of Money by fifty percent (50%) or such other amount as is specified in the Schedule during a Seasonal Increase Period.

You can nominate different Seasonal Increase Period(s) or higher percentage increases of Money. If You do they will be shown in the Schedule and You must pay any reasonable additional premium that applies.

6. **Bank and public holidays extension**

The Insured Amounts for Money cover are automatically increased by 100% or \$75,000 whichever is the lesser on days that are gazetted bank or public holidays. This increase shall apply up until bank closing time on the next business day after such holiday. This additional benefit does not apply to damage to 'Safes and Strongrooms' and 'Seasonal increases'.

7. **Death following assault**

If any person is injured while protecting or attempting to protect Money from theft or attempted theft and death results from that injury within twelve months, We will pay the estate of that person \$10,000. This amount is in addition to any amount We pay for loss of Money. If You are also insured under Section 3 - 'Theft', the benefits payable for death following assault shall not be cumulative and shall be limited to \$10,000 in the aggregate.

8. **Traveller's money**

Cover under this part is extended to include Loss of Money belonging to You, occurring while such Money is in Your personal custody, or in the custody of Your employee, up to the lesser of \$10,000 or the amount specified on the Schedule for Defined event 'Money in transit', while travelling outside of Australia in connection with the Business.

9. **Additional premises - provisional cover**

Cover is extended to include Money at, or in transit to or from any new Business Premises occupied by You after the commencement of the Period of Insurance, within Australia, for thirty (30) days from first being used by You (unless the Period of Insurance or Your occupancy of such premises ends sooner, whichever shall first occur), but the cover is limited to:

- a) the Business described in the Schedule, and

b) the Money insured described in the Schedule.

Our maximum liability under this additional benefit is limited to twenty percent (20%) of the Insured Amount shown in the Schedule in relation to each item of Money covered under this section.

Full details of such additional property are to be supplied to Us within thirty (30) days of Your commencement to use the property. If We agree to cover Money at the additional location, We may require payment of an additional premium.

10. **Property of directors, and employees**

If clothing or personal effects are Lost or Damaged during a theft or attempted theft of Money, We will pay in addition to the Insured Amount the cost of repairing or replacing these items.

Cover is limited to \$5,000 any one person and \$10,000 overall in respect of any one event. This additional benefit provides cover to You. It does not provide any insurance cover to any director or Employee. There is no cover for You or any person named as the Insured on the Schedule.

EXCLUSIONS

- 1) We will not pay for Loss or Damage caused by:
 - a) clerical or accounting errors;
 - b) errors in receiving or paying out Money;
 - c) dishonest acts of Your directors, partners, Employees or any member of Your Family other than theft by an Employee following visible forcible and violent entry.
- 2) We will not pay for Loss of or Damage to:
 - a) Money which was not discovered missing within ten working days of the Loss or Damage occurring;
 - b) Money whilst contained in an unlocked and unattended Vehicle;
 - c) Money from a Safe or Strongroom opened by a key or by use of a combination which has been left on the Business Premises outside Business Hours;
 - d) Money, except as provided under Additional Benefit 9 - 'Traveller's Money', whilst it is outside Australia.
- 3) We will not pay for Loss of or Damage to Money while being carried by professional money carriers, which is more specifically insured by such carriers, and which insurance responds in the event of a claim to the amount of the claim, excepting the excess amount over and above such more specific insurance which excess is held to be covered hereunder.

Provided that where in the ordinary course of Business you enter into an agreement with such carriers and such agreement provides that You shall indemnify and/or hold harmless and/or

release from liability such carriers in respect of Loss or Damage which may occur as a result of any cause or event insured against under this section, then this Exclusion 3 shall not apply.

DEFINITION

The following words have the following meaning for this section only. You should also refer to the General Definitions section starting on page 13.

“Financial Service Provider” means a bank, building society or credit union or an agency for any of these.

SECTION 5 - MACHINERY BREAKDOWN AND ELECTRONIC EQUIPMENT BREAKDOWN

This section only forms part of Your Policy when Section 5 - Machinery Breakdown and Electronic Equipment Breakdown is shown as covered in the Schedule.

IMPORTANT INFORMATION

Section 5 – Machinery Breakdown and Electronic Equipment Breakdown cover is divided into two parts, each with optional extensions for Your convenience. This insurance and the Schedule are to be read together.

PART 1 - MACHINERY BREAKDOWN

PART 1 - COVER

If any Insured Item of Plant and Machinery or any part of an Insured Item of Plant and Machinery specified in the Schedule suffers Insured Damage We will indemnify You in respect of such Insured Damage as provided in the basis of settlement clause. This insurance applies whilst the Insured Item is within the Situation 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 completion of successful initial commissioning at the Situation.

PART 1 - BASIS OF SETTLEMENT

- 1) In the event of Insured Damage under this part We will at Our option pay You, up to the Insured Amount or Limit Any One Loss (whichever is selected) less the applicable Excess, the reasonable cost of repair or replacement necessary to return the Insured Item to its former state of operation including:
 - a) the cost of dismantling, re-erection, cleaning up and removal of debris;
 - b) the cost of replacement of refrigerant, lubricating or insulating oil lost from an Insured Item as a direct result of Insured Damage;
 - c) the extra cost of expediting permanent repairs including:
 - i) charges for overtime and work on public holidays where necessarily and reasonably incurred;
 - ii) the cost of freight within Australia by any recognised scheduled service;
 - iii) the cost of overseas air freight by any recognised scheduled service and/or overseas labour;
 - d) the cost of temporary repairs and/or hire of a temporary replacement item during the time taken to repair Insured Damage to any Insured Item;
 - e) consultants fees; and

- f) Your liability for customs, excise and/or other duties which You may become liable to pay consequent upon Insured Damage to any Insured Item and/or Your liability to compensate others who may become liable for such customs, excise and/or other duties as a result of the Insured Damage.

Provided the total of all these extra costs in clauses 1 c) and 1 d) are limited to fifty percent (50%) of the normal cost of repair payable under this Part 1 and shall be payable in addition to the Insured Amount or Limit Any One Loss (whichever is selected).

- 2) All Insured Damage which can be repaired must be repaired, however should the item be uneconomical to repair due solely to the nature of the Insured Damage, settlement will be as follows:
- a) The cost of replacement of the Insured Item by an item of similar function, type, capacity and quality in a condition equal to, but not better than, the condition of the Insured Item when new;
- b) The Insured Amount for the Insured Item.

We will pay the lesser of 2 a) or 2 b).

- 3) We shall not be required to replace the Insured Item exactly, but only as circumstances permit.
- 4) The value of any salvage will be subtracted from any amount payable under this part.
- 5) The amount of each claim otherwise payable shall be reduced by the amount of the Excess shown in the Schedule.
- 6) Where components or manufacturer's specifications are no longer available due to obsolescence, the basis of settlement will be the cost which would have been incurred if the components or specifications had still been available.
- 7) Notwithstanding any other clause in this part Our liability under this Part 1 shall not exceed the Insured Amount in respect of the Insured Item which has suffered Insured Damage.

PART 1 - EXCLUSIONS

We will not pay for:

- 1) The cost of:
- a) replacement of expendable items such as belts, filters, fuses, electric heating elements, electrical contacts, thermostats, Thermal expansion valves, cutting blades, crushing surfaces, parts made of glass, porcelain or ceramics, chains, seals, links, dies and moulds, conveyor belting, lubricants, fuel and any transfer media;
- b) replacement of unserviceable component parts worn through normal machine operation;

- c) adjustment, cleaning, purging or recharging of refrigeration or air conditioning equipment;
- d) replacement of refractory or brickwork forming part of an Insured Item;

unless necessary as part of the rectification of Insured Damage not otherwise excluded under this Part 1.

2) The cost of:

- a) maintenance work including but not limited to the tightening of loose parts, recalibration or adjustments;
- b) alterations, additions, improvements or overhauls whether carried out in the course of indemnifiable repairs or as a separate operation;
- c) modification or alteration of Insured Item to enable it to operate with a more ozone-friendly refrigerant gas as required by the UNEP (United Nations Environmental Protection) Montreal Protocol with respect to substances which deplete the ozone layer, unless conversion is necessitated by Insured Damage;
- d) replacement or repair, caused by gradual deterioration (including rust, corrosion, erosion, oxidation or scale formation);
- e) replacement of lighting equipment, reticulated electrical wiring, reticulated liquid and gas piping and ducting;
- f) repair of scratches chipping or discolouration to painted or polished surfaces, unless resulting from Insured Damage;
- g) repair of slowly developing deformation, distortion or fatigue of any part;
- h) repair of blisters, laminations, flaws or grooving even when accompanied by leakage;
- i) repairs to valves, fittings, glands, joints, gaskets, pipes, lines and connections which are defective or leaking;
- j) repairs to shaft keys requiring tightening, fitting or renewal;
- k) damage caused by the movement of foundations, masonry or brick work; or
- l) removal or installation of underground pumps and well casings. Unless specifically noted on the Schedule, this exclusion does not apply to submersible pumps.

3) Consequential loss of any kind or description whatsoever.

4) Insured Damage to any item being moved, if caused by dual lifting unless We have agreed to cover such additional risk in writing prior to the occurrence of any such event.

- 5) Anything to the extent You are entitled to recover the costs of labour or parts under a maintenance agreement, warranty, guarantee or indemnity in Your favour by the manufacturer of the relevant item or any other person. However, We shall be liable for Insured Damage (not otherwise excluded by this section) which is not recoverable under such agreement, warranty, guarantee or indemnity by reason of a specific exclusion contained in that agreement, warranty, guarantee or indemnity.

PART 1 - OPTIONAL EXTENSIONS

(Only applicable to the Policy if the Schedule shows that You have elected any of these Optional Extensions. If the optional extension does not appear on the Schedule, then it has not been taken up and no cover is provided under the Policy.)

1. Deterioration of Stock in cold storage

(Applies where indicated in the Schedule as being operative.)

We will indemnify You up to the Insured Amount for Loss of or Damage to the Stock as specified whilst contained in the cold storage spaces cooled by the Insured Items nominated in the Schedule and caused by deterioration or putrefaction as a result of:

- a) Insured Damage to the refrigeration machinery;
- b) operation of or failure to operate controls or protective devices within the refrigeration machinery; but this does not include Loss caused by the manual operation or manual setting of controls or protective devices;
- c) contamination of the stored Stock by the accidental escape of refrigerant into the cold chamber;
- d) sudden leakage of refrigerant from the refrigeration machinery or pipe systems forming part of the refrigeration machinery occurring during the Period of Insurance at the Situation; or
- e) sudden and unforeseen failure of the public power supply.

If deterioration occurs or is likely to occur to such Stock by any of the above causes 1 a), 1 b), 1 c), 1 d) or 1 e), We will pay any reasonable expenses incurred by You to prevent or minimise the Loss of Stock.

Basis of settlement

- a) We will pay the cost of replacement of the Lost or Damaged Stock calculated immediately prior to the Loss or Damage occurring or the contracted price from Your usual customer, whichever is the higher. We will not pay more than the Insured Amount stated in the Schedule for the Stock.
- b) The amount of each claim otherwise payable shall be reduced by the amount of the Excess shown in the Schedule.

Exclusions applicable to Part 1 - Optional Extension 1

In addition to the exclusions contained in Part 1, We will not pay for:

- a) any Loss or Damage due to shrinkage, inherent defects or diseases;
- b) Loss or Damage caused by improper storage, collapse of the packing material or storage structure;
- c) penalties or delay or detention or consequential loss or damage or liability of any nature whatsoever; and
- d) Loss or Damage following loss of public power supply due to:
 - i) the deliberate act of any public power supply authority unless performed for the sole purpose of safeguarding life or protecting a part of the supply system;
 - ii) the decision by any public power supply authority to restrict or withhold supply excepting a scheme of rationing necessitated by damage to any part of the supply system;
 - iii) shortage of power generation fuel or water.

Seasonal increase

We will automatically increase the Insured Amount by fifty percent (50%) during a Seasonal Increase Period.

You can nominate different Seasonal Increase Period(s) or higher percentage increases of the Insured Amount. If You do they will be shown in the Schedule and You must pay any reasonable additional premium that applies.

PART 2 - ELECTRONIC EQUIPMENT BREAKDOWN

PART 2 - COVER

If any Insured Item of Electronic Equipment or any part of an Insured Item of Electronic Equipment specified in the Schedule suffers Insured Damage, We will indemnify You, as provided in the basis of settlement clause, in respect of the Insured Damage indicated by the terms of cover You have selected as stated on the Schedule.

This insurance applies while the Insured Item is:

- a) within the Situation and is working or at rest; and/or
- b) being dismantled or moved for the purpose of cleaning, inspection, overhaul, repair or relocation or during such operations themselves or whilst being subsequently re-erected at the Situation; or
- c) being moved to or from any service contractor away from the Situation but within Australia;

but only after completion of successful initial commissioning of the Insured Item at the Situation.

PART 2 - BASIS OF SETTLEMENT

- 1) In the event of Insured Damage to an Insured Item of Electronic Plant We will pay the cost of replacement or repairs necessary to return the Insured Item to its former state of operation including:
 - a) cost of dismantling, re-erection, cleaning up and removal of debris;
 - b) charges for overtime and work on public holidays where necessarily and reasonably incurred;
 - c) freight within Australia by any recognised scheduled service;
 - d) overseas air freight by any recognised scheduled service or overseas labour;
 - e) the cost of temporary repairs and/or hire of a temporary replacement item during the time taken to repair Insured Damage to any Insured Item;

provided that the costs in clauses 1 b), 1 c) 1 d) and 1 e) are limited to fifty percent (50%) of the normal cost of repair payable under this Part and shall be payable in addition to the Insured Amount or Limit Any One Loss (whichever is selected).

 - f) Your liability for any customs, excise and/or other duties which You may become liable to pay consequent upon Insured Damage to any Insured Item and/or Your liability to compensate others who may become liable for such customs, excise and/or other duties as a result of the Insured Damage.
- 2) No deduction will be made for depreciation of parts replaced except for valves, tubes (including picture and x-ray tubes) and light sources. We will deduct a proportion of the replacement cost of these items being the proportion which the period of use up to the time of failure bears to the normal service life expected by the manufacturer or supplier.
- 3) All Insured Damage which can be repaired, must be repaired, however, should the item be uneconomical to repair due solely to the nature of the Insured Damage, settlement will be the lesser of the Insured Amount for the Insured Item as stated in the Schedule or the cost of replacement of the Insured Item by an item of similar function, type, capacity and quality and in a condition equal to but not better than the condition of the Insured Item when new.
- 4) The value of any salvage will be subtracted from the amount payable under this clause.
- 5) If more than one Insured Item is Lost or Damaged in one occurrence, We will apply only the highest of the Excesses applicable to such Insured Items.
- 6) The amount of each claim otherwise payable shall be reduced by the amount of the Excess shown in the Schedule.

PART 2 - EXCLUSIONS

We will not pay for:

- 1) Insured Damage to Electronic Data and Electronic Data Media, but subject to any extension selected by You.
- 2) Insured Damage caused by atmospheric conditions, moisture or change in temperature unless directly resulting from Insured Damage to or malfunction of air conditioning equipment.
- 3) the cost of:
 - a) replacement of expendable items such as batteries, valves, x-ray and picture tubes, belts, chains, tapes, cards, ribbons, filters, tubes, electric heating elements or electrical contacts; or
 - b) replacement of component parts worn through normal use or operation;unless necessary as part of the rectification of Insured Damage not otherwise excluded under this Part.
- 4) the cost of:
 - a) maintenance work;
 - b) alterations, additions, improvements or overhauls whether carried out in the course of indemnifiable repairs or as a separate operation;
 - c) replacement or repair following gradual deterioration (including rust, corrosion, erosion, oxidation or scale formation);
 - d) repairs of scratches to painted or polished surfaces unless resulting from Insured Damage; or
- 5) anything to the extent You are entitled to recover the costs of labour or parts under a maintenance agreement or warranty, guarantee or indemnity in Your favour by the manufacturer of the relevant Insured Item or any other person. However, We shall be liable for Insured Damage (not otherwise excluded by this section) which is not recoverable under such agreement, warranty, guarantee or indemnity by reason of a specific exclusion contained in that agreement, warranty, guarantee or indemnity.
- 6) Loss or Damage caused by Computer viruses or other disruptive programming techniques.
- 7) Consequential loss of any kind or description whatsoever.

PART 2 - OPTIONAL EXTENSIONS

(Only applicable to the Policy if the Schedule shows that You have elected any of these Optional Extensions. If the optional extension does not appear on the Schedule, then it has not been taken up and no cover is provided under the Policy.)

1. **Electronic Data and Electronic Data Media**

(Applies where indicated in the Schedule as being operative.)

Cover

We will indemnify You for Insured Damage to the Electronic Data and Electronic Data Media insured under this extension as specified in the Schedule caused solely as the result of Insured Damage covered under Part 2 to an Insured Item which is specified in the Schedule.

We will extend cover under this Part 2 to include restoration of lost information which results from Loss of or Damage to an Electronic Data processing system which is not owned by You and which You are not responsible to insure but which is being used by You at the time the Loss or Damage to that system occurs in circumstances which would give rise to indemnity under Part 2 if it was insured under Part 2.

Basis of settlement

We will pay You for such Insured Damage up to the Insured Amount less the applicable Excess specified in the Schedule including:

- a) the actual cost of replacement of Lost or Damaged Software and Electronic Data Media by new unused materials;
- b) any expenses which can be proved to have been incurred by You only for the purpose of restoring the Electronic Data by reproduction of data or information in a condition equivalent to that existing prior to Insured Damage and necessary to allow operation of the Insured Item to continue in the normal manner. Lost Electronic Data may be reproduced in an updated form if the cost of doing so is no greater than that of reinstatement in the original form.

Provided that:

- i) We shall only be liable for costs and expenses incurred within a period of twelve (12) months following the date of the Insured Damage.
- ii) this extension only applies whilst the insured Electronic Data Media is:
 - 1) at the Situation;
 - 2) at a media storage situation; or
 - 3) temporarily at an alternative situation for processing purposes or in transit between any of these situations.

- iii) The amount of each claim otherwise payable shall be reduced by the amount of the Excess shown in the Schedule.

Exclusions applicable to Part 2 – Optional Extension 1

In addition to the exclusions contained in Part 2, We will not pay for:

- a) Loss or distortion of Electronic Data contained on the Electronic Data Media while mounted in or on any machine for use or processing unless such loss or distortion occurs:
 - i) at the Situation, due to Insured Damage to an Insured Item which is specified in the Schedule; or
 - ii) at another situation temporarily used for processing purposes, due to Insured Damage to an item of electronic plant which would be indemnifiable if that item of plant were insured under this Part 2.
- b) Loss or distortion caused by Computer Virus.
- c) Wasting or wearing away or wearing out caused by or naturally resulting from ordinary use or working or gradual deterioration.
- d) Loss or Damage caused by atmospheric conditions, moisture or changes in temperature unless directly resulting from Insured Damage to air-conditioning equipment which would be indemnifiable if the equipment were insured under Part 2.
- e) Consequential loss of any kind or description whatsoever.
- f) Work undertaken without Our approval other than for minor temporary or provisional repairs. There is no cover under this extension with respect to any Insured Item which has been operated without being satisfactorily repaired following Insured Damage.

Condition applicable to Part 2 – Optional Extension 1

It is a condition precedent to indemnity under this extension that You must have duplicate copies of updated file media stored off site at alternative premises.

2. Increase in cost of working

(Applies where indicated in the Schedule as being operative.)

Cover

We will indemnify You as set out in Basis of Settlement below up to the Insured Amount for any additional costs of operating the Business directly resulting from interruption of or interference with the Business as defined in the Schedule, but only if:

- a) the interruption or interference is as a result of Insured Damage to an insured computer or word processor covered under Part 2; and
- b) the interruption or interference is caused solely as a result of Insured Damage.

To the extent that the Insured Amount by this extension is not otherwise exhausted, We will also pay for reasonable professional fees of accountants or auditors and any necessary and reasonable expenses payable by You for preparation and proving of valid claims under Section 5 -Parts 1 and 2.

Basis of settlement

- a) We will pay You for the additional expenditure incurred, over and above the normal expenses which would have been incurred by You for the operation of Your insured computer or word processor, by the use of substitute equipment to maintain normal business operations during the interruption up to the Insured Amount specified in the Schedule, less the applicable Excess including:
 - i) the actual hire charges incurred for the rental of substitute equipment, and
 - ii) the cost of additional personnel and transport expenses incurred with the use of the substitute equipment.
- b) The Indemnity Period and the Time Excess shall commence upon the commencement of use of a substitute insured computer or word processor.
- c) We shall be liable for additional expenditure incurred during the actual period of the interruption but not exceeding the period specified in the Schedule as the Indemnity Period.
- d) We will not be liable for loss, damage or costs incurred by You during the Time Excess.
- e) The amount of each claim otherwise payable shall be reduced by the amount of the Excess shown in the Schedule.

Exclusions applicable to Part 2 – Optional Extension 2

In addition to the exclusions contained in Part 2, We will not pay for:

- a) the costs incurred during:
 - i) interruption due to the carrying out of alterations, additions or improvements to the insured computer or word processor;
 - ii) interruption due to the carrying out of cleaning, adjustment, inspection or maintenance of the insured computer or word processor; or
 - iii) the extension of any interruption due to any measure, restriction or regulation imposed by any government, public or local authority.
- b) additional costs incurred where the period of interruption otherwise applicable is increased beyond four (4) weeks due to delay in the repair or replacement of items manufactured outside Australia where such delay results from:

- i) measures, restrictions or regulations imposed by any government, public or local authority;
- ii) the time required to procure replacement parts or complete items in overseas markets;
- iii) the time required to transport or ship component parts or complete items between the Situation and any overseas place of repair or replacement;
- iv) the time required to engage and transport overseas specialists or consultants to assist in or supervise local repairs.

Condition applicable to Part 2 – Optional Extension 2

For the purpose of this extension only, Exclusion 7 of Part 2 does not apply.

PARTS 1 AND 2 - EXCLUSIONS

We will not pay for Loss or Damage caused by or arising from:

- a) fire, smoke or soot;
- b) extinguishing a fire including subsequent demolition or repair work;
- c) lightning;
- d) chemical explosion (other than explosion of flue gas in Boilers);
- e) impact by:
 - i) land-borne Vehicles,
 - ii) Aircraft; or
 - iii) Watercraft;
- f) earthquake, tsunami, subterranean fire or volcanic eruption;
- g) landslip, subsidence or earth movement;
- h) storm, tempest, Flood, windstorm or cyclone;
- i) water escaping, discharged or leaking from any source which is external to the Insured Plant and Machinery;
- j) theft or burglary;
- k) intentional or malicious Damage; or
- l) the carrying out of tests involving abnormal stresses, including the intentional overloading of any Insured Item. The checking of the correct working of any Insured Item or of its safety installations is not considered to be testing or overloading within the context of this exclusion.

PARTS 1 AND 2 - ADDITIONAL BENEFITS

1. Additional items

If You hire or purchase and commission at the Business Premises any items similar to items already insured under this section, We will consider these items to be added to the insurance by this section, giving the same cover as for similar items already insured. Provided that:

- a) cover for additional items shall not exceed the total Insured Amount for the items already insured under this section;
- b) You give Us written notice within ninety (90) days of the hire or purchase and commissioning of the item(s) and pay the appropriate extra premium on a pro rata basis together with any applicable statutory charges;
- c) the items are, as far as You are aware, suitable for service, free from material defect and in sound working condition;
- d) the items shall not be insured until successfully commissioned and all relevant statutory provisions for inspection and certification have been fulfilled;
- e) the limits and Excess as shown in the Schedule shall be the same as for similar items already insured.

2. Repair costs

The cost of consulting engineers' fees (excluding fees for preparing a claim) necessarily incurred with Our written consent, in the reinstatement of Plant and Machinery and Electronic Plant. Provided that where the Insured Amount is exhausted We will pay an additional amount of up to \$5,000 in respect of this Additional benefit.

3. Inflation protection

The Insured Amounts on items of Plant and Machinery and Electronic Equipment shall at the time of loss be increased according to the consumer price index by the proportion which the number of days since the commencement of the Period of Insurance shall bear to the whole of such period.

4. Hazardous substances

If a hazardous substance is involved in or released as a result of Insured Damage We will pay for the increase in cost to repair, replace, clean up or dispose of damaged Plant and Machinery.

We will not pay more than \$25,000 for any one claim in respect of this additional benefit.

PARTS 1 AND 2 - CONDITIONS

1. Newly installed items

At the end of each Period of Insurance You shall furnish Us with details of any items newly installed or which have been deleted during the Period of Insurance. Additional or return premiums shall be calculated corresponding to the type and value of the items and the Period of Insurance from the time of completion of the successful commissioning of the items. Provided that Our liability for all additional items will not exceed fifty percent (50%) of the total Insured Amounts as stated in the Schedule.

2. Inspection

You shall permit Us or Our representative at all reasonable times the right to inspect and examine any items insured by this insurance.

3. Claims and repair procedure (See also General Condition 7 - 'Claims')

In the event of any Insured Damage which might give rise to a claim under this insurance You must preserve the parts affected and make them available for inspection by Us or Our representative.

Upon notification of any Insured Damage being given to Us, You may carry out repairs or make good any minor Insured Damage, but in all other cases You must give Us or Our representative an opportunity to inspect the Insured Damage before any repairs or alterations are effected. If no inspection is carried out by Us or on Our behalf within a period of time which is reasonable having regard to the location of the risk, weather conditions and/or other relevant factors, You may proceed with such repairs or replacement.

4. Due care

Nothing contained in this section or in any other condition of this insurance will relieve You of any obligation to take such steps as are necessary to ensure that the operation of the Insured Items is at all times carried out so as to minimise the risk of any claim being made under this Section 5.

Insurance cover will cease for any Insured Item which has sustained damage and is operated unless it has been repaired properly and without delay.

5. Alteration

You shall notify Us in writing of any intended alterations of or departure from normal working conditions which You know (or a reasonable person in the circumstances could be expected to know) would materially increase the risk.

DEFINITIONS APPLICABLE TO PARTS 1 AND 2 OF SECTION 5

The following words have the following meanings for this section only. You should also refer to the General Definitions section starting on page 13.

“Boilers, Pressure Vessels and Pressure Pipe Systems” means the permanent structure of those Insured Items which are subject to internal steam, gas or fluid pressure (other than atmospheric pressure) including all direct attachments connected to the permanent structure and includes with respect to Boilers the rotating, reciprocating or electrical apparatus attached to them.

“Dollar Excess” means the amount specified in the Schedule that You shall first contribute towards each claim, arising out of the one occurrence.

“Electronic Data” means the information stored on the Electronic Data Media.

“Electronic Data Media” means the discs or tapes used in the computer to store the information.

“Electronic Plant” means all computers, word processors including all ancillary equipment attached thereto, Software, other electronic equipment and associated air conditioning equipment as specified in the Schedule as Insured Items.

“Excess” for the purposes of this section, the Excess may be a Dollar Excess or a Time Excess. We will subtract the applicable Excess from the claim otherwise payable and We will then pay to You the amount of loss or damage up to the applicable Insured Amount or Limit Any One Loss.

“Hazardous Substance” means:

- a) any pollutant, contaminant or other substance declared by a government authority to be hazardous to health or the environment; or
- b) any mould, yeast, fungus or mildew including any spores or toxins created or produced by or emanating from such mould, yeast, fungus or mildew, whether or not allergic, pathogenic or toxigenic.

“Indemnity Period” means the period beginning with the occurrence of the Insured Damage and ending no later than the number of months specified in the Schedule during which the results of the Business shall be affected in consequence of the Insured Damage.

“Insured Amount” the relevant sum stated opposite each Insured Item as specified in the Schedule and applies where ‘Specified Items’ cover has been selected.

“Insured Damage” means sudden and unforeseen physical loss and/or physical damage to an Insured Item necessitating repair to allow continuation of use.

“Insured Item” means any item specified in the current Schedule.

“Limit Any One Loss” means the maximum amount We will pay for any one claim as specified in the Schedule and applies where blanket cover has been selected.

“Plant and Machinery” means electrical and mechanical items including electronic and other integral parts of the Insured Items including Boilers, Pressure Vessels and Pressure Pipe Systems as defined above.

“Situation” the Situation specified in the Schedule.

“Software” means the collection of programs which cause a computer to perform a desired operation or series of operations.

“Time Excess” the number of operating days specified in the Schedule during which You must bear the loss.

SECTION 6 - GLASS

This section only forms part of Your Policy when Section 6 - Glass is shown in the Schedule.

COVER

We cover You under the Glass section for Breakage at the Situation of the Glass shown on the current Schedule which occurs during the Period of Insurance.

BASIS OF SETTLEMENT

We will at Our option either pay the cost to repair or replace broken Glass with Glass of similar or higher quality to comply with the requirements of The Standards Association of Australia, any statute or regulation.

ADDITIONAL BENEFITS APPLICABLE TO SECTION 6

If a claim is payable by Us under the Glass cover section, We will also pay up to the greater of the limit defined below or the Insured Amount shown on the current Schedule for the reasonable cost to replace or repair the following additional items:

a) **External Glass –**

In the event of Breakage of External Glass, We will indemnify You for each of the following:

- i) replacing sign writing or ornamentation affixed to the broken Glass;
- ii) replacing burglar tape or wiring affixed to the broken Glass;
- iii) replacing shatter resistant or reflective film affixed to the broken Glass;
- iv) temporary shuttering, boarding up or other protection reasonably necessary for the safeguarding of the Business Premises or Contents therein, pending replacement of the broken Glass;
- v) replacing Damaged window frames and tiled shop fronts,

Our liability under this additional benefit during any one Period of Insurance is limited to \$10,000.

b) **Stock or contents**

We will pay for Destruction of, or Damage to Your Stock or Contents, caused by broken Glass following the Breakage of Glass where such Breakage constitutes an admissible claim under this section.

Our liability under this additional benefit during any one Period of Insurance is limited to:

- i) the value at cost, of the Stock or Contents Destroyed or Damaged, less any amount realised from the sale or salvage or;
- ii) the sum of \$8,000, whichever is the lesser.

c) **Signs**

Glass or plastic which forms part of an illuminated Sign and which is damaged during the Period of Insurance. This additional benefit is subject to a sub-limit of liability of \$8,000 or any higher sub-limit stated in the current Schedule for 'Signs'. The admissibility of claims for damage to Signs shall not be contingent upon other damage to Glass.

d) **Overtime**

We will pay the reasonable costs for after-hours service by repairers, express delivery and overtime charges to repair or replace broken Glass.

e) **Malicious damage**

Malicious damage to External Glass. This additional benefit is payable even where there is no Breakage of External Glass.

EXCLUSIONS APPLICABLE TO SECTION 6

Under the Glass cover section We will not pay the cost to repair or replace broken Glass:

- a) which is Stock;
- b) which is chipped or in poor condition when the Period of Insurance commences;
- c) which is part of any glasshouse, conservatory, radio, television screen, computer screen, vase, picture, crystal, crockery, china, or Glass item normally carried by hand.

DEFINITIONS APPLICABLE TO SECTION 6

The following words have the following meanings for this section only. You should also refer to the General Definitions section starting on page 13.

“Breakage” means:

- a) for plate or sheet Glass or porcelain, a fracture extending through the entire thickness of the Glass or porcelain;
- b) for laminated Glass, a fracture extending through the entire thickness of a lamination but not any other damage or disfiguration.

“External Glass” means:

- a) Glass, or plastic material used as Glass fixed in external windows, doors, showcases or skylights forming part of the Business Premises.
- b) ceramic tiled shop fronts.
- c) frames of showcases, display cabinets and counters containing the broken Glass.

“Glass” means ‘Internal Glass’, ‘External Glass’ and ‘Specified Glass’

“Internal Glass” means:

- a) Glass or plastic material used as Glass in internal partitions, windows and doors, Glass forming shelves and/or stock restraints, interior showcases, fixed mirrors and other fixed internal Glass including ceramic vitreous china urinals, toilet pans and hand basins; and
- b) showcase frames, display cabinets and counter frames.

“Premises” means the buildings at the Situation.

“Sign” means Glass or plastic that forms part of a Sign.

“Specified Glass” means Glass specifically designated in the Schedule under Specified Glass.

SECTION 7 - GENERAL PROPERTY

This section only forms part of Your Policy when Section 7 – General Property is shown as covered in the Schedule.

We cover You for Accidental Loss of or Damage to the General Property items listed on the current Schedule up to the Insured Amount, which occurs during the Period of Insurance subject to the General Exclusions of this Policy and the Specific Exclusions of this section.

We will at Our option either:

- a) pay You the replacement cost of the General Property at the time of Loss or Damage; or
- b) repair the General Property to a condition equal to but not better or more extensive than its condition when new; or
- c) replace the General Property with a new item that has the same features that are nearly the same as (but not less than) the item being replaced.

EXCLUSIONS APPLICABLE TO SECTION 7

- 1) We will not cover Loss of or Damage to General Property under the General Property cover section which is:
 - a) covered under any other section of this Policy.
 - b) being constructed, erected, altered, manufactured, cleaned or repaired.
- 2) We will not cover Loss or Damage caused by:
 - a) wear and tear, fading, scratching or marring, rust, corrosion, mildew, mould, contamination or pollution, wet or dry rot, change of colour, flavour, texture or finish, dampness of atmosphere, variations in temperature, evaporation, disease, inherent vice, latent defect, loss of weight, depreciation, gradual deterioration or developing flaws, normal upkeep or making good, smut or smoke from industrial operations (other than sudden or unforeseen Damage resulting therefrom);
 - b) insects or vermin such as rats, mice, rabbits, possums and birds;
 - c) faulty materials;
 - d) faulty workmanship;
 - e) mechanical, electrical or electronic breakdown.

Exclusion 2 applies to the part first and immediately affected and does not extend to subsequent Damage to other parts of the property occasioned by a peril which is not otherwise excluded.

- 2) We will not be liable under this cover option for Loss of or Damage to:

- a) Money;
 - b) jewellery, watches, furs, antiques, paintings, works of art, precious metals or precious stones or articles composed of any of them;
 - c) explosives, petroleum products in bulk or gas in bulk;
 - d) livestock;
 - e) cigarettes, tobacco, wines, spirits or other alcoholic beverages unless specified in the Schedule
- 3) We will not cover:
- a) General Property not being used by You in accordance with the manufacturer's instructions;
 - b) any legal liability of whatsoever nature;
 - c) consequential loss of any kind.

DEFINITION APPLICABLE TO SECTION 7

The following words have the following meanings for this section only. You should also refer to the General Definitions section starting on page 13.

“General Property” means the property listed on the current Schedule under the General Property cover section.

CONDITIONS APPLICABLE TO SECTION 7

If We pay an amount for a claim under this section, We will automatically reinstate the Insured Amount to the amount shown in the Schedule. No additional premium will be payable for this reinstatement.

SECTION 8 - TRANSIT

This section only forms part of Your Policy when Section 8 - Transit is shown as covered in the Schedule.

COVER

We will cover You for Loss of or Damage to Goods, whilst in Transit within Australian territories.

We will also cover Loss of or Damage to Goods while at any exhibition or display (other than in Your own or controlled Business Premises), limited to a maximum of fourteen days. We will not pay more than \$10,000 for Goods at any one exhibition or display.

If the Transit is interrupted or terminated due to insolvency or financial default of the carrier, whether or not Loss or Damage is caused to the Goods, We will pay the extra costs of freight or storage to forward the Goods to their intended destination, or to return the Goods to the place from which they were despatched, up to a maximum of 10% of the Insured Amount of the Goods.

EXCLUSIONS APPLICABLE TO SECTION 8

We will not pay for Loss of or Damage:

- a) that existed prior to the commencement of the Transit;
- b) to Temperature Controlled Goods, arising from any variation in temperature, unless the variation in temperature is directly caused by:
 - i) fire, explosion, lightning or Flood;
 - ii) collision, jack-knifing, overturning or derailment of the Conveyance;
 - iii) crashing or forced landing of the conveying Aircraft;
 - iv) breakdown resulting in stoppage or malfunction of refrigerating machinery and the subsequent failure to perform its normal refrigeration cycle for more than four (4) consecutive hours;
- c) to Goods sent by post, unless by registered post;
- d) caused by ordinary leakage, ordinary loss in weight or volume;
- e) that arises as a result of Goods being worked upon;
- f) to Goods caused by electronic, electrical or mechanical breakdown, malfunction or failure. However, this exclusion will not apply where such breakdown, malfunction or failure occurs to the Conveyance;

- g) arising from Theft of Goods if the Conveyance, building, situation, warehouse or place of storage used during the Transit is not securely locked when unattended;
- h) arising from insufficiency or unsuitability of packing, preparation or stowage of the Goods by You or Your Employees;
- i) arising from unfitness of any Conveyance or packaging for the safe carriage of the Goods where You had knowledge of the unfitness prior to the commencement of the Transit;
- j) as a result of unexplained shortage or disappearance;
- k) arising from delay, loss of market, depreciation, deterioration or any other consequential cause or loss or profit, except as may be provided by any extension to this section.

BASIS OF SETTLEMENT

1. NON-TEMPERATURE CONTROLLED GOODS

a) What We pay for Loss of or Damage to plant, machinery, computers and the like up to five years of age:

At Our option We will pay the lesser of:

- i) the cost of repairing the Goods to a condition equal to but not better or more extensive than when new (including the reasonable costs of any necessary overtime);
- ii) in the case of purchase or sale, the purchase or sale price plus the cost of packing and transport; or
- iii) in the case of movement of return Goods (inwards or outwards), Stock Transfers and movement of Goods, other than for the reason of purchase or sale, the new replacement cost or, if not available, as near as possible to the same make, model and specifications as is available, whichever is the lesser

b) What We pay for Loss of or Damage to plant, machinery, computers and the like more than five years old

At Our option We will pay the lesser of:

- i) the cost of repairing or reinstating the Goods to a condition equal to but no better or more extensive than its condition immediately prior to the Loss or Damage (including the reasonable cost of any necessary overtime)
- ii) in the case of a purchase or sale, the purchase or sale price plus the cost of packing and transport; or

- iii) in the case of movement of return Goods (inwards or outwards), Stock Transfers and movement of Goods, other than for the reason of purchase or sale, We will pay the greater of the written down book value in your books of account or the current market value, whichever is the lesser

c) What We pay for Loss of or Damage to Non-Temperature Controlled Goods other than plant, machinery, computers and the like

At Our option We will pay the lesser of:

- i) the cost of repairing or reinstating the Goods to a condition equal to but not better or more extensive than its condition immediately prior to the Loss or Damage (including the reasonable cost of any necessary overtime); or
- ii) the invoice value covering the Goods while in Transit (including freight if separately invoiced to the receiver of the Goods), or if there is no invoice value, the cost of replacing the Goods with similar goods of the same quality or as near as possible to that quality, whichever is the lesser.

2. TEMPERATURE CONTROLLED GOODS

What We pay for Loss of or Damage to Temperature Controlled Goods other than plant, machinery, computers and the like

At Our option We will pay the lesser of:

- a) the cost to re-condition the Goods (including the reasonable costs of any necessary overtime); or
- b) the invoice value covering the Goods while in Transit (including freight if separately invoiced to the receiver of the Goods), or if there is no invoice value, the cost of replacing the Goods with similar goods of the same quality or as near as possible to that quality, whichever is the lesser.

3. BRANDED GOODS

For any Damaged Goods bearing identifying brands or labels or other permanent markings, the Goods may be retained by You to dispose of as You see fit, provided a reasonable allowance is agreed for the value of the Goods and this allowance is deducted from the claim settlement. Where only the labels or packaging are effected, We will pay You only the cost to recondition or replace those labels or packaging.

LIMITS TO WHAT WE PAY

The most We will pay for:

- a) All goods in any one Conveyance is the Insured Amount shown in the Schedule.
- b) Trade samples in Transit in Your or Your Employee's care, custody or control, is \$10,000 any one claim or series of claims arising from any one event.
- c) Shipping containers in your care, custody or control, to the extent that you are legally liable to pay for any Loss of or Damage to them, is \$10,000 any one claim or series of claims arising from any one event.

EXCESS

You must pay the amount of any Excess shown in the Schedule for each claim You make under this section.

ADDITIONAL BENEFITS

Cover provided under this section is extended to include the following additional benefits.

1. On forwarding and transfer

Where Loss of or Damage to Goods, which occurs during the Period of Insurance, is the result of:

- a) an insured event;
- b) a collision involving, or overturning or derailment of the Conveyance;

We will cover You for the reasonable costs incurred for transferring, storing and/or forwarding the Goods to a suitable place.

The most We will pay under this additional benefit is limited to 15% of the Insured Amount for this section or \$10,000, whichever is the lesser, for any one loss.

2. Removal of debris

Where a claim is payable under this section, We will also pay the reasonable costs incurred to remove, transport and dispose of Goods that are subject to the claim, provided that You are legally obliged to bear such costs.

The most We will pay under this additional benefit is limited to 15% of the Insured Amount for this section or \$10,000, whichever is the lesser, for any one loss.

3. Minimisation costs

We will pay the reasonable costs incurred to avoid or minimise any further Loss of Damage to the Goods.

4. **Air freight of replacement parts**

We will pay the cost of air freighting replacement parts from suppliers to the original destination, even if the original Transit was not by air freight.

We will not pay more than \$10,000 any one claim or series of claims arising from any one event. The amount We pay under this Additional Benefit will be in addition to the Insured Amount for this section.

CONDITIONS APPLICABLE TO SECTION 8

1. **Benefit of insurance**

The carrier or any other bailee of the Goods cannot claim any benefit under this section.

2. **Claims procedure**

In addition to General Condition 6.- Claims of this Policy, You must also:

- a) ensure that delivered containers and seals are examined immediately by a responsible official of the receiver.

If the container is delivered Damaged or with seals broken or missing or with seals other than stated in the shipping documents, note the delivery docket accordingly and retain all defective or irregular seals for subsequent identification.

- b) If the Damage was not immediately apparent at the time of delivery, apply immediately for surveys to be performed by the carrier or other person who had charge of the Goods to be conducted within three (3) days of delivery.

Any admissible claim under this section will not be prejudiced where packages containing Goods, excluding shipping containers, are not opened and unpacked immediately upon receipt into store, and Loss or Damage is only discovered by You when the packages are opened or unpacked, provided that the Loss or Damage has been discovered not later than ninety (90) days after the receipt of packages by the receiver.

3. **General average and salvage clause**

If Your Goods are being transported by sea between Australian ports and General Average is declared, We insure Your proportion of the General Average and/or salvage contribution irrespective of the amount insured being less than the contributory value, subject always to the Limit stated in the Schedule.

In the event of a General Average contribution arising under this section, contact Us before signing any General Average bond.

4. Pairs and sets

In respect of a claim payable under this section, where any Goods consist of articles in a pair or set, We will not pay more than the value of any particular article(s) of the pair or set which may be Lost or Damaged without reference to any special value which such article or articles may have as part of such pair or set, nor more than a proportionate part of such pair or set.

DEFINITIONS APPLICABLE TO SECTION 8

The following words have the following meanings for this section only. You should also refer to the General Definitions section starting on page 13.

“Conveyance” means any ship, vessel, aircraft, registered postal service (except in the case of Temperature Controlled Goods), rail and road vehicle used to transport the Goods.

“General Average” means any extraordinary sacrifice or expenditure that is voluntarily and reasonably made or incurred for the purpose of preserving property at risk in a sea voyage.

“Goods” means Your goods that you sell, buy or use in Your Business being the following:

- a) Non-Temperature Controlled Goods if shown as covered in the Schedule;
- b) Temperature Controlled Goods if shown as covered in the Schedule;
- c) trade samples;
- d) return insured Goods;
- e) Stock Transfers;
- f) retail and sales packaging

“Non-Temperature Controlled Goods” means goods belonging to You which are not Temperature Controlled Goods.

“Stock Transfer” means transfer of stock between your Business Premises.

“Temperature Controlled Goods” means goods belonging to you that required a controlled temperature environment for Transit.

“Transit” means the time during the Period of Insurance from when Goods first begin loading at the warehouse, situation or place of storage on or in to the Conveyance and continues through the ordinary course of transit, until the Goods are first placed inside the receiver’s warehouse, situation or place of storage.