

Miramar Business Insurance Policy Wording

DATED 1 APRIL 2021

ABOUT THIS BOOKLET

This booklet contains two separate parts: Important Information and Policy Terms and Conditions.

IMPORTANT INFORMATION

This part of the booklet contains information you need to know before you take out an insurance policy. Please read it carefully before taking out this insurance.

For the purposes of the Important Information section all references to:

- 'you', 'your' or 'yours' have the same meaning as defined in the Definitions section of the policy;
- 'we', 'us' or 'our' have the same meaning as the 'insurer(s)' as defined in the Definitions section of the policy.

POLICY TERMS AND CONDITIONS

The policy part of this booklet contains the Policy Terms and Conditions, which detail all the terms, conditions and exclusions relating to the policy. It forms part of your legal contract with us.

If we issue you with an insurance policy, you will be given a policy schedule. The policy schedule sets out the specific terms applicable to your cover and should be read together with the Policy Terms and Conditions.

The Policy Terms and Conditions and the policy schedule we send to you form your legal contract with us so please keep them in a safe place for future reference.

If you require further information about this product, please contact your insurance broker.

Miramar Business Insurance Policy Wording

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IMPORTANT INFORMATION

About the Insurer(s)

This policy is underwritten by certain underwriters at Lloyd's (the 'Underwriters'). The Public and Products Liability section of this policy is underwritten by the Underwriters (proportion 85%) and HDI Global Specialty SE - Australia (ABN 58 129 395 544, AFSL 458776) (HDI Global Specialty') (proportion 15%). Both the Underwriters and HDI Global Specialty are collectively referred to as 'We, us, our, the insurer(s)' in this policy.

Certain underwriters at Lloyd's and HDI Global Specialty are authorised and regulated by the Australian Prudential Regulation Authority ('APRA') under the provisions of the *Insurance Act 1973* (Cth) to conduct insurance business in Australia.

Lloyd's is the world's specialist insurance and reinsurance market.

With expertise earned over centuries, Lloyd's is the foundation of the insurance industry and the future of it. Led by expert underwriters and brokers who cover more than 200 territories, the Lloyd's market develops the essential, complex and critical insurance needed to underwrite human progress.

Backed by diverse global capital and excellent financial ratings, Lloyd's works with a global network to grow the insured world - building resilience for businesses and local communities and strengthening economic growth around the world.

You should contact Miramar in the first instance in relation to this insurance.

HDI Global Specialty SE is registered in Germany, with its registered office at Podbielskistraße 396, 30659 Hannover, Germany with registration number HRB211924 authorised by Bundesanstalt für Finanzdienstleistungsaufsicht ('BaFin'). It is authorised to carry on insurance business in Germany under the German Insurance Supervisory Act ('Versicherungsaufsichtsgesetz').

HDI Global Specialty's contact details are:

Street Address: Tower 1, Level 33, 100 Barangaroo Avenue, Sydney NSW 2000

Phone: +61 2 8373 7580

General Insurance Code of Practice

This insurance is subject to the provisions of the Insurance Council of Australia's General Insurance Code of Practice. For more information see www.codeofpractice.com.au

About Miramar

Miramar Underwriting Agency Pty Ltd (ABN 97 111 534 797, AFSL 314176) ('Miramar') acts under a binding authority given to it by us, to administer and issue policies, alterations and renewals. In all aspects of arranging the policy, Miramar acts as an agent for the Insurer(s) and not for you.

If you have any queries in relation to this policy, contact Miramar in any of the following ways:

Street Address: Level 4, 97-99 Bathurst Street, Sydney NSW 2000

Postal Address: PO Box A2016, Sydney South NSW 1235

Phone: +61 2 9307 6600

Our contract with you

This policy is a contract of insurance between you and us and contains all the details of the cover that we provide. The policy consists of:

- this policy wording which tells you what is covered, sets out the claims procedure, exclusions and other terms and conditions of cover;
- the proposal, which is the information you provide to us when applying for insurance cover;
- your most current policy schedule issued by us. The schedule is a separate document unique to you, which shows the insurance details relevant to you. It includes any changes, exclusions, terms and conditions made to suit your individual circumstances and may amend the policy;
- any endorsement;
- any other document we tell you forms part of the policy which may vary or modify the above documents.

Please note, only those cover sections shown as covered in your schedule are insured.

These documents should be read together as they jointly form the contract of insurance between you and us.

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.

Cooling-off period

There is a twenty-one (21) day cooling-off period. If you wish to cancel the policy, you can cancel it from its date of issue by contacting Miramar in writing within twenty-one (21) days of its date of issue. We will refund your premium less any non-refundable government charges, taxes and levies we have paid.

You cannot exercise this right if:

- you have made a claim or become entitled to make a claim under the policy; or
- you have exercised any right or power you have in respect of the policy or the policy has ended.

Even after this cooling-off period ends, you still have cancellation rights. Please refer to '4. Cancelling your policy' under General Conditions.

How to make a claim

If you need to make a claim against this policy, please refer to '1. Making a claim' under Claims Conditions.

If you have any queries, please contact your broker or us as soon as possible.

Privacy statement

In this privacy statement the use of “We”, “Us” and “Our” means the Insurer(s) and Miramar unless specified otherwise.

We are committed to the safe and careful use of Your personal information in the manner required by the *Privacy Act 1988* (Cth) and the Australian Privacy Principles and the terms of this Policy.

We collect Your personal information in order to assess Your application for insurance and, if Your application is accepted, to administer and manage Your insurance policy and respond to any claim that You make. To do this, Your personal information may need to be disclosed to reinsurers and service providers and related entities who carry out activities on Our behalf, such as assessors and facilitators, some of whom may be located in overseas countries such as the United Kingdom and Europe.

Our contractual arrangements generally include an obligation for these reinsurers, service providers and related entities to comply with Australian privacy laws.

By providing Us with Your personal information, You consent to the disclosure of Your personal information to reinsurers, service providers and related entities in overseas countries to enable Us to assess Your application, to administer and manage Your insurance Policy and to respond to any claim that You make. If You consent to the disclosure of Your personal information to overseas recipients, and the overseas recipient handles Your personal information in a way other than in accordance with the Australian privacy laws, We may not be responsible for the handling of Your personal information by the overseas recipient.

If You choose not to provide Your personal information and/or choose not to consent and/or withdraw Your consent to the disclosure of Your personal information to overseas entities at any stage, We may not be able to assess Your application or administer and manage Your insurance policy and respond to any claim that You make.

Our privacy policies contain information on how You may access personal information that each of us hold, or seek correction of Your personal information and information on how to make a complaint about the handling of Your personal information and how complaints are handled. If You require more information, You can access HDI Global Specialty's Privacy Policy and Privacy Statement at https://www.hdi-specialty.com/downloads/_Global/legal/HGS_VPI_australia_privacy_policy_181214.pdf, and Miramar's Privacy Policy at www.miramaruw.com.au

Dispute resolution process

Any enquiry or complaint relating to this insurance should be referred to Miramar in the first instance.

Please contact Miramar by:

Postal Address: PO Box A2016, Sydney South NSW 1235

Phone: +61 2 9307 6653

Email: servicefeedback@steadfastagencies.com.au

If Miramar require additional information, Miramar will contact you to discuss. If your complaint is not immediately resolved Miramar will respond within fifteen (15) business days of receipt of your complaint or agree a reasonable appropriate timeframe to respond.

If this does not resolve the matter or you are not satisfied with the way a complaint has been dealt with, you should contact Lloyd's Australia Limited:

Street Address: Level 16, Suite 1603, 1 Macquarie Place, Sydney, NSW 2000

Phone: +61 2 8298 0783

Email: idraustralia@lloyds.com

who will respond to your complaint within fifteen (15) business days, unless an alternative timetable has been agreed with you.

If we are unable to resolve your complaint within forty-five (45) business days of the date we first received your complaint or if your complaint has not been resolved to your satisfaction, you can lodge your complaint with the Australian Financial Complaints Authority ('AFCA') depending on eligibility related to your policy. AFCA provides fair and independent financial services complaint resolution that is free to consumers and small businesses. You can contact AFCA by:

Post: Australian Financial Complaints Authority, GPO Box 3, Melbourne VIC 3001

Phone: 1800 931 678 (free call)

Email: info@afca.org.au

Fax: +61 3 9613 6399

Website: www.afca.org.au

If your complaint is not eligible for AFCA, it may be eligible for referral to the Financial Ombudsman Service Ltd (UK). Further details will be provided at the appropriate stage of the complaints process.

Under-insurance

The Property Damage and Business Interruption sections of this policy are subject to the condition of an Under-insurance clause. The effect of this condition is that if at the time of loss the sum insured or limit of liability is less than the full value of the property or income insured, then you may not be covered for your full loss. It is your responsibility to ensure the adequacy of sum(s) insured and limit(s) of liability and you should re-assess these sum(s) insured and limit(s) of liability during the currency of the policy and prior to renewal each year.

Example

When: The value of the property is \$250,000

The Coinsurance percentage is	80%
The sum insured or limit of liability for it is	\$100,000
The excess is	\$250
The amount of loss is	\$40,000

Step (1): $\$250,000 \times 80\% = \$200,000$

(the minimum amount of insurance to meet your coinsurance requirements)

Step (2): $\$100,000 \div \$200,000 = .50$

Step (3): $\$40,000 \times .50 = \$20,000$

Step (4): $\$20,000 - \$250 = \$19,750$

We will pay no more than \$19,750. The remaining \$20,250 is not covered.

POLICY TERMS AND CONDITIONS

Policy interpretation

Throughout this policy, words are sometimes capitalised wherever they appear in the policy to show that those words have a particular defined meaning. These words are defined under 'Definitions' as applicable to each particular section of the policy. Where any word is defined every derivative of that word has a corresponding meaning.

References to the masculine include the feminine, the singular also includes the plural and vice versa.

The headings are included for descriptive purposes only and do not form part of the policy for the purpose of its construction or interpretation.

Our agreement

Subject to all of the terms, conditions and exclusions contained in the policy and your payment of or agreement to pay the premium:

- we will provide you with the cover shown in the cover sections of the policy which are shown as covered in the schedule;
- the insurance cover is in force for the period of insurance set out in the schedule;
- we will cover you to the extent described in the policy.

We will not pay more than the limit of liability for each section which is shown in the schedule or as provided in the policy.

Headings

Headings have been included for ease of reference, but do not form part of the policy.

DEFINITIONS

The following definitions shall apply to the words used in your policy.

Act of terrorism

act of terrorism means any act, or preparation in respect of action, or threat of action designed to influence the government de jure 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 of 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) de jure or de facto, and which:

- (a) involves violence against one or more persons;
- (b) involves damage to property;
- (c) endangers life other than that of the person committing the action;
- (d) creates a risk to health or safety of the public or a section of the public; or
- (e) is designed to interfere with or to disrupt an electronic system.

Aircraft

aircraft means any craft or object designed to travel through air or space, other than model aircraft or unmanned inflatable balloons used for advertising or promotional purposes.

Animal(s)

animal means any living creature including, but not limited to, livestock, birds, fish, vermin or insects.

Australia

Australia means the Commonwealth of Australia and all of its States and Territories including all external Territories.

Automatic Teller Machine (ATM)

automatic teller machine (ATM) means a burglar resistant unit designed for the safe storage and disbursement of bank notes and which resists fire and attack by hand-held or power operated tools.

Building(s)

building means the Building(s) at the premises.

Building includes:

- (a) sheds with a concrete floor and fixed to foundations at the premises;
- (b) customised and modified shipping containers or transportable buildings permanently located at the premises used as workshops, lunchrooms or storage and which are permanently fixed to the ground with electrical or plumbing services, as necessary at the premises;
- (c) shipping containers in which the stock of your business is delivered to your premises or 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 premises after hours;
- (d) shipping containers in which the stock or contents of your business is stored, 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 premises after hours;

- (e) walls, foundations, storage tanks and sheds, awnings, exterior lights, masts, antennae and aerials, fixed external signs, gates, fencing, pavements, roads, flagpoles, floodlights and other structural improvements pertaining to the building;
- (f) property owner's fixtures and fittings, floor coverings, plant, plumbing or wiring services that are within the building;
- (g) carports, pergolas, verandahs, shelters, staircases and canopies;
- (h) barns and outbuildings;
- (i) external fixed items including swimming pools, saunas and spas, gangways between buildings, lights and signs and air conditioning units;
- (j) wharves, piers and jetties.

Building does not include:

- (i) plant and machinery;
- (ii) stock;
- (iii) contents;
- (iv) property undergoing erection, construction, alteration or addition (including partial dismantlement of existing structures), where the total contract value of all work to be carried out at any one premises exceeds \$500,000 or 20% of the total sum insured on buildings and contents, whichever is the lesser, provided that this limit shall only apply to the portion of the property insured which is the subject of any such work and not to any other portion of the property insured;
- (v) land, unsealed driveways, unsealed paths, topsoil and fill, dams, reservoirs, canals, tunnels and railway tracks (not at the premises).

Business

business means your Business(es) as described in the schedule (and, where applicable, as further described in any more specific underwriting information or proposal provided to us at the time when this insurance was negotiated).

Business hours

business hours means when you or any of your employees are at the business premises for the purpose of conducting your business.

Computer equipment

computer equipment means any purpose machine, commonly consisting of digital circuitry, that accepts (inputs), stores, manipulates, and generates (outputs) data as numbers, text, graphics, voice, video files, or electrical signals, in accordance with instructions called a program including but not limited to electronic data processing equipment comprising a central processing unit, video display units, printers, hard disks, floppy disk drives, micro diskettes including read and write heads, electro or mechanical motors and passive components but does not include software.

Computer virus

computer virus means a corrupting, harmful, or otherwise unauthorised piece of code that infiltrates your computer equipment, including a set of unauthorised instructions, programmatic or otherwise, that propagates itself through your computer equipment. Computer virus includes 'trojan horses', 'worms' and 'time or logic bombs'.

Consequential loss

consequential loss means loss of use, loss of earning capacity and any other consequential loss of any kind, including loss, damage, cost or expense caused directly or indirectly by or resulting from:

- (a) delay or interruption of the business;
- (b) lack of power, light, heat, steam or refrigeration; or
- (c) any other indirect result or consequence of a breakdown.

Contents

contents means business and office furniture, tools of trade and equipment used by you in the business.

Contents includes:

- (a) unused stationery and printed books;
- (b) where you are a tenant of a leased or rented premises:
 - (i) property owner's fixtures and fittings, window blinds, floor coverings and glass for which you are liable under the terms of a lease or similar agreement;
 - (ii) fixtures and fittings installed by you for your use in the business;
- (c) money up to \$500;
- (d) plant and machinery, unregistered forklifts and hoists, communications systems, fixtures and fittings, signs and awnings (only if you are a tenant);
- (e) computers, word processors, printers, scanners and other peripheral equipment and other electronic equipment or electronic data processing systems;
- (f) digital or analogue telecommunication transmission and receiving equipment, lighting facilities, televisions, audio visual amplification or surveillance equipment and office machines;
- (g) electronic data, media, records, documents, manuscripts, plans, drawings, designs, business books, but only for the value of these materials in their unused or uninstalled state or as blank stationery;
- (h) current patterns, models, moulds, dies and casts used in the business but limited, unless repaired or replaced, to the value stated in your financial records at the time of damage;
- (i) paintings, works of art, antiques or curios;
- (j) documents of title and any other documents of aesthetic, historic, scientific or social value for past, present or future generations;
- (k) property of your welfare, sports and social clubs; or
- (l) stock, but not if it is shown as a separate item on the schedule.

Contents does not include:

- (i) stock, if it is shown as a separate item on the schedule;
- (ii) buildings;
- (iii) specified items;
- (iv) directors and employees tools of trade and personal effects;
- (v) jewellery, precious metals or stones, bullion or furs unless they are worth less than \$10,000 any one item;
- (vi) 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:
 - (a) mobile plant and equipment (excluding cars, sedans, panel vans and trucks) not otherwise insured;
 - (b) motor vehicles or trailers, caravans or motorcycles that are Stock in trade of the Business
- (vii) live animals, livestock, fish, birds and any other living organism except laboratory cultures;
- (viii) plants, shrubs, lawns, growing crops, pastures and standing timber other than pot-plants;
- (ix) customer's goods other than customer's records and documents held or created by you as part of your business.

- (x) watercraft, aircraft or any accessories, equipment or spare whilst contained in or on these items unless they are Stock and are on Your Business Premises at any time of any loss or damage.

This definition of contents is subject to the 'Designation of property' as noted in the General Conditions.

Cover section

cover section means the individual coverage that we give you that attaches to and forms part of your policy when this is shown in the schedule, for example Burglary Section or Glass Section.

Customer's goods

customer's goods means:

- (a) goods that belong to your customers that are in your physical or legal control because the business repairs, services, maintains, or stores those goods;
- (b) goods that have been purchased by a customer but are in your physical or legal control awaiting delivery;
- (c) customer's goods include items of property at the premises under a 'sales or return' consignment agreement;
- (d) customer's goods do not include consigned items of property under an 'agency' arrangement where you make a commission on a sale.

Electronic data

electronic 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 include programmes, software and other coded instructions for such equipment.

Electronic equipment

electronic equipment means any of the following equipment provided it is owned, leased, operated or controlled by you and used in your business:

- (a) any electronic machine, device or instrument used for research, diagnosis or medical treatment;
- (b) telecommunication transmission and receiving equipment;
- (c) lighting facilities, audio visual, amplification and surveillance equipment;
- (d) office machines owned by you or for which you are legally responsible;
- (e) computer equipment.

Employee

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, unless that person is deemed an employee; or
- (iii) any partner, director or trustee unless that person is also your employee.

Endorsement

endorsement means an individual endorsement document that we give you that attaches to and forms part of your policy. This document varies the terms and conditions of your policy.

Event or events

event or events means one incident or all incidents of a series consequent on, or attributable to, one source or original cause.

Excess

excess means the first amount of each claim. The amount of the excess is shown in the schedule.

Family

family means:

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

Flood

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

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

Fungus/Fungi

Fungus/Fungi means a group of simple plants that have no chlorophyll. They include but are not limited to mould, mildew, and yeast. Fungi also includes spores.

Glass

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.

Glass includes external glass, internal glass and specified glass as defined in the Glass cover section.

Hovercraft

hovercraft means any vessel craft or thing 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.

Market value

The estimated amount for which the business property should exchange immediately before the 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.

Media

media means material on which data is recorded or stored, such as magnetic tapes, hard drives, cartridges, dongles, CD's, DVD's, USB's, flash drives, memory cards or floppy disks.

Money

money means cash, bank notes, currency notes, negotiable cheques, negotiable securities, travellers' cheques, debit and credit card vouchers, discount house vouchers, money orders, postal orders, unused postage stamps, revenue stamps, lottery tickets, stored value cards, public transport boarding tickets, authorised gift vouchers, valuable documents (but limited to certificates of stock, bonds, coupons and all other types of securities) and the contents of franking machines.

Money does not include collectable items (for example coin or stamp collections) or anticipated revenue.

North America

North America means:

- (a) the United States of America and the Dominion of Canada;
- (b) any State or Territory incorporated in, or administered by, the United States of America or Dominion of Canada; and
- (c) any Country or Territory subject to the laws of the United States of America or the Dominion of Canada.

Obsolete stock

obsolete stock means stock which can no longer be sold for its full value, for example stock which is out-of-season fashion, superseded computers or perishable goods beyond their used by date.

Period of insurance

period of insurance means the Period of Insurance shown in the schedule or any subsequent period for which we have agreed to renew or extend the cover.

Personal injury

personal injury means bodily injury, death, sickness, disease, illness, disability, shock, fright, mental anguish and/or mental injury, including loss of consortium or services resulting therefrom.

Policy

policy means:

- (a) the policy wording (this document);
- (b) the proposal;
- (c) the schedule;
- (d) any endorsement;
- (e) any other document we tell you forms part of the policy which may vary or modify the above documents.

Pollutants

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.

Premises

premises means the Premises at the location shown in the schedule. The premises include buildings and land within the legal boundaries.

Premium

premium means the amount(s) shown in the schedule that you have to pay inclusive of all charges for the cover we provide.

Property insured

property insured means the property as described on the schedule in respect of each cover section.

Proposal

proposal means the Proposal document you complete for this insurance.

Safe or strongroom

safe or strongroom means a container or structure which has been specifically designed for the safe storage of money or valuables and is designed to resist unauthorised opening by hand-held or power operated tools. A safe or strongroom includes an automatic teller machine.

A safe is not:

- (a) cash tin;
- (b) locked drawer in a filing cabinet or desk; or
- (c) burglary resistant container weighing less than 20 kilograms that is not fixed to the wall or floor of the premises by anchoring it using mechanical bolting. Eg Dynabolts.

Schedule

schedule means the Schedule document that we give you that attaches to and forms part of your policy.

Seasonal increase period

seasonal increase period means any period of time during the period of insurance that has turnover, sales or level of stock at least 20% higher than the average turnover, sales or level of stock at other times during the period of insurance.

The total number of days we will allow as seasonal increase periods is 120 days in total during any one period of insurance. You do not have to tell us what the dates of the periods are, but if you claim under a policy section which has the seasonal increase cover, then your financial records over at least the previous 2 years must substantiate the period as a seasonal increase period. If the business is less than 2 years, we will use the financial records of your business from the date of commencement until the date of the loss or damage to substantiate your claim.

You can nominate different stock increase period(s) or higher percentage increases of stock. If you do they will be shown on your schedule and you must pay any additional premium that applies.

Stock

stock means products and materials you intend to sell, raw or consumable materials or products used by you in the business and your products while being made, repaired or altered.

Stock includes:

- (a) items of property at your premises under a 'sales or return' consignment agreement;
- (b) customer's goods.

Stock does not include consigned items of property under an agency agreement where you make a commission on a sale.

Under the theft section, Stock does not include tobacco products, products containing tobacco, cigars, cigarettes or alcohol unless they are specified on the current schedule

Subsidiary

subsidiary 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.

Sum insured

sum insured means the Sum Insured shown in the schedule.

Vehicle

vehicle means any type of machine on wheels or on self-laid tracks (including any trailer, caravan or other apparatus attached to the machine) made or intended to be propelled other than by manual or animal power.

Watercraft

watercraft means anything made or intended to float or travel on or through water other than model boats.

We, us, our, the insurer(s)

We, us, our, the insurer(s) means certain underwriters at Lloyd's ('Underwriters') and in relation to the Public and Products Liability section of this policy only, Underwriters and HDI Global Specialty SE – Australia (ABN 58 129 395 544, AFSL 458776) ('HDI Global Specialty').

We/Us/Our/the insurer(s) refers to the Insurer(s)/Underwriters who have agreed to underwrite certain sections of this policy but only in relation to those sections of this policy to which those Underwriters/Insurer(s) have subscribed.

Year

year means a period of 365 consecutive days or 366 consecutive days in a leap year.

You, your or yours

you, your or yours means the person(s) or parties shown as the Insured in the schedule, including all subsidiaries incorporated in Australia in which you engaged in the business described in the schedule and not for any other purpose or activity.

Our Agreement

Subject to all of the terms and conditions contained in your policy and payment of the premium, we will provide you with the cover shown in the cover sections of your policy up to the appropriate amount shown in the schedule or other limits shown in your policy.

1. Approved claim preparation costs

In addition to the amount of cover provided by each cover section we will pay up to \$25,000 for reasonable professional fees and such other expenses incurred by you for the preparation and negotiation of a claim under a cover section.

Provided that before you incur these claim preparation costs you must obtain our written approval to incur these costs, to which we agree not to unreasonably withhold consent.

2. Emergency mitigation costs

In the case of an emergency where you are required to prevent further loss or damage to your property insured as a direct result of that emergency, and the property insured is covered by your policy, we give you the authority to arrange these emergency repairs on our behalf.

3. Repairs to damage by you

When we agree that the repair of the damage can be undertaken by you or your employees, we agree to pay your labour costs and overhead expenses subject to the Limitations of Cover. However we will not pay more than the amount required by a competent contractor to do the same work.

4. Payment of rewards

In addition to the amount of cover provided in each cover section, we will pay up to \$5,000 for the reimbursement of any public reward expense paid by you to recover property or to identify the offenders responsible following loss, destruction or damage to your property for which a claim has been paid under cover sections: Property damage, Theft, Money, Glass and Electronic Equipment of your policy.

Provided that:

- (a) the terms of the reward are agreed by us and approved by the relevant Authority before being offered, and
- (b) our payment does not exceed the value of the property lost destroyed or damaged.

We agree not to unreasonably withhold consent to the terms or the amount of any reward payable under this policy provision nor does our offer to pay such reward in anyway limit the amount of any reward you may wish to offer for your own account.

Limitations of Cover

The cover provided by your policy is limited by the Limitations of Cover shown in the cover sections and the General Exclusions applicable to all cover sections that follow.

GENERAL EXCLUSIONS

These exclusions apply to all cover sections unless expressly stated otherwise.

1. Conflict

This policy does not insure claims directly or indirectly caused by, or arising from, or in consequence of, or contributed to by:

- (a) war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power;
- (b) expropriation including lawful seizure, resumption, confiscation, nationalisation, destruction or damage to property by or under the order of any government or public or local authority; or
- (c) looting, sacking or pillaging following any of the events stated in (a) or (b) above.

2. Consequential loss

This policy does not insure loss of use, loss of earning capacity and any other consequential loss.

This exclusion does not apply to the Business interruption cover section and the Public and Products liability cover section.

3. Nuclear

This policy does not insure claims directly or indirectly caused by, or arising from, or in consequence of, or contributed to by radioactivity or the use, existence or escape of any nuclear fuel, nuclear material, or nuclear waste or action of nuclear fission or fusion.

This Exclusion does not apply to liability arising from radioisotopes, 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.

4. Non-compliance

This policy does not insure loss or damage or liability caused by or as a result of your failure to take reasonable precautions to comply with any relevant statutory obligations, by-laws, regulations, public authority requirements or safety requirements.

5. Intentional acts

This policy does not cover intentional acts by you or another party committed with your knowledge and consent and which you were capable of preventing.

6. Known defects

We will not pay for loss or damage caused by faults or defects known to you or any employee whose knowledge in law would be deemed to be yours and not disclosed to us at the time this insurance was arranged.

7. Terrorism

This policy does not insure:

- (a) personal injury, damage to property, legal liability, loss, damage, cost or expense of whatsoever nature directly caused by, resulting from or in connection with any act of terrorism regardless of any other cause or event contributing concurrently or in any other sequence to the personal injury, damage to property, legal liability, loss, damage, cost or expense; or
- (b) personal injury, damage to property, legal liability, loss, damage, cost or expense of whatsoever nature directly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to any act of terrorism.

However, this exclusion does not apply to policy cover sections:

- (i) Theft;
- (ii) Money;
- (iii) Glass;
- (iv) General property.

8. Electronic data

- (a) This policy does not cover:
 - (i) total or partial destruction, distortion, erasure, corruption, alteration, misinterpretation or misappropriation of data;
 - (ii) error in creating, amending, entering, deleting or using data; or
 - (iii) total or partial inability or failure to receive, send, access or use data for any time or at all from any cause whatsoever, regardless of any other contributing cause or event whenever it may occur.
- (b) We will not cover legal liability for communication, display, distribution or publication of data. However, this exclusion 8 (b) does not apply to personal injury.
- (c) Where an event listed below (being an event covered in Property damage cover section or General property cover section of this policy but for this exclusion) is caused by any of the matters described in paragraph (a) above, this policy, subject to all its provisions, will insure:
 - (i) total or partial destruction, distortion, erasure, corruption, alteration, misinterpretation or misappropriation of data; or
 - (ii) error in creating, amending, entering, deleting or using data.

This exclusion does not apply where an event listed below caused any of the matters described in paragraph (a) above:

- (i) Fire;
 - (ii) Lightning or thunderbolt;
 - (iii) Explosion or implosion;
 - (iv) Storm and wind;
 - (v) Water damage;
 - (vi) Impact;
 - (vii) Earthquake, including tsunamis, subterranean fire, volcanic eruption or fire resulting from any of these;
 - (viii) Theft of data solely where such theft is accompanied by theft of the computer hardware, firmware, medium, microchip, integrated circuit or similar device containing such data.
- (d) For the purposes of the provision in this policy, computer systems records include data.
 - (e) Where damage to property or property are used in this policy, they do not include data.

9. Geographical limitations

Unless we agree in writing to the contrary, we will not pay for any loss or damage to your property insured that is outside Australia at the time of its loss or damage, except as specifically stated otherwise in the appropriate cover section.

10. Unoccupancy

Unless we otherwise agree in writing, we will not pay for any loss or damage to your property insured if the occurrence happens after your premises has been unoccupied for more than 90 consecutive days. This exclusion does not apply to damage caused by:

- (a) lightning, earthquake, volcanic eruption, tsunami and subterranean fire;
- (b) impact by road vehicle or their loads, animals, trees or branches, meteorite, aircraft or other aerial devices or articles dropped from them, sonic boom or space debris, falling communication masts, towers, antennae or dishes, falling building or structures or parts thereof which do not belong to you;
- (c) riots, civil commotions and strikes.

This exclusion will not apply if the premises are partly occupied.

GENERAL CONDITIONS

The following general conditions apply to all cover sections of this policy unless expressly stated otherwise. 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.

1. 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.

2. Acquisition of companies

Provided that you notify us in writing within 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 sum insured, limit of liability or any sub-limit of liability applicable under the relevant cover sections making up your policy for each category of property.

3. 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. In case of execution against you of any final judgment covered by this policy being returned 'unsatisfied' by reason of such bankruptcy or insolvency, then an action may be maintained by the injured party or their representative against us in the same manner, and to the same extent as you but not in excess of the sum insured or limit of liability.

4. Cancelling your policy

How you may cancel

You may cancel the policy or a cover section at any time by telling us that you want to cancel it. You can do this by giving the notice to your intermediary.

How we may cancel

We may only cancel a policy when the law says we can. 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, 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.

We will cancel your policy by telling you so in writing, either in person or by post to your last known address. We will return the premium that you have paid for the rest of the period of insurance (along with GST and any relevant charges where this is allowed).

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.

5. Change to risk

Our decision to insure you, and the premium that we charge you, is based on information provided by you about your 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 the 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 premises or the property insured in such a way as to increase the risk of damage or losses;
- (c) your interest in the 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 as soon as reasonably practicable notify us of the 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 (an accountant's office, a jeans retailer and a sandwich bar) we will calculate your fire premium 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 menswear shop opens, then you must notify us of the change and we will calculate your fire premium either using the jeans retailer or menswear occupation.

If we agree to continue to insure you after you have told us of the changes you tell us about 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.

6. 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 condition shall not apply to the Theft cover section with respect to tobacco, products containing tobacco, cigars, cigarettes and alcohol.

Under the Theft cover section, stock does not include tobacco, products containing tobacco, cigars, cigarettes or alcohol unless they are specified on the schedule.

7. How Goods and Services Tax (GST) affects any payments we make

In the premium, we will charge you an amount on account of GST.

You must inform us of the extent to which you are entitled to an input tax credit (ITC) for that GST amount each time that you make a claim under this policy. No payment will be made to you for any GST liability that you may have on the settlement of a claim if you do not inform us of your entitlement or correct entitlement to an input tax credit.

Despite the other provisions of this insurance (including provisions in the policy wording, the schedule and any endorsement), our liability to you will be calculated taking into account:

- (a) any input tax credit to which you are entitled for any acquisition which is relevant to your claim, or which you would have been entitled were you to have made a relevant acquisition; and
- (b) also for claims for business interruption only, the GST exclusive amount of any supply made by your business which is relevant to your claim.

This outline of the effect of the GST on your policy is for general information only. You should not rely on this information without first seeking expert advice on the application of the GST to your particular circumstances.

8. Inspections

We (or agents appointed by us) have the right to inspect and examine, by mutual appointment, any property insured.

9. 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.

10. Keeping us up to date

During the period of insurance and at renewal you must tell us of any of the following changes (for which we may ask for an additional premium to maintain cover):

- (a) if the building is not in a good state of repair;
- (b) work on the building other than routine maintenance or decoration;
- (c) any change in your business;
- (d) any change of situation.

11. 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.

12. Other persons or organisations

The insurable interest of only those lessors, financiers, trustees, mortgagees, owners and all other parties having a legal interest or charge over the property insured shall be automatically included as third party beneficiaries without notification or specification. The nature and extent of such interest is to be disclosed to us in the event of any claim covered by this policy. Any other people not in this category or not named on the schedule are not covered and cannot make a claim. All third party beneficiaries must comply with the terms and conditions of the policy.

Where the separate interests of more than one party in the property insured 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/ies are entirely innocent of and have no prior knowledge of any such act or neglect and shall, within a reasonable time after becoming aware of any act or neglect whereby the risk of loss, damage or destruction 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. We will not withhold our consent unreasonably.

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 provide us with details of such policies and so that we may seek contribution from the other insurer or insurers.

13. 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 sum insured for those cover sections selected.

The sum insured and sub-limits of liability shall apply in addition to, and shall not be reduced by, the amount of any applicable excess.

14. Reasonable care

You must take reasonable precautions to prevent personal injury or property damage as if you were not covered by this policy such as (but not limited to):

- (a) if you discover your products may be defective and the defect may cause a claim under the Public and Products liability cover section, you must, at your expense, take reasonable steps to restrict, trace, recall, modify, replace or repair the products;
- (b) maintain and look after other person's or organisation's property and buildings used or occupied by you, in accordance with your agreement with them;
- (c) if your occupation includes digging below ground at sites away from the premises the location of underground services must be obtained from the owners of the services by you or your principal before the work is commenced;
- (d) comply with all laws and safety requirements imposed by any authority or by State or national legislation.

If you do not take reasonable precautions we may refuse to pay part or all of your claim.

16. Sanctions regulation

No insurer(s) shall be deemed to provide cover and no insurer(s) shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that insurer to 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.

17. Single occurrence

We will not pay for loss or damage to property covered by this policy under more than one cover section of the policy in respect of the same item and occurrence unless a relevant sum insured has been paid out in full and you have not been fully indemnified, less any applicable excess, for the loss or damage.

18. Waiver of subrogation rights

We will 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 or any landlord or any other person or parties from any liability if required at law, including by contractual agreement, 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.

19. Reinstatement of 'Sum Insured'

In the event of damage insured under one or more of the Business Property, Business Interruption, Theft, Money and Glass cover sections of the Policy, the amount by which the sum insured or limit of indemnity 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 sum insured on the Business Property cover or Business Interruption cover sections if we have paid a total loss under either of these sections.

20. Service of Suit

The insurer(s) agree that:

- (i) if a dispute arises under this insurance, this insurance will be subject to Australian law and practice and the insurer(s) will submit to the jurisdiction of any competent Court in the Commonwealth of Australia;
- (ii) any summons, notice or process to be served upon the insurer(s) may be served upon:

Lloyd's Underwriters' General Representative in Australia
Suite 1603, Level 16, 1 Macquarie Place, Sydney NSW 2000

Phone: (02) 8298 0700

who has authority to accept service on behalf of the insurer(s);

- (iii) if a suit is instituted against any of the insurer(s), the insurer(s), including all Underwriters participating in this insurance, will abide by the final decision of such Court or any competent Appellate Court.

In the event of a claim arising under this insurance NOTICE should be given as soon as reasonably practicable to Miramar.

21. Several Liability

The liability of an insurer under this contract is several and not joint with other insurer(s) party to this contract. An insurer is liable only for the proportion of liability it has underwritten. An insurer is not jointly liable for the proportion of liability underwritten by any other insurer. Nor is an insurer otherwise responsible for any liability of any other insurer that may underwrite this contract.

The proportion of liability under this contract underwritten by an insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown in this contract.

In the case of a Lloyd's syndicate, each member of the syndicate (rather than the syndicate itself) is an insurer. Each member has underwritten a proportion of the total shown for the syndicate (that total itself being the total of the proportions underwritten by all the members of the syndicate taken together). The liability of each member of the syndicate is several and not joint with other members. A member is liable only for that member's proportion. A member is not jointly liable for any other member's proportion. Nor is any member otherwise responsible for any liability of any other insurer that may underwrite this contract. The business address of each member is Lloyd's, One Lime Street, London EC3M 7HA. The identity of each member of a Lloyd's syndicate and their respective proportion may be obtained by writing to Market Services, Lloyd's, at the above address.

Although reference is made at various points in this clause to "this contract" in the singular, where the circumstances so require this should be read as a reference to contracts in the plural.

CLAIMS CONDITIONS

To enable us to process a claim under any cover section of this policy the following conditions apply.

1. Making a claim

Contact your intermediary or call our claims department as soon as reasonably practicable on (02) 9307 6600 or claims@steadfastagencies.com.au

2. Admitting liability

You must not admit liability for any loss, damage or injury, or settle or attempt to settle or defend any claim without our written consent. We will not withhold our consent unreasonably.

3. Claims settlement

(a) ITC entitlement

If any event occurs which gives or may give rise to a claim you must tell us your entitlement to input tax credits for your insurance premium if you are registered, or should be registered for GST purposes. If the information you give us is incorrect, we will not cover you for any resulting fines, penalties or tax charges.

(b) Cash payments

Any cash payments made to you under this policy will be based on costs including GST. However, if you are, or would be, entitled to claim any input tax credits for the repair or replacement of the property insured or for other things insured by the policy we will reduce our payment to you by the amount of your input tax credit entitlement.

(c) Discharge of our liabilities

If, at any time, we pay you the sum insured for any claim under this policy, the future conduct of the claim then becomes your responsibility. We may also pay any extra covers, additional benefits or optional insurance that is in addition to the sum insured.

4. Conduct of claims

- (a) We may appoint legal or other representatives to assist in the conduct of a claim;
- (b) We shall have the right to conduct claims and we will exercise our discretion in the conduct of claims at all times having regard to your interests; and
- (c) We reserve the right to negotiate and settle any claim on terms we consider appropriate.

5. Cooperation

You must co-operate with us fully in any investigation, negotiation, defence or settlement of any claim. This may include attending court to give evidence.

6. Minimise loss

You must:

- (a) take all reasonable precautions to minimise or prevent further loss, damage, injury or illness; and
- (b) take all reasonable steps to recover lost or stolen property.

7. Not authorise repair or replacement

You must not authorise the repair or replacement of anything without our agreement. We will not withhold our agreement unreasonably.

In the case of an 'emergency migration' where you are required to prevent further loss or damage to your property as a direct result of that emergency and the property is covered by your policy. We give you authority to arrange these emergency repairs on our behalf.

8. Notify claim

You must as soon as reasonably practicable:

- (a) notify the police following a theft or burglary or if any property is misappropriated, lost or maliciously damaged;
- (b) notify us as soon as reasonably possible and give us all the known details of the event including the police event number if available;
- (c) send us any legal document or other communication you receive about the event.

9. Our rights of possession

We, our employees or our agents have the right to enter any building or area where loss or damage has occurred and take possession of property insured or require the property insured to be delivered to us. We will deal with this property in a reasonable manner.

10. Paying your excess

You must pay the excess that applies to claims under this policy once your claim has been accepted by us. The excess that applies will depend on the circumstances of the claim. The amount of the excesses and the circumstances that each excess applies to are shown on the schedule or set out in the applicable cover section. We will tell you how to pay your excess and who to pay it to.

If more than one excess can be applied to one occurrence then you will only need to pay the highest excess that applies unless expressly stated otherwise in the policy. This only applies to Property Damage, Business Interruption, Theft, Money, Glass, General Property, Machinery & Electronic Equipment. Should there be a Property & Liability claim, a separate excess shall apply to each Section.

Sums insured and sub-limits shall apply in addition to, and shall not be reduced by, the amount of any applicable excess.

Only one excess will apply to all damage resulting from earthquake, subterranean fire, volcanic eruption, bushfire, storm, hail or rainwater that is continuous, due to the same general conditions, and occurs within a 72-hour period from the first happening of damage.

11. 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. We will not unreasonably withhold progress payments.

12. Proof of fraud or dishonesty

In the event of a claim, you must supply us with all records and documents that may assist us in substantiating and investigating any act of fraud or dishonesty and your rights of recovery as soon as reasonably practicable. This includes but is not limited to all records (including computer, electronic and accounting records), video and audio recordings, working papers, internal memoranda, police reports, accounting records and audit documents.

13. Provide proof of ownership

You must supply us with all the information and documentation that we request to prove your ownership or legal responsibility for the property insured and its value as soon as reasonably practicable.

We will decide what is acceptable proof of ownership and value based on the property insured for which you are claiming, the age of the item and its value at the time of loss or damage.

Examples of the type of documentation that may be required include, but are not limited to:

- (a) tax invoices and/or receipts for property insured;
- (b) photographs of the property insured;
- (c) copies of any relevant contracts or agreements;
- (d) statutory declaration verifying the details of your claim and any other matters connected with it;
- (e) quotes for replacement items.

We understand you may not keep such information for every business item you own, especially if items are recorded in your books of account. You or your accountant may have records for tax purposes and these may be sufficient to prove ownership and value of the property insured.

14. Retain all damaged property

You must:

- (a) retain and preserve all damaged property for our inspection prior to authorisation of repairs unless alterations and repairs are immediately necessary for safety reasons or to minimise or prevent further loss, damage or injury. If repairs are necessarily carried out without our prior approval, you are still required where reasonably practical, to retain and preserve all damaged property for our inspection; and
- (b) use your best endeavours to preserve all property, products, plant and all other things that may assist us in investigating or defending a claim against you, including assisting in determining if there are rights of recovery against another entity or person.

15. Rights of recovery

We have the right to take action or institute legal proceedings, in your name, for the recovery of payments made and expenses incurred in relation to any claim insured by this policy, against any person, company or entity legally liable to you in respect of that claim.

You must provide us with full information and all reasonable assistance in the recovery of those payments or expenses.

You must not enter into any agreement or make any admissions that have the effect of limiting or excluding your rights and our rights to recover payments and expenses without first obtaining our approval in writing to do so. We will not withhold our approval unreasonably.

16. 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.

PROPERTY DAMAGE

Introduction

This cover section only forms part of your policy when Business Property is shown in the schedule and is limited to the period of insurance indicated.

This section of the policy covers physical loss of or damage to your property insured during the period of insurance. We do not cover the theft or breakdown of your property insured under this cover section.

Definitions

The following words have the following meanings for this cover section only.

Catastrophe

catastrophe means a large scale destructive event, in the area in which the premises is located, which either:

- (a) the Insurance Council of Australia has declared to be an 'insurance catastrophe event'; or
- (b) as a consequence of the event, the relevant government authority has declared a state of emergency.

Specified items

specified items means each item of property that is specifically described on the schedule for this cover section.

Cover

We will cover you up to the limit of liability for accidental loss or damage to your property insured at the premises during the period of insurance.

Basis of Settlement

The maximum we will pay for any one claim, other than a claim for a specified item, under this cover section is the sums insured shown on the schedule or adjusted in accordance with this cover section, whichever is the higher.

The maximum we will pay for each specified item is the sum insured shown in the schedule for that item.

For contents that are works of art, antiques or curios we will only pay the value of the item up to a maximum of \$10,000 for each item unless they are a specified item.

For any item of contents or for any specified item that is part of a pair or set, the limit applies to the pair or set.

There are two methods of paying your claims. They are 'reinstatement or replacement' basis and 'indemnity value'. The method you have chosen is shown on your schedule.

For each specific category or categories, we will not pay more than sums insured shown on the current schedule for this cover section, except to the extent stated under the headings 'Extra Covers' and 'Additional Benefits'.

1. Building(s), specified items, contents or stock – Reinstatement or replacement

Unless the schedule shows you are insured for 'Indemnity' then, when buildings, specified items, contents or stock are lost or damaged we will, at our option:

- (a) rebuild the buildings at the premises shown on your schedule or at another site;
- (b) replace contents, stock or specified items with similar property;
- (c) pay you the amount shown on the proof of purchase for specified items unless the specified items are works of art, antiques and curios;
- (d) if the specified items are works of art, antiques and curios, pay you the amount of a valuation by the Auctioneers and Valuers Association of Australia; or
- (e) pay the cost of rebuilding or replacing the buildings, specified items, stock or contents.

Reinstatement or replacement is subject to the following conditions:

- (i) the work of rebuilding, replacing or repairing must be commenced and completed by you within a reasonable time otherwise we will pay no more than the cost that would have been incurred if the work of rebuilding, replacement or reinstatement has been commenced and carried out within a reasonable period of time;
- (ii) when rebuilding at another site, we will not pay more than we would pay to rebuild at the premises;
- (iii) when any property insured 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;
- (iv) we will only pay to return the property insured 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

If your schedule shows you are insured for 'Indemnity' then, for any loss or damage to building or contents, we will, having regard to your interests:

- (a) repair, reinstate or replace the building or contents;
- (b) pay you the market value of the building or contents at the time of its loss or damage; or
- (c) pay the cost of repair or replacement.

In all cases, where appropriate, we will reduce the amount we pay you to take into account age, wear, tear, depreciation and remaining useful life of the individual item or components that are damaged and depreciation.

The Underinsurance/average condition in this cover section is amended to read:

In the event of loss or damage to property we shall be liable for no greater proportion of the loss or damage than the sum insured at the premises bears to eighty percent (80%) of the current value of the property insured, provided that our liability shall not exceed the sum insured stated against each item in the schedule.

3. Branded stock

We will not sell branded stock as salvage without your consent.

If you do not agree to us selling the branded stock as salvage, we will pay the market value of the stock after brands, labels or names have been removed.

4. Extra costs of reinstatement

If you are insured under this cover section on a reinstatement or replacement basis, we will also pay the extra costs of reinstatement or replacement of property insured which are necessarily incurred to comply 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 those relating to the heritage status of a building.

5. Extra costs of reinstatement: Heritage building

If you are insured under this policy section on a reinstatement or replacement basis for loss 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 necessary 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.

6. Conditions which apply to extra costs of reinstatement

The following conditions apply:

- (a) the work of reinstatement must be commenced and completed within a reasonable time; and
- (b) the amount payable will not include any additional costs in complying with any requirement that you had been required to comply with before the loss or damage occurred; and
- (c) 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.

Our total liability under this clause 'Extra cost of reinstatement' will be limited to:

- (i) the sub limit of liability shown in the current schedule for 'Extra cost of reinstatement' which shall be in addition to the sum insured; or
- (ii) 10% of the sum insured for this cover section; or
- (iii) the balance of the sums insured for this cover section,

whichever is the greater.

The underinsurance condition of this cover section will not apply to the amount payable under this clause.

7. Loss of floor space

If a building insured under this cover section on a reinstatement or replacement basis can only be rebuilt with a reduced floor space as a result of:

- (a) an Act of Parliament or regulations; or
- (b) a by-law or regulation of any Municipal or other statutory authority;

We will, in addition to reinstating or replacing the building on the basis set out above, pay you the difference between:

- (c) the actual cost of rebuilding the building with the reduced floor space; and
- (d) the estimated cost of rebuilding the building with the floor space it had at the time it was damaged.

Provided that our total liability for reinstatement or replacement value, additional costs of compliance & under this "Loss of Space" clause shall not exceed the sum insured in respect of building which are the subject of the claims.

8. Output replacement

Where any property insured 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 property insured 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 property insured.
- (b) Where any property insured 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 property insured, then the basis of settlement is the new installed cost of the item or items so replaced.
- (c) Where any property insured 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 property insured, then the basis of settlement is the lesser of the reinstatement value or that proportion of the new installed cost of the replacement item or items which the output of the damaged property insured bears to the output of the replacement item or items;

provided always that the amount payable shall not be of lesser value than the estimated cost which would have been payable if such damaged property could have been replaced by an item or items that would have given the same total function, capability or output as the damaged property insured. If the reinstatement value of the damaged property insured is not ascertainable then the basis of settlement is the new installed cost of the replacement item or items.

9. Stock

If stock is lost or damaged, we will, at our option:

- (a) pay the market value of the stock at the time of the loss or damage;
- (b) pay you the market value of obsolete stock or its purchase price (net of GST), whichever is the lesser, but no more than the original cost to you;
- (c) replace or repair the stock with property or materials equal to or of a similar standard and specification as the stock at the time it was lost or damaged; or
- (d) pay the cost of repair or replacement of the lost or damaged stock.

Limitation of Cover

1. Earthquake

If any loss is caused by earthquake, volcanic eruption, subterranean fire or tsunami, we will not pay for the first \$20,000 or 1% of the sum insured at the damaged premises (whichever is the lower amount) of each claim caused by earthquake, tsunami, volcanic eruption or subterranean fire.

2. Excess

The excess that applies is shown on the schedule.

3. Storm, rainwater, wind, hail or snow

Cover for damage to textile blinds and awnings, shade cloth, shade houses, fibreglass houses and glass houses, gates, fences, signs and retaining walls caused by or arising from storm, rainwater, wind, hail or snow is limited to a maximum of \$25,000 in total, any one event.

Extra Covers

When damage to property insured is covered by this cover section, we will pay for the following costs that are incurred as a result of that damage.

Unless stated otherwise below, any amounts payable under these Extra Covers apply in addition to the sum insured.

1. Capital additions

If buildings or contents are insured and:

- (a) buildings, or part of them, are in the process of being constructed, erected, altered or added to; or
- (b) contents, excluding stock, are in the process of being installed or modified,

We will pay for loss or damage to these new additions or installations up to an additional:

- (i) \$500,000; or
- (ii) 20% of the total sum insured on Building and Contents,

whichever is the lesser amount.

For example: If your business is retail, and the contents of your rented shop are insured for \$150,000 and you are refitting the shop shelving and service counters, we will not pay more than \$30,000 (20% of \$150,000), as this amount is less than \$500,000.

2. Catastrophe inflation protection

If we agree to pay a claim for damage to your building that is a direct result of a catastrophe declared by a Government authority, we will:

- (a) pay up to an additional 20% of the sum insured for buildings; and

- (b) increase the amounts payable under the 'Capital additions' (relating to buildings only) Extra Cover and '5. Prevention of imminent damage' Additional Benefit of this cover section by up to 20%, for any additional costs incurred in rebuilding that can be directly attributed to increases in the price of services and materials as a direct result of the catastrophe.

For example, if your sum insured for buildings was \$1,000,000 we would pay up to an extra \$200,000 (20% of \$1,000,000). However, this Extra cover does not operate to increase the total sum insured for the purposes of calculating the application of any Extra Cover or Additional Benefits or the Underinsurance provision in this cover section.

We will not pay more than the increased building costs which are actually incurred by you as a direct result of the catastrophe.

We will not pay any claim under this Extra Cover if you choose not to rebuild the buildings (or any part of them) at the premises shown on your schedule. We will not increase the sum insured to pay for damage to any property insured other than buildings.

We will not pay any claim under this Extra Cover if your schedule shows the building as being insured for 'Indemnity'.

3. Discharge of mortgages

We will pay the reasonable legal costs of discharge of a mortgage or mortgages on buildings, contents or stock following settlement of a claim under this policy on a total loss basis. We will pay up to \$25,000 any one event.

4. Floating stock

Where we pay a claim for loss of or damage to stock at the premises, we will pay more than the stock sum insured at that premises to account for the temporary transfer of stock between premises provided that:

- (a) there are at least two premises specified on the schedule and the sum insured has been separately specified on the schedule for stock at each premises insured under this cover section, including the affected premises; and
- (b) you transfer the stock between premises as a usual business practice.

We will not pay a claim under this Extra Cover where stock levels in excess of the sum insured at a premises have been temporarily located at that premises for a period exceeding 90 days and where we have not agreed in writing to an extended period, during the period of insurance.

We will not pay more than the total of the stock sum insured for all premises.

For example: assume you operate from two retail premises, each with a stock sum insured of \$50,000. At the time of an insured event that destroys the premises, stock at the premises where the loss occurs is valued at \$70,000 and there is \$25,000 worth of stock at the other premises, which is less than \$100,000 of stock cover at all situations, we will pay up to \$95,000.

5. Government fees

If any of your property insured is destroyed or damaged, we will pay any fee, contribution or other impost payable to any other 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 property insured 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 sum insured for buildings, contents or stock. If the sum insured is exhausted, the most we will pay under this Extra Cover is \$10,000 any one event.

6. Landscaping

We will pay for loss of or damage to landscaping at the 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.

Landscaping includes trees, shrubs, plants, lawns, rock work, retaining walls, ornamentation and edging pertaining thereto.

We will not pay more than \$50,000 or 20% of the sum insured, whichever is the lesser, at the premises in respect of any one event. This Extra Cover is included in the sum insured for the buildings.

We will not pay for any loss of or damage to landscaping which occurs as a result of storm, wind or rain (including snow, sleet or hail).

7. Loss of land value

If we pay for a claim for loss of or damage to a building at the premises, we will pay for any reduction in land value that results from the decision by any legal authority not to allow rebuilding or only to allow partial rebuilding of that building at the premises.

We will not pay more than:

- (i) 20% of the building sum insured shown on the schedule; or
- (ii) \$100,000,

whichever is the lesser.

For example, if the sum insured for the building is \$400,000, we will not pay more than \$80,000 (20% of \$400,000), as this amount is less than \$100,000.

The underinsurance condition does not apply to this limitation, which is in addition to the sum insured.

8. Playing surfaces

We will pay, up to the greater of \$50,000 or the amount shown in the current schedule for playing surfaces, for the cost of repairing damage to outdoor playing surfaces at the premises, 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 property insured at the premises for which we have admitted liability under this cover section; or
- (c) the action of the fire fighting services, police or other emergency services in attending to their duties at the premises.

9. Professional fees

We will pay the reasonable cost of surveyors', architects' and other professional fees for estimates, plans, specifications, quantities, tenders and supervision, incurred in the repair or replacement of lost or damaged buildings. The cost of professional fees is included in the sum insured of the lost or damaged buildings. If the sum insured has been exhausted, we will pay up to \$5,000 any one event.

We will not pay any claim under this Extra Cover if your schedule shows the building as being insured for 'Indemnity'.

10. Removal and disposal of trees and branches

If damage to property insured is caused by impact from trees or branches of trees, we will pay the reasonable costs associated with the removal and disposal of the tree or branches, which caused the damage.

11. Removal of debris including necessary temporary repairs

We will pay the reasonable costs of removal, storage and disposal of debris or the demolition, dismantling, cleaning up, shoring up, propping, underpinning or other temporary repairs of property insured by you. We will also 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.

We will pay you up to \$100,000 or 20% of the total sum insured on Buildings and Contents shown on the schedule for the damaged premises whichever is the greater or the amount for 'Removal of debris' shown in the schedule. If this is insufficient and you have not exhausted your sum insured on the damaged items requiring demolition and/or removal of debris, we will pay up to the remaining balance of the limit of liability.

12. Rewriting of records

We will pay the reasonable costs of restoring the electronic data stored on media or the cost of clerical labour actually, necessarily and reasonably incurred in rewriting, restoring or recreating the:

- (a) business books, plans, computer records, patterns and other business records that are damaged at each premises;
- (b) business records of your customers at the premises; or
- (c) your business records stored off-site (even if there is no damage to property insured).

We will pay you, in addition to your sum insured, up to \$25,000 any one event or the amount shown in the current schedule.

13. Seasonal increase period

We will automatically increase the sum insured in respect of stock by 50% during the seasonal increase period. If the sum insured in respect of stock is included in your contents sum insured we will only apply the seasonal increase to that portion of your contents sum insured which relates to stock.

14. Taking inventory

We will pay up to \$5,000 for the reasonable costs and expenses incurred by you in taking inventory (including unpacking, repacking and restacking) to identify, quantify and value any property insured damaged during the period of insurance including examination of property insured not belonging to you but in your care, custody or control.

15. Undamaged foundations

If foundations are not destroyed following an occurrence and any Government or Statutory Authority requires reinstatement of the property insured to be carried out on another site, the abandoned foundations will be considered as destroyed. If the resale value of the original building site is increased due to the presence of the abandoned foundations, the increase in resale value will be paid to us at the time of sale.

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 limit of liability.

1. Damage to glass in vacant buildings

If you own but do not occupy any buildings shown as insured under this cover section at the premises, we will cover you for the following costs directly related to the breakage of glass in the period of insurance in a rentable area of the building that is vacant at the time of the breakage:

- (a) the cost of temporary shuttering pending replacement of the broken glass;
- (b) the costs incurred in replacing reflective materials and burglar alarm tapes and connections attached to the glass;
- (c) the cost incurred in repairing or replacing damage to window, door or showcase frames and their fittings, but not to bars, grilles or shutters; or
- (d) the cost incurred in repairing or replacing tiles on shop and office fronts and around the glass.

We will not pay more than \$5,000 during any one period of insurance for all claims under this Additional Benefit.

We will not cover you under this Additional Benefit for any breakage:

- (a) of glass caused by or arising out of fire or the application of heat;
- (b) of glass:

- (i) when in transit or whilst being fitted into position or removed from its fitting;
 - (ii) in light fittings;
 - (iii) that is cracked or imperfect prior to breakage;
 - (iv) that is not fit for the purpose intended; or
- (c) that is in a glasshouse.

We will not pay for the breakage of:

- (d) tiles on shopfronts and office fronts, other than around the broken glass; or
- (e) plastic or perspex signs.

We will not cover any claims under this Additional Benefit if:

- (f) you have selected Glass cover section;
- (g) your insured building is leased to a tenant; or
- (h) the building has remained unoccupied or untenanted for a continuous period longer than 60 days and we have not agreed to an extended period in writing.

The excess that applies to this Additional Benefit is:

- (i) the excess shown on the schedule; or
- (ii) \$500,

whichever is the higher.

2. Directors and employees tools of trade and personal effects

We will pay for loss of or damage to directors and employees tools of trade and personal effects as if they were contents.

We will not pay more than \$5,000 for any one person for any one event. Any amount we pay for this Additional Benefit will be included in the contents sum insured.

3. 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 fire fighting 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 premises and threatening the property insured, during the period of insurance. The excess that applies to this Additional Benefit is \$500.

4. Limited transit cover

We will cover you for loss of or damage to stock or contents during the period of insurance which are in transit in any vehicle anywhere in Australia and away from the premises, caused by a collision or overturning of the conveying vehicle or any of the following events:

- (a) fire or explosion;
- (b) wind;
- (c) acts of malicious persons;
- (d) escape of molten material from its intended confines at the premises;
- (e) lightning or thunderbolt;
- (f) implosion;
- (g) earthquake, tsunami, subterranean fire or volcanic eruption, or fire resulting from any of these during any period of 72 consecutive hours following the event;
- (h) riot, civil commotion or labour disturbances; or
- (i) water damage.

We will not cover you for more than:

- (i) \$50,000; or
- (ii) 20% of the highest sum insured for contents or stock at any one premises,

for each event, whichever is the lesser.

5. Prevention of imminent damage

We will cover you for the necessary costs that you incur in the period of insurance:

- (a) to extinguish a fire on or in the vicinity of your premises which causes or threatens loss or damage to your property insured;
- (b) to prevent or diminish imminent damage to your property insured;
- (c) for the temporary protection and safety of your property insured at the premises, including the employment of security services; or
- (d) to remove property insured from the premises if the purpose of the removal was to prevent or minimise damage insured under this cover section. We will also cover any damage resulting from the removal.

We will not pay more than \$100,000 for all claims under this Additional Benefit during any one period of insurance.

We will not pay for:

- (i) any fines, penalties or liability incurred by you; or
- (ii) any loss or damage to your property insured.

6. Temporary cover for new premises

We will cover you for loss or damage occurring during the period of insurance to buildings, contents and stock at any new premises, provided that:

- (a) you first occupy the new premises during the period of insurance;
- (b) the business carried on, at or from the new premises is the same as the business shown on the schedule;
- (c) the property at the new premises is of the same nature as the buildings, contents and stock located at a premises and would have been covered if they were located at a premises; and
- (d) the buildings at the new premises are constructed of the same materials as the buildings at any premises, and have the same or superior protection systems as those at the premises.

We will not cover you for more than 50% of the highest total sum insured for any premises shown on the schedule.

For example, if you insure two existing premises, one which has a total sum insured for all property insured totalling \$1,000,000 and the other which has a total sum insured for all property insured totalling \$2,000,000, then any new premises will be covered for up to \$1,000,000 (50% of \$2,000,000, the higher of the two total sums insured for all property insured at a premises).

We will not cover you under this Additional Benefit for any loss or damage at the new premises that occurs more than 60 days after you first occupy the new premises.

7. Temporary removal of stock and contents

We will pay up to 20% of the sum insured for loss or damage to stock or contents during the period of insurance if the stock or contents have been temporarily removed from the premises or are in a temporary storage facility, self storage unit or bulk storage facility as if it were at the premises but still within Australia.

For example, if the sum insured for stock is \$100,000 and there is loss or damage to stock that has been temporarily removed from the premises, we will pay up to \$20,000 (20% of \$100,000).

We will not pay for loss of or damage to:

- (a) motor vehicles, or trailers, watercraft, caravans or motor cycles unless they are the stock of your business, or fork lift trucks and similar appliances that are used for hauling or conveying goods at the premises;
- (b) stock that you have consigned to another person for sale unless it is owned by you or is property for which you are responsible;
- (c) stock or contents that have been removed from the premises in excess of 90 days at the time of the loss or damage.

8. Trace and access

We will pay the reasonable costs incurred to detect the point of bursting, leaking, discharging or overflowing of fixed apparatus, fixed tanks, fixed appliances, fixed pipes or other systems, during the period of insurance, at the premises used to hold or carry liquid provided that the bursting, leaking, discharging or overflowing has caused or may reasonably be expected to cause damage to property insured. We will not cover the repair or replacement of such apparatus, appliances, tanks, pipes or other systems.

9. Theft of external property

If you own but do not occupy a building shown as insured under this cover section at a premises, we will cover you for the theft in the period of insurance of plant, plumbing or wiring services that are not part of that building but which are securely attached (by means other than the connection to a power point) to the building structure.

We will not cover you for more than \$5,000 in the aggregate during the period of insurance for all claims under this Additional Benefit.

We will not pay for any loss or damage caused by your family or your tenants.

We will not pay any claims under this Additional Benefit if you have selected the Theft cover section of the policy.

10. Taxation audit costs

We will cover the reasonable and necessary costs you incur following notification received during the period of insurance of an audit or investigation by a federal or state Commissioner of Taxation relating to your liability to pay income tax, fringe benefits tax, capital gains tax, wholesale and sales tax, payroll tax, goods and services tax or superannuation contributions tax in respect of your business up \$10,000 for this additional benefit.

'Costs' means professional fees paid to accountants or registered tax agents who are not your employees, for work undertaken in connection with the audit or investigation.

What you are not covered for under Taxation audit costs

We shall not be liable under this additional benefit:

- (a) for the imposition of any tax, fines, penalties, court costs, penalty tax or interest;
- (b) for costs incurred after completion of the audit or investigation;
- (c) where any proceedings were initiated, threatened or started prior to the commencement of the period of insurance;
- (d) arising from your improper, unwarranted or unjustified refusal or failure to comply with any lawful request made by a state or federal Commissioner of Taxation for the production of documents or the supply of information. Refusal or failure to comply will not be deemed improper, unwarranted or unjustified if you refuse or fail to comply upon the advice of your accountant or tax agent;
- (e) for costs from audits or investigations under customs legislation;
- (f) for costs from audits or investigations of income received or earned, or where the source of income is, outside Australia or where the services giving rise to the claim are performed by persons or entities ordinarily resident outside Australia;

- (g) arising out of any fraud or fraudulent act or omission committed by you or on your behalf;
- (h) arising from audits or investigations which result in you, or any person acting on your behalf, becoming aware of any error or deficiency in any return of income or other documentation supplied to a state or federal Commissioner of Taxation and failing to notify the Commissioner of Taxation without delay.

Special conditions applicable to Taxation audit costs

You must lodge taxation and other returns within the time limits applicable to those returns as prescribed by statute or through extension of time granted by a Commissioner of Taxation.

You must make full and complete disclosure of all assessable income (including capital gains), as required by any relevant legislation.

In the event of a claim arising:

1. you must at all times keep us fully and continually informed of all material developments in relation to the claim and in relation to any audit;
2. you must take all necessary and reasonable steps to minimise any delays and the amount of any costs incurred or likely to be incurred in connection with any audit;
3. we or our duly appointed agent may make our own investigation into any matter which is or may be the subject of a claim; and

You must ensure that your accountants, registered tax agent and/or solicitor must cooperate with us and where necessary, assist us in relation to any claim and assist us with any matter we wish to pursue with the Commissioner of Taxation which is or may be the subject of a claim.

Optional Extension of Cover

We will provide the following optional Extension of Cover when requested by you, when you pay any additional premium required and when shown on your schedule as applying.

Any amount payable under this optional Extension of Cover is in addition to the limit of liability.

1. Flood

When 'Flood' is shown in the current Schedule, We will cover loss or damage to Property Insured 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 sum insured 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:

- (i) a claim would be payable under this cover section (and not subject to any exclusions or other limitation in the policy);

- (ii) the policy of the body corporate or similar does not apply or only partially covers the loss; and
- (iii) 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.

Exclusions

1. We will not cover you for loss or damage insurable under any other cover section or cover sections of this policy.

This exclusion does not apply to any loss or damage which would only be insurable under any cover section or cover sections because it fell within an Extra Cover or Additional Benefit in that cover section.

2. We will not cover you for loss or damage caused by:
 - (a) wear and tear, gradual deterioration, scratching, marring, developing flaws, normal upkeep or any gradual cause;
 - (b) mechanical, hydraulic, electrical breakdown or electronic failure or malfunction;
 - (c) corrosion, rust, oxidation, any form of fungus, wet or dry rot, dampness of atmosphere, variation in temperature, evaporation, disease, shrinkage;
 - (d) change in colour, flavour, texture or finish;
 - (e) inherent vice or latent defect;
 - (f) loss of weight or exposure to light;
 - (g) creeping, heaving, normal settling, shrinkage, seepage, vibration, expansion in buildings, pavements, roads, car parks and the like;
 - (h)
 - (i) error or omission in design, plan or specification or failure during testing; or
 - (ii) faulty materials or workmanship,

provided that this Exclusion 2(h) shall not apply to subsequent loss or damage to your property insured (not otherwise excluded) resulting from an event referred to in this exclusion;

- (i) loading or unloading;
- (j) infidelity, dishonesty, embezzlement, misappropriation, or fraud including forgery, erasure, counterfeiting by you or any employee;
- (k) erosion, subsidence, landslip or mudslide or any other earth movement but we will cover loss or damage caused by a landslide or subsidence that occurs within 72 hours of, and directly because of, a storm, earthquake, subterranean fire, volcanic eruption, flood or water escaping from a water main owned by a water supply authority;
- (l) demolition ordered by any lawful authority as a result of failure by you to comply with any lawful requirement;
- (m) the action of the sea or high water, unless caused by or arising from a direct consequence of an earthquake or seismological disturbance;
- (n) flood;
- (o) faults or defects known to you or any employee whose knowledge in law would be deemed to be your knowledge and not disclosed to us at the time this insurance was arranged, extended, varied or renewed;
- (p) the cessation of work (whether total or partial), interruption or retarding of any process or operation as a result of any industrial dispute;

- (q) electronic data processing or media failure or breakdown or malfunction of a processing system including operator entry or omission;
- (r) deliberate and unauthorised corruption, amendment or erasure of electronic data by you or your directors, partners, employees, officers or any other person who has an interest in the property insured whether acting alone or in collusion with any other person;
- (s) computer virus;
- (t) the gaining of unauthorised access to your computer via any communication system by any person other than you or your directors, partners, employees, officers or any other person who has an interest in the property;
- (u) an electrical device (including wiring) caused by a surge in electrical current;
- (v) the operation or presence of any computer program that alters or erases electronic data or programs in a manner that is undesired by you;
- (w) the actual breaking, seizing, deformation or melting of any part of the property insured while it is in use that is caused by mechanical, electrical or electronic defect that results in sudden and total loss of operation that requires repair or replacement before the property insured can resume normal operation;
- (x) explosion or implosion of any pressure vessels (including any boilers):
 - (i) where the load on the safety valve upon the particular pressure equipment was in excess of the manufacturer's specification at the time of any damage;
 - (ii) where any safety valve limiting pressure was removed or rendered inoperative;
 - (iii) due to the failure of the supply of water, gas, electricity or fuel.
- (y) the actions of birds, moths, termites or other insects, vermin or rodents;
- (z) the urine or excrement of birds, moths, termites or other insects, vermin or rodents.

Provided that we will pay for any damage to property insured that is not otherwise excluded that results from damage caused directly by or arising directly from any of these causes.

3. We will not cover loss of or damage to:

- (a) property insured while it is undergoing any process where damage results from it being processed;
- (b) any building, contents and stock if the building is vacant awaiting or undergoing demolition, unless we have agreed otherwise;
- (c) animals that are livestock, plants, or growing crops (other than plants that are part of landscaping); or
- (d) glass or signs except where you are a tenant of a building and are required by the lease to insure glass;
- (e) any tangible property where the loss or damage was caused during the course of its processing or manufacture.

4. We will not cover loss or damage caused by or arising from:

- (a) theft other than physical damage to property insured at the premises during theft or any attempted theft and/or theft of parts of the building when buildings are insured;
- (b) any legal liability you have other than the legal liability that is covered by the Extra Cover 'Removal of debris';
- (c) the incorrect layout or placement of buildings as a result of error in design or specification, faulty workmanship or non-compliance with the requirements of any lawful authority;
- (d) any unexplained inventory shortage or disappearance resulting from clerical or accounting errors, or shortage in the supply or delivery of materials or goods;

- (e) contamination, pollution, smoke or smut except where caused directly by fire, lightning, explosion, impact by any road vehicle or animal, aircraft or other aerial devices or articles dropped by them, falling communication masts, towers, antennae or dishes, falling buildings or structures or parts thereof, meteorite, riot, civil commotion, persons taking part in an industrial dispute, persons acting maliciously, earthquake, storm, flood, the bursting, overflowing or discharge of tanks, apparatus or pipes containing in water or liquid of any kind, or sprinkler leakage;
 - (f) demolition ordered by any lawful authority as a result of failure by you to comply with any lawful requirement;
 - (g) to or arising from registered Motor Vehicles.
5. We will not cover loss or damage caused by:
- (a) a named cyclone named by the Bureau of Meteorology where the damage occurs;
 - (b) a bushfire occurring;
 - (c) a flood occurring,
 - (d) within 72 hours from the original commencement of this policy.

Cover Section Conditions

These conditions apply to all covers and claims under this cover section.

1. 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 lessee to the owner.

2. 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.

3. 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.

4. Tenant's 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 policy section which is in breach of any terms or conditions, we will cover you for your loss or damage as per this cover section, provided:

1. 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;
2. you notify us within a reasonable amount of time of becoming aware of the breach;
3. you agree to pay a reasonable increase in premium for the additional risk.

5. Under-insurance

In the event of loss or damage covered under this cover section:

For claims settled on a reinstatement or replacement basis, we will be liable for no greater proportion of the loss or damage than the sum insured on the schedule bears to 80% of the full insurable value of the buildings, contents, stock and specified items (net of any input tax credit that you could claim) at the time of the commencement of the period of insurance.

This condition does not apply if the amount of any loss or damage (net of any input tax credit that you could claim) is less than 10% of the sum insured shown on the schedule at the premises.

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.

BUSINESS INTERRUPTION

Introduction

This cover section only forms part of your policy when Business Interruption is shown in the schedule and is limited to the period of insurance indicated.

There are three covers available in this cover section:

- Insurable Gross Profit basis – (income);
- Annual Revenue Basis
- Weekly Revenue basis.

Your policy schedule indicates which cover has been selected by you.

Definitions

The following words have the following meanings for this cover section only.

Annual rent receivable

annual rent receivable means the rent receivable during the twelve months immediately before the date of the damage to which such adjustments will be made as may be necessary to provide for the trend of your business and for variations in or other circumstances affecting your business either before or after the damage or which would have affected your 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 relevant period after the damage.

Annual Revenue

means the Revenue earned during the twelve months immediately before the date of the Damage to which such adjustments will be made as may be necessary to provide for the trend of Your Business and for variations in or other circumstances affecting Your Business either before or after the Damage or which would have affected Your 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.

Annual turnover

annual turnover means the turnover during the twelve months immediately before the date of the damage to which such adjustments will be made as may be necessary to provide for the trend of your business and for variations in or other circumstances affecting your business either before or after the damage or which would have affected your 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.

Damage

damage means physical loss, destruction or damage occurring during the period of insurance caused by an event insured under the Property damage cover section, Theft cover section, Glass cover section, Money cover section, or General property cover section.

Gross profit

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

indemnity period means the period beginning with the occurrence of the damage during which the results of your business are affected by the damage and ending at the expiration of the maximum period specified in the 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

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, to which such adjustments will be made as may be necessary to provide for the trend of your business and for variations in or other circumstances affecting your business either before or after the damage or which would have affected your 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 relevant period after the damage.

Rent receivable

rent receivable means the amount of the rent received or receivable (including base rental, Turnover rental and contributions to outgoings) from the letting of property at the premises.

Revenue

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 your 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 your 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 your business;
- (d) property owner – by tenants (being rent receivable).

Shortage in turnover

shortage in turnover means the amount by which the turnover during a period will, in consequence of the damage, fall short of the part of the standard turnover which related to that period.

Standard 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 to which such adjustments will be made as may be necessary to provide for the trend of your business and for variations in or other circumstances affecting your business either before or after the damage or which would have affected your 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 relevant period after the damage.

Standard Revenue

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 to which such adjustments will be made as may be necessary to provide for the trend of Your Business and for variations in or other circumstances affecting Your Business either before or after the Damage or which would have affected Your 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.

Standard turnover

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 to which such adjustments will be made as may be necessary to provide for the trend of your business and for variations in or other circumstances affecting your business either before or after the damage or which would have affected your 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 relevant period after the damage.

Standard weekly revenue

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, adjusted as may be necessary for trends, variations in or other circumstances affecting your business, so that the adjusted figure will represent as far as possible the weekly results which, but for the damage, would have been obtained during the relevant period after the damage.

Turnover

turnover means the amount (less discounts allowed) paid or payable to you for goods sold and delivered for services rendered and for rent receivable in the course of your business at the premises.

Uninsured working expenses

uninsured working expenses means the working expenses of your business which you have elected not to insure under this cover section, and which are specified in the schedule.

Weekly benefit

weekly benefit means the amount shown in the schedule.

Weekly revenue

weekly revenue means the gross income received by you for goods sold, services rendered or rental received less the purchase price of stock.

Cover – Insurable gross profit basis

In the event of interruption of or interference with your business in consequence of damage to any property insured or any part thereof used by you at the premises for the purpose of your 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 to your property insured under the relevant cover section, or another insurer has paid for or admitted liability in respect of such damage;
- (c) we would have paid for or admitted liability in respect of such damage under the relevant section of this policy, or another insurer would have paid for or admitted liability in respect of such damage and it would otherwise be covered under the relevant cover section but for the application of an excess; and
- (d) our liability in no case will exceed in respect of each item the sum insured shown in the current schedule for that item.

Insurance on an Insurable gross profit basis provides protection with regard to loss under:

Item 1. Gross profit (if selected).

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

Item 3. Accounts receivable (if selected).

Item 4. Claim preparation and proving expenses (if selected).

Item 5. Rent receivable (if selected).

Basis of Settlement

Item 1. Gross profit

This item is limited to the loss of gross profit due to a reduction in turnover and the increase in your 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 shortage in turnover during the indemnity period; and

(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 thereby avoided,

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

Provided that if the sum insured for loss of gross profit 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 for loss of gross profit only will be reduced so that we will be liable for no greater proportion of the loss under this item than that which the sum insured bears to eighty percent (80%) of the annual turnover (or its proportionately increased multiple, if appropriate).

This provision will not apply if your claim is for less than 10% of the sum insured for this item.

Item 2. Additional increase in cost of working

See common clauses.

Item 3. Accounts receivable

See common clauses.

Item 4. Claim preparation and proving expenses

See common clauses.

Item 5. Loss of rent receivable

The amount payable under this item 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.

Provided that if the sum insured 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 sum insured 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 10% of the sum insured for this item.

Cover – Annual Revenue basis

In the event of interruption of or interference with Your Business in consequence of Damage to any building or any other property or any part thereof used by You at the Premises for the purpose of Your 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 Sum Insured 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 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
- (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 Your Business payable out of Revenue as may cease or be reduced in consequence of the Damage.

Provided that if the sum insured 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 sum insured bears to eighty percent (80%) of the Annual Revenue.

This provision will not apply if Your claim is for less than 10% of the sum insured for this item.

Item 2. Additional increase in cost of working

See 'Common Clauses'.

Item 3. Accounts receivable

See 'Common Clauses'.

Item 4. Claim preparation expenses

See 'Common Clauses'.

Cover – Weekly revenue basis

In the event of interruption of or interference with your business in consequence of damage to any property insured or any part thereof used by you at the premises for the purpose of your business, we will pay you in respect of each item selected by you and shown in the 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 this policy, or another insurer has paid for or admitted liability in respect of such damage;
- (c) we would have paid for or admitted liability in respect of such damage under the relevant section of this policy, or another insurer would have paid for or admitted liability in respect of such damage but for the application of an excess; and
- (d) our liability in no case will exceed in respect of each item the sum insured shown in the current schedule for that item.

We will not pay any claim under this cover section where the interference or interruption to your business is for a period of less than three full continuous days.

Insurance on a Weekly revenue basis provides protection with regard to loss under:

Item 1. Weekly Revenue (if selected).

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

Item 3. Accounts receivable (if selected).

Item 4. Claim preparation and proving expenses (if selected).

Basis of Settlement

Item 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.

Item 2. Additional increase in cost of working

See common clauses.

Item 3. Accounts receivable

See common clauses.

Item 4. Claim preparation and proving expenses

See common clauses.

Limitation of Cover

1. Excess

The excess that applies is shown on the schedule.

Common clauses to this cover section

The following clauses are applicable to Insurable gross profit basis – (Income) and Weekly revenue basis:

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.

Alternative trading

If during the indemnity period, goods are sold, work is performed or services are rendered elsewhere than at the premises for the benefit of your 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 turnover, revenue or weekly revenue (as the case may be) during the indemnity period.

Departmental

We will apply the cover provided by this cover section to each department of your business separately, if your business is conducted in departments, and each department has independent trading results which are ascertainable. For the purposes of this clause, the rent receivable from letting of property at the premises will be regarded as the proceeds of one such department.

Item 2. Additional increase in cost of working

The insurance under this Item is limited to 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 turnover, revenue or weekly revenue and/or resuming and/or maintaining normal business operations and/or services.

We will not pay more than the sum insured for 'Additional increase in cost of working' shown in the schedule for any one claim.

Item 3. Accounts receivable

Under this item we will pay you up to the amount shown in the 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 year immediately preceding the year in which the damage occurs;
- (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 your 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.

We will not pay more than the sum insured for 'Outstanding Accounts Receivable' shown in the schedule for any one claim.

Item 4. Claim preparation and proving expenses

In addition to the amount payable under Our Agreement 'Claim preparation expenses' of this policy, we will pay you up to the amount shown in the schedule 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 cover section.

Government incentives

The words 'Gross Profit', 'Revenue' and 'Weekly Revenue' include the loss of any Government approved incentives, subsidies or market development allowances you are or would have been entitled to in relation to your business. We will pay for the reduction in your gross profits, gross income or weekly revenue in relation to your business where such interruption results from the loss of Government approved incentives, subsidies or market development allowances to which you would have been entitled.

New Business

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

'Annual Turnover' means the actual turnover achieved during your first year of operations, from the commencement of your business to the date of the damage, converted to a 12-month equivalent figure.

'Rate of Gross Profit' means the proportion that the gross profit bears to the turnover during the period between the date of commencement of your business and the date of the damage.

'Standard Turnover' means the turnover achieved between the date of commencement of your 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 Your Business to the date of the Damage, converted to a 12-month equivalent figure.

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

'Standard Weekly Revenue' means the amount calculated by averaging the weekly revenues obtained during the period from the date of the commencement of your business to the date of the damage.

'Payroll' means the remuneration (including but not limited to payroll tax, fringe benefits tax, holiday pay, sick pay, long service leave, workers' compensation insurance premiums and/or accident compensation levies, superannuation and pension fund contributions and the like) paid to all employees.

The above definitions may be used as necessary to calculate the trend of your business and for variations in or other circumstances affecting your business either before or after the damage or which would have affected your 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.

Salvage sale

If, following damage giving rise to a claim under this cover section, you hold a salvage sale during the indemnity period:

- (a) Clause (a) of Item 1 'Gross Profit' of this cover 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.

- (b) The definition of shortage in turnover shall, for the purpose of such claim, mean: the amount by which the turnover during a period (less the turnover for the period of the salvage sale) shall, in consequence of the damage, fall short of the part of the standard turnover which relates to that period, from which shall be deducted the pay-roll paid out of the proceeds of the salvage sale.

Sum insured

Our liability to you will in no case exceed in respect of each item the sum insured expressed against that item in the current schedule. 'Extra Covers' and 'Additional benefits' are within the total sum insured of this cover section and not additional to the total sum insured.

If you have chosen weekly revenue, we will not pay more each week for loss of weekly revenue than the weekly benefit.

Turnover output

Where 'Business Interruption' has been selected and in the event of damage giving rise to a claim under this cover section, at your option, the word 'output' may be substituted for the term 'turnover', provided that only one such meaning ('turnover' or 'output') shall be operative in connection with any one event involving damage.

For the purpose of this cover section, 'output' shall mean the sale and/or invoice value of goods manufactured and/or processed by you in the course of your business at the 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 premises for the benefit of your 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.

Extra Covers

This cover section is extended to include the following Extra Covers. The Extra Covers 1 to 5 inclusive are payable provided that the sum insured expressed against the relevant item(s) in the schedule is not otherwise exhausted.

1. Contractual fines and penalties

Following a claim under 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 20% of the total sum insured for gross profit.

2. Explosion of pressure vessels

We will treat the self-explosion or collapse of pressure vessels, including boilers, compressors or economisers at the premises as damage for the purposes of this cover section.

3. Infectious disease, etc.

We will cover you for interruption to or interference with your business due to closure or evacuation of the whole or part of the 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 premises;
- (b) injury, illness or disease caused by the consumption of food or drink supplied at or from the premises during the period of insurance;
- (c) murder or suicide occurring at the premises;
- (d) shark or crocodile attack occurring within a 20-kilometre radius of the premises during the period of insurance; or
- (e) legionnaires' disease (legionellosis).

4. Motor vehicles owned or operated by you

We will cover you for interruption to your business that is caused by or results from damage during the period of insurance to any registered vehicles or trailers owned or operated by you, while such vehicles are at the premises or at other premises in Australia but not on a public thoroughfare.

5. Prevention of access

We will cover you for interruption to your business that is caused by or results from damage to property in the vicinity of the premises which shall prevent or hinder the use of or access to the premises provided that:

- (a) the damage would have been covered under the Property damage cover section if the property in the vicinity of the premises had been insured under that cover section;
- (b) the damage prevents or hinders the use of or access to the premises;
- (c) the damage results in interruption of or interference with your business.

We will cover you for interruption to your business that is caused by an order of any legal authority which prevents or restricts access to the premises provided that the order results from the threat of damage to property within a 50 kilometre radius of the premises.

Additional Benefits

This cover section is extended to include the following Additional Benefits. Additional Benefits 1 to 8 inclusive are payable provided that the sum insured expressed against the relevant item(s) in the schedule is not otherwise exhausted.

1. Computer installation

We will treat damage to computer installations, including any ancillary equipment and electronic data processing media, utilised by you in your business in Australia other than at the premises as damage for the purpose of this cover section provided that:

- (a) the damage would have been covered under Property damage cover section if the computer facilities had been insured under that cover section;
- (b) the damage results in you being unable to utilise a computer installation or any ancillary equipment in your business; and
- (c) the damage results in interruption of or interference with your business.

2. Customers and suppliers

We will treat damage to unspecified property at the premises:

- (a) of your suppliers, manufacturers or processors of component goods, materials or services which supply the business directly; or
- (b) of customers of goods or materials or services (other than those services provided by any utilities); or
- (c) at storage premises neither owned nor operated by you where you store goods or materials,

All within Australia as damage for the purpose of this cover section, provided that our liability will not exceed 20% of the sum insured applicable to this cover section or the percentage shown in this schedule whichever is the higher.

3. Documents temporarily removed

We will treat damage to your documents or documents held in trust by you and electronic data files belonging to or held in trust by you as part of your business that are:

- (a) temporarily removed to other premises anywhere in Australia; or
- (b) while in transit to any place in Australia;

if the following apply:

- (i) the damage would have been covered under Property damage cover section if the documents and electronic data files had been insured under that section;

- (ii) the damage results in interruption of or interference with your business, as damage for the purpose of this cover section.

We will not cover you for more than 20% of the sum insured applicable to this cover section or the percentage or the amount shown in this schedule whichever is the higher.

4. Loss of attraction

If your business is located within a multi-tenanted retail shopping complex, we will treat damage to property of a major tenant as being damage for the purposes of this cover section provided that:

- (a) the damage to the property of the major tenant would have been covered under the Property damage cover section if such damage had been to property insured under that cover section;
- (b) the damage results in a reduced pedestrian count in the shopping complex; and
- (c) the damage results in interruption of or interference with your business.

5. Roads, bridges and railway lines

We will treat damage to roads, bridges and/or railway lines within Australia over which raw materials, components and stock are conveyed to or from the premises as being damage for the purposes of this cover section if the following apply:

- (a) the damage would have been covered under the Property damage cover section if such damage had been to property insured under that cover section;
- (b) the damage results in not being able to convey stock, components or materials used in your business to and from your premises;
- (c) the damage results in interruption of or interference with your business.

6. Storage sites/temporary removal

We will cover you for interruption to your business that is caused by or results from damage to 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 20% of the sum insured.

7. Transit

We will cover you for interruption to your business that is caused by or results from damage to your property insured while in transit by road, rail, sea or air within Australia and outside of the premises occupied by you. Our total liability under this additional benefit will not exceed 20% of the sum insured in respect of any one occurrence.

8. Utilities

We will treat damage to the following utilities:

- (a) any electricity supply system;
 - (b) any gas supply system;
 - (c) water supply or sewerage works; or
 - (d) any telecommunications system that is land-based within Australia and supplies your business,
- as damage for the purposes of this cover section, if the following apply:
- (i) the damage would have been covered under the Property damage cover section if such damage had been to property insured under that cover section;
 - (ii) the damage results in hindering or stopping the supply of electricity, gas, water or sewage or telecommunications to the premises or sewage from the premises; or
 - (iii) the damage results in interruption of or interference with your business.

We will not pay for the first 48 hours where the utility which was damaged is not at or immediately adjacent to the premises.

Optional Extensions of Cover

We will provide the following optional Extensions of Cover when requested by you, when you pay any additional premium required and when shown on your schedule as applying.

1. Goodwill

Following damage to any building at the premises we will pay, up to the sub-limit of liability shown in the schedule for 'Goodwill', for the actual cost of goodwill incurred by you when purchasing a business in order to maintain your 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 your business at the 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 the Property damage cover section had that building been insured under that cover section; and
- (d) the business that is purchased is similar to your business.

2. Specified customers and suppliers

We will pay for loss of gross profit or weekly revenue that results from an interruption to your business that is caused by damage that occurs in Australia to:

- (a) Specified suppliers

property at the premises of your suppliers shown in the schedule up to an amount calculated by applying the percentage shown in the schedule to the sum insured for gross profit or weekly revenue.

- (b) Specified customers

property at the premises of your customers shown in the schedule up to an amount calculated by applying the percentage shown in the schedule to the sum insured for gross profit or weekly revenue.

Cover Section Conditions

1. 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 cover 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.

PUBLIC AND PRODUCTS LIABILITY

Introduction

This cover section only forms part of your policy when Public and Products Liability is shown in the schedule and is limited to the period of insurance indicated.

Definitions

The following words have the following meanings for this cover section only.

Advertising injury

advertising injury means injury arising out of:

- (a) defamation; or
- (b) any breach of the misleading or deceptive conduct provisions of the Competition and Consumer Act 2010 (Commonwealth) or Schedule 2 to the Competition and Consumer Act 2010 (the Australian Consumer Law) or any Fair Trading or similar legislation of any country, state or territory; or
- (c) as any infringement of copyright or passing off of title or slogan; or
- (d) unfair competition, piracy, misappropriation of advertising ideas style of doing business; or
- (e) an invasion of privacy,

committed or alleged to have been committed during the period of insurance in any advertisement, publicity article, broadcast or telecast and caused by or arising out of your advertising activities.

Business

business for the purpose of this cover section only, means the Business as described in the schedule (or as further described in any more specific underwriting information or proposal provided to us at the time when this insurance was proposed to us or at the time of any renewal of this policy) and shall also include:

- (a) the ownership of premises and/or the tenancy thereof by you;
- (b) participation in any exhibition by you or on your behalf;
- (c) the hire or loan of plant and/or equipment to other parties;
- (d) conducted tours of your premises;
- (e) the provision of any sponsorships, charities, galas, first aid, medical, ambulance or fire fighting service by you or on your behalf;
- (f) private work undertaken by your employees for any of your directors, partners, proprietors, officers or executives;
- (g) the provision of any canteen, social and/or sporting clubs or welfare and/or child care facilities by you or on your behalf, which are primarily for the benefit of your employees.

Compensation

compensation means monies paid or agreed to be paid by judgment, award or settlement in respect of personal injury and/or property damage and/or advertising injury provided that such compensation is only payable in respect of an occurrence to which this insurance applies.

Employment practices

employment practices means any wrongful or unfair dismissal, denial of natural justice, defamation, misleading representation or advertising, harassment or discrimination in respect of your employees.

Excess

excess for the purpose of this cover section only, means the first amount of each claim or series of claims, arising out of any one occurrence, for which you are responsible. The excess applicable to this cover section appears in the schedule.

The excess applies to all amounts for which we will be liable, including the indemnity provided for defence costs and supplementary payments.

General liability

general liability means your legal liability for personal injury, property damage or advertising injury caused by or arising out of an occurrence happening in connection with your business other than products liability.

Geographical limits

geographical limits means:

- (a) anywhere in the world except North America, the Democratic People's Republic of Korea (North Korea), the Islamic Republic of Iran (Iran), the Republic of Cuba (Cuba);
- (b) North America but only with respect to:
 - (i) overseas business visits by any of your directors, partners, officers, executives or employees, who are non-resident in North America but not where they perform manual work in North America; and
 - (ii) products exported to North America without your knowledge.

Incidental contracts

incidental contracts means:

- (a) any written rental agreement and/or lease of real and/or personal property other than with respect to any term or condition contained in such rental, lease and/or hiring agreement that requires you to insure such property;
- (b) any written contract with any authority or entity responsible for the supply of electricity, fuel, gas, natural gas, air, steam, water, sewerage reticulation control systems, waste disposal facilities, telephone and communication services or other essential services, except those contracts in connection with work performed by you or on your behalf for such authorities or entities;
- (c) any written contract with any railway authority for the loading, unloading and/or transport of products, including contracts relating to the operation of railway sidings;
- (d) those contracts designated in the schedule.

Limit of liability

limit of liability for the purpose of this cover section only, means the limits specified in the schedule.

Medical persons

medical persons includes but is not limited to medical practitioners, medical nurses, dentists and first aid attendants.

Named insured

named insured means:

- (a) the person(s), corporations and/or other organisations specified in the schedule;
- (b) all existing subsidiary and/or controlled corporations (including subsidiaries thereof) of the specified insured incorporated in Australia and/or any other organisations under the control of the named insured;
- (c) all subsidiary and/or controlled corporations (including subsidiaries thereof) of the named insured and/or any other organisations under the control of the named insured incorporated in Australia, which are constituted or acquired by the named insured after the commencement of the period of insurance and notified to us as per the requirements of General Condition '2. Acquisition of companies';

- (d) every subsidiary and/or controlled corporation and/or other organisation of the named insured which is divested during the period of insurance, but only in respect of claims made against such divested subsidiary, related or controlled corporation or organisation caused by or arising out of occurrences insured against by this policy, which occurred prior to the divestment.

Occurrence

occurrence means an event, including continuous or repeated exposure to substantially the same general conditions, which results in personal injury and/or property damage and/or advertising injury that is neither expected nor intended (except for the matters set out in item (e) of the definition of 'personal injury') from your standpoint.

With respect to personal injury or property damage, all events of a series consequent upon or attributable to one source or original cause shall be deemed to be one occurrence.

All advertising injury arising out of the same injurious material or act (regardless of the frequency or repetition thereof, the number and kind of media used, or the number of claimants) shall be deemed to be one occurrence.

Personal injury

personal injury for the purpose of this cover section only, means:

- (a) bodily injury, death, sickness, disease, illness, disability, shock, fright, mental anguish and/or mental injury, including loss of consortium or services resulting therefrom;
- (b) false arrest, false imprisonment, wrongful detention, malicious prosecution or humiliation;
- (c) wrongful entry or wrongful eviction;
- (d) defamation or invasion of privacy, unless arising out of advertising injury;
- (e) assault and battery not committed by you or at your direction, unless committed for the purpose of preventing or eliminating danger to persons or property;
- (f) discrimination as a result of race, religion, sex, marital status, age, intellectual impairment, disability or otherwise (unless insurance thereof is prohibited by law) not committed by you or at your direction, but only with respect to liability other than fines and penalties imposed by law.

Products

products means anything manufactured, constructed, erected, assembled, installed, grown, extracted, produced or processed, treated, altered, modified, repaired, serviced, bottled, labelled, handled, sold, supplied, re-supplied or distributed, imported or exported, by you or on your behalf (including your predecessors) in the course of your business, including any packaging or containers thereof, including the design, formula or specification, directions, markings, instructions, advice or warnings given or omitted to be given in connection with such products and anything which, by law or otherwise, you are deemed to have manufactured in the course of your business including discontinued products.

Provided always that for the purpose of this insurance the term 'products' does not include:

- (a) food and beverages supplied by you or on your behalf primarily to your employees as a staff benefit; or
- (b) any vending machine or any other property rented to or located for use of others but not sold by you, and
any claims made against you in respect of personal injury and/or property damage arising out of any occurrence in connection therewith shall be regarded as general liability claims hereunder.

Products liability

products liability means your legal liability for personal injury and/or property damage caused by or arising out of any products or the reliance upon a representation or warranty made at any time with respect to such products; but only where such personal injury and/or property damage occurs away from premises owned or leased by or rented to you and after physical possession of such products has been relinquished to others.

Property damage

property damage means:

- (a) the physical loss, destruction of or damage to tangible property, including the loss of use thereof at any time resulting therefrom; and/or
- (b) loss of use of tangible property which has not been physically lost, destroyed or damaged; provided that such loss of use is caused by or arises out of an occurrence.

Tool of trade

tool of trade means a vehicle that has tools, implements, machinery or plant attached to or towed by the vehicle and is being used by you at your premises or on any work site. Tool of trade does not include any vehicle whilst travelling to or from a work site or vehicles that are used to carry goods to or from any premises.

Work site

work site means any premises or site where any work is performed for and/or in connection with your business together with all areas surrounding such premises or site and/or all areas in between such premises or site that you shall use in connection with such work.

You / your / insured

you / your / insured for the purpose of this cover section only, means each of the following is an insured to the extent specified below:

- (a) the named insured;
- (b) every past, present or future director, stockholder or shareholder, partner, proprietor, officer, executive or employee of the named insured (including the spouse or any family member of any such person while accompanying such person on any commercial trip or function in connection with the business), while such persons are acting for or on behalf of the named insured in the conduct of the business and/or within the scope of their duties in such capacities;
- (c) any employee superannuation fund or pension scheme managed by or on behalf of the named insured, and the trustees and the directors of the trustee of any such employee superannuation fund or pension scheme which is not administered by corporate fund managers;
- (d) every principal in respect of the principal's liability arising out of:
 - (i) the performance by or on behalf of the named insured of any contract or agreement for the performance of work for such principal, but only to the extent required by such contract or agreement and in any event only for such coverage and limits of liability as are provided by this policy;
 - (ii) any products sold or supplied by the named insured, but only in respect of the named insured's own acts or omissions in connection with such products and in any event only for such coverage and limits of liability as are provided by this policy;
- (e) every person, corporation, organisation, trustee or estate to whom or to which the named insured is obligated by reason of law, (whether written or implied) to provide insurance such as is afforded by this policy, but only to the extent required by such law, and in any event only for such coverage and limits of liability as are provided by this policy;
- (f) every officer, member, employee or voluntary helper of the named insured's canteen, social and/or sporting clubs, first aid, medical, ambulance or fire fighting services, charities, educational, welfare and/or child care facilities, while acting in their respective capacities as such;
- (g) any director, partner, proprietor, officer or executive of the named insured in respect of private work undertaken by the named insured's employees for such person and any employee whilst actually undertaking such work;

- (h) the estates, legal representatives, heirs or assigns of:
 - (i) any deceased or insolvent persons; or
 - (ii) persons who are unable to manage their own affairs by reason of mental disorder or incapacity, who would otherwise be indemnified by this policy, but only in respect of liability incurred by such persons as described in clauses (h) (i) and (h) (ii) above;
- (i) every party including joint venture companies and partnerships to whom the named insured is obligated by virtue of any contract or agreement to provide insurance such as is afforded by this policy; but only to the extent required by such contract or agreement and in any event only for such coverage and limits of liability as are provided by this policy.

Cover

We agree (subject to the terms, Claims Conditions, General Policy Conditions, Exclusions, definitions and limits of liability incorporated herein) to pay to you or on your behalf all amounts which you shall become legally liable to pay as compensation in respect of:

1. personal injury; and/or
2. property damage; and/or
3. advertising injury,

happening during the period of insurance within the geographical limits in connection with your business and caused by or arising out of an occurrence.

Defence costs and supplementary payments

With respect to the indemnity provided by this cover section, we will:

1. Defend, in your name and on your behalf, any claim or suit against you alleging such personal injury, property damage or advertising injury and seeking damages on account thereof even if any of the allegations of such claim or suit is groundless, false or fraudulent.
2. Pay all charges, expenses and legal costs incurred by us and/or by you with our written consent (which consent shall not be unreasonably withheld):
 - (a) in the investigation, defence or settlement of such claim or suit, including loss of salaries or wages because of your attendance at hearings or trials at our request; or
 - (b) in bringing or defending appeals in connection with such claim or suit.
3. Pay:
 - (a) all charges, expenses and legal costs recoverable from or awarded against you in any such claim or suit;
 - (b) pre-judgment interest awarded against you on that part of the judgment payable by us; and
 - (c) all interest accruing on our portion of any judgment until we have paid, tendered or deposited in court that part of such judgment which does not exceed the limit of our liability thereon.
4. Pay premiums on:
 - (a) bonds to release attachments for amounts not exceeding the applicable limit of liability of this policy but we shall have no obligation to apply for or furnish any such bond;
 - (b) appeal bonds and/or security for costs required in any suit but we shall have no obligation to apply for or furnish any such bonds and/or security for costs.
5. Pay expenses incurred by you for:
 - (a) rendering first aid and/or surgical and/or medical and/or therapeutic relief to others at the time of any personal injury (other than any medical expenses, which we are prevented from paying by any law);

- (b) temporary protection of damaged or undamaged property of any person or party, including temporary repairs, shoring up and/or unpinning thereof;
 - (c) purchasing and/or hiring and/or erection and dismantling of hoarding, barriers, fences and any other form of temporary protection, including such protection which you must provide in compliance with the requirements of any Government, Local Government or other Statutory Authority.
6. Pay all legal costs incurred by you with our consent for representation of you at:
- (a) any coronial inquest or inquiry;
 - (b) any proceedings in any court or tribunal in connection with liability insured against by this cover section;
 - (c) any Royal Commission or Government Enquiry arising out of any alleged breach of statute, or other similar judicial enquiry into circumstances relating to any occurrence, claim or potential claim which would be the subject of indemnity under this insurance;
 - (d) any enquiry, prosecution or hearing of a disciplinary nature held before a legally constituted enquiry board, committee, licensing authority or the like.

Provided that our liability under clauses 6 (c) and 6 (d) shall not exceed \$250,000 in respect of any one claim or series of claims arising out of any one occurrence.

The amounts of such defence costs and supplementary payments incurred, except payments in settlement of claims and suits, are payable by us in addition to the applicable limit of liability of this policy.

However, in respect of any claims or suits originating in any court in North America, the applicable limit of liability shown in the schedule shall be inclusive of all defence costs and supplementary payments.

Where we are prevented by law or otherwise from making payments on your behalf, we will indemnify you for legal liability incurred to the extent that such liability is covered by this policy.

In jurisdictions where we may not legally be permitted to, or cannot for any other reason, defend any claim or suit against you, we will reimburse you for the expense of such defence incurred with our written consent.

Limits of liability and excess

Subject to:

1. the 'Claims preparation expenses' provision under 'Our Agreement';
2. the 'Defence costs and supplementary payments' clause above;
3. sub-paragraph (e) of Additional Benefit 'Property in your physical and legal control' below,

for:

- (a) for general liability the limit of liability specified in the schedule represents the maximum amount which we shall be liable to pay in respect of any one claim or series of claims arising out of any one occurrence;
- (b) for products liability the limit of liability specified in the schedule represents the maximum amount which we shall be liable to pay in respect of any one claim or series of claims for all premises, and in the aggregate for all premises during any one period of insurance.

The applicable limit of liability will not be reduced by the amount of any excess payable by you.

Additional Benefit

We also provide the following Additional Benefit in respect to this cover section.

1. Property in your physical or legal control

Exclusion 17 shall not apply with regard to:

- (a) the personal property, tools and effects of any of your directors, partners, proprietors, officers, executives or employees, or the clothing and personal effects of any of your visitors;
- (b) premises or part(s) of premises (including their contents) leased or rented, or temporarily occupied by, you for the purpose of the business, but no cover is provided by this policy if you have assumed the responsibility to insure such premises;
- (c)
 - (i) premises (and/or) their contents temporarily occupied by you for the purpose of carrying out work in connection with your business; or
 - (ii) any other property temporarily in your possession for the purpose of being worked upon;

but no indemnity is granted for damage to that part of any property upon which you are or have been working if the damage arises solely out of such work.

- (d) any vehicle (including its contents, spare parts and accessories while they are in or on such vehicle) not belonging to or used by you, whilst any such vehicle is in a car park owned or operated by you provided that you do not operate the car park for reward, as a principal part of your business;
- (e) notwithstanding Exclusion 6 'Contractual liability', any property (except property that you own) not mentioned in paragraphs 1 (a) to 1 (d) above whilst in your physical or legal care, custody or control whether or not you have accepted or assumed legal liability for such property, provided that our liability under this additional benefit shall not exceed \$250,000 in respect of any one claim or series of claims arising out of any one occurrence or any other greater amount set out in the schedule.

Exclusions

We do not cover any liability:

1. Advertising injury

in respect of advertising injury:

- (a) resulting from statements made at your direction with knowledge that such statements are false;
- (b) resulting from failure of performance of contract but this exclusion shall not apply to claims for unauthorised appropriation of advertising ideas contrary to an implied contract;
- (c) resulting from any incorrect description of products or services;
- (d) resulting from any mistake in advertised price of products or services;
- (e) resulting from failure of the insured's products or services to conform with advertised performance, quality, fitness or durability;
- (f) incurred by any insured whose principal occupation or business is advertising, broadcasting, publishing or telecasting.

2. Aircraft, hovercraft or watercraft

for personal injury and/or property damage arising from:

- (a) the ownership, maintenance, operation, or use by you of any aircraft;
- (b) the ownership, operation or use by you of any watercraft or hovercraft exceeding ten (10) metres in length, whilst such watercraft or hovercraft is on, in or under water.

provided that exclusion this exclusion shall not apply with regard to claims arising out of:

- (i) Watercraft used in operations carried out by any independent contractors for whose conduct You may be held liable;
- (ii) Watercraft operated and owned by independent contractors and used by You for business entertainment.

3. Aircraft products

arising out of your products that are aircraft or aircraft component parts used for maintaining an aircraft in flight or moving upon the ground or used in the construction of an aircraft hull or machinery which to your knowledge are incorporated in an aircraft.

4. Asbestos

directly or indirectly arising out of, resulting from, in consequence of, contributed to or aggravated by asbestos in whatever form or quantity.

5. Breach of professional duty

arising out of any breach of duty owed in a professional capacity by you and/or any person(s) for whose breaches you may be held legally liable, but this exclusion shall not apply to claims:

- (a) arising out of the rendering of or failure to render professional medical advice by medical persons employed by you to provide first aid and other medical services on your premises;
- (b) arising out of advice which is given by you for no fee;
- (c) arising out of advice given in respect of the use or storage of your products.

6. Contractual liability

which has been assumed by you under any contract or agreement that requires you to:

- (a) effect insurance over property, either real or personal;
- (b) assume liability for personal injury and/or property damage regardless of fault.

Provided that this exclusion shall not apply with regard to:

- (i) liabilities which would have been implied by law in the absence of such contract or agreement; or
- (ii) liabilities assumed under incidental contracts; or
- (iii) terms regarding merchantability, quality, fitness or care of your product which are implied by law or statute; or
- (iv) liabilities assumed under the contracts specifically designated in the schedule or in any endorsement(s) to this policy.

7. Damage to products

for property damage to any products where such damage is directly caused by a fault or defect in such products; but this exclusion shall be interpreted to apply with respect to damage to that part and only that part of such product to which the damage is directly attributable.

8. Data

arising out of:

- (a) the communication, display, distribution or publication of data; provided that this Exclusion does not apply to personal injury and/or advertising injury arising therefrom;
- (b) the total or partial destruction, distortion, erasure, corruption, alteration, misrepresentation or misappropriation of data;
- (c) error in creating, amending, entering, deleting or using data;
- (d) the total or partial inability to receive, send, access or use data for any time or at all, from any cause whatsoever, regardless of any other contributing cause or event whenever it may occur.

9. Defamation

for defamation:

- (a) resulting from statements made prior to the commencement of the period of insurance;
- (b) resulting from statements made at your direction with knowledge that such statements are false;
- (c) if your business is advertising, broadcasting, publishing or telecasting.

10. Employers liability

- (a) for bodily injury to any Worker in respect of which you are or would be entitled to indemnity under any policy of insurance, fund, scheme or self insurance pursuant to or required by any legislation relating to Workers Compensation or Accident Compensation whether or not such policy, fund, scheme or self insurance has been effected.

Provided that this policy will respond to the extent that your liability would not be covered under any such policy, fund, scheme or self insurance arrangement had you complied with your obligations pursuant to such law;

- (b) imposed by:
 - (i) the provisions of any industrial award or agreement or determination or any contract of employment or workplace agreement where such liability would not have been imposed in the absence of such industrial award or agreement or determination or contract of employment or workplace agreement;
 - (ii) any law relating to employment practices.

For the purpose of Exclusions 10 (a) and 10 (b):

- (i) the term 'Worker' means any person deemed to be employed by you pursuant to any Workers Compensation Law.
Voluntary workers, secondees and work experience students (if any) shall not be deemed to be your employees.
- (ii) the term 'Bodily Injury' means bodily injury, death, sickness, disease, illness, disability, shock, fright, mental anguish and/or mental injury, including loss of consortium or services resulting therefrom.

11. Faulty workmanship

for the cost of performing, completing, correcting or improving any work undertaken by you.

12. Fines, penalties, punitive, exemplary or aggravated damages

for any fines, penalties, punitive exemplary or aggravated damages.

13. Liquidated damages

arising out of liquidated damages clauses, penalty clauses or performance warranties except to the extent that such liability would have attached in the absence of such clauses or warranties.

14. Loss of use

for loss of use of tangible property, which has not been physically lost, destroyed or damaged, directly arising out of:

- (a) a delay in or lack of performance by you or on your behalf of any contract or agreement; or
- (b) failure of any products or work performed by you or on your behalf to meet the level of performance, quality, fitness or durability expressly or impliedly warranted or represented by you; but this Exclusion 14 (b) shall not apply to your liability for loss of use of other tangible property resulting from sudden and accidental physical loss, destruction of or damage to any products or work performed by you or on your behalf after such products or work have been put to use by any person or organisation other than you.

15. Pollution

- (a) for personal injury and/or property damage directly or indirectly arising out of the dispersal, release, seepage, migration or escape of pollutants into or upon land, the atmosphere or any watercourse or body of water;

- (b) for any costs and expenses incurred in preventing the discharge, dispersal, release, seepage, migration or escape of, or, testing and monitoring for, containing, removing, nullifying, or cleaning up of, pollutants.

Provided that, with respect to any such liability which may be incurred anywhere other than North America, Exclusions 15 (a) and 15 (b) shall not apply where such discharge, dispersal, release, seepage, migration, or escape is caused by a sudden, identifiable, unintended and unexpected event from your standpoint which takes place in its entirety at a specific time and place.

16. Product guarantee

for any products warranty or guarantee given by you or on your behalf, but this exclusion shall not apply to the requirements of any Federal or State legislation as to product safety and information.

17. Property in your physical or legal control

for loss of or damage to:

- (a) property leased or rented to you;
- (b) property not belonging to you but in your physical or legal control other than the property described in Additional Benefit – ‘Property in your physical or legal control’.

18. Property owned by you

for property damage to property owned by you.

19. Product recall

for damages, costs or expenses arising out of the withdrawal, recall, inspection, repair, reconditioning, modification, reinstallation, replacement or loss of use of any products where such products are withdrawn or recalled from the market or from use by any person or organisation because of any known, alleged or suspected defect or deficiency in such products.

20. Vehicles

for personal injury or property damage arising out of the ownership, possession or use by you of any vehicle:

- (a) which is registered or which is required under any legislation to be registered; or
- (b) in respect of which compulsory liability insurance or statutory indemnity is required by virtue of legislation (whether or not that insurance is effected);

Provided that Exclusions 20 (a) and 20 (b) shall not apply to:

- (i) personal injury where:
 - (1) that compulsory liability insurance or statutory indemnity does not provide indemnity; and
 - (2) the reason or reasons why that compulsory liability or statutory indemnity does not provide indemnity do not involve a breach by you of legislation relating to vehicles;
- (ii) any vehicle (including any tool or plant forming part of or attached to or used in connection with such vehicle) whilst being operated or used by you or on your behalf as a tool of trade at your business premises or on any work site;
- (iii) the delivery or collection of goods to or from any vehicle;
- (iv) the loading or unloading of any vehicle;
- (v) any vehicle temporarily in your custody or control for the purpose of parking;
- (vi) property damage caused by or arising out of the movement of any vehicle (which is required to be Conditionally Registered in accordance with the law of any State or Territory in Australia) in the event of your inadvertent and unintentional failure to effect Conditional Registration.

Cover Section Conditions

These conditions apply to all covers and claims under this cover section.

1. Notification of occurrence, claim or suit

You shall give:

- (a) written notice (including facsimile transmission) via your intermediary, to us, as soon as reasonably practicable, of any claim made against you or any occurrence that may give rise to a claim being made against you and which may be covered by this cover section;
- (b) all such additional information that we may reasonably require and every demand, writ, summons, proceedings, impending prosecution or inquest and all documents relating to the claim or occurrence shall be forwarded to us as soon as practicable after they are received by you.

2. Your duties in the event of an occurrence, claim or suit

- (a) You shall not, without our written consent (which consent shall not be unreasonably withheld), make any admission, offer, promise or payment in connection with any occurrence or claim.
- (b) You shall use the best endeavours to preserve all property, products, appliances, plant, and all other things which may assist in the investigation or defence of a claim or suit or in the exercise of rights of subrogation and, so far as may be reasonably practicable, no alteration or repair shall be effected without our consent until we have had an opportunity of inspection.
- (c) You shall, when so requested, provide us with details of any other insurances current at the time of any occurrence, and/or personal injury and/or property damage and/or advertising injury and covering any of the liability insured by this cover section.

3. Our rights regarding claims

- (a) Following the happening of any occurrence in respect of which a claim is, or may be, made under this policy, we will have regard to your interests in the conduct of any legal proceedings and in the settlement of any claim. You must co-operate by giving us any statements, documents or assistance we require. This may include giving evidence in any legal proceedings.
- (b) We may at any time pay to you, in respect of all claims against you arising directly or indirectly from one source or original cause:
 - (i) the amount of the limit of liability or such other amount specified in respect thereof (after deduction of any sum(s) already paid by us, which sum(s) would reduce the amount of our unfulfilled liability in respect thereof); or
 - (ii) any lesser sum for which the claim(s) can be settled.
- (c) Upon making such payment, we shall relinquish conduct and control of, and be under no further liability under this policy in connection with, such claim(s) except for defence costs and supplementary payments:
 - (i) recoverable from you in respect of the period prior to the date of such payment (whether or not pursuant to an order made subsequently); or
 - (ii) incurred by us, or by you with our written consent, prior to the date of such payment.

4. Cross liabilities

This insurance extends to indemnify:

- (a) each of the parties comprising the named insured; and
- (b) each of the insureds hereunder,

separately in the same manner and to a like extent as though policies had been issued in their separate names.

In particular, but without limiting the foregoing, this insurance shall indemnify each of the parties described in clauses 4 (a) and 4 (b) in respect of claims made by any other of such parties.

Provided always that:

- (i) each of such parties shall be separately subject to the terms, claims conditions, General Policy conditions, exclusions and definitions of this policy in the same manner and to a like extent as though separate policies had been issued; and
- (ii) in no case shall the amount payable by us in respect of any one claim or series of claims arising out of any one occurrence or in the aggregate, as the case may be, exceed the applicable limit of liability as specified in the schedule.

5. Inspection and audit

We shall be permitted, but not obligated, to inspect your business premises and operations at any reasonable time.

Neither our right to make inspections, nor our failure to make inspections, nor the making of any inspections, nor any report of an inspection shall constitute an undertaking, on behalf of or for the benefit of you or others, to determine or warrant that such premises or operations are safe or healthful or are in compliance with any law, rule or regulation.

We may examine and audit your books and records at any time during the currency of this policy and within 3 years after the final termination of this policy but only with regard to matters which in our opinion are relevant to this policy.

6. Premium – adjustment of premium

If the first premium or any renewal premium for this policy or any part thereof shall have been calculated on estimates provided by you, you shall keep an accurate record containing all particulars relative thereto and shall at all reasonable times allow us to inspect such record.

You shall, where requested by us after the expiry of each period of insurance, provide to us such particulars and information as we may require as soon as reasonably practicable. The premium for such period shall thereupon be adjusted and any difference paid by or allowed to you, as the case may be, subject to retention by us of any minimum premium that may have been agreed upon between us and you at inception or the last renewal date of this policy.

7. Release

Where you are required by contractual agreement to release any government or public or local authority or other statutory authority or any landlord or any other persons or parties from liability for loss, destruction or damage or legal liability insured against under this policy, such release is allowed without prejudice to this insurance.

Notwithstanding general condition 'Subrogation rights' of this policy, we agree to waive all our rights of subrogation against any such authority or persons or parties in the event of any occurrence for which a claim for indemnity may be made under this policy.

8. Subrogation and allocation of the proceeds of recoveries

Subject to Condition 9 'Subrogation Waiver', any corporation, organisation or person claiming under this insurance shall, at our request and at our expense, do and concur in doing and permit to be done all such acts and things that may be necessary or may reasonably be required by us for the purpose of enforcing any rights and remedies, or for obtaining relief or indemnity from any other organisation(s) or person(s), to which we shall be or would become entitled upon us paying for or indemnifying you in respect of legal liability under this policy.

Should you incur any legal liability which is not covered by this policy:

- (a) due to the application of an excess; and/or
- (b) where the amounts of any judgments or settlements exceed the applicable limit of liability.

You will be entitled to the first call on the proceeds of all recoveries made, by either you or us, on account of such legal liability until fully reimbursed for such limit of liability or amounts (less the actual costs of making such recoveries where those costs are incurred by us) and any remaining amount(s) will be applied to reimburse us.

9. Subrogation waiver

We hereby agree to waive all our rights of subrogation under this cover section against:

- (a) each of the parties described as an insured;
- (b) any corporation, organisation or person which or who owns or controls the majority of the capital stock of any corporation or organisation to which or to whom protection is afforded under this policy.

Where such corporation, organisation or person is protected from liability insured against hereunder by any other policy of indemnity or insurance, our right of subrogation is not waived to the extent and up to the amount of such other policy.

THEFT

Introduction

This cover section only forms part of your policy when Theft is shown in the schedule and is limited to the period of insurance indicated.

This section of the policy covers the loss of your contents and stock from theft, attempted theft, armed hold up or an actual or threatened assault. You are not covered for theft of contents and stock kept in the open air unless you have taken the Optional Extension of Cover 'Theft of property insured in the open air'.

Definitions

The following words have the following meanings for this cover section only.

Category or Categories

category or categories means the category into which property can be designated from the following:

- (a) All contents including stock;
- (b) All contents excluding stock;
- (c) stock including goods for which you are responsible but excluding cigarettes, cigars and tobacco;
- (d) cigarettes, cigars and tobacco;
- (e) alcohol;
- (f) Specified Items listed in the schedule.

Cigarettes, cigars and tobacco

cigarettes, cigars and tobacco means cigarettes, cigars and tobacco used or sold by you in the business.

Cover

We will cover you for loss of or damage to your contents and stock occurring during the period of insurance at your premises caused by one or more of the following:

- (a) any person who forcibly and violently enters or attempts to enter the premises;
- (b) any person unlawfully concealed at the premises;
- (c) any person who threatens or commits physical violence to you, your employees or other persons;
- (d) armed hold-up at the premises;
- (e) any person who breaks into any locked cabinet and/or counter and/or showcase which is located at the premises.

Basis of Settlement

Having regard to your interests and after consultation with you, we will:

- (a) with respect to stock:
 - (i) pay you the market value of the stock at the time of the loss or damage;
 - (ii) pay you the value of obsolete stock or its purchase price, whichever is the lesser, but no more than the original cost to you;
 - (iii) replace or repair the stock with property or materials equal to or of a similar standard and specification as the stock before it was damaged; or
 - (iv) pay the cost of repair or replacement of the stock.
- (b) with respect to electronic equipment or contents:
 - (i) repair or replace the electronic equipment or contents; or
 - (ii) pay you the cost of repair or replacement of the electronic equipment or contents.
- (c) pay the sum insured for a specified item.

For each specific category or categories, we will not pay more than the sum insured shown on the current schedule for this cover section, except to the extent stated under the headings 'Extra Covers' and 'Additional Benefits'.

Limitation of Cover

1. Excess

The excess that applies is shown on the schedule.

Extra Covers

If we agree to pay a claim under this cover section for loss or damage caused by theft, we will also pay or provide the Extra Covers set out below.

1. Damage to business premises

If you are the property owner, we will cover you for the cost to repair your property insured caused by theft or attempted theft. The maximum amount we will pay for this extra cover is \$10,000 any one event.

This limit is in addition to the sum insured.

2. Damage to rented premises

If you are the tenant, we will cover you for damage to the premises that you occupy as a tenant if you are legally liable for that damage under your tenancy agreement, provided that the damage is due to theft occurring during the period of insurance.

The maximum we will pay for any one claim under this Extra Cover is \$10,000 any one event or the amount shown in the schedule.

This limit is in addition to the sum insured.

3. Seasonal increase period

We will automatically increase the sum insured in respect of stock by 50% during the seasonal increase period.

4. Temporary protection and security guards

We will pay the reasonable and necessary costs of temporary protection and repairs and the employment of guards or watchman by you, for the safety and protection of the building pending repair of damage to the building caused by a theft or attempted theft.

We will not pay more than \$10,000 as a result of any one event.

Provided that any cover given under this Extra Covers within 'Temporary protection and security guards' shall not accumulate with any similar cover that may be given under Extra Cover 3 'Temporary protection and security guards' in the Money cover section.

This limit is in addition to the sum insured.

Additional Benefits

We will also provide the following Additional Benefits in this cover section.

1. Directors and employees tools of trade and personal effects

We will pay for loss of or damage to directors and employees tools of trade and personal effects caused by theft as if they were contents.

We will not pay more than \$5,000 for any one person and \$10,000 overall in respect of any one event.

This limit is in addition to the sum insured.

2. Employee dishonesty

We will cover you for loss to stock, contents or electronic equipment as a direct result of employee dishonesty during the period of insurance which is discovered within 45 days of the employee dishonesty occurring.

This Additional Benefit does not cover:

- (a) any loss arising from the conduct of an employee after you have knowledge of or information about any prior act of fraud or dishonesty by the employee;
- (b) any loss arising from the conduct of an employee outside Australia;
- (c) any loss where you are unable to identify which employee is responsible;
- (d) any loss or part of a loss arising from the conduct of an employee, where the proof of the loss, either as to its occurrence or as to its amount, is dependent upon an inventory stock take or a profit and loss calculation;
- (e) fraud or dishonesty committed by your family; or
- (f) fraud or dishonesty committed by any of your employees with your connivance.

We will not cover you for more than \$5,000 any one event.

This is in addition to the sum insured.

We will not cover any claims under this Additional Benefit if you are insured under Employee Fraud cover section.

3. Funeral expenses

We will cover you for burial or cremation costs if any director, employee, officer or business partner who sustains a fatal injury provided:

- (a) their death directly results from an assault that occurs during a theft or attempted theft in the period of insurance of property owned by you or for which you are legally responsible; and
- (b) the death occurs within 12 months of the assault.

We will not cover you for more than \$10,000, to be paid to the estate of the deceased person. Provided that any cover under this Additional Benefit shall not accumulate with any similar cover that may be given under the Money Cover section.

This is in addition to the sum insured.

4. Illegal Use of Corporate Financial Transaction Card

If the policy covers 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.

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; or
- (b) more than \$5,000 in total for any one event.

5. Illegal Electronic Funds Transfer

If the policy covers contents and following entry into the premises arising from one of the events listed under the heading 'Cover', we will pay any financial loss sustained by you arising from the electronic transfer of funds from your bank account to a bank account not controlled by you.

We will not pay:

- (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 employee 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.

6. Replacement of locks and keys

We will pay the reasonable cost of replacing locks, keys, magnetic keys, cards or similar devices and combinations used in the business if:

- (a) as a result of theft covered under this cover section, keys or combinations are stolen or 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 of 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 or loss of keys or combinations during a theft;
- (f) replacing and developing security film exposed because of theft or attempted theft;
- (g) restoring the security system to its former functionality following a theft or attempted theft that is covered by this cover section.

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

Provided that any cover given under this Additional Benefit 6 'Replacement of locks and keys', shall not accumulate with any similar cover that may be given under Additional Benefits within the Money cover sections.

This is in addition to the sum insured.

7. Rewriting of documents

We will pay for any reasonable labour costs incurred in reproducing or making good your business records if they are lost stolen or damaged while located at your premises or offsite anywhere in Australia. We will not pay more than \$25,000 during any one period of insurance.

This is in addition to the sum insured.

8. Temporary cover for new premises

We will cover you for loss of stock or contents at any new premises which you first occupy during the period of insurance provided that:

- (a) cover is limited to a period of 60 consecutive days from the day that you first use the new premises;
- (b) cover is not available to property that cannot be correctly designated to one of the categories that are shown as insured in the schedule;
- (c) cover is only available to contents or stock that is of a similar type to that insured by this cover section;
- (d) for each specific category of property shown in the schedule cover is limited to 50% of the sum insured for that category; or
- (e) if more than one premises is shown in the schedule then this 50% limitation will apply to the lowest sum insured that applies to the specific category of property; and
- (f) the new premises have building and security features that are similar to those at one of the premises shown in the schedule having the same occupation.

You must provide us with full details of the new premises.

If we agree to cover stock or contents at the new premises beyond the 60 consecutive day period, you must pay any additional premium we ask for.

9. Temporary removal

We will cover your property insured while temporarily removed to any other premises within Australia.

Provided that:

- (a) We will not cover cigarettes, cigars and tobacco products or alcoholic beverages.
- (b) We will not cover stock 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 20% of the sum insured.
- (d) This Additional Benefit will not apply to any property insured, which has been removed for a period greater than 90 days without our prior written consent.

10. Theft of external property

We will cover you for loss or damage as a result of theft or any attempt at theft occurring during the period of insurance to contents that are securely and permanently affixed (by means other than the connection to a power point) to the outside of the building.

We will not cover you for more than:

- (a) \$10,000; or
- (b) the contents sum insured,

whichever is the lesser during the period of insurance.

11. Theft without forcible and violent entry (not property in the open air)

We will cover you for loss or damage occurring during the period of insurance to contents in the building as a result of a theft where there are no signs of forcible and violent entry to or exit from the building.

The amount we will pay is limited to:

- (a) \$10,000 (or the amount shown on the current schedule whichever is the higher) for any one occurrence for theft or attempted theft of contents other than:
 - (i) electronic equipment;
 - (ii) stock; or
 - (iii) customer's goods;
- (b) \$20,000 (or the sum insured shown on the current schedule whichever is the higher) for theft or attempted theft of your electronic equipment which is not stock;
- (c) \$5,000 (or the amount shown on the current schedule whichever is the higher) for theft or attempted theft of stock.

We will not cover you if the theft or attempted theft is 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, shoplifting, unexplained or inventory shortage, clerical or accounting errors or shortage in supply or delivery to or from the business premises.

12. Theft of property insured in the open air

We will cover you for theft without forcible and violent entry of property insured in the open air but within the boundaries of the premises or contained in an unlocked building, up to the amount shown in the schedule. We will not pay more than \$5,000 or the sum insured shown on the current schedule whichever is the higher.

We will not cover you for the theft of property in the open air unless the premises after hours are fully enclosed by a locked cyclone fence with padlocks with a security rating under AS 4145.4 (or any subsequent amendment) of 6 or above.

Exclusions

We will not pay for:

1. Theft by persons

loss of, or damage to, property committed by:

- (a) you, your directors, partners, employees or any member of your family other than following forcible and violent entry by your employees or a member of your family; or
- (b) any person or persons while lawfully at the building.

2. Property

loss or damage to:

- (a) money and negotiable instruments in excess of \$500;
- (b) jewellery, precious metals or stones, property made of gold or silver, bullion or furs exceeding \$10,000 any one loss and \$2,000 any one item unless these items form part of your stock;
- (c) vehicles, unless they are:
 - (i) stock; or
 - (ii) fork lift trucks and similar appliances that are used for hauling or conveying goods at the premises;
- (d) live animals; or
- (e) plants, shrubs, landscaping materials or growing crops, pastures or standing timber.

3. Glass

the breakage of glass (including washbasins, sinks, toilet pans or cisterns, or the cost of replacing sign writing, ornamentation, reflective materials and burglar alarm tapes attached to broken glass) unless it is stock.

4. Open air

loss or damage of property insured from any open space, whether fenced or unfenced, outside the walls of the building except as expressly provided in the Additional Benefit 10 'Theft of External Property' and Additional Benefit 12 'Theft of property in the open air'.

5. Access

loss or damage to property insured if entry is gained to the building:

- (a) by use of a key or security code; or
- (b) through an unlocked door or window,

Except as provided for under:

- (i) Additional Benefit 2, Employee dishonesty;
- (ii) Additional Benefit 11, Theft without forcible and violent entry (not property in the open air); and
- (iii) Additional Benefit 12, Theft of property in the open air.

Cover Section Conditions

These conditions apply to this cover section.

1. Monitored burglar alarms

If you own or have responsibility for operating and maintaining a burglar alarm for the purposes of the business, the alarm system must be tested and used in accordance with the manufacturer's specifications. The burglar alarm must be activated whilst the building is unoccupied.

Testing and use includes resistance checking the battery, alarm detection coverage and transmission to the monitoring station.

2. Valuables

You must ensure that all stock that is precious stones, gold and silver articles, jewellery, watches trinkets, stamps, coins and personal ornaments, which are individually of the value of \$500 or more are contained in a securely locked safe or strongroom outside business hours.

3. Reinstatement

If we pay an amount for a claim under this cover section we will automatically reinstate the sum insured to the amount shown on the schedule. You will not have to pay any additional premium.

MONEY

Introduction

This cover section only forms part of your policy when Money is shown in the schedule and is limited to the period of insurance indicated.

This section of the policy covers the loss of or damage to your business's money from a wide variety of causes such as theft, armed hold up, or fire. The money may be in transit or at your premises.

Definitions

The following words have the following meanings for this cover section only.

Financial service provider

financial service provider means a bank, building society or credit union or an agency for any of these.

In custody

in custody means in your custody and control at your private residence or in the custody and control of persons authorised by you at their private residences until the next business day when the money can be deposited in the bank.

In transit

in transit means money in your personal custody or in the custody of persons authorised by you whilst in transit within Australia. Money in transit includes money while 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 service provider ceases trading on the next business day following the deposit therein.

Wages and salaries collected from the bank but not paid to employees is 'in transit' until it is physically in the control of employees.

Money

money means for the purposes of the cover section only, money has the meaning in the general definitions and also includes funds held in electronic form in a bank account.

Cover

1. Blanket cover

When Blanket Cover is shown in the schedule, cover is provided in all of the circumstances described below, as if all of the Specified Covers were shown in the schedule.

2. Specified cover

When Specified Cover is shown in the schedule, we will cover you for loss of or damage to money occurring during the period of insurance as a result of the defined events described below and shown on the schedule:

- (a) Money in transit;
- (b) Money on the premises;
- (c) Money in a securely locked safe or strongroom; or
- (d) Money in custody.

Basis of Settlement

If you have selected one insured amount, cover is provided in all of the circumstances described above, as if all of the defined events were shown in the policy schedule. The maximum amount we will pay is the sum insured shown on the schedule. If you have selected a different sum insured for each of the Specified cover listed above, the maximum amount we will pay, in respect of:

- (a) money in transit at the time of the loss or damage is the money in transit sum insured;

- (b) money on the premises during business hours at the time of the loss or damage is the money in the building during business hours sum insured. The maximum we will pay for money on the premises outside business hours is \$1,000, unless the money is contained in (c) below;
- (c) money in the building in securely locked safe or strongroom at the time of the loss or damage is the money in the building in securely locked safe or strongroom sum insured; or
- (d) money in custody at the time of the loss or damage is the money in custody sum insured;
- (e) money in the building outside of Business hours at the time of the loss or damage is the Money in the Building outside Business Hours Sum Insured.

If we agree to pay a claim for loss of or damage to money (other than certificates of stock, bonds, coupons and all other types of securities or travellers cheques) we will pay the amount of money lost or damaged.

In the case of any certificates of stock, bonds, coupons and all other types of securities the amount of the securities will be calculated as follows:

- (a) if the securities can with our approval be replaced, the cost of replacement paid or payable by you; or
- (b) otherwise, 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
 - (iii) 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.

In the case of a loss of subscription, conversion or redemption privileges through the loss of any security, the value of such privileges will be the value immediately preceding the expiration of the subscription, conversion or redemption, in the currency in which the loss was sustained.

Losses sustained in currencies other than Australian dollars will be calculated 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, then the value shall be agreed between you and us, or in default, we and you shall submit to mediation and be bound by the decision of the mediator.

In the case of travellers cheques, discount house vouchers or lottery tickets, the amount will be calculated at the original purchase price incurred by you.

If the safe or strongroom is lost or damaged, we will, at our option:

- (a) repair the safe or strongroom;
- (b) replace the safe or strongroom with an item of a specification equal to but not better or more extensive than it was when new;
- (c) if the loss or damage is confined to part of the safe or strongroom, repair or pay you the cost of repair of that part plus the cost of any necessary dismantling and reassembling; or
- (d) pay you the cost of repairing or replacing the safe or strongroom.

We will not pay costs of alterations, improvements or overhauls carried out when the lost or damaged safe or strongroom is repaired or replaced.

Limitation of Cover

1. Excess

The excess that applies is shown on the schedule.

Extra Covers

If we agree to pay a claim under this cover section for loss or damage to money, we will also pay or provide these Extra Covers set out below.

Any amounts payable under these Extra Covers apply in addition to the sum insured.

1. Reinstatement of sum insured

When a sum insured is reduced following a loss we will automatically increase this reduced sum insured to its value immediately before the loss.

However:

- (a) the maximum amount we will pay during the period of insurance is limited to twice the sum insured; and
- (b) you pay or agree to pay any additional premium we require.

2. Seasonal increase period

We will automatically increase the sum insured in respect of money by 50% during the seasonal increase period.

3. Temporary protection and security guards

We will pay the reasonable and necessary costs incurred by you in effecting temporary protection, or the employment of guards or watchman, by you, to safeguard the money at the premises as a result of theft or attempted theft of money occurring during the period of insurance and that is covered under this cover section.

We will not pay more than \$10,000 as a result of any one event.

Provided that any cover given under this Extra Cover 'Temporary protection and security guards' shall not accumulate with any similar cover that may be given under Extra Cover 4 'Temporary protection and security guards' within the Theft cover section.

Additional Benefits

We also provide the following Additional Benefits.

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

1. Bank and public holidays extension

The sum insured for money is 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 or strongrooms and to seasonal increase period.

2. Counterfeit currency

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.

3. Directors and employees tools of trade and personal effects

We will cover you for loss of or damage to the personal effects of your directors, officers and employees during a theft or attempted theft covered under this cover section.

We will not cover you for more than \$5,000 for any one person's clothes or personal effects, and \$10,000 for any one event.

If you are insured under the Theft cover section the benefits payable under this Additional Benefit shall not be cumulative.

4. Employee dishonesty

We will cover you for loss of money as a direct result of employee dishonesty during the period of insurance if discovered within 45 days of the employee dishonesty occurring.

This Additional Benefit does not cover:

- (a) any loss arising from the conduct of an employee after you have knowledge of or information about any prior act of fraud or dishonesty by the employee;
- (b) any loss arising from the conduct of an employee outside Australia;
- (c) any loss where you are unable to identify which employee is responsible;
- (d) any loss or part of a loss arising from the conduct of an employee, where the proof of the loss, either as to its occurrence or as to its amount, is dependent upon an inventory stock take or a profit and loss calculation;
- (e) fraud or dishonesty committed by your family; or
- (f) fraud or dishonesty committed by any of your employees committed with your connivance.

We will not pay more than \$5,000 for any one event.

We will not pay any claims under this Additional Benefit if you are insured under the Employee Fraud cover section and further provided that any cover given under this Additional Benefit shall not accumulate with any similar cover that may be given under the Theft cover section.

5. Funeral expenses

We will cover you for any burial or cremation costs if any director, employee, officer or business partner sustains a fatal injury provided:

- (a) their death directly results from an assault that occurs during a theft or attempted theft of money owned by you or for which you are legally responsible in the period of insurance; and
- (b) the death occurs within 12 months of the assault.

We will not cover you for more than \$10,000 to be paid to the estate of each person.

Provided that any cover given under this additional benefit shall not accumulate with any similar cover that may be given under the Theft cover section.

6. 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 or cash carrying bag, we will pay you:

- (a) the cost of opening the safe or strongroom and of repairing or replacing any loss or damage to the safe or strongroom that was caused by the theft or attempted theft;
- (b) for loss of or damage to your cash carrying bag that was caused by the theft or attempted theft.

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

7. 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 during the period of insurance if:

- (a) as a result of theft of money covered under this cover 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 or strongrooms because of the theft of keys or combinations during a theft of money covered under this cover section;
- (f) developing images stored on media from security camera following a theft or attempted theft of money covered under this section.

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

Provided that any cover given under this Additional Benefit Replacement of locks and keys, shall not accumulate with any similar cover that may be given under Additional Benefit 6 within the Theft cover section.

8. Temporary cover for new premises

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 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 20% of the sum insured shown in the schedule in relation to each item of money covered under this cover section.

Full details of such additional premises are to be supplied to us within 30 days of your commencement to use the premises. If we agree to cover money at the additional premises beyond this 30 day period, we may require payment of an additional premium.

9. Traveller's Money

We will pay you for loss of money in your custody, or in the custody of your employee, while you are travelling on your business anywhere in the world provided that the total amount payable under this Additional Benefit is limited to \$10,000 in total any one event.

Exclusions

This cover section does not cover:

1. ATMs

Loss or damage to money that does not belong to you in or from an ATM.

2. Consequential loss

Loss of use, loss of earning capacity and any other consequential loss.

3. Key or combination in building

Loss or damage of money from any safe or strongroom opened by a key or by use of details of a combination that are left in the building outside business hours.

4. Loss outside the Commonwealth of Australia

Loss or damage to money occurring outside Australia except as provided under Additional Benefit 9 'Traveller's Money'.

5. Missing money

Loss or damage of money:

- (a) due to shortages resulting from clerical or accounting errors, or loss due to errors in receiving or paying out;
- (b) by any intentional or wilful act or omission by you or your employees with your connivance other than as covered by Additional Benefit 4 'Employee dishonesty'; or

- (c) by any fraudulent or dishonest acts committed by you, your family members or any of your employees acting alone or in collusion with others other than as covered by Additional Benefit 4 'Employee dishonesty'.

6. Professional carrier

Loss or damage to money while professional money carriers, professional carriers or common carriers are carrying it.

7. Unattended

Loss or damage to money in or from an unattended vehicle that is not locked.

GLASS

Introduction

This cover section only forms part of your policy when Glass is shown in the schedule and is limited to the period of insurance indicated. This section of the policy covers the breakage of glass which you own or for which you are legally responsible, occurring during the period of insurance at the premises.

Definitions

The following words have the following meanings for this cover section only.

Breakage

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

external glass means glass or plastic material used as glass fixed in external windows, doors, showcases or skylights forming part of the building.

Glass

glass means external glass, internal glass, and specified glass.

Internal glass

internal glass means:

- (a) glass or plastic material used as glass in internal partitions, windows and doors, glass in counters, 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) frames of showcases, display cabinets and counters containing the broken glass in the building.

Sign

sign means glass or plastic that forms part of a sign.

Specified glass

specified glass means glass specifically designated in the schedule under Specified Glass.

Cover

We will pay for the cost of replacement of broken glass with glass of similar manufacture and quality including the reasonable costs for after-hours service by repairers, express delivery and overtime charges to repair or replace broken glass. We will also pay the extra cost necessarily incurred to comply with the minimum requirements of any statutory authority when replacing the glass.

Limitation of Cover

1. Excess

The excess that applies is shown on the schedule.

Extra Covers

If we agree to pay a claim under this cover section for loss or damage to glass, we will also pay or provide the Extra Covers set out below.

Any amounts payable under these Extra Covers apply in addition to the sum insured.

1. Costs

We will pay for the following costs provided they are reasonably incurred by you and are directly related to breakage of the glass covered under this cover section:

- (a) the cost of temporary shuttering necessary to secure otherwise exposed stock or contents pending replacement of the broken glass;
- (b) the costs incurred in replacing sign-writing, ornamentation, reflective materials and burglar alarm tapes and connections attached to the broken glass;
- (c) the cost incurred in repairing or replacing damage to window, door or showcase frames and their fittings;
- (d) the cost incurred in repairing or replacing tiles on shop and office fronts and around the broken glass.

We will not cover you for the cost of repairing or replacing bars, grilles or shutters.

Our liability under this Extra Cover during any one period of insurance is limited to the sum of \$8,000.

2. Destruction of 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 cover section.

Our liability under this Extra Cover during any one period of insurance is limited to:

- (a) the cost value (excluding profit of any kind) of your stock or contents destroyed or damaged, less any amount realised from the sale or salvage; or
 - (b) the sum of \$8,000,
- whichever is the lesser.

3. Overtime

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

Additional Benefits

We will also provide the following Additional Benefits in this cover section.

Any amount payable under these Additional Benefits applies in addition to the sum insured.

1. Malicious damage

We will pay for the cost of replacement of external glass which has suffered malicious damage. This additional benefit is payable even where there is no breakage of external glass.

2. Signs

We will cover you for loss or damage to signs at the premises if they break during the period of insurance.

We will not pay more than \$8,000 for one claim under this Additional Benefit or any higher amount shown in the current schedule for signs. The admissibility of claims for damage to signs shall not be contingent upon other damage to glass.

Exclusions

This cover section does not cover damage to glass:

- (a) when in transit or whilst being fitted into position or removed from its fitting;
- (b) forming part of stock;
- (c) in light fittings;
- (d) that is cracked or imperfect prior to breakage;
- (e) that is not fit for the purpose intended; or
- (f) that is in a glasshouse, conservatory or the like, radio, television, computer screen or any domestic items such as a vase, picture, crystal, china ware or glass in a photo frame.

GENERAL PROPERTY

Introduction

This cover section only forms part of your policy when General Property is shown in the schedule and is limited to the period of insurance indicated.

This policy section covers portable or valuable items that you usually carry around with you in the course of your business anywhere in the world. Any individual item worth more than \$2,500 must always be specified.

Definitions

The following words have the following meanings for this cover section only.

Accidental

accidental means unexpected and unintended from your standpoint.

Specified items

specified items means each item of property that is specifically described on the schedule. Any item worth more than \$2,500 must be specified.

Unspecified items

unspecified items means each item of property which is not a specified item but which is part of a group or class of property described generally on the schedule. The group or class described may include hand tools and hand held power tools.

Unspecified items do not include any item worth more than \$2,500.

Cover

We will cover you for accidental loss or damage to your property insured occurring anywhere in the world during the period of insurance.

Basis of Settlement

Having regard to your interests and after consultation with you, we will:

- (a) repair or replace the item of property insured (including carry case and usual accessories) to a condition equal to but not better or more extensive than its condition when new; or
- (b) pay you the cost to repair or replace the property insured; or
- (c) replace the property insured with a new item that has the same features or features that are nearly the same as (but not less than) the item being replaced.

When the loss or damage is confined to a part or component of the property insured, we will only pay for that part or component plus the cost of any necessary dismantling and reassembling.

If we replace or pay the cost of replacing any item of property insured, you no longer have any cover for that item or the replacement item.

The maximum amount we will pay in respect of each specified item is the sum insured for that item.

The maximum amount we will pay in respect of any one unspecified item is \$2,500.

The maximum we will pay during the period of insurance for all claims in respect of any particular group or class of unspecified items is the sum insured for that group or class of unspecified items set out in the schedule.

Limitation of Cover

1. Excess

The excess that applies is shown on the schedule. You are liable for the excess for each and every claim for an event that results in loss or damage.

Extra Cover

If we agree to pay a claim under this cover section for loss or damage to property, we will also pay or provide this Extra Cover set out below.

1. Reinstatement

If we pay an amount for a claim under this cover section we will automatically reinstate the sum insured to the amount shown on the schedule. You will not have to pay any additional premium.

Additional Benefit

We will also provide the following Additional Benefit in this cover section, subject to the conditions, limits, general exclusions and cover section.

Any amount payable under this Additional benefit shall apply in addition to the sum insured.

1. Theft of other equipment

We will cover you for theft of any property not belonging to you but in your physical or legal control for the purposes of your business occurring during the period of insurance anywhere in the world.

This Additional Benefit does not cover theft committed by any member of your family or by any employee of yours or committed by any person whilst lawfully at your premises.

We will not cover you under this additional benefit unless the property insured was:

- (a) in a securely locked vehicle and the theft was consequent upon forcible and violent entry to the vehicle;
- (b) securely and permanently affixed to a building or vehicle and theft is consequent upon forcible and violent removal of the insured property;
- (c) in a vehicle and was securely chained to that vehicle by a steel chain having a link diameter of 10mm or greater and a padlock with a security rating under AS 4145.4 (or any subsequent amendment) of 6 (or its equivalent) or above;
- (d) in your private residence or the private residence of your employee who has been authorised by you to have the custody and control of the property insured. However we will not cover any theft by a tenant;
- (e) securely locked in a building or any part of the building and the theft is consequent upon forcible and violent entry to the building or that part of the building.

However we will not cover any theft:

- (i) committed by any person while lawfully in the building;
- (ii) of property insured which is unattended in areas of the building; or
- (iii) stolen as a consequence of armed hold-up or the threat of physical violence.

We will not cover you for more than \$2,000 in any one period of insurance under this Additional Benefit.

Exclusions

This cover section does not cover:

- (a) loss or damage to any unspecified item of property unless your schedule shows that you have cover for unspecified items;
- (b) loss or damage caused by or arising out of:
 - (i) wear and tear, fading, gradual deterioration or developing flaws, normal upkeep or making good, or any gradual cause;

- (ii) moths, termites or other insects or vermin;
 - (iii) scratching, biting or chewing by any animal;
 - (iv) chipping, scratching, denting or marring that does not materially affect the use or operation of the property insured;
 - (v) change in colour, loss of weight, change in flavour, texture or finish;
 - (vi) the action of light, atmospheric conditions, any form of fungus or variations or extremes of temperature, rust or oxidation, wet or dry rot, corrosion, inherent vice or latent defect;
 - (vii) mechanical, hydraulic, electrical or electronic breakdown, burn-out, failure, malfunction or derangement of any equipment or device;
 - (viii) smut or smoke from industrial operations (other than sudden and unforeseen resultant damage);
 - (ix) any faults or defects in any item of insured property that you or any of your employees knew about before taking out this cover section;
 - (x) faulty materials or faulty workmanship;
- (c) loss or damage to any item worth more than \$2,500 unless it is a specified item;
 - (d) loss or damage to money or documents of any kind;
 - (e) loss of use, loss of earning capacity and any other consequential loss;
 - (f) loss or damage to property as a result of:
 - (i) total or partial destruction, distortion, erasure, corruption, alteration, misinterpretation or misappropriation of electronic data;
 - (ii) breakdown or malfunction of the processing system including operator error or omission in creating, amending, loading, deleting or using electronic data;
 - (iii) total or partial inability or failure to receive, send, access or use electronic data for any time or at all;
 - (iv) an act committed by any member of your family or by any employee of yours or committed by any person whilst lawfully at your premises.
 - (g) Property insured not being used by you in accordance with the manufacturer's instructions;
 - (h) any legal liability of whatsoever nature.

MACHINERY

Introduction

This cover section only forms part of your policy when Machinery is shown in the schedule and is limited to the period of insurance indicated.

Definitions

The following words have the following meanings for this cover section only.

Boilers and pressure plant and pressure pipe systems

boilers and pressure plant and pressure pipe systems means the permanent structure of machinery 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.

Breakdown

breakdown means a sudden and accidental failure of machinery resulting in physical damage to the equipment which requires the repair or replacement of the equipment or a part of the equipment.

Breakdown does not mean:

- (a) depletion, deterioration, corrosion or erosion of material;
- (b) wear and tear;
- (c) vibration or misalignment;
- (d) the functioning of any safety device or protective device; or
- (e) the failure of a structure or foundation supporting the equipment or a part of the equipment.

Expendable items

expendable items means:

- (a) electrical and electronic glass bulbs, tubes, x-ray tubes, contacts, fuses and heating elements;
- (b) tracks, rails, wear plates, cutting edges, tools, dies, engraved cylinders, moulds, patterns, shear pins, filters, chains, belts, tyres, tracks or conveyor belts and any other part or parts which require periodic replacement.

Hazardous substance

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.

Machinery

machinery means any of the following equipment provided it is owned, leased, operated or controlled by you and used in your business:

- (a) any boiler, fired or unfired pressure vessel normally subject to vacuum or internal pressure (other than static pressure of contents) any refrigerating or air conditioning vessels and piping or any other piping and its accessory equipment, but not including:
 - (i) any boiler foundation, any refractory or insulating material;
 - (ii) any part of a boiler or fired pressure vessel that does not contain steam or water; or
 - (iii) any buried piping, any drainage piping, any sprinkler piping and its accessory equipment.

- (b) any mechanical or electrical equipment that generates, transmits or utilises mechanical or electrical power, but not including:
 - (i) any vehicle, or mobile equipment;
 - (ii) any watercraft or aircraft; or
 - (iii) any elevator or escalator.

Cover

We will cover you for:

- (a) breakdown of machinery which occurs at the premises; and
- (b) direct loss or damage to other property insured as a result of that breakdown, provided that the breakdown of machinery occurs during the period of insurance.

Basis of Settlement

If we agree to pay a claim for breakdown of machinery, we will, having regard to your interests and after consultation with you, repair, rebuild or replace any damaged item or pay for the cost of repairing, rebuilding or replacing. If we decide to replace the damaged item, we will replace the damaged property with similar property of a like kind, capacity, size, quality and function.

If we agree that you can carry out the repairs at the premises or at a workshop owned by you, we will pay the actual costs of materials and wages incurred plus a reasonable overhead mark-up, provided that a qualified person carries out the repairs.

If it is necessary to replace parts that are unavailable, we will not pay more than the estimated cost of similar parts currently available. If similar parts are unavailable, we will not pay more than the manufacturers, or suppliers, latest list price. We will not pay any cost of repairing or replacing any part or parts of a piece of machinery, which is greater than the cost of repairing or replacing the entire piece of such machinery. If the work of repairing, rebuilding or replacing the item is not commenced and carried out within a reasonable time period after the breakdown, we will not be liable to pay more than the cost necessary to repair, rebuild or replace the item at the time the breakdown occurred.

Where the breakdown is confined to a part of a machine or structure, we will not pay more than the cost of repairing or replacing that part plus the cost of dismantling and erecting the structure.

The maximum we will pay is the sum insured as shown in the schedule.

1. In the event of breakdown we will at our option pay to you, up to the sum insured less the applicable excess, the reasonable cost of repair or replacement necessary to return the machinery to their former state of operation including:
 - (a) cost of dismantling, re-erection, cleaning up and removal of debris;
 - (b) replacement of refrigerant or lubricating or insulating oil lost from machinery as a direct result of breakdown;
 - (c) charges for overtime work on public holidays where necessarily and reasonably incurred;
 - (d) freight within Australia by any recognised scheduled service;
 - (e) overseas air freight by any recognised scheduled service and/or overseas labour;
 - (f) the cost of temporary repairs and/or hire of a temporary replacement item during the time taken to repair damage to any property insured;
 - (g) any customs duties and dues.

Provided that the total of all of these extra costs in clauses 1(c), 1(d), 1(e) and 1(f) are limited to 50% of the normal cost of repair payable under this part and shall be payable in addition to the sum insured.

2. Where you incur extra expense, in complying with the requirements of any Act of Parliament or Regulation made thereunder or any By-law or Regulation of any Municipal or other Statutory Authority, in the course of effecting repair or replacement of the machinery, we will indemnify you for such extra expense.

Provided that the amount so recoverable hereunder shall not include the additional cost in complying with any such Act, Regulation, By-law or requirement with which you had been required to comply with prior to the breakdown.

3. All machinery which can be repaired must be repaired. However should the item be uneconomical to repair due solely to the nature of the breakdown, settlement will be as follows:
 - (a) the cost of replacement of the machinery by an item of similar function, type, capacity and quality in a condition equal to, but not better than, the condition of the machinery when new; or
 - (b) the sum insured for the machinery.
4. We shall not be required to replace the machinery exactly, but only as circumstances permit.
5. Where component's 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.

Limitations of Cover

1. Excess

You must pay the amount of any excess shown in the schedule for each claim you make.

Extra Covers

If we agree to pay a claim under this cover section for breakdown of machinery, we will also pay or provide the Extra Covers set out below.

Any amounts payable under these Extra Covers apply in addition to the sum insured.

1. Hazardous substances

If a hazardous substance is involved in or released by a breakdown of the machinery, we cover you for the increase in cost to repair, replace, clean up or dispose of, damaged property insured.

We will not pay more than \$25,000 for each claim under this Extra Cover.

2. Inflation protection

The sum insured on items of machinery 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.

3. Repair costs

The cost of consulting engineers' fees (excluding fees for preparing a claim) necessarily incurred with our written consent, in the reinstatement of machinery. Provided that where the sum insured is exhausted we will pay an additional amount of up to \$5,000 in respect of this Extra Cover.

Additional Benefit

We will also provide the following Additional Benefit in this cover section, subject to the policy limits, conditions and exclusions except as provided otherwise.

1. Additional Items

If you hire or purchase and commission at your premises any items similar to items already insured under this cover section, we will consider these items to be added to the insurance by this cover section, giving the same cover as for similar items already insured.

Provided that:

- (a) cover for additional items shall not exceed the total sum insured for the items already insured under this cover section;
- (b) you give us written notice within 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 inspections and certification have been fulfilled;
- (e) the limits and excess as shown on the schedule shall be the same as for similar items already insured.

Exclusions

We will not cover you for:

1. the cost of repair or replacement of expendable items other than expendable items which are necessary for the repair.
2. the costs incurred in repairing wear and tear or gradual deterioration including:
 - (a) wear and tear due to normal operation;
 - (b) wearing or wasting away of material caused by normal operation or resulting from atmospheric conditions, rust, erosion, or oxidation;
 - (c) damage to a safety or protective device caused by its own operation;
 - (d) the chipping or scratching of painted or polished surfaces; or
 - (e) slowly developing deformation or distortion.
3. the cost of:
 - (a) carrying out of normal maintenance, such as the tightening of loose parts, recalibration or adjustments;
 - (b) alteration, additions, improvements or overhauls whether carried out in the course of indemnifiable repairs or at a separate operation;
 - (c) modification or alteration of insured plant to enable replacement or repair, caused by gradual deterioration (including rust, corrosion, erosion, oxidation or scale formation);
 - (d) replacement of lighting equipment, reticulated electrical wiring, reticulated liquid and gas piping and ducting;
 - (e) repair of scratches chipping or discolouration to painted or polished surfaces, unless resulting from insured damage;
 - (f) repair of a slowly developing deformation, distortion or fatigue of any part;
 - (g) repair of blisters, laminations, flaws or grooving even when accompanied by leakage;
 - (h) repairs to valves, fittings, glands, joints, gaskets, pipes, lines and connections which are defective or leaking;
 - (i) repairs to shaft keys requiring tightening, fitting or renewal;
 - (j) damage caused by the movement of foundations, masonry or brick work unless this results from breakdown of any machinery or any part of machinery; or
 - (k) removal or installation of underground pumps and well casings. Unless specifically noted on the schedule, this exclusion does not apply to submersible pumps.

4. breakdown of machinery which you knew or reasonably should have known to be defective before the breakdown occurred.
5. any loss of use or consequential loss of any kind.
6. we will not cover loss or damage caused by or arising out of:
 - (a) earthquake, landslide, mud flow, subsidence, subterranean fire, or volcanic eruption;
 - (b) cyclone, storm, hail, lightning, thunder, wind, rainwater;
 - (c) the sea, including tidal wave, tsunami, storm surge or high-water;
 - (d) fire, smoke or soot;
 - (e) water seeping or percolating the building from outside;
 - (f) water, liquids or substances discharged or other means used to extinguish a fire;
 - (g) vandalism or malicious damage.
 - (h) flood;
 - (i) asbestos;
7. breakdown, loss or damage caused by explosion, other than:
 - (a) the sudden and violent rending of any boilers and pressure plant or pressure pipe systems by force of internal fluid pressure of ignited flue gases, but excluding other chemical action;
 - (b) the bursting or disruption of turbines, compressors, engine cylinders, hydraulic cylinders, flywheels or other parts subject to centrifugal force, transformers, switches or oil immersed switch gear.
8. breakdown, loss or damage caused during the course of maintenance, inspection, repair, alteration, modification or overhaul.
9. breakdown, loss or damage caused during installation, erection or relocation.
10. damage to foundations, brickwork, and refractory materials other than as a result of breakdown.
11. breakdown, loss or damage arising out of plant being subjected to tests involving abnormal stresses or arising out of plant being deliberately overloaded. 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.
12. breakdown, loss or damage caused by a deliberate act, neglect or omission on your part.
13. breakdown, loss or damage for which the manufacturer or supplier or other parties are responsible under a maintenance or warranty agreement provided that we shall be liable for breakdown insured by this cover section and not recoverable under such maintenance agreement or warranty by reason of a specific exclusion contained therein or by reason of any dispute concerning the interpretation of that agreement or warranty (as the case may be).
14. the cost of alterations, improvements or overhauls unless it is required for the repair or replacement.
15. the costs associated with modifying the machinery so that it operates with a more ozone friendly refrigerant gas as required by the United Nations Environment Programme ("UNEP").
16. breakdown, loss or damage as a result of dual lifting.
17. air conditioners unless your schedule shows they are covered.
18. breakdown, of machinery which is useless or obsolete to your business.
19. loss or damage caused by or arising out of pollution, contamination or a hazardous substance, however caused, except as provided for in Extra Cover 1 'Hazardous substance'.

Optional Extension of Cover A – Deterioration of Stock

1. Cover

If 'Deterioration of Stock' is shown in the schedule then we will pay up to the stated sum insured for loss of perishable stock that spoils during the period of insurance due to a change in temperature of the refrigeration or freezer unit as a result of:

- (a) a breakdown of the refrigeration or freezer unit in which the refrigerated stock is kept where we have agreed to pay a claim under this cover section for the breakdown of such machinery;
- (b) malfunctioning or failure of the thermostats, controls, fuses, circuit breakers or overload devices which are owned by you and are protecting a refrigeration chamber, but not including loss or damage due to the manual operation or setting of switches;
- (c) contamination of the refrigerated stock by leakage of refrigerant;
- (d) sudden and unforeseen failure of the public power supply;
- (e) accidental failure of supply services which directly affects the refrigeration or freezer unit;
- (f) a supply authority intentionally interfering with a public service but only to the extent that this is necessary to safeguard life or any part of the public supply and the supply authority's interference is not caused directly or indirectly by fire, flood, storm or any other natural cause; or
- (g) sudden leakage of refrigerant from the machinery or pressure pipe systems.

2. Basis of Settlement

If we agree to pay for a claim for deterioration of refrigerated stock, we will, having regard to your interests and after consultation with you, pay the cost of replacing the refrigerated stock or replace that stock.

We are not liable to pay more than the purchase price you paid for the stock, together with any handling costs you incurred. If deterioration occurs or is likely to occur to refrigerated stock by any of the Defined events specified above, we will also pay the reasonable costs incurred by you to prevent or minimise the loss of or damage to refrigerated stock.

We will not pay more than the sum insured shown on the current schedule for this optional cover, except to the extent stated during seasonal increase period.

Extra Covers

If we agree to pay a claim under this Optional Extension of Cover A – 'Deterioration of Stock', we will also pay or provide the Extra Covers set out below.

1. Loss minimisation

If deterioration occurs or is likely to occur to such stock by any of the above causes, we will pay any reasonable expenses incurred by you to prevent or minimise the loss of refrigerated stock.

2. Seasonal increase period

We will automatically increase the sum insured in respect of stock by 50% during the seasonal increase period.

Exclusions

In addition to the Exclusions for this cover section, 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.

Special condition

In respect of stock that is kept in cold storage under controlled atmospheric conditions, you must keep adequate records, for each chamber, of the temperature, humidity and gas concentrations, as well as the time(s) and date(s) when each chamber is opened. You must provide us with those records upon request.

Optional Extension of Cover B – Increase in Cost of Working

1. Cover

If 'Increase in Cost of Working' is shown in the schedule then we will pay for costs that are incurred by you for the sole purpose of avoiding or diminishing a reduction in income from your business during the period that the machinery is damaged.

Provided that:

- (a) these costs are additional to your normal operating costs;
- (b) these costs are incurred because of an interruption of your normal operations that directly results from damage to machinery that is covered by this cover section;
- (c) you receive our prior written approval to incur these costs;
- (d) we will not pay more than the sum insured shown in the schedule for Increase in Cost of Working; and
- (e) we will not pay for any costs incurred during the excess period shown in the schedule for Increase in Cost of Working.

Cover Section Conditions

1. Adherence to statutory requirements

If any insured equipment must be licensed under statutory obligations, by-laws, regulations, public authority requirements or safety requirements, you must obtain any licenses as required and use the machinery as specified in the license.

2. Inspection

We or our authorised representatives have the right to make inspections of machinery at any reasonable time.

Neither this right to make inspections nor making them is an undertaking to you or others that the insured equipment is safe and not hazardous or injurious to health.

3. Obligation to prevent loss

If we or our authorised representative discover machinery in or exposed to a dangerous condition, you must comply with any direction provided by us or our representatives to prevent loss. If you do not comply within 30 days of receiving the direction, we may refuse to pay a claim and cancel your policy.

4. One breakdown

If either:

- (a) a breakdown of machinery causes the breakdown of other insured property; or
- (b) a series of breakdowns occur at the same time as a result of the same cause;

they will all be considered as one breakdown for the purpose of applying the excess, the relevant sum insured and any other limit or sub-limit in this cover section.

ELECTRONIC EQUIPMENT

Introduction

This cover section only forms part of your policy when Electronic Equipment is shown in the schedule and is limited to the period of insurance indicated.

Definitions

The following words have the following meanings for this cover section only.

Breakdown

breakdown means a sudden and accidental failure of electronic equipment resulting in physical damage to the equipment which requires the repair or replacement of the equipment or a part of the equipment.

Breakdown does not mean:

- (a) depletion, deterioration, corrosion or erosion of material;
- (b) wear and tear;
- (c) vibration or misalignment;
- (d) the functioning of any safety device or protective device; or
- (e) the failure of a structure or foundation supporting the equipment or a part of the equipment.

Expendable items

expendable items means:

- (a) electrical and electronic glass bulbs, tubes, x-ray tubes, contacts, fuses and heating elements;
- (b) tracks, rails, wear plates, cutting edges, tools, dies, engraved cylinders, moulds, patterns, shear pins, filters, chains, belts, tyres, tracks or conveyor belts and any other part or parts which require periodic replacement.

Hazardous substance

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.

Material Loss or Damage – Part A

Cover

When Material Loss or Damage – Part A is shown in the schedule, we will cover you for direct loss or damage to electronic equipment and other property insured, provided that the loss or damage occurs during the period of insurance.

Breakdown – Part B

Cover

When Breakdown – Part B is shown in the schedule, we will cover you for breakdown of electronic equipment which occurs at the premises provided that the breakdown of electronic equipment occurs during the period of insurance.

Basis of Settlement – Part A and B

If we agree to pay a claim for breakdown of property insured, we will, having regard to your interests and after consultation with you, repair, rebuild or replace any damaged item or pay for the cost of repairing, rebuilding or replacing. If we decide to replace the damaged item, we will replace the damaged property with similar property of a like kind, capacity, size, quality and function.

If we agree that you can carry out the repairs at the premises or at a workshop owned by you, we will pay the actual costs of materials and wages incurred plus a reasonable overhead mark-up, provided that a qualified person carries out the repairs.

If it is necessary to replace parts that are unavailable, we will not pay more than the estimated cost of similar parts currently available. If similar parts are unavailable, we will not pay more than the manufacturers, or suppliers, latest list price. We will not pay any cost of repairing or replacing any part or parts of a piece of computer equipment or electronic equipment which is greater than the cost of repairing or replacing the entire piece of such computer equipment or electronic equipment.

If the work of repairing, rebuilding or replacing the item is not commenced and carried out within a reasonable time period after the breakdown, we will not be liable to pay more than the cost necessary to repair, rebuild or replace the item at the time the breakdown occurred.

Where the breakdown is confined to a component or part of a computer equipment or electronic equipment, we will not pay more than the cost of repairing or replacing that component or part plus the cost of dismantling and erecting the computer equipment or electronic equipment.

The maximum we will pay is the sum insured as shown in the schedule.

1. In the event of breakdown we will at our option pay to you, up to the sum insured less the applicable excess, the reasonable cost of repair or replacement necessary to return the electronic equipment to their former state of operation including:
 - (a) cost of dismantling, re-erection, cleaning up and removal of debris;
 - (b) charges for overtime 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 and/or overseas labour;
 - (e) the cost of temporary repairs and/or hire of a temporary replacement item during the time taken to repair damage to any property insured;
 - (f) any customs duties and dues.

Provided that the total of all of these extra costs in clauses 1(b), 1(c), 1(d) and 1(e) are limited to 50% of the normal cost of repair payable under this part and shall be payable in addition to the sum insured.

2. Where you incur extra expense, in complying with the requirements of any Act of Parliament or Regulation made thereunder or any By-Law or Regulation of any Municipal or other Statutory Authority, in the course of effecting repair or replacement of the electronic equipment, we will indemnify you for such extra expense.

Provided that the amount so recoverable hereunder shall not include the additional cost in complying with any such Act, Regulation, By-law or requirement with which you had been required to comply with prior to the breakdown.

3. All electronic equipment which can be repaired must be repaired. However should the item be uneconomical to repair due solely to the nature of the breakdown, settlement will be as follows:
 - (a) the cost of replacement of the electronic equipment by an item of similar function, type, capacity and quality in a condition equal to, but not better than, the condition of the electronic equipment when new; or
 - (b) the sum insured for the electronic equipment.

4. We shall not be required to replace the electronic equipment exactly, but only as circumstances permit.
5. Where component's 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.

Limitations of Cover – Part A and B

1. Depreciation

If we decide to pay you the cost to replace a laptop computer, notebook or desktop computer rather than repair it, we will apply depreciation based on the age of the computer, but not as a result of improvements in technology or functionality.

We will apply depreciation at the rate of 10% per annum for each year from the date of manufacture, subject to a maximum reduction of 80% of the installed current replacement cost.

2. Excess

You must pay the amount of any excess shown in the schedule for each claim you make.

Extra Covers – Part A and B

If we agree to pay a claim under this cover section for breakdown of electronic equipment, we will also pay or provide the

Extra Covers set out below.

Any amounts payable under these Extra Covers apply in addition to the sum insured.

1. Hazardous substances

If a hazardous substance is involved in or released by a breakdown of the electronic equipment, we cover you for the increase in cost to repair, replace, clean up or dispose of, damaged property insured.

We will not pay more than \$25,000 for each claim under this Extra Cover.

2. Inflation protection

The sum insured on items of 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.

3. Repair costs

The cost of consulting fees (excluding fees for preparing a claim) necessarily incurred with our written consent, in the reinstatement of electronic equipment. Provided that where the sum insured is exhausted we will pay an additional amount of up to \$5,000 in respect of this Extra Cover.

Additional Benefit – Part A and B

We will also provide the following Additional Benefit in this cover section, subject to the policy limits, conditions and exclusions except as provided otherwise.

1. Additional Items

If you hire or purchase and commission at your premises any items similar to items already insured under this cover section, we will consider these items to be added to the insurance by this cover section, giving the same cover as for similar items already insured.

Provided that:

- (a) cover for additional items shall not exceed the total sum insured for the property insured already insured under this cover section;
- (b) you give us written notice within 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 inspections and certification have been fulfilled;
- (e) the limits and excess as shown on the schedule shall be the same as for similar items already insured.

2. Electronic equipment away from the premises

Cover is extended to:

- (a) loss or damage occurring during the period of insurance to laptop computers, notebooks, or mobile electronic equipment away from the premises;
- (b) breakdown of your laptop computer equipment or mobile electronic equipment anywhere in Australia and the laptop computer equipment or mobile electronic equipment is specified in the schedule under property insured within this cover section.

3. Restoration of computer data

We will insure you for the costs of restoring electronic data stored on media if:

- (a) we have agreed to pay a claim under the Electronic equipment cover section for repair or replacement of the computer equipment;
- (b) the electronic data is lost or distorted during the period of insurance as a direct result of the breakdown covered under this cover section; and
- (c) the media which contains the electronic data is at the premises, is at a location away from the premises where copies of media are stored, is temporarily at an alternative location for processing purposes or is in transit between any of these locations.

We will not cover you for:

- (i) loss or distortion of electronic data due to defects in the media;
- (ii) any consequential loss;
- (iii) restoration of electronic data other than that which is lost or distorted after the most recent functional back-up;
- (iv) expenses or costs incurred in connection with the loss or distortion of electronic data if they are not incurred within 12 months of the breakdown;
- (v) loss or damage of, or distortion to, electronic data caused by a computer virus;
- (vi) loss or damage of, or distortion to, electronic data caused by or resulting from the partial or total failure, malfunction or loss of use of any electronic equipment, computer system, information repository, microchip, integrated circuit or other similar device due to:
 - (1) the erasure, destruction, corruption, misappropriation or misinterpretation of electronic data;
 - (2) any error in creating, amending, entering, deleting or using electronic data;
 - (3) the inability to receive, transmit or use electronic data; or
 - (4) the functioning or malfunctioning of the internet, intranet, local area networks, virtual private networks or similar facility, or of any internet address, website or similar facility.

Except to the extent that such loss, damage or distortion results solely from the breakdown of computer equipment covered under Electronic equipment cover section.

If we agree to pay a claim, we will pay the costs incurred in restoring the lost or distorted electronic data in a condition equivalent to that existing prior to the breakdown. Electronic data may be reproduced in an updated form if the cost of doing so is no greater than that of reinstatement in its original form.

We will not pay more than \$15,000 for each claim under this Additional Benefit.

4. Computers – increased costs

We will insure you for the increased costs which you incur, such as the hiring of alternative computers, following the breakdown of computers which we have agreed to pay a claim for under Electronic equipment cover section.

We will insure you for the increased costs of operating your business, including hiring computers, transport costs, additional personnel and working at an off-site back up facility if:

- (a) we have agreed to pay a claim under Electronic equipment cover section for repair or replacement of computer equipment;
- (b) the increased costs of working occur during the period of insurance and are a direct result of the breakdown covered under Electronic equipment cover section; and
- (c) the media which contains the electronic data is at the premises, is at a location away from the premises where copies of media are stored, is temporarily at an alternative location for processing purposes or is in transit between any of these locations.

We will not cover you for:

- (i) costs incurred in respect of the first 2 working days following the breakdown of your computer equipment;
- (ii) fines or liability incurred for breach of contract or for late or incomplete orders or for any loss of bonus or any kind of penalties.
- (iii) any increased costs that are not necessary and reasonable to minimise any interruption to the business;
- (iv) any consequential loss;
- (v) costs incurred after 90 days or the number of months shown in the schedule from the date of loss or damage or breakdown;
- (vi) expenses that are incurred in the replacement of the media;
- (vii) the cost of reinstating the electronic data contained on the media.

If we agree to pay a claim, we will pay the actual amount of the increased costs of working, less the charges and expenses of the business that cease or are reduced as a consequence of the loss or damage.

We will not pay more than \$15,000 for each claim under this Additional Benefit.

Exclusions – Part A and B

We will not cover you for:

- 1. the cost of repair or replacement of expendable items other than expendable items which are necessary for the repair.
- 2. the costs incurred in repairing wear and tear or gradual deterioration including:
 - (a) wear and tear due to normal operation;
 - (b) wearing or wasting away of material caused by normal operation or resulting from atmospheric conditions, rust, erosion, or oxidation;
 - (c) damage to a safety or protective device caused by its own operation;
 - (d) the chipping or scratching of painted or polished surfaces; or
 - (e) slowly developing deformation or distortion.
- 3. the cost of:
 - (a) carrying out of normal maintenance, such as the tightening of loose parts, recalibration or adjustments;
 - (b) alteration, additions, improvements or overhauls whether carried out in the course of indemnifiable repairs or at a separate operation;

- (c) modification or alteration of insured plant to enable replacement or repair, caused by gradual deterioration (including rust, corrosion, erosion, oxidation or scale formation);
 - (d) replacement of lighting equipment, reticulated electrical wiring, reticulated liquid and gas piping and ducting;
 - (e) repair of scratches chipping or discolouration to painted or polished surfaces, unless resulting from insured damage;
 - (f) repair of a slowly developing deformation, distortion or fatigue of any part;
 - (g) damage caused by the movement of foundations, masonry or brick work unless this results from breakdown of any electronic equipment or any part of electronic equipment; or
4. breakdown of electronic equipment which you knew or reasonably should have known to be defective before the breakdown occurred.
 5. any loss of use or consequential loss of any kind.
 6. we will not cover loss or damage caused by or arising out of:
 - (a) earthquake, landslide, mud flow, subsidence, subterranean fire, or volcanic eruption;
 - (b) cyclone, storm, hail, lightning, thunder, wind, rainwater;
 - (c) the sea, including tidal wave, tsunami, storm surge or high-water;
 - (d) fire, smoke or soot;
 - (e) water seeping or percolating the building from outside;
 - (f) water, liquids or substances discharged or other means used to extinguish a fire;
 - (g) vandalism or malicious damage;
 - (h) flood;
 - (i) asbestos.
 7. breakdown, loss or damage caused by explosion.
 8. breakdown, loss or damage caused during the course of maintenance, inspection, repair, alteration, modification or overhaul.
 9. breakdown, loss or damage caused during installation, erection or relocation.
 10. damage to foundations, brickwork, and refractory materials other than as a result of breakdown.
 11. breakdown, loss or damage arising out of plant being subjected to tests involving abnormal stresses or arising out of plant being deliberately overloaded. 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.
 12. breakdown, loss or damage caused by a deliberate act, neglect or omission on your part.
 13. breakdown, loss or damage for which the manufacturer or supplier or other parties are responsible under a maintenance or warranty agreement provided that we shall be liable for breakdown insured by this cover section and not recoverable under such maintenance agreement or warranty by reason of a specific exclusion contained therein or by reason of any dispute concerning the interpretation of that agreement or warranty (as the case may be).
 14. the cost of alterations, improvements or overhauls unless it is required for the repair or replacement.
 15. breakdown, loss or damage as a result of dual lifting.
 16. breakdown, of electronic equipment which is useless or obsolete to your business.
 17. loss or damage caused by or arising out of pollution, contamination or a hazardous substance, however caused, except as provided for in Extra Cover 1 'Hazardous substance'.

Cover Section Conditions – Part A and B

1. Adherence to statutory requirements

If any insured equipment must be licensed under statutory obligations, by-laws, regulations, public authority requirements or safety requirements, you must obtain any licenses as required and use the electronic equipment as specified in the license.

2. Inspection

We or our authorised representatives have the right to make inspections of electronic equipment at any reasonable time. Neither this right to make inspections nor making them is an undertaking to you or others that the insured equipment is safe and not hazardous or injurious to health.

3. Obligation to prevent loss

If we or our authorised representative discover electronic equipment in or exposed to a dangerous condition, you must comply with any direction provided by us or our representatives to prevent loss as soon as reasonably practicable. If you do not comply within 30 days of receiving the direction, we may refuse to pay a claim and cancel your policy.

4. One breakdown

If either:

- (a) a breakdown of electronic equipment causes the breakdown of other insured property; or
- (b) a series of breakdowns occur at the same time as a result of the same cause,

they will all be considered as one breakdown for the purpose of applying the excess, the relevant sum insured and any other limit or sub-limit in this cover section.

EMPLOYEE FRAUD

Introduction

This cover section only forms part of your policy when Employee Fraud Section is shown in the schedule and is limited to the period of insurance indicated.

This section of the policy covers your loss for theft of your property or money by any of your employees which occurs during the period of insurance.

Definitions

The following words have the following meanings for this cover section only.

Employee fraud

employee fraud means the unlawful taking of property by your employee, whether acting alone or in collusion with others, with the intent to:

- (a) cause loss to you; or
- (b) benefit any person or organisation other than you.

Property

property means any property, including money, that belongs to you or which you are legally responsible for.

You or Your

you or your, for the purpose of this cover section only, is extended to include:

- (a) any superannuation or pension scheme formed by you and exclusively for the benefit of employees, but does not include any scheme that is administered by a professional funds manager; and
- (b) any welfare, social or sporting club formed with your knowledge and consent exclusively for the benefit of employees and their families.

Cover

We will pay up to the sum insured for the value of property that is lost as a direct result of employee fraud that occurs during the period of insurance.

Provided that:

1. you are able to identify which of your employees are responsible; and
2. the employee fraud is discovered:
 - (a) during the period of insurance; or
 - (b) within one year that follows the period of insurance or within one year of the date upon which your employee committing the employee fraud ceased to be in your employment, whichever occurs first.

Limitations of Cover

1. Excess

You are liable for the excess for each and every claim resulting from an event.

2. Discovery

We will not pay for any loss caused by a particular employee that occurs after:

- (a) you become aware of an act of employee fraud by that particular employee; or
- (b) you suspect that an employee has committed an act of employee fraud.

3. Reduced sum insured

The sum insured for the period of insurance will be reduced by any payment made or due to be made under this cover section.

Extra Covers

If we agree to pay a claim under this cover section for employee fraud, we will also pay or provide these Extra Covers set out below.

1. Auditors and Accountants

We will accept as proof of your loss, a certified statement from your auditors or accountants that shows the value of the property that is lost.

2. Automatic reinstatement

When the sum insured is reduced following the discovery of employee fraud covered by this cover section, we will automatically increase the reduced amount to the sum insured shown in the schedule.

Provided that:

- (a) you pay the additional premium that we require;
- (b) the maximum amount we will pay for all acts of employee fraud involving a specific employee remains limited in the aggregate to the sum insured; and
- (c) such reinstatement shall occur only once.

3. Cost of recovery

When you sustain a loss that is greater than the sum insured paid for this cover section, we will pay up to an additional 20% of the sum insured for costs and expenses you have reasonably incurred in an attempt to recover lost property.

Additional Benefits

We will also provide the following Additional Benefits in this cover section.

1. Continuity of cover

If this cover section has been taken up in substitution for any prior employee fraud/fidelity policy/coverage held by you with any other insurer and cover under this cover section commences immediately after cover under the prior policy/coverage ends, then this cover section extends to cover any employee fraud discovered during the period of insurance where that employee fraud is not covered by the previous policy/coverage solely because it was not discovered during the period of insurance of the previous policy/coverage or any applicable extended reporting period.

Provided that:

- (a) the amount of the loss shall form part of and will not be in addition to the sum insured;
- (b) the property lost would have been covered under this cover section if this cover section had been in force when the employee fraud causing the loss was committed; and
- (c) we will pay the lesser of:
 - (i) the amount which would have been payable under the prior policy/coverage if the prior policy/coverage had continued in force or had applied at the date of discovery of the employee fraud; or
 - (ii) the sum insured at the date of substitution.

2. Unidentifiable employee

If you suffer employee fraud, but are unable to identify the specific employee whose conduct has given rise to the loss, we will pay for the loss.

Provided that:

- (a) you have insured for the conduct of all employees; and
- (b) you can satisfactorily demonstrate that the loss was caused by the dishonest conduct of one or more employees.

Exclusions

We will not pay for:

1. Trading losses

any loss resulting directly or indirectly from trading in securities or derivatives whether or not in your name and whether or not in a genuine or fictitious account.

2. Inventory / Profit and loss

loss where proof of its existence or amount depends on any comparison of inventory records with a physical count or a profit and loss computation.

Special Condition

1. Recoveries

Following a loss, you must retain, to the extent allowed by law, all monies and other assets that are due to any of your employees involved in the loss as we will treat these monies or assets as a deduction from the amount of the loss.



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