



QBE Insurance (Australia) Limited

Machinery and Electronic Policy

Engineering Insurance Policy

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About this booklet

There are two parts to this booklet. The first part is Important Information about this Policy including information about how we'll protect your privacy and how to make a complaint or access our dispute resolution service.

The second part is your Policy Wording which sets out the detailed terms, conditions and exclusions of the Policy.

Because we don't know your own personal circumstances, you should treat any advice in this booklet as purely general in nature. It doesn't consider your objectives, financial situation or needs. You should carefully consider the information provided with regard to your personal circumstances to decide if it's right for you.

For more information or to make a claim

Please take the time to read through this booklet and if you have any questions, need more information or to confirm a transaction, please contact:

- your financial services provider. The contact details for your financial services provider are set out in the documentation they give you.

The section titled 'Claims' at the end of this booklet tells you the full details about what you need to do in the event of a claim. If you'd like to make a claim or to enquire about an existing claim please contact:

- your financial services provider.

About QBE Australia

QBE Insurance (Australia) Limited ABN 78 003 191 035 AFSL 239545 is a member of the QBE Insurance Group Limited ABN 28 008 485 014 (ASX: QBE). QBE Insurance Group is Australia's largest international general insurance and reinsurance group, and one of the largest insurers and reinsurers in the world.

Important Information

In this first part of the booklet we explain important information about this Policy including how we'll protect your privacy and how to make a complaint or access our dispute resolution service.

Duty of disclosure

Before you enter into an insurance contract, you have a duty to tell us anything that you know, or could reasonably be expected to know, may affect our decision to insure you and on what terms.

You have this duty until we agree to insure you.

You have the same duty before you renew, extend, vary or reinstate an insurance contract.

You do not need to tell us anything that:

- reduces the risk we insure you for; or
- is common knowledge; or
- we know or should know as an insurer; or
- we waive your duty to tell us about.

If you do not tell us something

If you do not tell us anything you are required to, 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.

The General Insurance Code of Practice

QBE Australia is a signatory to the General Insurance Code of Practice.

The Code aims to:

- Commit us to high standards of service
- Promote better, more informed relations between us and you
- Maintain and promote trust and confidence in the general insurance industry
- Provide fair and effective mechanisms for the resolution of complaints and disputes between us and you
- Promote continuous improvement of the general insurance industry through education and training.

Privacy

We'll collect personal information when you deal with us, our agents, other companies in the QBE group or suppliers acting on our behalf. We use your personal information so we can do business with you, which includes issuing and administering our products and services and processing claims. Sometimes we might send your personal information overseas. The locations we send it to can vary but include the Philippines, India, Ireland, the UK, the US, China and countries within the European Union.

Our Privacy Policy describes in detail where and from whom we collect personal information, as well as where we store it and the full list of ways we could use it. To get a free copy of it please visit qbe.com.au/privacy or contact QBE Customer Care.

It's up to you to decide whether to give us your personal information, but without it we might not be able to do business with you, including not paying your claim.

Resolving complaints & disputes

At QBE we're committed to providing you with quality products and delivering the highest level of service.

We also do everything we can to safeguard your privacy and the confidentiality of your personal information.

Something not right?

We know sometimes there might be something you're not totally happy about, whether it be about our staff, representatives, products, services or how we've handled your personal information.

Step 1 – Talk to us

If there's something you'd like to talk to us about, or if you'd like to make a complaint, speak to one of our staff. When you make your complaint please provide as much information as possible. They're ready to help resolve your issue.

You can also contact our Customer Care Unit directly to make your complaint. Our aim is to resolve all complaints within 15 business days.

Step 2 – Escalate your complaint

If we haven't responded to your complaint within 15 days, or if you're not happy with how we've tried to resolve it, you can ask for your complaint to be escalated for an Internal Dispute Resolution (IDR) review by a Dispute Resolution Specialist.

The Dispute Resolution Specialist will provide QBE's final decision within 15 business days of your complaint being escalated, unless they've requested and you've agreed to give us more time.

Step 3 – Still not resolved?

If you're not happy with the final decision, or if we've taken more than 45 days to respond to you from the date you first made your complaint, you can contact the Australian Financial Complaints Authority (AFCA). AFCA is an ASIC approved external dispute resolution body.

AFCA resolves insurance disputes between consumers and insurers, at no cost to you. QBE is bound by AFCA decisions - but you're not. You can contact AFCA directly and they'll advise you if your dispute falls within their Rules.

Disputes not covered by the AFCA Rules

If your dispute doesn't fall within the AFCA Rules, and you're not satisfied with our decision then you may wish to seek independent legal advice.

Privacy complaints

If you're not satisfied with our final decision and it relates to your privacy or how we've handled your personal information, you can contact the Office of the Australian Information Commissioner (OAIC).

Contacting QBE's CCU, AFCA or the OAIC

How to contact QBE Customer Care

Phone	1300 650 503 (Monday to Friday from 9am to 5pm, Sydney time, except on public holidays). Calls from mobiles, public telephones or hotel rooms may attract additional charges.
Email	<ul style="list-style-type: none"> complaints@qbe.com, to make a complaint. privacy@qbe.com, to contact us about privacy or your personal information. customercare@qbe.com, to give feedback or pay a compliment.
Post	Customer Care, GPO Box 219, Parramatta NSW 2124

How to contact AFCA

Phone	1800 931 678 (free call)
Email	info@afca.org.au
Online	www.afca.org.au
Post	Australian Financial Complaints Authority, GPO Box 3, Melbourne VIC 3001

How to contact the OAIC

Phone	1300 363 992 Calls from mobiles, public telephones or hotel rooms may attract additional charges.
Email	enquiries@oaic.gov.au
Online	www.oaic.gov.au

Cooling-off information

If you change your mind within 21 days of buying your Policy, you can cancel it and receive a full refund. Naturally, this doesn't apply if you've made or are entitled to make a claim. Even after the cooling off period ends, you still have the right to cancel your Policy. However, we may deduct some costs from any refund, as set out in the Policy Wording under 'Cancelling your Policy'.

To cancel your Policy within the cooling-off period, contact your financial services provider electronically or in writing.

Policy Wording

This Policy is underwritten by QBE Insurance (Australia) Limited ABN 78 003 191 035 AFSL 239545.

Our agreement

Your Policy is an agreement between you and us, made up of:

- This Policy Wording
- Your Policy Schedule, which sets out the cover you've chosen and any terms specific to you.

The cover under this Policy is provided during the period of insurance, once you've paid us your premium. There are also:

- Conditions and exclusions which apply to specific covers or sections;
- General exclusions, which apply to any claim you make under this Policy;
- General conditions, which set out your responsibilities under this Policy;
- Claims conditions, which set out our rights and your responsibilities when you make a claim; and
- Other terms, which set out how this Policy operates.

Excesses

You must pay any excesses which apply to your claim. The excesses which you have to pay are set out in this Policy Wording or on your Policy Schedule.

How much we'll pay

The most we'll pay for a claim is the sum insured which applies to the cover or section you're claiming under, less any excess.

Paying your premium

You must pay your premium by the due date shown on your Policy Schedule. If we don't receive your premium by the date, or if your payment is dishonoured, this Policy won't operate and there will be no cover.

Words with special meanings

The words and terms used throughout this Policy have special meanings set out below.

Where other words and terms are only used in one section of the Policy, we'll describe their special meaning in that section.

Word or term	Meaning
Business	your activities and operations specified in the schedule.
Dollar excess	the amount(s) as specified in the schedule that you shall first contribute towards each claim, arising out of the one event or occurrence.
Excess	the amount(s) specified in the schedule or as provided in the two policies that you shall first contribute towards each claim, or series of claims arising out of the one event or occurrence. 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 sum insured or limit any one loss less the applicable excess.

Word or term	Meaning
Indemnity period	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 damage	Sudden and unforeseen physical loss of or damage to an insured item which occurs at the situation during the period of insurance and which requires immediate repair or replacement to allow continuation of use.
Insured item	any item specified in the current schedule.
Limit any one loss	the maximum amount we will pay for any one claim as specified in the schedule and applies where blanket cover has been selected.
Period of insurance	the period of insurance referred to in the current schedule.
Policy Schedule	the schedule of insurance or any future renewal schedule.
Pollutants	any solid, liquid, gaseous or thermal irritant or contaminant including but not limited to smoke, vapour, soot, fumes, acids, alkalis, chemicals and waste. Waste includes material to be recycled, reconditioned or reclaimed.
Situation	the situation or situations specified in the schedule.
Stock	the items of stock as specified in the schedule.
Sum insured	the sums stated opposite each insured item as specified in the schedule and applies where specified Items cover has been selected.
Time excess	the number of operating days specified in the schedule during which you must bear the loss.
We/our/us	QBE Insurance (Australia) Limited ABN 78 003 191 035 AFSL 239545.
You/your	the person(s) named in the schedule, as the Insured.

Machinery insurance – Policy 1

Definitions for the purpose of Policy 1:

'Plant and Machinery' refers to:

1. Electrical and mechanical items including electronic and other integral parts of the insured items including boilers, pressure vessels and pressure pipe systems as defined in 2 below.
2. '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.

Scope of 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 loss or 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.

Additional cover

We will indemnify you for loss of or damage to property not insured under this Policy which is owned by you or if you are responsible for loss of or damage to it provided:

- That loss or damage occurred within the situation during the period of insurance as a direct result of impact from part of an insured item of plant and machinery and;
- The loss or damage is directly caused by insured damage and occurs in circumstances where cover is provided and not excluded under the Policy; and provided

We will not pay more than the sum insured or limit any one loss as specified in the Schedule for that insured item of plant and machinery as specified in the Schedule for loss of or damage to the uninsured item.

1. Basis of settlement

- 1.1 In the event of insured damage under this Policy we will at our option pay you up to the sum insured or limit any one loss (whichever is selected) less the applicable excess, or the reasonable cost of repairs or replacement necessary to return the insured item to its former state of operation including:
 - a. cost of dismantling, re erection and removal of debris;
 - b. replacement of refrigerant lost from an insured item as a direct result of insured damage;
 - c. charges for overtime and work on public holidays where necessarily and reasonably incurred;
 - d. freight within the Commonwealth of Australia by any recognised scheduled service; and
 - e. overseas air freight by any recognised scheduled service and or overseas labour but only if specified in the Schedule; and
 - f. hire of a temporary replacement item during the time taken to repair damage to any insured item;

Provided the total of all these costs in clauses 1.1(c), 1.1(d), 1.1(e) and 1.1(f) are limited to 50% of the normal cost of repair payable under this Policy.

- 1.2 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 sum insured for the insured item if specified items cover is selected; or
 - c. The limit any one loss if the blanket cover is selected.

We will pay the lesser of 1.2(a), 1.2(b) and 1.2(c).

- 1.3 We shall not be required to replace exactly the insured item, but only as circumstances permit.
- 1.4 The value of any salvage will be subtracted from any amount payable under this Policy.
- 1.5 The Sum Insured for insured items of plant and machinery specified in the Schedule shall be automatically reinstated following insured damage for no extra premium.
- 1.6 The amount of each claim otherwise payable shall be reduced by the amount of the excess shown in the Schedule.
- 1.7 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.
- 1.8 Notwithstanding any other clause in this Policy:
 - a. If specified items cover has been selected, our liability under this Policy shall not exceed the sum insured in respect of the insured item which has suffered insured damage;
 - b. If blanket cover has been selected, our liability under this Policy shall not exceed the limit any one loss irrespective of whether one or all of the insured items suffer insured damage.

2. Exclusions applying to Policy 1 and all extensions

We will not pay for:

- 2.1 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 of land-borne vehicle, aircraft or waterborne craft;
 - f. earthquake, subterranean fire or volcanic eruption;
 - g. landslide or subsidence;
 - h. storm, tempest, flood, windstorm or cyclone;
 - i. water escaping, discharged or leaking from any source which is external to the plant and machinery insured;
 - 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.

2.2 The cost of:

- a. replacement of expendable items such as belts, filters, fuses, electric heating elements, electrical contacts, thermostats, TX valves, cutting blades, crushing surfaces, glass or porcelain, ceramics, chains, seals, links, dies and moulds, conveyor belting lubricants, fuel and any transfer media;
- b. replacement of component parts worn through normal machine operation;
- c. adjustment, cleaning, purging or recharging of refrigeration or air conditioning equipment;
- d. repairs to piping and other ancillary systems due to cracking of pipe work other than refrigeration or air conditioning pipe work, or
- e. 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 Policy.

2.3 The cost of:

- a. maintenance work including but not limited to the tightening of loose parts, recalibration or adjustments;
- b. alteration, additions, improvements or overhauls whether carried out in the course of indemnifiable repairs or as a separate operation;
- c. modification or alteration of insured plant which has suffered insured damage 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;
- d. replacement or repair, caused by gradual deterioration (including rust, corrosion, erosion, oxidation or scale formation);
- e. replacement of lighting or sound equipment, reticulating electrical wiring, reticulating liquid and gas piping and ducting;
- f. repair of scratches chipping or discolouration to painted or polished surfaces;
- g. repair of slowly developing deformation or distortion of any part;
- h. repair of blisters, laminations, flaws or grooving even when accompanied by leakage;
- i. repairs to water or steam 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 include submersible pumps.

2.4 Consequential loss of any kind or description whatsoever.

2.5 Insured damage to any item being moved caused by dual lifting.

2.6 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.

Machinery insurance – Policy 1 extensions

1. Third party liability

Applies where indicated on the Schedule as being operative.

1.1 Definitions applying to this extension.

Word or term	Meaning
Compensation	money payable by you by reason of a judgement ordered by a court of competent jurisdiction or by reason of any settlement of any claim negotiated with our consent, but does not include any money payable by way of any fine or penalty or punitive, exemplary or aggravated damages.
Limit of liability	the amount or amounts specified in the Schedule.
Personal injury	bodily injury, sickness or disease, including death at any time resulting therefrom or shock, fright, mental anguish or mental injury.
Property damage	<ol style="list-style-type: none"> i. physical damage to or loss or destruction of tangible property including the loss of use thereof at any time resulting therefrom; or ii. loss of use of tangible property which has not been physically damaged or destroyed provided such loss of use is caused directly and solely by the sudden and unforeseen physical loss of or damage to your certifiable boiler(s) and pressure vessel(s) specified in the Schedule and occurring during the period of insurance.
You/your	<p>the Insured named in the Schedule including, as if they were you:</p> <ol style="list-style-type: none"> i. wholly owned subsidiary companies (existing at the inception date of this Policy or acquired during the period of insurance) which are incorporated within Australia and carry on the business but excluding interests or liabilities of other parties in joint venture with you or any such companies unless such interests or liabilities are specifically included in the Schedule or by endorsement to this Policy; ii. any of your directors, executive officers or employees or company designated in paragraph (i) but only whilst acting within the scope of their duties in such capacity. This extension will cover a claim against any Insured by a third party who is also an Insured in paragraph (i) and for this purpose only, this extension will be treated as a separate contract between each Insured in the above definition on the one hand and us on the other hand but nothing in this clause increases the limit of liability.

1.2 Scope of cover

We will pay:

- a. all sums which you become legally liable to pay by way of compensation;
- b. all costs awarded against you;

in respect of personal injury or property damage caused directly and solely by the sudden and unforeseen physical loss of or damage to your certifiable boilers or pressure vessels specified in the Schedule and occurring during the period of insurance.

1.3 Defence of claims

With respect to the indemnity provided by this Section We will:

- a. defend in your name and on your behalf any claim or legal action against you seeking damages on account of personal injury or property damage even if the action is groundless, false or fraudulent, and we will investigate, negotiate and settle any claim or legal action as we see fit;
- b. pay all legal costs and expenses incurred by us and all interest accruing after entry of judgement until we have paid, tendered or deposited in court such part of the judgement as does not exceed the limit liability;
- c. reimburse you for all reasonable expenses, other than loss of earnings, incurred in connection with the defence of a claim or legal action with our consent;
- d. pay reasonable expenses incurred by you for first aid to others at the time of personal injury caused by an occurrence (other than medical expenses prohibited by Section 126 of the *Health Insurance Act 1973*).

Provided that:

- e. we will not be obliged to pay any claim or judgement or to defend any claim or legal action after the limit of liability has been exhausted by payment of judgements or settlements;
- f. if a payment exceeding the limit of liability has to be made to dispose of a claim, our liability to pay any costs and expenses under section 1.3 will be limited to that proportion of those costs, expenses and interest as the limit of liability bears to the amount paid to dispose of the claim.

The amounts thus incurred, except payments in settlement of claims, suits and all costs awarded against you, are payable by us in addition to the limit of liability.

1.4 Limit of liability

Our maximum liability in respect of any claim or any series of claims for personal injury or property damage caused by or arising out of one occurrence shall not exceed the limit of liability.

1.5 Exclusions applying to this extension

(In addition the exclusions contained in Policy 1 apply to this extension)

We will not pay for:

- a. Personal injury to any person:
 - i. arising out of or in the course of the employment of such person employed by you; or
 - ii. employed by you and which claims arise from a liability imposed by an industrial award or agreement or determination, Workers Compensation or Accident Compensation Legislation or Law.
- b. Property damage to property which is:
 - i. owned, leased or rented by you; or
 - ii. in your physical or legal control or in the physical or legal control of your employees.
- c. Personal injury or property damage caused by or arising out of the discharge, dispersal, release or escape of pollutants into or upon land, the atmosphere, or any water course or body of water, provided that this exclusion 1.5(c) does not apply if such discharge, dispersal, release or escape is sudden, identifiable, unexpected and unintended and takes place in its entirety at a specific time and place;
- d. any costs and expenses incurred in the prevention, removing, nullifying or clean-up of such pollutants provided that this exclusion 1.5(d) shall not apply to clean-up, removal or nullifying expenses only which are consequent upon a sudden, identifiable, unexpected, unintended happening taking place in its entirety at a specific time and place which results in personal injury or property damage.

Our liability under clauses 1.5(c) and 1.5(d) in respect of any one discharge, dispersal, release or escape and for all discharges, dispersal, release and escape of pollutants during any one period of insurance shall not exceed the limit of liability.

- e. liability resulting from the existence, mining, handling, processing, manufacture, sale, distribution, storage or use of asbestos, asbestos products and/or products containing asbestos.

1.6 Claims provisions and procedure applying to this extension

- a. you shall as far as reasonably practical preserve all evidence relevant to any claim;
- b. you shall not voluntarily make any payment or admission or offer or incur any expense (other than first aid to others at the time of the occurrence) in connection with any occurrence or claim without our written consent;
- c. we shall be entitled to take over and conduct in your name the defence of any claim and we shall have full discretion in the negotiations and settlement of any claim;
- d. we shall be entitled to prosecute in your name at our expense and for our own benefit any claim for indemnity or damages or otherwise;

We may take action under clauses 1.6(c) and 1.6(d) before we have paid your claim and whether or not you have been fully compensated for your actual loss.

2. Deterioration of stock in cold storage

Applies where indicated on the Schedule as being operative.

2.1 Scope of cover

We will indemnify you up to the sum insured 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.

2.2 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, but we will not pay more than the sum insured stated in the Schedule for the stock less the applicable excess.
- b. The amount of each claim otherwise payable shall be reduced by the amount of the excess shown in the schedule.

2.3 Exclusions – applying to this extension

(In addition, the exclusions contained in Policy 1 apply to this extension)

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 for 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;
 - ii. the decision by any public power supply authority to restrict or withhold supply;
 - iii. shortage of power generation fuel or water.

2.4 Special conditions

- a. An increase of thirty percent (30%) in the limit of indemnity under this extension shall apply during the following periods (unless otherwise shown in the schedule):
 - i. from sixty (60) days before Christmas Day to the tenth day following, both days inclusive;
 - ii. from thirty (30) days before Easter Sunday to the tenth day following, both days inclusive.
- b. The sum insured under this extension shall be automatically reinstated following insured damage for no extra premium.

3. Increased cost of working

Applies where indicated on the Schedule as being operative.

3.1 Scope of cover

We will indemnify you as set out in 3.2 below up to the sum insured for any additional costs of operating your business directly resulting from an interruption or interference to your business as defined in the Schedule but only if:

- a. the interruption or interference is as a result of insured damage to items of plant and machinery covered under Policy 1; and
- b. the interruption or interference is caused solely as a result of insured damage.

We will deduct from the amount payable by us any sum saved during the indemnity period in respect of charges and expenses of the business which may cease or be reduced as a result of the insured damage. The amount payable will not exceed the amount by which the financial loss suffered by the business is reduced by the incurring of the increase in cost of working.

3.2 Basis of settlement

- a. We will pay you for any additional costs of operating your Business which directly result from an interruption or interference and which are reasonable and necessarily incurred over and above those expenses which you would have incurred to maintain normal business operations in the absence of the insured damage.
- b. We will only pay for such additional costs incurred during the indemnity period stated in the Schedule and we shall not pay more than the sum insured shown in the Schedule.
- c. The indemnity period and the time excess commences at the time of the occurrence of the insured damage.
- 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.

3.3 Exclusions – applying to this extension

(In addition, the exclusions contained in Policy 1 apply to this extension)

We will not pay for:

- a. costs with respect to any interruption or interference caused by the carrying out of maintenance, alterations, additions, cleaning or improvements;
- b. fines or damages resulting from breach of contract or law as a result of any interruption or interference; or
- c. consequential loss of any kind or description whatsoever.

Electronic insurance – Policy 2

Words with special meanings

Word or Term	Meaning
Electronic data	the information stored on the electronic data media.
Electronic data media	the discs or tapes used in the computer to store the information.
Electronic plant	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.
Software	the collection of programs which cause a computer to perform a desired operation or series of operations.

Scope of cover

If any insured item of electronic plant or any part of an insured item of electronic plant 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 on the Schedule you have selected. Cover under Policy 2 applies while the insured item is at the situation or is at other premises temporarily for the sole purpose of maintenance, repair or service.

Terms of cover

Where indicated on the Schedule as being operative.

Cover 1: Comprises insured damage caused by fire, explosion, lightning, burglary, theft, malicious or accidental damage, impact, storm, tempest, flood, water, vibration, earthquake, power surge, low voltage, mechanical, electrical and electronic breakdown.

Cover 2: Comprises insured damage caused by fire, explosion, lightning, burglary, theft, malicious or accidental damage, impact, storm, tempest, flood, water, vibration and earthquake.

Cover 3: comprises insured damage caused by burglary, theft, malicious or accidental damage, vibration, power surge, low voltage, mechanical, electrical and electronic breakdown but does not include insured damage caused by fire.

Cover 4: Comprises insured damage caused by vibration, power surge, low voltage, mechanical electrical or electronic breakdown.

Transported equipment extension

Where indicated on the Schedule as being operative extends the cover selected to cover insured item(s) specified in the Schedule for this extension whilst in transit anywhere within the territorial limits as specified in the Schedule.

1. Basis of settlement

1.1 In the event of insured damage to the 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:

- cost of dismantling, re erection and removal of debris;
- charges for overtime and work on public holidays where necessarily and reasonably incurred;
- freight within the Commonwealth of Australia by any recognised scheduled service;

- overseas air freight by any recognised schedule or overseas labour but only if specified in the Schedule provided that the costs in clauses 1.1(b), 1.1(c) and 1.1(d) are limited to 50% of the normal cost of repair payable under this Policy.
- any customs duties and dues

1.2 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.

1.3 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 as follows:

- the sum insured for the insured item as stated in the Schedule; or
- for insured items less than six years old 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; or
- for insured items six years or older, the installed value of the insured item will be depreciated by 10% per annum for each year of service to a maximum of 70%.

Our liability will be the lesser of 1.3(a), 1.3(b) or 1.3(c) less the applicable excess.

1.4 The value of any salvage will be subtracted from the amount payable under this clause.

1.5 If more than one insured item is lost or damaged in one occurrence, we will apply only the highest of the excess applicable to such insured items.

1.6 The amount of each claim otherwise payable shall be reduced by the amount of the excess shown in the Schedule.

2. Exclusions – applying to Policy 2 and all extensions

We will not pay for:

- insured damage to electronic data and electronic data media, subject to any extension selected by you;
- insured damage caused by atmospheric conditions, moisture or change in temperature unless directly resulting from damage to or malfunction of air conditioning equipment;
- The cost of:
 - 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
 - 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 Policy.

2.4 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. temporary repairs unless they constitute part of the final repairs and do not increase the total repair costs;
- e. repairs of scratches to painted or polished surfaces; or
- f. anything to the extent you are entitled to recover the costs of labour or parts under a maintenance agreement described in Special Condition 3.1 or warranty, guarantee or indemnity in your favour by the manufacturer of the relevant insured item or any other person.

2.5 Loss or damage caused by:

- a. theft by you or any of your employees or member of your family;
- b. theft by any person to whom the insured item is on hire under any agreement for hire including any agreement for hire purchase or lease;
- c. theft by any person for whose debt the insured item stands as security under or pursuant to any agreement entered into by any person insured under Policy 2;
- d. disappearance of any kind when the insured item is out of your physical possession, on hire, rental, lease or loan;
- e. theft or attempted theft except whilst insured items are left unattended within a locked vehicle or otherwise properly secured at the situation;
- f. software viruses or other disruptive programming techniques; or

2.6 Consequential loss of any kind or description whatsoever, subject to any extension selected by you.**3. Special conditions – applying to Policy 2**

- 3.1** If you have selected covers 1, 3 or 4 and the individual value of any item of electronic plant as specified in the Schedule exceeds \$100,000 a maintenance agreement must be current in respect of such item before any insurance applies.
- 3.2** This insurance only applies after completion of successful initial commissioning.
- 3.3** you shall notify the Police of all incidents involving loss or malicious damage from theft or burglary which might give rise to a claim under this Policy.
- 3.4** The sums insured for material damage and extension 1 of Policy 2 shall be automatically reinstated following insured damage for no extra premium.

Electronic insurance – Policy 2 extensions**1. Electronic data and electronic data media**

Applies where indicated on the Schedule as being operative.

1.1 Scope of covers

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 Policy 2 to an insured item.

1.2 Basis of settlement

We will pay you for insured damage up to the sum insured less the applicable excess including:

- a. the actual cost of replacement of lost or damaged 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.

And provided:

- c. We shall only be liable for costs and expenses incurred within a period of twelve (12) months following the insured damage within the period of insurance.
- d. This extension only applies whilst the insured electronic data media is:
 - i. at the situation;
 - ii. at a media storage situation; or
 - iii. temporarily at an alternative situation for processing purposes or in transit between any of these situations.
- e. The amount of each claim otherwise payable shall be reduced by the amount of the excess shown in the schedule.

1.3 Exclusions – applying to this extension

(In addition, the exclusions contained in Policy 2 apply to this extension)

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 of processing unless such loss or distortion occurs:
 - i. at the situation due to insured damage to an insured item; or
 - ii. at another situation temporarily for processing purposes due to insured damage to the insured item which would be indemnifiable if the insured item were insured under Policy 2;
- b. Loss or distortion caused by computer virus being an executable programme or computer code segment that is self-replicating, requires a host programme or executable disc segment in which it can be contained and which destroys or alters the host programme or other computer code or data causing undesired programme or computer system operation;

- 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 damage to air-conditioning equipment which would be indemnifiable if the equipment were insured under Policy 2;
- e. Consequential loss of any kind or description whatsoever; or
- 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.

1.4 Special condition – applying to extension 1

- a. 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. Increased cost of working

Applies where indicated on the Schedule as being operative.

2.1 Scope of cover

- a. We will indemnify you as set out in 2.2 below up to the sum insured for any additional costs of operating your business directly resulting from interruption or interference to your business as defined in the Schedule but only if:
 - i. The interruption or interference is as a result of insured damage to electronic plant covered under Policy 2; and
 - ii. the interruption or interference is caused solely as a result of insured damage.
We will deduct from the amount payable by us any sum saved during the period of the interruption in respect of charges and expenses of the business which may cease or be reduced as a result of the insured damage, including any such savings occurring by reason of the interruption of the normal operation of the electronic operation of the data processing system.

2.2 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 electronic plant by the use of substitute equipment to maintain normal business operation during the interruption up to the sum insured 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 electronic plant.
- c. We will 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. The total of all claims payable under this extension during the period of insurance shall not exceed the aggregate of the sum insured stated in the Schedule.
- e. We will not be liable for loss, damage or costs incurred by you during the time excess.
- f. The amount of each claim otherwise payable shall be reduced by the amount of the excess shown in the Schedule.

2.3 Exclusions – applying to this extension

(In addition, the exclusions contained in Policy 2 apply to this extension)

We will not pay for:

- a. The costs incurred during:
 - i. interruption due to the carrying out of alterations, additions, or improvements to electronic plant;
 - ii. interruption due to the carrying out of cleaning, adjustment, inspection or maintenance of electronic plant; 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 or 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; or
 - iv. the time required to engage and transport overseas specialists or consultants to assist in or supervise local repairs.

2.4 Special condition – applying to Extension 2

- a. For the purpose of this Extension 2 only, exclusion 2.4.(f) of Policy 2 does not apply.

Business interruption extension for Policies 1 and/or 2

Applies where indicated on the Policy Schedule as being operative.

1. Definitions – applying to this extension

Word or term	Meaning
Annual turnover	the turnover during the twelve (12) months immediately before the date of insured damage.
Gross profit	the amount by which the sum of the turnover and the value of the closing stock exceed the sum of the value of the opening stock and the amount of the uninsured working expenses. The values of the opening and closing stocks shall be arrived at in accordance with your normal accountancy methods, due provision being made for depreciation.
Payroll	the remuneration (including but not limited to payroll tax, fringe benefits tax, bonuses, holiday pay, sick pay, workers compensation, insurance premiums, superannuation and pension fund contributions and the like) paid to or on behalf of all employees employed in your business.
Rate of gross profit	the rate of gross profit earned on the turnover during the financial year immediately before the date of the insured damage.
Rate of payroll	<p>the rate of payroll to turnover during the financial year immediately before the occurrence of the insured damage.</p> <p>Adjustments shall be made to the rate of gross profit, annual turnover, standard and rate of payroll turnover as may be necessary to provide for the trend of your business and for variations in or special circumstances affecting your business either before or after the insured damage or which would have affected your business had the insured damage not occurred, so that the figures thus adjusted represent as nearly as may be reasonably practicable the results which but for the insured damage would have been obtained during the relative period after the insured damage.</p>
Standard turnover	the turnover during that period in the twelve (12) months immediately before the date of the insured damage which corresponds to the indemnity period.
Turnover	the money (less discounts allowed) paid or payable to you for goods sold and delivered and for services rendered in the course of your Business at the premises.
Uninsured working expenses	<ul style="list-style-type: none"> • all purchases (less discounts received) • carriage, packing and freight • discounts allowed • bad debts • other uninsured working expenses as specified in the policy.

2. Scope of cover

We will indemnify you during the period of insurance for actual loss of gross profit suffered by you due to a reduction in turnover and increase in the cost of working, solely as the result of insured damage to an insured item(s) of plant covered under Policies 1 or 2 as specified in the Schedule.

Provided that the amount payable as indemnity is calculated as set out in 3 basis of settlement less the applicable excess.

3. Basis of settlement

The amount payable shall be:

3.1 in respect of reduction in turnover:

the sum produced by applying the rate of gross profit to the amount by which the turnover during the indemnity period, in consequence of the insured damage, falls short of the standard turnover;

3.2 in respect of increase in cost of working:

the additional expenditure (subject to the provisions of condition 4.5) necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in turnover which but for that expenditure would have taken place during the indemnity period in consequence of the insured damage, but not exceeding the sum produced by applying the rate of gross profit to the amount of the reduction thereby avoided;

less any sum saved during the indemnity period in respect of the charges and expenses of your business payable out of the gross profit as may cease or be reduced in consequence of the insured damage.

Provided that if the sum insured hereunder is less than the sum produced by applying the rate of gross profit to the annual turnover, (or its proportionately increased multiple thereof, where the indemnity period exceeds twelve months) the amount payable shall be proportionately reduced.

3.3 in respect of any such professional fees and such other reasonable expenses necessarily incurred by you, for preparation of claims under this Policy.

3.4 in respect of payroll (dual basis) the amount payable shall be:

- a. in respect of reduction of turnover
 - i. during the portion of the indemnity period beginning with the occurrence of the insured damage and ending not later than the number of weeks thereafter specified in the Schedule, the sum produced by applying the rate of payroll to the shortage in turnover during the portion of the indemnity period less any saving during the said portion of the indemnity period through reduction in the amount of payroll paid in consequence of the insured damage.
 - ii. during the remaining portion of the indemnity period the sum produced by applying the rate of payroll to the shortage in turnover during that remaining portion of the indemnity period less any saving during that period through reduction in the amount of payroll paid but not exceeding the sum produced by applying the percentage of the rate of payroll specified in the Schedule to the shortage in turnover during the said remaining portion of the indemnity period, increased by such amount as is deducted for savings under the terms of Clause 3.4.(a)(i).

At your option the number of weeks referred to in Clause 3.4(a)(i) above may be increased to the number of weeks specified in the Schedule under the heading consolidation period provided that the amount arrived at under the provisions Clause 3.4.(a)(ii) shall not exceed such amount as is deducted under Clause 3.4(a)(i) for savings effected during the said increased number of weeks.

- b. in respect of Increased cost of working
 - i. The amount of the additional expenditure described in Clause 3.2 as exceeds the amount payable thereunder but not more than the additional amount which would have been payable in respect of payroll to the annual turnover under the provisions of Clauses 3.1 and 3.2 of this Item had such expenditure not been incurred.
Provided that if the limit of indemnity by this item is less than the sum produced by applying the rate of payroll to the annual turnover (or its proportionately increased multiple thereof, where the indemnity period exceeds twelve (12) months), the amount payable shall be proportionately reduced.

3.5 in respect of payroll (period basis) for the period beginning with the occurrence of the insured damage and ending not later than the number of weeks thereafter specified in the Policy Schedule.

- a. The amount payable shall be the actual amount which you shall pay as payroll for such period to employees whose services cannot in consequence of the insured damage be utilised by you at all and an equitable part of the payroll paid for such period to employees whose services cannot in consequence of the insured damage be utilised by you to the full;
provided that if the limit of indemnity for this item be less than the aggregate amount of the payroll that would have been paid during the same number of weeks specified in the Schedule immediately following the occurrence of the insured damage had the insured damage not occurred the amount payable shall be proportionately reduced;

3.6 In respect of such further additional expenditure beyond that recoverable under Clauses 3.2 and 3.5 as you shall necessarily and reasonably incur during the indemnity period in consequence of the insured damage for the purpose of avoiding or diminishing the reduction in turnover or resuming or maintaining your business.

Provided our liability shall in no case exceed the sum insured less the applicable excess as specified in the Policy Schedule.

3.7 The indemnity period and the time excess commences at the time of the occurrence of the insured damage. We will not be liable for loss, damage or costs incurred by you during the time excess.

3.8 The amount of each claim otherwise payable shall be reduced by the amount of the excess shown in the Policy Schedule.

4. Conditions –applying to this extension

4.1 If during the Indemnity period goods are sold or services are rendered for the benefit of your business either by you or by others on your behalf the money paid or payable in respect of such sales or services shall be brought into account in arriving at the turnover during the indemnity period.

4.2 The premium shown is provisional and is calculated on the annual gross profit and insured pay-roll (or appropriately increased if the indemnity period exceeds twelve (12) months) estimated to apply during the period referred to in 4.3(a) below, on the commencement day of each period of insurance.

4.3 You will undertake to declare to us within a reasonable time after the expiry of the period of insurance:

- a. The amount of the gross profit earned and pay-roll paid in accordance with the indemnity afforded in respect of this extension, in the course of your business during the accounting period of twelve (12) months most nearly concurrent with the period of insurance (or appropriately increased if the indemnity period exceeds twelve (12) months).

4.4 The provisional premium shall be adjusted by payment to us of an additional premium or a return premium paid to you, as the case may be, at the full agreed rate on the difference between the amounts declared under 4.2 and 4.3.

4.5 If any fixed costs and expenses of your business are not insured by this policy (having been deducted in arriving at the gross profit as defined herein) then in computing an amount recoverable hereunder as increase in cost of working that proportion only of the additional expenditure shall be brought into account which the gross profit bears to the sum of the gross profit and the uninsured fixed costs and expenses.

4.6 Any particulars or details contained in your books of account or other business books or documents which may be required by us for the purpose of investigating or verifying any claim hereunder may be produced and certified by your Auditors and their Schedule shall be prima facie evidence of the particulars and details to which such Schedule relates.

4.7 We will reinstate the sum insured following a claim provided you have paid the additional premium required by us.

4.8 In calculating the loss of gross profit, no allowance shall be made for the time spent on any overhauls, inspections or modifications carried out during any period of interruption.

4.9 If during a period of six months immediately following the recommissioning of the insured items after insured damage, you derive benefits from deferred sales or from increased production or profits as a consequence of an interruption, such benefits shall be taken into account in determining the indemnity payable under this extension.

4.10 In the event of insured damage to an insured item which gives rise to a claim under this extension we reserve the right to take over and control all necessary repairs or replacements.

4.11 In the event of insured damage occurring at the premises before the completion of the first year's trading of the business, the terms 'Rate of gross profit', 'Annual turnover', 'Standard turnover' and 'Rate of pay-roll' shall bear the following meanings and not those as stated in the definitions.

- a. 'Rate of gross profit' means the proportion which the gross profit bears to the turnover during the period between the date of the commencement of the business and the date of the insured damage.
- b. 'Annual Turnover' means the proportional equivalent, for a period of twelve (12) months of the turnover realised during the period between the commencement of the business and the date of the insured damage.
- c. 'Standard turnover' means the proportional equivalent, for a period equal to the indemnity period of the turnover realised during the period between the commencement of the business and the date of the insured damage.
- d. 'Rate of payroll' means the proportion which the pay-roll bears to the turnover during the period between the date of commencement of the business and the date of the insured damage.

Adjustment shall be made to the rate of gross profit, annual turnover, standard turnover and rate of pay-roll 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 insured damage or which would have affected the business had the insured damage not occurred, so that the figures thus adjusted shall represent, as nearly as may be reasonably practicable the results which but for the insured damage would have been obtained during the relative period after the insured damage occurred.

5. Exclusions – applying to this extension

(In addition, the exclusions contained in Policies 1 and 2 apply to this extension)

This extension shall not cover any loss resulting from interruption or interference with your Business directly or indirectly, arising from the following causes:

- 5.1 any restrictions on reconstruction or operation imposed by any public authority;
- 5.2 you not having at your disposal in reasonable time sufficient capital for repairing or replacing destroyed or damaged insured item;
- 5.3 loss of or damage to other items which are not listed in the list of insured items, even if as a consequence there is material damage to an Item indicated in the list of insured items; or
- 5.4 loss of business due to causes such as suspension, lapse or cancellation of a lease, licence or order, etc. Which occurs after the date when the insured item affected by insured damage is again in operating condition and your business could have been resumed, if the lease, licence or order, etc. had not lapsed or had not been suspended or cancelled.

Conditions and exclusions applying to all Policies

6. Conditions

6.1 Minimisation of loss

You shall at your own expense take all reasonable precautions to prevent loss or damage and you shall comply with all statutory requirements and manufacturers' recommendations relating to the safeguarding and operation of the insured items and in the event of insured damage occurring you shall do all things necessary and reasonably available to reduce the amount of any loss, damage or liability.

6.2 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 of the total sum insured or limit of liability as stated in the Schedule.

6.3 Inspection

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

6.4 Refusal to pay a claim

If you fail to comply with any of the provisions of this insurance, subject to the *Insurance Contracts Act* we shall be entitled to refuse to pay a claim.

6.5 Observance of Terms and Conditions

The due observance and fulfilment of the terms and conditions of these Policies and the truth of the statements and answers in the proposal and declaration shall be conditions precedent to any liability by us to make any payment under this insurance.

6.6 This insurance only applies after completion of successful initial commissioning.

6.7 Cancellations

You may cancel any or all of this insurance at any time by notifying us in writing and we will refund to you premium for the unexpired period of insurance. We may cancel any part of this insurance by notice in writing at any time, for any reason available to us at law including under the *Insurance Contracts Act 1984*. Upon cancellation of any insurance by us, we will refund to you a proportion of the premium applicable to the unexpired period of insurance.

6.8 Assignment

We shall in no case be bound to accept notice of any transfer of any interest in this Insurance and nothing contained in this insurance shall give any rights to any person other than you or a transferee approved by us in writing.

6.9 Contribution

If at the time of any loss or damage happening there is any other insurance effected by you or by any other person or persons on your behalf covering the same loss or damage either alone or together with any other property you must give us full details of that insurance.

6.10 Subrogation

In the event that we have a right to recover any monies payable under this insurance from any other person, you must co-operate with us fully in any proceedings, available to us at law, which we may take. We may take action before or after we have paid your claim and whether or not you have been fully compensated for your actual loss.

6.11 Claims and repair procedure

In the event of any insured damage which might give rise to a claim under this insurance you must:

- a. notify us as soon as reasonably practical after becoming aware of such events and confirm full details in writing;
- b. preserve the parts affected and make them available for inspection by us or our representative; and
- c. furnish all such information and documentary evidence as we may require.

6.12 Upon notification of any loss or damage being given to us, you may carry out repairs or make good any minor damage, but in all other cases you must give us or our representative an opportunity to inspect the loss or 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 any other relevant factors, you may proceed with such repairs or replacement.

6.13 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 insurance.

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

- 6.15** 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.

7. Exclusions

We will not pay for:

- 7.1** loss or damage due to faults or defects known to you or any of your employees at the time of arrangement of this insurance and not disclosed to us;
- 7.2** loss or damage directly or indirectly occasioned by or happening through or in consequence of war, invasion, act of foreign enemy, hostilities or war-like operations (whether war be declared or not), civil war, mutiny, civil commotion assuming the proportions of or amounting to a popular rising, confiscation, nationalisation, requisition or destruction by or under the order of any government or public authority;
- 7.3** loss, destruction or damage directly or indirectly caused by or contributed to by or arising from nuclear weapons, nuclear material or from ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel or any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel or any self-sustaining process of nuclear fission;
- 7.4** any liability or obligation assumed by you under agreement unless such liability or obligation would have attached to you without any such agreement;
- 7.5** any act(s) of terrorism – for the purpose of this exclusion, an act of terrorism includes any act, or preparation in respect of action, or threat of action designed to influence the Government of the day or de facto of any nation or any political division thereof, or in pursuit of political, religious, ideological or similar purposes to intimidate the public or a section of the public or any nation 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) of the day or de facto, and which:
- involves violence against one or more persons, or
 - involves damage to property, or
 - endangers life other than that of the person committing the action, or
 - creates a risk to health or safety of the public or a section of the public, or
 - is designed to interfere with or to disrupt an electronic system.

This Policy also excludes any loss, destruction, damage, death, injury, illness, liability, cost or expense of any nature directly or indirectly caused by, contributed to by, resulting from or arising out of or in connection with any action taken in controlling, preventing, suppressing, retaliating against, or responding to or in any way relating to 7.2, 7.3 or 7.5 above.

7.6 This Policy does not cover Electronic Data

However where cover is otherwise provided by this policy We will indemnify You for losses to Electronic Data arising out of fire, lightning, thunderbolt, explosion, implosion, earthquake, subterranean fire, volcanic eruption, impact, aircraft and/or other aerial device and/or articles dropped therefrom, sonic boom, theft which is a consequence of theft or any computer and/or computer hardware and/or firmware and/or microchip and/or integrated circuit and/or similar device containing such Electronic Data, 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 and/or tempest and/or rainwater and/or wind and/or hail, water and/or other liquids and/or substances discharged and/or overflowing and/or leaking from any apparatus and/or appliance and/or pipes, power surge, low voltage, mechanical, electrical and electronic breakdown.

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

7.7 Sanctions limitation and exclusion clause

You're not insured under any section of this Policy where a claim payment breaches any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of Australia, the European Union, United Kingdom or United States of America, or any local autonomous sanctions.

