

Machinery

Policy Wording



Engineering Machinery

Policy Wording

Introduction

The insurer of this Machinery Policy insurance is WFI Insurance Limited ABN 24 000 036 279 AFS Licence No. 241461, trading as Lumley Insurance.

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

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

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

Preparation Date: 1 July 2014

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Fax: (02) 9248 1122

50 Glebe Road
The Junction
Newcastle NSW 2291
Phone: (02) 4925 7500
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CANBERRA

Level 4, 10 Rudd Street
Canberra City ACT 2600
Phone: (02) 6279 0333
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VICTORIA

Level 3, 99 King Street
Melbourne VIC 3000
Phone: (03) 8627 4333
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TASMANIA

76 York Street
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Phone: (03) 6345 4700
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SOUTH AUSTRALIA

465 Pulteney Street
Adelaide SA 5000
Phone: (08) 8228 1700
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WESTERN AUSTRALIA

Level 7, 5 Mill Street
Perth WA 6000
Phone: (08) 9220 8222
Fax: (08) 9220 8251

QUEENSLAND

Level 2, 99 Melbourne Street
South Brisbane QLD 4101
Phone: (07) 3307 4800
Fax: (07) 3307 4899

NORTHERN TERRITORY

Level 2, Beagle House
38 Mitchell Street
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Important Customer Information

POLICY STYLE

Words shown in bold lettering within the text are subject to a specific definition within the Policy, or appear in the Policy Schedule.

Headings in bold type do not form part of this wording and only serve for reference or identification purposes. The singular includes the plural and vice versa.

INTRODUCTION

The insurer is WFI Insurance Limited ABN 24 000 036 279, AFS Licence No. 241461, trading as Lumley Insurance.

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

- this Section - Contains information on matters that You need to be aware of before applying for this insurance;
- the Definitions Section - Sets out what We mean by certain defined terms in this insurance;
- the Cover Section provides details of the machinery breakdown cover along with specific exclusions and conditions that apply to it;
- the General Extensions sets out various extensions to the relevant covers;
- the Exclusions Section – Sets out what We do not cover under any section of this insurance as well as under specific exclusions applicable to individual sections of this insurance;
- the General Conditions– Contains additional terms and conditions that apply, including those on how to make a claim; and
- other documents We provide to You about the insurance which set out details relevant to You and may change the standard cover.

ENTERING INTO THE POLICY WITH US

Please note that this insurance only comes into existence when We accept Your application and You actually pay to Us the amount due. Until You make payment, You are not insured.

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

Your Premium also includes amounts that take into account Our actual or estimated obligation to pay any relevant compulsory government charges, taxes or levies (for example

Stamp Duty, GST, Fire Service Levy and Fire and Emergency Services Levy (NSW);

Your Policy is made up of:

- this document;
- the Schedule We give You; and
- any written endorsements to Your Policy issued by Us.

You need to:

- read these documents together as they set out all of the terms and conditions of Your cover;
- check them to make sure that the cover given is what You want;
- keep them together and in a safe place for future reference along with receipts and other evidence of ownership and value of items You have specified on the proposal form or any other application for insurance and for any other items of significant value.

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

Where the Policy has been entered into We agree, subject to the terms, exclusions, conditions, limitations and other provisions of the Policy, to indemnify You as specified in the Policy against the relevant loss or damage arising from any insured Events/Occurrences which occur during the Period of Insurance stated in the Schedule or any renewal thereof.

However, Our total Liability shall not exceed the appropriate Limit(s) of Liability/Sum(s) Insured as stated in the Schedule, or as otherwise provided in the Policy, or such amounts as may be substituted by Endorsement to the Policy.

YOUR DUTY OF DISCLOSURE

Your duty of disclosure for a new policy.

The *Insurance Contracts Act 1984* requires that any information that We seek must be collected by a specific question.

When answering Our questions, You must be honest and You have a duty under the *Insurance Contracts Act 1984* to tell Us anything known to You, and which a reasonable person in the circumstances, would include in answer to the question. We will use the answers in deciding whether to insure You and anyone else to be insured under the Policy, and on what terms. It is important that You understand You are answering Our questions in this way for You and anyone else that You want to be covered by the Policy.

Your duty of disclosure before you renew, extend, vary or reinstate your Policy

Important Customer Information

You have a duty, under the *Insurance Contracts Act 1984*, to disclose to Us every matter that You know, or could reasonably be expected to know, is relevant to Our decision whether to accept the risk of the insurance and, if so, on what terms.

Your duty however does not require disclosure of a matter:

- that diminishes the risk to be undertaken by Us;
- that is of common knowledge;
- that We know or, in the ordinary course of Our business, ought to know;
- where compliance with Your duty is waived by Us. When answering any questions, You must be honest.
- We will use the information You disclose in deciding whether to insure You and anyone else to be insured under the Policy, and on what terms.

CONSEQUENCE OF NON-DISCLOSURE

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

PARTIES TO THE POLICY

Where shown in the Policy, including this introductory Section:

- We/Our/Ours/Us – refers to WFI Insurance Limited ABN 24 000 036 279 AFS License No. 241461;
- You/Your/Yours - refers to the Insured as defined in the Policy.

DECLARED SUM INSURED FOR INSURED PROPERTY

It is most important that the Sum Insured You select for Section One Material Damage is adequate to represent the Market Value of the Insured Property, and is calculated in accordance with the cover being arranged. Otherwise You may be under-insured and in accordance with the Co-insurance provision of the Policy You may be responsible for paying part of any loss You suffer.

You should review the adequacy of the Sum(s) Insured periodically during the Period of Insurance and prior to renewal each year.

SUBROGATION

You may not be entitled to cover under the Policy, if You enter into or have entered into an agreement that excludes or limits Your right of recovery from other parties. This would affect Our right to recover from other parties after paying any claim.

COOLING OFF

If You are not completely satisfied with the Policy you may cancel it by notifying Us in writing within 30 days of its commencement. You will receive a refund, as set out under the heading "Cancellation" in the General Condition of this Policy, unless You have made or are entitled to make a claim under the Policy. Should You cancel the Policy it is Your responsibility to notify any other of the Insured parties that may rely on this cover being in effect of the cancellation.

CONFIRMING TRANSACTIONS

You may contact Us in writing or by phone, to confirm any transaction under the Policy. Any transaction will be documented by Us as quickly as possible.

CODE OF PRACTICE

The Insurance Council of Australia Limited has developed the General Insurance Code of Practice, which is a self-regulatory code for use by all insurers. The Code aims to raise the standards of practice and service in the insurance industry.

We are a signatory to the Code. If You require further information about the General Insurance Code of Practice, please contact Us.

COMPLAINTS PROCEDURE

If You have a complaint You may contact Us and request that We review the matter.

Within 24 hours of receiving Your complaint, We will try to resolve it to Your satisfaction. If within this time We cannot resolve Your complaint, Your complaint will be escalated to a manager who has five business days to try and resolve the complaint which may be extended by a further 10 business days with Your agreement where further investigation and evidence is required. If You do not agree to an extension We will treat Your complaint as a dispute and refer the matter to an Internal Dispute Resolution (IDR) Committee. The manager's decision will be communicated to You in writing and provide details of Your right if You are dissatisfied with the manager's decision to request the complaint be reviewed by an IDR Committee.

Important Customer Information

If You are dissatisfied with Our IDR Committee's decision You may refer Your dispute to the Financial Ombudsman Service (FOS). The FOS provides a free and independent dispute resolution service approved by the ASIC for consumers who have general insurance disputes providing they are covered by the FOS' Terms of Reference. If You wish Your dispute to be heard by the FOS, You must refer Your dispute to the FOS within two years from the date of receiving Our IDR Committee's decision. You may refer the matter to the FOS by contacting them at:

Financial Ombudsman Service
GPO Box 3
Melbourne Victoria 3001
Tel: 1300 78 08 08
Email: info@fos.org.au
Website: www.fos.org.au

PRIVACY

We are committed to meeting Our privacy obligations to You under the Privacy Act 1988 (Cth) ('the Act'). The Act provides for information to be collected, used, disclosed and held in accordance with the Australian Privacy Principles (APPs).

You agree that We may collect, use, disclose and hold Your personal information as set out below.

Collection

We collect information which is reasonably necessary to provide Our services for underwriting and administering Your insurance, claims handling, market and customer satisfaction research and to develop and identify products and services that may interest You. Collection will only take place by lawful and fair means.

We collect information regarding You, other people, any risk to be insured, previous claims or losses, details of previous insurances and insurers, credit status and any matters relevant to the insurance to be provided.

We collect personal information directly or indirectly by telephone, email, facsimile, online, post, external agencies and in person from You or another person or persons.

If We collect information pursuant to a law, regulation, or court order then We will advise You of the law or the court order applicable.

If You fail to provide Us with personal information then this insurance may not meet Your needs. If You fail to provide information further to Your duty of disclosure to Us, then there may be no cover or a reduced cover for any claim made and in some cases the Policy may also be avoided.

At the time of collection or as soon as practicable thereafter We will notify You or make sure You are aware of Our identity, contact details, the purposes for which We collect the information, the consequences of not providing the information, how You can access and correct the information,

that We will disclose the information overseas and the countries We will so disclose to.

Use and disclosure

We may disclose Your personal information to companies in the Insurance Australia Group (IAG), Our agents, overseas service providers, other insurers, mailing houses and document service providers, financial institutions, insurance and claim reference agencies, credit agencies, loss assessor and adjusters, financial or investigative service providers, internal dispute resolution officers and dispute resolution providers such as the Financial Ombudsman Service.

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

We may also use or disclose Your personal information for a secondary purpose and You agree that We may so use it.

Indirect collection

When You provide information about other individuals You must make them aware of the disclosure and the use to which their personal information will be put.

We will only collect personal information about an individual from that individual, unless it is unreasonable or impractical to do so.

Overseas recipients

If Your personal information is collected by or supplied to an organisation outside of Australia We will ensure it will be held, used or disclosed only in accordance with the Act. We collect and provide Your personal information to a call centre in South Africa, information technology centres in India and a customer survey service in New Zealand. The countries to which information may be disclosed may vary from time to time. We provide You with notification of these changes by means of Our online privacy policy which You can access at www.lumley.com.au.

Marketing

We also collect Your information so that We and Our related companies and business alliance partners can offer You services and products that We believe may be of interest to You. You agree that We may so use Your personal information. However, You can opt out of receiving such communications by contacting Us.

Access and correction

You can seek access to Your personal information by contacting Us. You can require Us to correct the personal information if it is inaccurate, incomplete or out of date. We will respond to any such request within a reasonable time. We will provide You with access within a reasonable time in the manner requested, unless



Important Customer Information

We are entitled to refuse to provide access. If We decline to provide You with access We will provide You with the reasons for Our refusal and how You may access Our internal dispute resolution (IDR) process.

If We correct information We will inform You. If We refuse to amend information We will provide You with Our reasons for the refusal and details of how to access Our IDR process.

Data quality and security

We will take such steps as are reasonable in the circumstances to ensure the personal information We collect is accurate, up to date, complete and protected from unauthorised access, misuse, modification, interference or loss.

Privacy policy

If You would like more details about Our privacy policy, would like to seek access to or correct Your personal information, or opt out of receiving materials We send, please contact Us. You can also view a copy of Our privacy policy on Our website at www.lumley.com.au.

Complaints

If You have a complaint regarding Our management of Your privacy You may access Our internal dispute resolution (IDR) process by contacting Us. In the first instance You should contact Us requesting a resolution. The person contacted has one business day to resolve Your complaint and if he or she cannot do so must refer the complaint to a manager. The manager has a further five business days to resolve the matter. If the manager cannot resolve the matter You may ask him or her to refer it to the Lumley IDR Committee which then has 15 business days to make a decision. When We make Our decision We will also inform You of Your right to take this matter to the Office of the Australian Information Commissioner (OAIC) together with contact details and the time limit for applying to the OAIC. In addition if You have not received a response of any kind to Your complaint within 30 days, then You have the right to take the matter to the OAIC.

The OAIC is the statutory body given the responsibility of complaint handling under the Act. The OAIC is independent and will be impartial when dealing with Your complaint. The OAIC will investigate Your complaint, and where necessary, make a determination about Your complaint, provided Your complaint is covered by the Act. You have 12 months from the date You became aware of Your privacy issue to lodge Your complaint with the OAIC. The contact details of the OAIC are:

Office of the Australian Information Commissioner
GPO Box 2999
Canberra ACT 2601
Tel: 1300 363 992
Email: enquiries@oaic.gov.au
Website: www.oaic.gov.au

You also have a right in limited circumstances to have Your privacy complaint determined by the Financial Ombudsman Service (FOS). The FOS can determine a complaint about privacy where the complaint forms part of a wider dispute between You and Us or when the privacy complaint relates to or arises from the collection of a debt. The FOS is an independent dispute resolution body approved by the Australian Securities and Investments Commission. We are bound by FOS' determinations, provided the dispute falls within the FOS' Terms of Reference, but You are not so bound. You have two years from the date of Our letter of decision to make an application to the FOS for a determination. You can access the FOS dispute resolution service by contacting them at:

The Financial Ombudsman Service,
GPO Box 3,
Melbourne, Victoria 3001.
Tel: 1300 780 808
Email: info@fos.org.au
Website: www.fos.org.au

GOODS AND SERVICES TAX (GST)

All amounts insured by the Policy exclude GST. Any claim settlements, up to the total of all Sums Insured, will exclude GST. However, if there is a shortfall between the GST component of Your claim and the amount of Input Tax Credit You are entitled to, We will pay this shortfall in addition to the claim settlement.

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

TERRORISM INSURANCE ACT 2003 (CTH)

This Policy excludes cover for losses as a result of Terrorism.

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

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

INTERMEDIARY

If an intermediary has been used to arrange the Policy We may pay them remuneration such as commission or a fee.

Definitions

In this Policy the singular includes the plural unless the context requires an alternative construction.

The headings in bold type in this document are included for ease of identification of particular clauses and sections. These headings in bold type do not form part of this wording in any part of this document. Further, these headings in bold type have no contractual force.

For the purpose of this Policy the following definitions apply

“Act of Terrorism” includes 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; or
- b) involves damage to property; or
- c) endangers life other than that of the person committing the action; or
- 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.

“Boiler”, “Pressure Vessel” or “Piping” means the permanent structure of those Insured Items which are subject to internal steam, gas or fluid pressure (including vacuum but other than atmospheric pressure) and including all direct attachments connected to the permanent structure.

“Excess” means the amount specified in the Schedule and elsewhere in the Policy which You must contribute to each claim or series of claims arising out of the one occurrence. The Excess(es) shown for the individual items in the Schedule will apply cumulatively. The Excess may be expressed as:

- a) a specific monetary amount; or
- b) a percentage of the loss; or
- c) a period of time.

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

- a) a lake (whether or not it has been altered or modified);
- b) a river (whether or not it has been altered or modified);
- c) a creek (whether or not it has been altered or modified);
- d) another natural watercourse (whether or not it has been altered or modified);

e) a reservoir;

f) a canal;

g) a dam.

“GST” means Goods and Services Tax and has the same meaning as set out in A New Tax System (Goods and Services Tax) Act 19999 (Cth) and related legislation as amended from time to time.

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

“Insured Item” means any permanently fixed item specified as an Insured Item in the current Schedule.

“Location” means the location specified in the Schedule.

“Limit Any One Loss” means the maximum amount We will pay for any one claim as specified in the Schedule.

“Machinery” means electrical and mechanical items including electronic controls and other integral parts of the Insured Items including Boilers, Pressure Vessels and Piping as defined above but excluding computers or computer controlled electronic apparatus.

“Market Value” means the value of insured property at a normal sale at arms length between unrelated parties, or, if that value cannot be established, the value taking profit expectations and factors such as age, wear and tear, location, obsolescence and usability into account.

“Period of Insurance” means the time cover commenced to the time cover expires as specified in the most recent Schedule.

“Policy” means this document, the most recent Schedule, the endorsements and any other notice We give You in writing.

“Premium” means the amount payable by You as set out in Your Schedule including GST and any other relevant government charges.

“Schedule” means the attachment which forms part of the Policy and specifies the Policy number and other details of the insurance.

“Sum Insured” means the relevant sum stated opposite each Insured Item as specified in the Schedule.

“We”, “Us”, “Our” means WFI Insurance Limited ABN 24 000 036 279, trading as Lumley Insurance.

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

The Cover

THE COVER

We will indemnify You against Insured Damage which occurs:

- a) at the Location; and
- b) during the Period of Insurance; and
- c) while the Insured Item is working or at rest or being dismantled, moved, reassembled or reinstalled for the purpose of cleaning, adjustment, inspection, repair, overhaul or relocation but only after completion of successful initial commissioning at the Location.

BASIS OF SETTLEMENT

1. In the event of Insured Damage which is covered by the Policy, the basis of settlement under the Policy will be:
 - a) in the case of Insured Damage which can be repaired, We will pay the cost of repairs necessary to restore the Insured Item to its condition immediately before the occurrence of the Insured Damage provided that the maximum amount We will pay for repairs is up to:
 - i) the Sum Insured of the Insured Item if a Sum Insured is shown on the Schedule for the Insured Item; or
 - ii) the Limit Any One Loss if no Sum Insured is shown on the Schedule for the Insured Item;
 - b) in the case of an Insured Item that cannot be repaired or an Insured Item that is not economical to repair, We will pay you the cost of replacement of the Insured Item by an item of similar function, type, capacity and quality in a condition equal to, but not better than, the condition of the Insured Item immediately before the occurrence of the Insured Damage less the value of the salvage of any part of the Insured Item immediately following the occurrence of the Insured Damage.
2. If We accept a claim under the Policy and determine that the Insured Item can be repaired, We will pay the cost of any provisional repairs to the Insured Item if such repairs constitute a reasonable and necessary part of the final repairs and do not increase the total overall repair cost.
3. The value of any salvage of any part of the Insured Item will be subtracted from any amount payable under this Policy.
4. The amount of each claim otherwise payable shall be reduced by the amount of the Excess or Excesses shown in the Schedule.

5. If We accept a claim under the Policy and determine that the Insured Item could be repaired and components or manufacturer's specifications are no longer available or are obsolete, We will not pay more than the cost which would have been incurred if the components or specifications had still been available in settlement of the claim.

EXTENSIONS

Each extension is subject to the terms of the Policy in so far as they can apply.

1. Reinstatement of sums insured

Following any claim being paid under the Policy, We will reinstate the amount paid in relation to the claim provided that You pay any additional Premium that may reasonably be required by Us for the amount reinstated.

2. Expediting expenses

If We agree to pay a claim under this Policy, We will also pay the costs of overtime, night work, work on public holidays, express freight and air freight (by a recognised scheduled flight) reasonably and necessarily incurred up to a maximum of 50% of the amount otherwise payable for the Insured Damage provided that the Sum Insured or Limit any One Loss (as applicable) is not exhausted.

3. Machinery relocation

This Policy is extended to indemnify You against Insured Damage which occurs:

- a) at the Location; and
- b) during the Period of Insurance; and
- c) whilst the Insured Item is in transit from one position at the Location to another position at the Location.

4. Additional machinery purchased

This policy will extended to insure You during the Period of Insurance for all additional Machinery purchased by

You for a period not exceeding 60 days from the date of purchase, provided that:

- a) You acquire the additional Machinery during the Period of Insurance; and
- b) within 60 days of the date of purchase of the additional Machinery, You request Us and We agree to add such additional Machinery to the Schedule, subject to you paying any additional premium calculated from the day of installation; and

The Cover

- c) the additional machinery must be free from defects, and must comply with statutory and any manufacturers testing and commissioning requirements; and
- d) the cover shall only apply to machinery which is similar or of a similar kind to the machinery which is currently insured under the policy. The limit of liability, sum insured and deductible shall be calculated by us based on our current underwriting guidelines.

5. Loss of contents

If We agree to pay a claim under this Policy, We will also pay for the reasonable cost to replace contents undergoing direct processing in an Insured Item which are lost, damaged or spoiled as a result of Insured Damage to the Insured Item in which the contents are undergoing direct processing.

Under this extension We will:

- a) pay up to a maximum of \$2,500 for each claim; and
- b) not pay for any spoilage of refrigerated goods.

6. Refrigerant Gas

We will pay up to a maximum of the greater of \$2,500 or the amount shown in the Schedule for this extension to replace refrigerant gas which is lost as a result of Insured Damage.

7. Hire costs

If We agree to pay a claim under this Policy, We will also pay up to a maximum of \$5,000 for the reasonable and necessary cost of hiring an alternative item of similar make and model to the Insured Item during the period of repair or replacement, provided that the Sum Insured or Limit any One Loss (as applicable to the claim) is not exhausted.

Exclusions

GENERAL EXCLUSIONS

This Policy does not apply to and We will not pay for:

1. Any cost of repair or replacement of:

- a) exchangeable parts and tools of all kinds including, but not limited to, drills, crushers, patterns for casting, knives, saw blades, stones, stamps, fuses; or
- b) replacement parts including, but not limited to, conveyor belts, sieves, hoses, rubber, textile and plastic linings, bands, brushes, electrical contacts, heating elements, batteries, glass bulbs and tubes, x-ray tubes, diodes, tyres, ropes, chains, belts, seals, parts made of glass, porcelain or ceramics; or
- c) foundation blocks, refractory or brick lining of furnaces, ovens and containers, firing grids, burner nozzles; or
- d) fuels, filters, operating media (which does not include refrigerant gas), oils, lubricants; or
- e) catalysts, chemicals, contact agents; or
- f) expendable protection devices.

Unless damaged as a direct result of Insured Damage to other parts of the Insured Item which is not otherwise excluded under this Policy.

2. Any cost of repair or replacement of any:

- a) below ground pump or motor unless the pump is fitted with a working pressure or flow cut out switch which will stop the motor if the normal pumping pressure or flow is interrupted.
- b) unattended engine unless the engine is fitted with a working automatic safety monitoring device to stop the engine in the event of a system failure unless damaged as a direct result of Insured Damage to other parts of the Insured Item which is not otherwise excluded under this Policy.

3. Any cost of replacement or repair due to gradual deterioration including, but not limited to, rust, corrosion, erosion, oxidation or scale formation.

4. The cost of repair or replacement:

- a) of slowly developing deformation, distortion or fatigue of any part; or
- b) of any part worn or wasted through normal use.

5. Loss or damage or Insured Damage caused by:

- a) rust, mud, Boiler scale or other deposits; or.
- b) gradually developing flaws, cracks, distortion or breakage of piping.

6. The cost of:

- a) maintenance work including but not limited to the tightening of loose parts, recalibration or adjustments; or
- b) alteration, additions, improvements or overhauls whether carried out in the course of Insured Damage or as a separate operation; or
- c) modification or alteration of Insured Items to enable them to operate with a more ozone-friendly refrigerant gas as required by the United Nations Environmental Protection Montreal Protocol with respect to substances which deplete the ozone layer, unless conversion is necessitated by Insured Damage, or
- d) replacement of lighting equipment, reticulated electrical wiring, reticulated liquid and gas piping and ducting; or
- e) repair of scratches, chipping or discolouration to painted or polished surfaces, unless resulting from Insured Damage; or
- f) repair of blisters, laminations, flaws or grooving even when accompanied by leakage; or
- g) repairs to valves, fittings, glands, joints, gaskets, pipes, lines and connections which are defective or leaking; or
- h) repairs to shaft keys requiring tightening, fitting or renewal; or
- i) damage caused by the movement of foundations, masonry or brick work.

7. Loss or damaged caused directly or indirectly by:

- a) continuous chemical or atmospheric influence; or
- b) testing, intentional overloading or experiments involving the imposition of abnormal conditions; or
- c) fire, explosion (other than boiler explosion), lightning whether direct or indirect, extinguishing of fire and any subsequent demolition, dismantling and clearance of debris; or
- d) earthquake, seaquake, tsunami, subsidence, landslide, rockfall, Flood, inundation, water damage, hurricane, typhoon, cyclone, volcanic eruption or lightning; or
- e) water, steam, condensation or oxidation; or
- f) theft or attempted theft; or
- g) impact by vehicle, aircraft, watercraft or animal; or
- h) any inherent faults or defects in the manufacture or assembly of any Insured Item or the parts of any Insured Item.

8. Any Loss for which the manufacturer or supplier of the Insured Item is responsible either by law or under contractual obligations.

Exclusions

9. Consequential loss, damage or liability of any nature, other than as specified in the Policy.
10. Any loss or damage occasioned by or through or in consequence directly or indirectly of any of the following occurrences, namely:
 - a) war, invasion, act of foreign enemy, hostilities or warlike operations (whether war be declared or not), civil; or war
 - b) mutiny, civil commotion assuming the proportions of or amounting to a popular rising, military rising, insurrection, rebellion, revolution, military or usurped power.
11. Any loss or damage:
 - a) from property eligible for insurance by the relevant local Nuclear Insurance Pool and/or Association; or
 - b) directly or indirectly caused by or contributed to by or arising from:
 - i) ionising radiation from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel;
 - ii) the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof;
 - iii) any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter; or
 - iv) the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter.
12. Loss, cost or expense of any nature directly or indirectly caused by, resulting from or in anyway connected with riot, strike or lockout regardless of any other contributing cause or event.
13. Any loss, damage, cost or expense directly or indirectly caused by, contributed to by, resulting from or arising out of or in connection with:
 - a) any Act of Terrorism regardless of any other cause or event contributing concurrently or in any other sequence to the loss; or
 - b) any action in controlling, preventing, suppressing, retaliating against or responding to the matters set out in paragraph (a) above.
14. Loss directly or indirectly caused by, arising out of or aggravated by Your business being wound up or carried on by a receiver or permanently discontinued.
15. Loss or damage to, or caused by, prototype or experimental Machinery.
16. Any amount claimed for an Insured Item which exceeds the appropriate Sum Insured or Limit Any One Loss specified in the Schedule or elsewhere in the Policy.
17. Loss or damage of whatsoever kind arising directly or indirectly out of:
 - a) total or partial destruction, distortion, erasure, corruption, alteration, misinterpretation or misappropriation of Electronic Data; or
 - b) error in creating, amending, entering, deleting or using Electronic Data; or
 - c) total or partial inability or failure to receive, send, access or use Electronic Data for any time or at all; or
 - d) any business interruption losses resulting therefrom, regardless of any other contributing cause or event whenever it may occur, unless such loss or damage is a direct consequence of otherwise insured physical damage.
18. Actual or alleged liability whatsoever for any claim or claims in respect of loss or losses directly or indirectly arising out of, resulting from or in consequence of or in any way involving asbestos or any materials containing asbestos in whatever form or quantity.
19. Legal liability of any nature whatsoever.
20. Losses arising as a result on infectious diseases, where an infectious disease is defined as Highly Pathogenic Avian Influenza or any diseases declared to be quarantinable diseases under the Australian Quarantine Act 1908 and subsequent amendments.
21. Any loss or damage to property situated outside the Commonwealth of Australia.
22. Where the payment of any benefit or claim under any of the Policies would expose Us to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

The Policy also excludes loss, cost or expense of any nature directly indirectly 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.

General Conditions

GENERAL CONDITIONS

Cancellation

You may cancel the Policy at any time by giving Us written notice. Such cancellation will be effective from the date We receive Your written notice. We will refund the Premium less an amount:

- a) which covers the period for which You were insured; and
- b) reasonable administrative costs relating to the issue and cancellation of the Policy; and
- c) any government taxes or duties that are non-refundable

We will not refund any Premium in respect of any Insured Item for which We have paid a claim or for which You are entitled to make a claim.

We may cancel the Policy in accordance with the provisions of the Insurance Contracts Act 1984 (Cth). We will refund Your Premium less an amount which covers the period for which You were insured.

Payment of Premium

The Policy will only come into existence when We accept Your application and You pay to Us and We receive the Premium. Until You pay the Premium, You are not insured under the Policy.

Adequacies of Sums Insured

Unless the Schedule specifies a Sum Insured on an "any one loss" basis, the Sums Insured specified in the Schedule must not be less than 90% of the Market Value of the Insured Items to which the Sum Insured applies.

If, at the time of Insured Damage to an Insured Item, that Insured Item has a Sum Insured of less than 90% of its Market Value, We will pay no greater proportion of the cost payable under the applicable 'Basis of Settlement' than the Sum Insured bears to 90% of the Insured Item's Market Value immediately before the Insured Damage occurred.

Alteration of Risk

You must notify Us immediately of any proposed alterations or modifications to any of the Insured Items and of any proposed departure from the working conditions and any changes in the circumstances which prevailed when the Policy came into existence which You know (or which a reasonable person in the circumstances could be expected to know) would materially increase the risk of a claim under this Policy. If any such alteration, modification, departure or change increases the risk of Insured Damage and We have not provided Our written consent to that alteration, modification, departure or change, then in the event of Insured Damage, We may reduce or refuse to pay any claim.

Diligence

You must:

- a) take all reasonable precautions to protect the Insured Items; and
- b) fully comply with all legal requirements and instructions of manufacturers and suppliers regarding safety, installation and maintenance of the Insured Items; and
- c) ensure that any safety devices, where fitted or required, are in place and fully operational at all times.

If You do not comply with this condition, then in the event of Insured Damage, We may reduce, or refuse to pay, any claim.

Insolvency

Unless We otherwise agree in writing, cover under the Policy will cease when any of the following circumstances occur:

- a) You are unable to pay Your debts when they fall due and so become insolvent; or
- b) Your business is placed into liquidation, administration or a receiver is appointed to Your business; or
- c) Your business is permanently wound up or is permanently discontinued.

However, We shall not be relieved of liability for any claim made before any of the circumstances (a) to (c) set out above occur.

Examination

You must allow Our representatives to examine the Insured Item at any reasonable time.

Subrogation

Subject to the Insurance Contracts Act 1984 (Cth), We have the right to recover any payments made, or to be made, under the Policy from any party who You may be able to hold liable for the loss We have paid and:

- a) You and any other party entitled to cover under the Policy must provide Us with all information, documentation and co-operation We may require in relation to such recovery; and
- b) We will have full discretion in the conduct, defence or settlement of any claim and the right to take any action in Your name; and
- c) You and any other party entitled to cover under the Policy must fully co-operate with us in any legal proceedings available to Us and must provide Us with all information and documentation We require to conduct any such legal proceedings; and
- d) If We make any recovery as a result of such claim or legal proceedings against another party, You may only recover

General Conditions

from Us any amount (if any) by which the amount recovered by Us exceeds the amount We paid You in relation to the loss.

Fraud

If You make a claim under the Policy which is fraudulent or dishonest in any way, or You collude with anyone in order to make a fraudulent or dishonest claim under the Policy, We are entitled to cancel the Policy from inception and refuse to pay such claim.

Policy-contribution

In the event that Insured Damage is also insured by any other insurance policy or policies, the *Insurance Contracts Act 1984 (Cth)* will apply to any contribution under the Policy to the claim for Insured Damage.

If You make claim under this Policy, You must advise Us in writing of any other insurance that wholly or partly covers the Insured Damage.

Claims Conditions.

1. Upon the happening of any event which might give the rise to Insured Damage, You Must:
 - a) notify Us immediately by telephone, email or facsimile and complete a claim form giving an indication of the circumstances, nature and extent of the event; and
 - b) take all reasonable steps within Your power to minimise the loss or damage and prevent further loss or damage; and
 - c) supply, at Your cost, all such proof, information and other evidence with respect to the claim as We may reasonably require; and
 - d) preserve the parts affected of any Insured Item and make them available for inspection by Us or Our representative; and
 - e) ensure that no repairs are undertaken or physical evidence of any Insured Damage removed without Our consent first being obtained.

If You do not comply with these conditions, then in the event of Insured Damage, We may reduce, or refuse to pay, a claim under the Policy.

2. When Insured Damage occurs, You may appoint a licensed repairer of Your choice, but:
 - a) You must make the Insured Item available for inspection by Us, Our employees or agents; and
 - b) We reserve the right to invite, accept, adjust or decline estimates, or to arrange at Our expense for the removal of the Insured Item to and inspection by other repairers for quotation purposes.

3. In respect of Insured Damage, You must:
 - a) allow Us to have the sole conduct of all negotiations and proceedings; and
 - b) assist and cooperate with Us in all matters arising out of Insured Damage as We may reasonably require, including recovery of costs from any party responsible for any Insured Damage; and
 - c) notify Us of any other insurance that wholly or partly covers the same Insured Damage.

How Goods and Services Tax (GST) Affects Claim Payments

When We pay a claim, Your GST status and the GST status of the property which is the subject of the claim, will determine the amount We pay.

When You are:

- a) not registered for GST, the amount We pay is the Sum Insured/limit of indemnity or the other limits of insurance cover including GST;
- b) registered for GST and the property which is the subject of the claim is used 100% for business use, We will pay up to the Sum Insured/limit of indemnity or the other limits of insurance less any relevant GST component, including but not limited to, 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;
- c) registered for GST and the property which is the subject of the claim is used 100% for personal use, the amount We pay is the Sum Insured/limit of indemnity or other limits of insurance cover including GST;
- d) registered for GST and the property which is the subject of the claim is used for business and personal use, We will pay the Sum Insured/limit of indemnity inclusive and exclusive of any relevant GST component with reference to the percentage of personal use and the percentage of business use of the item that is the subject of the claim.

You must advise Us of your correct entitlement to an input tax credit on Your Premium and the correct entitlement to an input tax credit on each item of property to be insured. Should the item of property which is the subject of the claim be used for both personal and business use, any amounts We pay will be in accordance with the percentage of personal and business use.

Any GST liability arising from Your incorrect advice is payable by You.

Optional Endorsements

ENDORSEMENTS – SPOILAGE OF REFRIGERATED GOODS

Subject to the terms of the Policy and this endorsement, it is agreed that we will insure you for Spoilage of goods in the cold chambers or refrigerated areas specified in the Schedule as a direct consequence of:

1. insured loss or damage to the refrigerated Machinery;
2. failure of the controlling or limiting devices, this does not include loss due to the manual operation or manual setting of controls or switches; or
3. contamination by refrigerant gas escaping from cracked or damaged piping or tubing, or from loose or damaged piping or tubing joints and connectors; or
4. sudden Accidental failure of any public electricity supply, but not if failure of electricity supply is due to the deliberate act of any electricity supply authority in the exercise of its power to withhold or restrict supply;

provided that our total liability under this endorsement will not exceed the sum insured specified in the Schedule in any one Period of Insurance, however, if we can recover GST under A New Tax System (GST) Act 1999 (Commonwealth), then GST will be added, where applicable, to claim payments.

Note: The Reinstatement of Sums Insured Extension does not apply to this endorsement.

Additional Definitions

“Cost Price” means the price you paid for the refrigerated goods prior to Spoilage occurring.

“Spoilage” means deterioration, putrefaction, solidification or contamination.

Specific Exclusions

The Policy does not insure Spoilage arising out of:

1. improper storage or packing before, during or after refrigeration;
2. inherent defect in the refrigerated goods;
3. damage to goods that are alive of pharmaceutical or bacteria nature;
4. any consequential loss.

Specific Basis of Settlement

We will pay the cost to replace goods suffering Spoilage at their Cost Price including reasonable disposal costs where required by Health Authorities – less any Excess applicable to this endorsement specified in the Schedule and the price received for any salvaged goods.

ENDORSEMENTS – BUSINESS INTERRUPTION

Subject to the terms of the Policy and this endorsement, it is agreed that we will insure you for Business Interruption as described in the Options for Insurance.

Additional Definitions

“Business” means your business specified in the Schedule and carried out at the Location.

“Business Interruption” means the financial loss directly caused by interruption or interference to your Business as a result of insured loss or damage to the Machinery.

“Indemnity Period” means the period beginning at the time Loss occurs to the Machinery and continuing for a period not longer than the duration specified in the Schedule.

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

“Output” means the sales value of goods manufactured by you in the course of Business.

“Rate of Gross Profit” means the rate of Gross Profit earned on the Annual Turnover during the financial year, immediately before the time of Loss, expressed as a percentage.

“Standard Turnover” means the Turnover during that period in the 12 months immediately before the time of Loss to the Machinery which corresponds to the Indemnity Period.

“Annual Turnover” means the Turnover during the 12 months immediately before the time of Loss to the Machinery.

“Gross Profit” means the amount by which the sum of the Turnover and the amount of the closing stock exceed the sum of the amount of the opening stock and the amount of Uninsured Expenses.

Note: The amount of the opening and closing stocks will be calculated in accordance with your normal accountancy methods, due provision being made for depreciation.

“Uninsured Expenses” means those expenses which reduce in proportion to Turnover in consequence of interruption or interference to the Business.

Optional Endorsements

Note: Rate of Gross Profit, Annual Turnover and Standard Turnover will be subject to such adjustments as may be necessary in order to provide for the trend of the Business and for variations in, or other circumstances affecting, the Business (or which would have affected the Business had the Business Interruption not occurred) either before or after the date of occurrence of the Business Interruption so that the figures thus adjusted represent, as nearly as may be reasonably practicable, the results which but for the Business Interruption would have been obtained during the relative period after the Business Interruption.

“**Time Excess**” means that period which is not insured; beginning with the occurrence of the insured damage and continuing for the duration specified in the Schedule.

Options for Insurance (Specified in the Schedule)

Option 1

- a) **Shortage of Gross Profit**
Being the sum produced by applying the Rate of Gross Profit to the amount by which the Turnover during the Indemnity Period, in consequence of Business Interruption, falls short of the Standard Turnover.
- b) **Increase in Cost of Working**
Being any additional expenditure you necessarily and reasonably incur for the sole purpose of avoiding or diminishing the reduction in Turnover which (but for that expenditure) would have taken place during the Indemnity Period as a consequence of Business Interruption, but not exceeding the sum produced by applying the rate of Gross Profit to the amount of such reduction avoided.

Option 2

Additional Increase in Cost of Working

Being the additional expenditure beyond that recoverable under Option 1 b) you reasonably incur during the Indemnity Period as a consequence of Business Interruption for the purpose of avoiding or diminishing a reduction in Turnover or for the purpose of resuming or maintaining normal Business.

Option 3

Claim Preparation Costs

Being the reasonable fees and expenses incurred with our consent and which are paid or payable by you to a qualified accountant, which are not otherwise recoverable and are directly related to the preparation of a claim under the policy.

Extensions

Output Clause

Where Business Interruption has occurred, at your option, settlement may be based on Turnover or Output (except in the definition of Turnover, the word “Turnover”, wherever used in the Policy, should be read as “Turnover or Output”).

If the Output basis of settlement is selected, then the definition of “Gross Profit” will mean the difference between the sale value of production and the amount of Uninsured Expenses (and not the meaning assigned to it in Additional Definitions).

Accumulated Stocks

In settling a claim under the Policy, account will be taken (and an equitable allowance made) if during the Indemnity Period, Turnover is temporarily maintained from accumulated stocks you hold which causes a shortage of finished goods after the Indemnity Period has expired.

Departmental Clause

If the Business is conducted in departments, divisions or Locations (the independent trading results of which are ascertainable) in the event of Business Interruption, the provisions of the Policy will apply separately to each department, division or location affected by Business Interruption.

Reinstatement of Sums Insured

In the event of Business Interruption for which a claim is payable under this endorsement, the amount of insurance used in making good the Business Interruption, will be automatically reinstated from the date of the Loss. You may have to pay premium (at the initially agreed rate) on the amount reinstated.

Specific Conditions

1. If, during the Indemnity Period, goods are sold or services are rendered for the benefit of the Business either by you or by others on your behalf, the money paid or payable in respect of such sales or services will be brought into account in arriving at the Turnover during the Indemnity Period.
2. You must keep complete records. All records, e.g. inventories, production and balance sheets, for the 3 preceding years must be held in safe keeping or secured as a precaution against their being simultaneously destroyed. You must keep separate sets of such records.
3. You may carry out overhauls, inspections or modifications during the period of interruption however any additional time spent on this will not be incorporated in the calculation of Business Interruption.

4. If at the date of Loss the sum insured for Option 1 is less than 90% of the amount produced by applying the Rate of Gross Profit to the Annual Turnover, then settlement will be limited to the same proportion as the sum insured bears to 90% of that amount.

All sums insured exclude GST.

5. Provided we can recover GST under A New Tax System (GST) Act 1999 (Commonwealth), then GST will be added, where applicable, to claim payments.

Specific Exclusions

The Policy does not insure financial losses directly or indirectly resulting from:

1. shortage, destruction, deterioration of or damage to raw materials, semi-finished or finished products or other materials required for proper operation, even if as a consequence of Loss;
2. any restrictions on reconstruction or operation imposed by any public authority;
3. loss of or damage to items which are not specified in the Schedule, even if as a consequence of Loss;
4. suspension, lapse or cancellation of a lease, license or order, etc, which occurs after the date the Machinery is again in operating condition and the Business could have been resumed if the lease, license or order, etc, had not lapsed or had not been suspended or cancelled;
5. any type of loss or damage for which a supplier, contractor or repairer is responsible either by law or under contract;

The Policy does not insure financial losses occurring:

6.
 - a) after the Business has been dissolved or wound up;
 - b) whilst the Business is being carried on by a liquidator or receiver;
 - c) as a result of the Business being permanently discontinued.

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