

CGU Padlock Insurance Policy

Insurance for the commercial investment property owner



* This policy is available through shareholders of Steadfast Group Limited. Steadfast Group Limited is an unlisted public company. Each shareholder is an insurance broker. Steadfast Group Limited does not issue, guarantee or underwrite this policy.

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About Your Property Owners Insurance Policy

This booklet contains two parts.

Important Information

This part contains general information about the Property Owners Insurance policy.

Property owners insurance policy

This part contains the policy terms and conditions, which detail all the terms, conditions and exclusions relating to the policy.

Important Information

Who is the insurer

CGU Insurance Limited is the insurer of the Property Owners Insurance policy. Our Australian Business Number is 27 004 478 371. Our Australian Financial Services Licence Number is 238291. In this booklet the insurer is called 'We', 'Us', 'Our' or 'Ours'.

How to contact us

You may contact us by any of the following ways:

- In person at any CGU Insurance office.
- By telephone on 131 532
- By writing to us at CGU Insurance,
GPO Box 9902 in your capital city.
- By email on our website www.cgu.com.au.

Your cooling-off period

We will refund all premium paid for cover under your Policy if you request cancellation within 21 days of its commencement.

To do this, you must advise us or your intermediary electronically or in writing within 21 days from the date your Policy commenced.

You will not receive a refund if you have made a claim under your Policy.

Calculating your premium

The premium payable by you will be shown in your Schedule.

The key factors that influence the premium calculation are reflected in the questions asked, and information sought at the time of your enquiry or application for your Property Owners Insurance. They include the activities carried out at the Premises, the materials used in the construction of the Premises, the value of the Premises, the location of your Premises and your previous insurance and claims history.

Premiums are subject to Commonwealth and state taxes and/or charges. These include the Goods and Services Tax and stamp duty. The amount of these taxes and/or charges will be shown in your Schedule.

Intermediary Remuneration

CGU Insurance pays remuneration to insurance intermediaries when we issue, renew or vary a policy the intermediary has arranged or referred to us. The type and amount of remuneration varies and may include commission and other payments. If you require more information about remuneration we may pay your intermediary you should ask your intermediary.

About Steadfast

Steadfast is an unlisted public company comprising over 270 shareholders. Each shareholder is an independent insurance brokerage. This policy is available exclusively to You through shareholders of Steadfast Group Limited. Steadfast Group Limited does not issue, guarantee or underwrite this policy.

Important information about Steadfast's advice

Any advice Steadfast gives about this policy does not take into account any of Your particular objectives, financial situation or needs. For this reason, before You act on Steadfast's advice, You should consider the appropriateness of the advice taking into account Your own objectives, financial situation and needs. Before You make any decisions about whether to acquire this policy We recommend You should read this Insurance policy.

General Insurance Code of Practice

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

The objectives of the Code are:

- to promote better, more informed relations between insurers and their customers;
- to improve consumer confidence in the general insurance industry;
- to provide better mechanisms for the resolution of complaints and disputes between insurers and their customers; and
- to commit insurers and the professionals they rely upon to higher standards of customer service.

Our commitment to you

We have adopted and support the Code and are committed to complying with it. Please contact us if you would like more information about the Code.

How to apply for insurance

Complete our application form. If we accept your application for insurance, you will receive a Schedule that sets out details of the insurance you have taken out.

Endorsements

We may alter the terms, conditions, limits and exclusions of your Policy by endorsements. You need to read the Property Owners Insurance policy terms and conditions which commence on page 9, your schedule, and any endorsements applicable to your Policy for full details of the cover under your Policy.

Adequate Sum Insured

In the event of a major loss, your Sum Insured should be sufficient to allow for full replacement or repair of your Property. Your Sum Insured should represent the full insurable value.

Under section 1 – Property, section 2 – Loss of Income and Part C of section 3 - Rent Default of this Policy, if you make a claim and your Property, cost or loss is insured for less than its full insurable value, it may affect how much we will pay.

We will consider your Property, cost or loss to be underinsured if the Sum Insured is:

for section 1 – Property and section 2 – Loss of Income: less than 80 per cent of the full insurable value; and

for Part C of section 3 – Rent Default: less than 26 times the Weekly Rent under the Rental Agreement.

The underinsurance or average clause is shown on page 13 for section 1 – Property, page 18 for section 2 – Loss of Income and page 24 for Part C of section 3 – Rent Default. It is important that you read and understand this clause.

Taxation information

CGU Insurance shows all taxes and charges as separate items on all Schedules (for example, stamp duty and the Goods and Services Tax).

Where we make a payment under this Policy for the acquisition of goods, services or other supply, we will reduce the amount of the payment by the amount of any input tax credit that you are, or will be, or would have been entitled to under A New Tax System (Goods and Services Tax) Act 1999 in relation to that acquisition, whether or not that acquisition is actually made.

Where we make a payment under this Policy as compensation instead of payment for the acquisition of goods, services or other supply, we will reduce the amount of the payment by the amount of any input tax credit that you would have been entitled to under A New Tax System (Goods and Services Tax) Act 1999 had the payment been applied to acquire such goods, services or other supply.

How to make a claim

When something happens that you believe you can claim for, please;

- contact your nearest CGU Insurance office; or
- call 13 15 32; or
- contact your intermediary.

The Policy does not provide cover in relation to events that occurred before cover under the relevant section was entered into.

Details about making a claim are shown in the policy terms and conditions under 'Claims procedure' on page 9.

How to resolve a complaint or dispute

1. Talk to us first

If you have a complaint, the first thing you or your insurance adviser should do is speak to one of our staff. If your complaint relates specifically to a claim, speak with the claims officer managing your claim.

If the staff member or claims officer are unable to resolve the matter for you, you or your insurance adviser may speak to a manager. The manager will usually provide you with a response to your complaint within 15 days. If this timeframe is impractical for any reason such as the need for more information or further investigation, they will discuss with you alternative timeframes. If you are not satisfied with our response or we cannot agree with you on alternative timeframes, you can go to step 2.

2. Seek a review

If the matter is still not resolved the manager will refer you or your insurance adviser to the relevant dispute handling department or area who will conduct a review of your dispute and will usually provide you with a response to your dispute within 15 business days. If the timeframe is impractical, we will discuss with you alternative timeframes.

If you are still not satisfied with our response to your dispute or we cannot agree on alternative timeframes, you can go to step 3.

3. Seek an external review

You are entitled to seek an external review of our decision. We will provide you with information about options available to you, including, if appropriate, referring you to the external dispute resolution scheme administered by the Financial Ombudsman Service (FOS).

You will not be able to have your dispute resolved by the FOS if your dispute does not fall within the scope of the FOS's General Insurance Terms of Reference.

Further information about our complaint and dispute resolution procedures is available by contacting us.

Your duty of disclosure

When you take out, renew, or change or vary a policy, or when you make a claim, you have a duty to answer our questions truthfully and provide us with any information that could affect our decision to insure you, or the terms of your Policy. This is called your 'duty of disclosure'.

What you must do when you apply to take out this Policy

When applying to take out insurance we will ask you certain questions. When answering these 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 any question.

We will use your answers to help us decide whether to insure you and anyone else under this Policy, and on what terms.

Who you are answering the questions for

It is important that you understand you are answering the questions in this way on behalf of yourself and anyone else that you want to be covered by the Policy.

If you do not answer our questions in this way, we may reduce or refuse to pay a claim, or cancel the Policy. If you answer our questions fraudulently, we may refuse to pay a claim and treat the Policy as never being in place.

Renewal, variation, reinstatement or extension of your Policy

When your Policy is renewed, varied, reinstated or extended you have a duty, under the Insurance Contracts Act 1984, to tell us anything that you know, or could reasonably be expected to know, is relevant to our decision whether to accept the risk of insurance and on what terms.

Your duty does not require the disclosure of anything that:

- diminishes the risk to be undertaken by us;
- is of common knowledge;
- we know, or in the ordinary course of business, ought to know; or
- is a matter as to which your duty has been waived by us.

If you do not comply with your duty of disclosure

If you fail to comply with your duty of disclosure, 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 contract from its beginning.

Financial Claims Scheme

You may be entitled to payment under the financial claims scheme in the event that CGU Insurance Limited becomes insolvent. Access to the scheme is subject to eligibility criteria. Information about the scheme can be obtained from the Australian Prudential Regulation Authority (APRA) website at www.apra.gov.au and the APRA hotline on 1300 55 88 49.

How we handle your personal information

We are committed to handling your personal information in accordance with the Privacy Act.

We collect personal information from you for the purpose of providing you with insurance products and services, and to process and assess claims.

You can choose not to give us some or all of your personal information, but this may affect our ability to provide you with cover or process your requests.

When you provide your personal information to us

You acknowledge and consent to us collecting and using your information to:

- consider your insurance application and any subsequent application for insurance;

Property Owners Insurance Policy

- underwrite and price any policy issued by us or our related entities;
- calculate and offer discounts;
- issue you with a policy;
- administer the policy; and
- investigate, assess and pay any claim made by or against you.

For these purposes, you acknowledge and consent to us collecting your personal information from, and disclosing it on a confidential basis to your intermediary* or the third party who you have been dealing with in respect to this insurance policy and who referred you to us, other insurers, our related entities, an insurance reference service, law enforcement agencies, investigators and recovery agents, lawyers, any credit provider that has security over your property, assessors, repairers, suppliers retained by us to supply goods and services, advisers and/or the agent of any of these.

If you wish to update or access the information we hold about you, contact us.

When you provide personal information to us about another person

You must be authorised to do so, and you must inform that person, unless informing them would pose a serious threat to the life or health of any individual:

- who we are;
- how we use and disclose their information; and
- that they can gain access to that information.

Privacy of your personal information - for marketing purposes

In order to enhance its relationship with you, your intermediary may use your personal information that you have provided to us to offer you other products and services, which may be of benefit to you.

When you provide your personal information to us - for marketing purposes

You acknowledge and consent to your personal information being used on a confidential basis by us or your intermediary to contact you by mail, phone or email to provide you information on offers, products and services or for planning, market research and product development.

In using your personal information for these marketing purposes, we and your intermediary may use and disclose your personal information to offer you. Our or your intermediary's product and services directly, or to any other organisation to carry out the above marketing purposes on our or your intermediary's behalf. However:

- CGU Insurance and your intermediary will not use your information in this way if you have already told CGU Insurance or your intermediary not to;
- you must inform CGU Insurance or your intermediary if you do not want your personal information disclosed or used for these marketing purposes.

* The intermediary is a company or individual through which you purchased this insurance, or the company named on the inside front cover of this booklet.

In return for you having paid or agreed to pay the premium to us, we will cover you in the manner and to the extent described in this Policy.

You need to read the policy terms and conditions, your schedule and any endorsements applicable to your Policy for full details of the cover under your Policy.

Important notices

Unless stated otherwise, these important notices apply to all Policy sections.

1. When you are covered

This Policy does not provide cover in relation to events that occurred before cover under the relevant section was entered into.

2. Liability claims – section 7

This section only provides cover in relation to personal injury, damage to property, advertising injury that occurs during the Period of Insurance. This does not include personal injury or damage to property that has already been discovered before that Period of Insurance.

3. Liability assumed under agreement

Section 7 - Liability of this Policy does not cover liability which you have agreed to accept unless you would have been so liable in the absence of such agreement.

4. Acceptance of the application

You will not have any cover under this Policy until a completed application has been received and the risk accepted by us. We reserve the right to decline any application. If we accept your application for insurance, you will receive a Schedule that sets out details of the insurance you have taken out.

5. Workers' compensation

The cover provided by this Policy does not include workers' compensation. It is compulsory that Workers' Compensation Insurance for all employees be in force and separate cover should be arranged.

6. Delay of Cover

This Policy does not provide any cover, for a period of 48 hours from the time of the commencement of your Policy, for physical loss, destruction or damage caused by:

- a) bushfire or grassfire; or
- b) named cyclone;

unless your Policy commences directly after another insurance policy covering the same property expired, without a break in cover.

7. Headings

The headings included throughout this Policy are intended for information and convenience only and will not affect or be relevant to the construction of the terms of the Policy.

General definitions

These general definitions apply to all Policy sections.

Some of the words and terms used in this Policy have a special meaning.

When the following words or terms are used in this Policy, they have the meaning set out below.

Building means any building at the Situation insured under this Policy.

Business means your ownership of the Property and any other business shown in the Schedule.

Contents means any contents items insured under this Policy but not a Specified Item.

Documents means any records or documents of any nature whatsoever, books of account (but not any bearer bonds or coupons, bank or currency notes, other negotiable instruments, book debts) owned by you.

Electronic Data means facts, concepts and information converted to a form useable for communications, display, distribution, interpretation, or processing by electronic or electromechanical data processing or electronically controlled equipment.

Excess means the amount shown in the Schedule, this Policy, or any endorsement to your Policy which you must pay towards the cost of any claim under this Policy.

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

- a) any lake, or any river, creek or other natural watercourse, whether or not altered or modified; or
- b) any reservoir, canal or dam.

Indemnity Value means the cost necessary to reinstate, replace or repair the Property to a condition substantially the same as but not better or more extensive than its condition at the time of the physical loss, destruction or damage, taking into consideration its age, condition and remaining useful life.

Money means current coin, bank notes, currency notes, cheques, credit card sales vouchers, authorised gift vouchers, securities, negotiable securities, postal orders, money orders, unused postage and revenue stamps, public transport tickets, private transport tickets (other than airline tickets), bridge or highway tokens, car wash tokens, lottery tickets, phone cards and stored value or similar type cards, and includes cash boxes, alarm bags or any other portable container used to convey money:

1. belonging to you;
2. for which you are legally responsible; or
3. for which you have assumed a responsibility to insure prior to the occurrence of any physical loss, destruction or damage;

but does not include any Money in the possession of, or carried by, professional money carriers, professional carriers or common carriers.

Period of Insurance means the period shown in the Schedule.

Policy means the Property Owner Insurance policy and the current Schedule, and any Policy endorsements.

Property means the property shown in the Schedule as being insured under the applicable section of this Policy. This definition does not apply to section 2 - Loss of Income and section 7 - Liability.

Schedule means the current Schedule to your Policy.

Situation means the situation(s) shown in the Schedule.

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

Specified Items means Property owned by you or Property you are legally responsible for or you have assumed responsibility to insure, that is specifically described in the Schedule under Specified Items, whilst at the Situation.

Sum Insured means the amount of cover you have chosen and the most we will pay for a claim. The Sum Insured that applies to:

1. a section or part of a section of the Policy; or
2. an item;

will be shown in your Schedule or will be detailed in the terms and conditions of the Policy.

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

We, Us, Our, Ours means CGU Insurance Limited, the insurer of this Policy.

You, Your, Yours, Insured means the person(s) or entity named in the Schedule as the insured.

Other words may be defined in the specific sections of this Policy. If so, the definitions that apply only to that section are shown under the heading 'Definitions' in that section.

General conditions

Unless stated otherwise, these general conditions apply to all Policy sections.

1. a) Your duty

Our liability to pay a claim under this Policy is subject to the following conditions:

1. Payment of the premium

We will not pay any claim unless you have paid the premium.

2. Notification of changes

You must notify us as soon as possible of any change materially varying any of the facts or circumstances existing at the commencement of this Policy or following any renewal of your Policy.

3. Reasonable precautions

You must at all times take reasonable care to prevent loss, destruction or damage to other people's property or personal injury to other people and must comply (and use reasonable endeavours to ensure that your employees, servants and agents comply) with all statutory obligations and bylaws or regulations imposed by any public authority for the safety of property or persons.

4. Observance of Policy terms

The observance of the terms and conditions of the Policy by you and by any other person entitled to cover under this Policy.

b) Transfer of interest

No interest in this Policy can be transferred without our written consent.

c) Our rights of conduct and recovery

Subject to the provisions of the Insurance Contracts Act 1984, we have the right to recover or obtain contribution from, any person against whom you may be able to claim and the right to take action in your name.

We shall have full discretion in the conduct, defence or settlement of any claim. You and any other person entitled to benefit under this Policy must not hinder these rights and must give all such information and cooperation as we may require.

2. Excesses

The Excess is the amount you pay towards the cost of any claim under this Policy. Each excess will be shown in the Schedule, the Policy, or any endorsement to your Policy. Where a claim or series of claims, that results from one original source or cause is made in respect of:

- a) section 1 – Property;
- b) section 2 – Loss of Income;
- c) section 3 – Theft, Money and Rent Default; and
- d) section 4 – Glass;

of the Policy, or any of them, you will only have to pay the highest applicable single Excess.

Where a Sum Insured is provided under an Additional Benefit, the excess amount will be deducted from the claim before the Sum Insured limit is applied.

For cover under Section 7 – Liability, the Excess applies to all amounts payable by us, including under Defence costs and supplementary payments, or any investigation costs associated with the claim.

3. Jurisdiction

Any dispute arising from this Policy will be determined by Australian Courts and in accordance with the laws of the state or territory of Australia in which the Policy was issued.

4. Cancellation

- a) Under Section 60 of the Insurance Contracts Act 1984, we may cancel this Policy or any section at any time, by giving notice in writing to you of the date from which cancellation is to take effect, where you have:
 1. Failed to comply with your duty of utmost good faith;

2. Failed to comply with your duty of disclosure at the time when this Policy or any section of the Policy was entered into, varied, altered, or renewed;
3. Made a misrepresentation to us during the negotiations for this Policy, but before we agreed to issue this Policy;
4. Failed to comply with a provision of the Policy;
5. Failed to pay the premium for this Policy;
6. Made a fraudulent claim under this Policy, or any other contract of insurance (whether with us or another insurer) that provided cover during any part of the period of insurance of this Policy;
7. Failed to comply with a requirement in this Policy that you notify us of an act or omission which occurred after this Policy was entered into; or
8. Failed to notify us of any specific act or omission or such a notification as is required under the terms of this Policy.

We may deliver such notice to you personally or by post, at your address last notified to us.

- b) Under Section 60 of the Insurance Contracts Act 1984, we may cancel this Policy at any time where:
 - (1) it is in force by virtue of Section 58 of the Insurance Contracts Act 1984; or
 - (2) it is an interim contract of general insurance.
- c) You may cancel this Policy at any time by notifying us in writing.
- d) After cancellation, we will refund the premium for the time remaining on the Policy, less any non-refundable duties, unless you have made a fraudulent claim.

5. Inspections

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

6. Claims preparation costs

We will pay up to:

- (a) \$50,000; or
- (b) the amount shown in the Schedule;

whichever is greater, during the Period of Insurance for costs necessarily and reasonably incurred for the preparation of a claim that we agree to pay you for under section 1, section 2, section 3 Part A, Section 3 Part B, section 4 or section 7 of the Policy.

You must obtain our written approval before you incur any of the costs.

Any amount we pay for claims preparation costs is in addition to the Sum Insured. No excess applies to the cover for claims preparation costs.

7. Goods and Services Tax

Where we make a payment under this Policy for the acquisition of goods, services or other supply, we will reduce the amount of the payment by the amount of any input tax credit that you are, or will be, or would have been entitled to under A New Tax System (Goods and Services Tax) Act 1999 in relation to that acquisition, whether or not that acquisition is actually made.

Where we make a payment under this Policy as compensation instead of payment for the acquisition of goods, services or other supply, we will reduce the amount of the payment by the amount of any input tax credit that you would have been entitled to under A New Tax System (Goods and Services Tax) Act 1999 had the payment been applied to acquire such goods, services or other supply.

See also 'Special conditions' in each section of the Policy.

General Exclusions

Any cover we provide is subject to the following exclusions.

Unless stated otherwise, these exclusions apply to all Policy sections.

We will not pay for any physical loss, destruction, damage, or liability caused by or arising directly or indirectly from:

1. (a) Any consequence of war, invasion, act of foreign enemy, hostilities or warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power.
- b) Terrorism.
However, exclusion 1(b) will not apply to section 3 – Theft, Money and Rent Default or Section 4 – Glass.
- c) Confiscation or nationalisation, or requisition or destruction of or damage to property by or under the orders of any government or public or local authority other than physical loss, destruction or damage which occurs as a result of an order if it prevents or attempts to prevent fire or other damage covered by this Policy.
- d) Ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste.
- e) Nuclear weapons or nuclear material.
2. We will not cover any loss, damage or liability intentionally caused by you or a person acting with your consent.
3. We will not provide any cover, for a period of 48 hours from the time of the commencement of your insurance, for physical loss, destruction or damage caused by:
 - a) bushfire or grassfire; or
 - b) a named cyclone

This exclusion does not apply, however, if this insurance commences directly after another insurance policy covering the same property expired, without a break in cover.

4. Date Recognition Special exclusion

There is no insurance under this Policy in respect of any claim of whatsoever nature which consists of, or arises directly or indirectly out of or in connection with the failure or inability of any:

- a) electronic circuit, microchip, integrated circuit, microprocessor, embedded system, BIOS or other instruction set, hardware, software, firmware, program, computer, data processing equipment, telecommunication equipment or systems, or any similar device; or any
- b) media or systems used in connection with any of the foregoing, whether the property of the insured or not, at any time to achieve fully and successfully, any or all of the purposes and consequential effects intended by the use of any number, symbol or word to denote, represent or express a date including, but without being limited to, any failure or inability to recognise, capture, save, retain or restore and/or correctly to manipulate, interpret, transmit, return, calculate or process any date, data, information, command, logic or instruction as a result of or in connection with:
 - i. anything referred to in (a) or (b) above recognising, using or adopting any date, day of the week or period of time, otherwise than as, or other than,

the true or correct date, day of the week or period of time; or

- ii. the operation of any command or logic that has been programmed or incorporated into anything referred to in (a) or (b) above.

Exception to date recognition special exclusion

Unless stated otherwise, these exclusions apply to all Policy sections.

However, this special exclusion will not exclude any claim for subsequent loss or destruction of or damage to any property or consequential loss which is solely and directly caused by a defined contingency (as defined hereunder), arising under Section 1 – Property, but only to the extent that such claim would otherwise be insured under that section.

Definition

For the purposes of this special exclusion only, 'defined contingency' shall mean fire, lightning, explosion (other than loss or destruction of or damage to boilers and pressure vessels), aircraft and other aerial devices or articles dropped therefrom, riot, civil commotion, strikers, locked out workers, persons taking part in labour disturbances, malicious persons, earthquake, storm, flood, escape of water from any tank or apparatus or pipe, impact by any road vehicle or animal, or theft (other than theft by employees).

This special exclusion does not apply in respect of voluntary workers personal accident cover, if provided by this Policy.

There is no insurance under this Policy in respect of any claim of whatsoever nature which consists of or arises directly or indirectly out of or in connection with:

1. total or partial destruction, distortion, erasure, corruption, alteration, misinterpretation or misappropriation of Electronic Data and/or Software;
2. error in creating, amending, entering, deleting or using Electronic Data and/or Software; or
3. total or partial inability or failure to receive, send, access or use Electronic Data and/or Software for any time or at all,

from any cause whatsoever, regardless of any other contributing cause or event whenever it may occur.

5. Electronic Data and/or Software Special Exclusion

However, for all sections of the Policy except those dealing specifically with public liability, office bearers liability, voluntary workers personal accident and/or machinery, in the event that a peril listed below (being a peril insured by 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:

- 1) physical loss of or damage or destruction to property insured directly caused by such listed peril; and/or
- 2) consequential loss insured by this Policy.

Further, this exclusion does not apply in the event that a peril listed below (being a peril insured by this Policy but for this exclusion) causes any of the matters described in paragraphs 1, 2 or 3 above:

fire, lightning, thunderbolt, aircraft or other aerial devices or articles dropped there from, earthquake, tsunami, subterranean fire, volcanic eruption, storm, tempest, rainwater, snow, sleet, wind, hail, water, liquids or substances discharged, overflowing or leaking from fixed apparatus, fixed appliances, fixed pipes or other systems, riots, civil commotions, strikes or locked

out workers or persons taking part in labour disturbances, explosion, impact by vehicles, animals or trees or branches of trees, communication masts, towers, antennae, satellite dishes, meteorites, breakage of glass, or theft of Electronic Data and/or Software solely where such theft is accompanied by theft of the computer hardware, firmware, medium, microchip, integrated circuit or similar device containing such Electronic Data and/or Software.

See also 'Specific exclusions' in each section of the Policy.

Claims Procedure

These claims procedures apply to all sections of the Policy.

What you must do when you make a claim

You must make your claim as soon as possible after you suffer a loss. If you do not make it within 30 days, we may reduce what we pay you to take account of any disadvantage we suffer by the delay.

You must also:

1. Take all reasonable steps to minimise the loss, damage or liability and to prevent any further loss, damage or liability. We will not be liable for any further damage arising out of the continued use of damaged property, until such property is repaired to our satisfaction.
2. Try to preserve any damaged or defective appliances, plant or things which might prove necessary or useful as evidence in connection with any claim.
3. As far as possible, and with due regard for safety, make no alteration or repair without our consent.
4. Keep all damaged property for inspection by us.
5. Advise the nearest Police Station in the case of property lost, stolen, or vandalised, and obtain a written Police report if requested by us.
6. Tell us of any prosecution or inquest that may be held and send to us any document relating to your claim within 72 hours of you receiving the document.
7. At your own expense, provide us with all records, vouchers, invoices, and other documents, information, explanations and other evidence together with a statutory declaration, as we may require for the purpose of investigating or verifying a claim under this Policy. You must cooperate fully in this regard.
8. Provide us with a statement detailing other insurances which may also provide cover on any property or liability we have insured.

What you must not do in the event of a claim

You must not:

1. Authorise repairs to, or arrange replacement of, any of the property relevant to the claim without our consent unless by not authorising the repairs, the safety of people is put at risk.
2. Make any admission of liability or payment or promise or offer of payment in connection with any claim, without our written consent.

See also 'Claims procedure' in each section of the Policy.

Section 1 Property

Introduction

This section forms part of your Policy only if your Schedule shows that you have taken out cover under section 1.

Definitions

When the following words and terms are used in this section 1, they have the meaning set out below.

Buildings and Contents means all tangible property both real and personal of every kind and description belonging to you, or for which you are legally responsible, or for which you have assumed responsibility to insure prior to the occurrence of any physical loss, destruction or damage.

But Buildings and Contents does not include:

1. Stock;
2. Money;
3. jewellery, furs, bullion, precious metals or precious stones;
4. works of art, antiques and curios other than works of art, antiques and curios that are on the Premises at the time of the physical loss, destruction or damage, provided that the most we will pay for all these items is limited to:
 - a) \$50,000; or
 - b) the amount shown in the schedule;whichever is the greater.
5. any locomotive or rolling stock or watercraft;
6. any aircraft including its accessories and/or spare parts;
7. vehicles or trailers registered or licensed to travel on a public road, provided that we will pay for physical loss, destruction or damage to mobile plant and equipment (but not cars, sedans, panel vans and trucks) not otherwise insured while at the Situation;
8. livestock, animals, birds or fish;
9. standing timber, growing crops and pastures;
10. land, provided that we will pay for physical loss, destruction or damage to structural improvements on or in the land not otherwise excluded in this section 1;
11. bridges, canals, roadways and tunnels, dams and reservoirs (other than tanks) and their contents;
12. railway tracks (unless they are on the Premises);
13. property undergoing construction, erection, alteration or addition except and to the extent provided for under Additional Benefit 13 - Capital Additions in this section 1.
14. empty premises undergoing demolition; and
15. Business records and Documents other than for their value as stationery, except and to the extent provided under Additional Benefit 5 - Rewriting of records in this section 1.

Debris means the residue of damaged Property.

Full Insurable Value means the amount necessary to fully indemnify you within the terms of this section 1.

Pollution or Contamination means the discharge, dispersal, release or escape of smoke, vapours, soot, fumes, acids, alkalis, chemicals, liquids or gases, waste materials or other irritants, contaminants or pollutants into or upon any property, land, atmosphere or any water course or body of water (including ground water).

Premises means the Buildings or any part of the Buildings at the situation owned by you for the purpose of the Business.

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

1. merchandise or materials of trade manufactured, unmanufactured or in the course of manufacture;
2. materials used in manufacture and packing;
3. consignment stock;
4. goods held in trust or on commission;
5. pallets and containers;
6. consumable materials used in the operation of machinery;
7. goods on lay-by, or held for repair or service;

and including your liability for customs, excise and other duties which you may become liable to pay as a result of physical loss, destruction or damage to Stock.

See also 'General definitions' on page 5 for the meaning of other words and terms that apply to all sections.

Cover

We cover you for physical loss, destruction or damage to the Property that occurs at the Situation during the Period of Insurance.

We will not pay you if any of the matters set out in the 'Specific exclusions' in this section 1 or the 'General exclusions' apply.

Limitation

The most we will pay is the Sum Insured for the item at the Situation shown in your Schedule, less the applicable Excess.

Additional benefits

If we agree to pay your claim under this section 1, we will also cover you for the following Additional Benefits.

Unless otherwise indicated, any amount we pay for these Additional Benefits is not in addition to the Sum Insured and is subject to any limit specified in the applicable Additional Benefit. The Underinsurance/Average clause in this section 1 does not apply to the Additional Benefits

You must obtain our written consent before any of the costs are incurred.

1. Architects', surveyors' and legal fees

Where the Sum Insured is not otherwise exhausted, We will pay for legal fees, fees of architects, surveyors, consulting engineers, and clerks of work's salaries for estimates, plans, specifications, quantities, tenders and supervision necessarily incurred in the reinstatement or repair of the Property as a result of physical loss, destruction or damage

occurring in the Period of Insurance. However, we will not pay for costs, fees or other expenses for preparing a claim made under this section 1.

2. Reinstatement of Sum Insured

Following a claim for a partial loss under this section 1, we will reinstate the Sum Insured to the full amount shown in the Schedule from the date of loss, provided you pay or agree to pay any extra premium required by us.

3. Floor Space Ratio Index (Plot Ratio)

If a Building is lost, destroyed or damaged in the Period of Insurance and:

- a) the cost of reinstatement is more than 50% of the cost of reinstatement that would have been incurred if the Building had been totally destroyed; and
- b) reinstatement is only legally permissible with a reduced floor space ratio index; we will pay in addition to any other amount payable on reinstatement of the Building, the difference between the actual cost of reinstatement incurred in accordance with the reduced floor space ratio index and the cost of reinstatement which would have been incurred had a reduced floor space ratio index not been applicable.

In calculating the amount payable under this Additional Benefit, any payment made by us will include the extra cost payable under clause 1(b) of 'Settlement of Claims' on page 20.

However, we will reduce the amount we pay you by any amount you may receive as compensation.

Any amount payable under this Additional Benefit will be paid upon the completion of the rebuilding works as certified by the architect acting on your behalf in the reinstatement of the Building.

4. Undamaged foundations

Where a Building or an installation constructed on its own foundations is destroyed or damaged in the Period of Insurance in circumstances for which a claim is payable under Section 1 but its foundations are not destroyed and due to legal requirements, reinstatement of the Building has been carried out upon another site, the abandoned foundations will be considered as having been destroyed.

If, however, the resale value of the original building site is increased by virtue of the presence of the abandoned foundations, then such increase in resale value will be regarded as salvage and that amount will be paid to us by you upon completion of the sale of the site, or will be deducted from the final amount of any moneys payable by us under Section 1, whichever occurs later.

5. Rewriting of records

If your records or Documents are physically lost, destroyed or damaged in circumstances for which a claim is payable under this section 1 in the Period of Insurance, we will pay up to:

- a) \$50,000; or
- b) the amount shown in the Schedule;

whichever is greater, for any one event for the reasonable costs of rewriting, re-installing, replacing or restamping of your records or Documents.

We will also cover your Documents if they are physically lost, destroyed or damaged in circumstances for which a claim is payable under this section 1 when they are away from your Situation but in a building within Australia if you store them in a safety deposit box at a bank or entrust them to your accountant, real estate agent or legal representative.

Any amount we pay for this Additional Benefit is in addition to the Sum Insured.

However:

- a) we will not pay for the value to you of the information on the records or Documents;
- b) we will not pay for reinstatement of electronic data stored or created more than 30 days before the date of the loss, if such data has not been backed up and stored away from the computer site;
- c) the work of rewriting must be commenced and carried out with due diligence, failing which we will not be liable to pay more than the amount we would have been liable to pay had the work of replacing or repairing the item been carried out with such due diligence; and
- d) we will not be liable to make any payment until the cost of rewriting is incurred.

6. Removal of debris

Where the Sum Insured is not otherwise exhausted, we will pay for the reasonable cost of:

- a) removal, storage and disposal of Debris and of any thing that caused physical loss, destruction or damage in the Period of Insurance from the Situation;
- b) removal, storage and disposal of Debris from premises, roadways, services, railways or waterways owned by any other person or entity where you are liable at law to remove, store or dispose of such Debris as a result of physical loss, destruction or damage occurring in the Period of Insurance, together with the cost of cleaning up, but only if the liability has not arisen as a result of any agreement made by you unless such liability would have attached to you without the agreement;
- c) the demolition, dismantling, shoring up, propping or underpinning of Property or other temporary repairs to Property as a result of physical loss, destruction or damage occurring in the Period of Insurance; or
- d) the demolition and removal of Property which is necessary for the purpose of repair or replacement as a result of physical loss, destruction or damage occurring in the Period of Insurance.

However, we will not pay for any material which is itself a pollutant or contaminant, and which is deposited beyond the boundaries of the Situation.

Where the Sum Insured has been otherwise exhausted we will pay up to \$100,000, or the amount shown in the Schedule under Additional Removal of Debris, towards the removal of debris costs as specified above.

7. Temporary protection and security guards

We will pay up to:

- a) \$25,000; or
- b) the amount shown in the Schedule;

whichever is greater, for any one event for the cost necessarily and reasonably incurred for temporary protection and for employment of security guards to

safeguard the Property, pending repair or replacement of physical loss, destruction or damage occurring in the Period of Insurance.

Any amount we pay for this Additional Benefit is in addition to the Sum Insured.

8. Exploratory costs

We will pay up to:

- a) \$25,000; or
- b) the amount shown in the Schedule;

whichever is greater, for any one event for the reasonable cost of identifying and locating the source of the physical loss, destruction or damage occurring in the Period of Insurance that is caused by the discharge, overflowing or leakage from fixed apparatus, fixed appliances, fixed pipes or other systems used to hold or carry liquid of any kind.

However, we will not pay for the repair or replacement of the apparatus, appliances, pipes or other systems themselves.

Any amount we pay for this Additional Benefit is in addition to the Sum Insured.

9. Government fees

We will pay up to:

- a) \$25,000; or
- b) the amount shown in the Schedule;

whichever is greater, for any one event for any fee, contribution or other impost payable to any government, local government or other statutory authority, incurred by you because payment of such fee, contribution or impost is a condition precedent to the obtaining of consent to repair or replace any Buildings insured under this section 1.

However, we will not pay for any fine or penalty imposed by such authorities.

Any amount we pay for this Additional Benefit is in addition to the Sum Insured.

10. Environmental upgrade

If you elect to repair or replace Property (including any part of the Property) that is lost, destroyed or damaged in the Period of Insurance, using, or with, more environmentally friendly technology, products or materials, that improve the energy and water efficiency of the Property, we will pay you up to 10% more than the amount we would otherwise have paid to repair or replace the item that is being upgraded.

Any amount we pay for this Additional Benefit is in addition to the Sum Insured.

11. Catastrophe – Property

We will pay up to an additional 20% of the Sum Insured for the item at the Situation shown in your Schedule if your Property is physically lost, destroyed or damaged in the Period of Insurance as a result of a government-declared catastrophe or emergency. We will not pay any claim under this Additional Benefit unless:

- a) your Property is totally destroyed as a result of a government-declared catastrophe or emergency; and
- b) the Sum Insured for the Property accurately reflects the Full Insurable Value.

- c) Any amount we pay for this Additional Benefit is in addition to the Sum Insured.

12. Discharge of mortgage(s)

Where the Sum Insured is not otherwise exhausted, we will pay up to the balance of the Sum Insured for the reasonable legal costs to discharge a mortgage or mortgages on the Buildings or Contents following settlement of a claim on the basis of a total loss whether actual or constructive.

When the Sum Insured is exhausted, in respect of the discharge of a mortgage on Buildings or Contents, we will pay up to 10% of the Sum Insured for Buildings and Contents following settlement of a claim on the basis of a total loss whether actual or constructive.

Whether or not we have agreed to pay a claim under section 1, we will extend your cover to include the following Additional Benefits.

Any amount we pay for these Additional Benefits is in addition to the Sum Insured and is subject to any limit specified in the applicable Additional Benefit.

13. Capital additions

We will extend cover for Property at any one Situation to include any construction, erection, alteration and addition (including the partial dismantlement of existing structures) to the Buildings during the Period of Insurance.

The most we will pay under this Additional Benefit is:

- a) 20% of the Sum Insured for the item at the Situation shown in your Schedule; or
- b) \$500,000,

whichever is the lesser.

14. Fire extinguishment costs

We will pay up to:

- a) \$50,000; or
- b) the amount shown in the Schedule;

whichever is greater, for any one event for the costs and expenses, including wages of your employees, necessarily and reasonably incurred:

1. in extinguishing fire at or in the vicinity of, and threatening to involve, the Property;
2. in preventing or diminishing imminent physical loss, destruction or damage to the Property;
3. in gaining access consequent upon physical loss, destruction or damage to the Property;
4. in the replenishment of fire fighting appliances and apparatus;
5. for the purpose of shutting off the supply of water or other substances which are accidentally discharged including from any fire protective equipment; or
6. for which you are liable under any Fire Brigade Act or similar legislation following the circumstances described in (1) or (2) above.

15. Property insured temporarily removed

We will pay up to:

- a) \$25,000; or
- b) the amount shown in the Schedule;
- i) whichever is greater, for any one event for physical loss, destruction or damage occurring in the Period of Insurance to Buildings and Contents and Specified Items while temporarily removed from the Situation, but excluding:
- 1) Stock, Money, clothing or personal effects owned by you or by the owners, partners, proprietors, directors or employees of your Business; and
 - 2) Buildings and Contents or Specified Items that have been removed from the Premises for a period in excess of 90 days without our written agreement to continue cover.

16. Landscaping and playing surfaces

We will pay up to:

- a) \$50,000; or
- b) the amount shown in the Schedule;

whichever is greater, for any one event for physical loss, destruction or damage occurring in the Period of Insurance to landscaping or playing surfaces at the Situation caused by fire, theft, vandalism or the impact of a vehicle.

However, we will only pay to replace plants, trees or shrubs growing in the ground, lawns, rocks and landscaping.

17. Clothing, tools and personal effects

We will pay up to \$5,000 for any one person, any one event for clothing, tools and personal effects (other than Money), not otherwise insured, belonging to your social clubs, or belonging to the owners, partners, proprietors, directors or employees of your Business that is lost, destroyed or damaged while at the Situation in the Period of Insurance.

18. Home office contents

We will pay up to:

- a) \$25,000; or
- b) the amount shown in the Schedule;

whichever is greater, for any one event for loss to you as a result of physical loss, destruction or damage occurring in the Period of Insurance to Contents, other than those Contents for which cover is available under Additional Benefit 15 - Property Insured Temporarily Removed, used for your Business that occurs while the Contents are at the home of the owners, partners, proprietors or directors of your Business.

19. Additional premises – Provisional cover

We will cover you for all property within Australia that becomes yours after the commencement of the Period of Insurance, for 30 days from the date the property becomes yours (unless the Period of Insurance ends sooner or the property ceases to be yours, whichever occurs first), but the cover is limited to:

- a) the Business; and
- b) the Property.

Full details of the additional property must be supplied to us within 30 days of you first acquiring the property. If we agree to cover the additional property, you must pay or agree to pay any additional premium we ask for. If you do not pay or do not agree to pay the additional premium, we will not pay you for loss, destruction or damage to the additional property.

We will pay up to:

- a) \$250,000; or
- b) the amount shown in the Schedule;

whichever is the greater, for each item of Property.

Special clauses

1. Underinsurance/Average

- a) You should insure your Buildings and Contents and Specified Items for their Full Insurable Value.
- b) In the event of physical loss, destruction or damage insured under this section 1, we will not be liable for more than that proportion of the physical loss, destruction or damage which the Sum Insured for Buildings and Contents and Specified Items at the Situation to which the lost, destroyed or damaged item or items belong bears to 80% of the Full Insurable Value of all such property as at the time of the commencement of the Period of Insurance.

For the purpose of the application of this Special Clause, the Sum Insured for the item at the Situation will not include any allowance for the costs and expenses for which cover is provided as an Additional Benefit under this section.

Conditions:

- a) Our liability is limited to the Sum Insured for the item at the Situation as shown in the Schedule.
- b) This clause will not apply if the amount of any physical loss, destruction or damage does not exceed 10% of the Sum Insured at the Situation;

Example:

Item value \$200,000

80% of value = \$160,000

Sum Insured \$144,000

Therefore if a \$100,000 loss occurs, we would pay

$$\frac{\$144,000 \times \$100,000}{\$160,000} = \$90,000$$

We would pay \$90,000 (less any applicable Excess).

2. Earthquake, Subterranean Fire, Volcanic Eruption Excess

You will bear the first \$20,000 or 1% of the total Sum Insured at the Situation shown in the Schedule, whichever is the lesser, in respect of physical loss, destruction or damage at the Situation to Property caused by earthquake, subterranean fire, volcanic eruption, or fire occasioned by, or happening through, or in consequence of, earthquake, subterranean fire or volcanic eruption, occurring during any period of 72 consecutive hours.

3. Excess for all other claims

For all other claims for physical loss, destruction or damage to Property other than those to which the Earthquake, Subterranean Fire, Volcanic Eruption Excess applies, you will bear the excess shown in the Schedule.

4. Release Clause

Without prejudicing your position under section 1, you may release any railways, statutory governmental, semi-governmental or municipal authority from any liability if the terms of any written and executed contract require you to do so.

Endorsements

The following endorsements do not apply automatically. They only apply if you have requested that they apply and your Schedule has been endorsed by us noting their application.

1. Flood

Specific Exclusion 4 does not apply.

2. Underinsurance/Average

Special Clause 1: Underinsurance/Average is deleted.

3. Environmental Upgrade

The percentage amount shown in Clause 10 – Environmental Upgrade is deleted and replaced with the percentage (%) amount shown in the schedule.

4. Right Cover

Special Clause 1: Underinsurance/Average is deleted for the situation(s) nominated in the Schedule for this clause to apply.

If no situation(s) is nominated, this clause will apply to all Situation(s) shown in the policy Schedule

Furthermore, in the event of Loss or Damage which exceeds the sum insured at a situation to which this clause applies, the Sum Insured will increase by up to 20% to represent Full Insurable Value and this value will be determined as the Sum Insured and for the purpose of applying Additional Benefits.

Settlement of claims

For the purpose of these settlement of claims clauses:

Replacement Cost means the cost necessary to replace, repair or rebuild the Property insured to a condition substantially the same as but not better or more extensive than its condition when new.

Indemnity Value means the Indemnity Value as defined in the 'General definitions' being the cost necessary to reinstate, replace or repair the Property to a condition substantially the same as but not better or more extensive than its condition at the time of the physical loss, destruction or damage, taking into consideration its age, condition and remaining useful life.

In the event of a claim for:

1. **Buildings and Contents**, other than for Buildings awaiting demolition as specified in clause 2 below or Specified Items:
 - a) We will pay the Replacement Cost.

Conditions

- 1) The work of rebuilding, or replacing, or repairing, or restoring (which may be carried out upon another site and in any manner suitable to your requirements, provided that our liability is not increased because of that) must be commenced and carried out with due diligence, failing which we will not be liable to make any payment beyond the amount that would have been incurred if the work of rebuilding, replacing or repairing had been commenced and carried out with reasonable dispatch.
 - 2) Where Property is physical lost, destroyed or damaged in part only, our liability will not exceed the sum representing the Replacement Cost which we would have been called upon to pay if the Property had been wholly destroyed.
 - 3) No payment beyond the Indemnity Value will be made, until a sum equal to the Replacement Cost has been incurred.
 - 4) We will pay for fixed coverings to walls, floors and ceilings (including carpets) only in the room, hall or passage in which the physical loss, destruction or damage occurred.
- b) We will also pay the extra cost of reinstatement including any demolition or dismantling of the Property, which has been physically lost, destroyed or damaged necessarily incurred to comply with the requirements of any lawful authority.

Conditions

- 1) The work of reinstatement (which may be carried out wholly or partially upon another site if the lawful authority so requires, provided that our liability is not increased because of that) must be commenced and carried out with due diligence, failing which we will not be liable to make any payment beyond the amount that would have been incurred if the work of reinstatement had been commenced and carried out with reasonable dispatch.
 - 2) We will not pay for the additional cost incurred in complying with requirements of any lawful authority or requirements you had been duly required to comply with before the happening of the event causing the physical loss, destruction or damage.
 - 3) Underinsurance/Average will not be applied to the amount payable under this clause 1(b).
 - 4) If the physical loss, destruction or damage is less than 50% of the Replacement Cost of the Buildings, Contents or Specified Items, the amount we pay under this clause 1(b) is limited to
 - a) \$350,000;
 - b) the amount shown in the schedule; whichever is the greater, for each item of Property
2. **Buildings awaiting demolition**, we will pay you the salvage value of the lost, destroyed or damaged Building materials.

3. Loss of land value

Where the Sum Insured is not otherwise exhausted, we will also pay for any loss of land value following your claim that is a result of government or local authority legislation that reduces the floor area of your Buildings. Loss of land value is the difference between the value of the land just before the loss or damage occurred and the value of the land just after the damage or loss

occurred. We will reduce the amount we pay you for the loss of land value by any amount that you receive as compensation for this loss. The most we will pay is the unused portion of your Sum Insured.

4. Matching materials

We will try to match any material used to repair your Property with the original materials. If we cannot, we will use the nearest equivalent to the original materials available. We will not pay any costs for replacing undamaged Property.

5. Raw materials

In the case of raw materials, supplies and other merchandise not manufactured by you, we will pay:

- a) the Replacement Cost calculated at the time and place of replacement, provided that replacement has been carried out with reasonable dispatch; or
- b) if not replaced, the original cost to you of the Property or the Indemnity Value, whichever is the lesser.

Specific exclusions

We will not pay you under this section 1 for physical loss, destruction or damage caused by, or as a consequence of:

1. heating or any process involving the direct application of heat. This exclusion applies to the item or items immediately affected and does not apply to damage to other Property which results from such heating or any process involving the direct application of heat.
2. action of the sea, tidal wave or high water unless it happens immediately following and is as a result of an earthquake, earth tremor or seismological disturbance under the sea.
3. storm surge – the increase in sea level that usually occurs with an intense storm or cyclone.
4. Flood.
5. fraudulent misappropriation, embezzlement, fraud or dishonest acts committed by you or by any of your employees acting alone or in collusion with any other person or persons, forgery, erasure, counterfeiting.
6. clerical or accounting errors.
7. incorrect siting of Buildings as a result of error in architectural design or specification, faulty workmanship or non-compliance with the requirements of any government, local government or statutory authority.
8. demolitions ordered by government, public or local authorities as a result of your failure or the failure of your agents to comply with any lawful requirement.
9. erosion, subsidence, landslide, collapse or any other movement of earth unless it happens immediately following and is as a result of an earthquake, explosion or a storm, or water leaking or escaping from pipes, gutters, drainpipes or other fixed plumbing apparatus.
10. mechanical, hydraulic, electrical or electronic breakdown, failure, malfunction or derangement of any instrument, machine, device, or temperature controlling equipment.
11. moths, termites, other insects, vermin, rust or oxidation, mould, mildew, Pollution or Contamination, wet or dry rot, corrosion, change of colour, dampness, variations in temperature, evaporation, disease, inherent vice or latent defect, structural defect, loss of weight, change in flavour, texture or finish, stain or smoke from industrial operations.

12. birds or animals that peck, bite, chew or scratch.
13. wear and tear, fading, scratching or marring, gradual deterioration, developing flaws, normal upkeep or making good.
14. error or omission in design, plan or specification, or failure of design.
15. normal settling, seepage, shrinkage or expansion in Buildings or foundations, walls, pavements, roads, and other structural improvements, creeping, heaving, vibration.
16. tree roots.
17. faulty materials or faulty workmanship.
18. legal liability of any nature other than as provided for in section 1.
19. consequential loss of any kind, including, but without limiting the generality of this exclusion, loss due to delay, lack of performance, loss of contract or depreciation in the value of any undamaged property, except as provided for in section 1.
20. the explosion, implosion, rupture, collapse, bursting, cracking or overheating of any boiler (other than a boiler used for domestic purposes), economisers or other pressure equipment, including pipes, valves and other apparatus forming part of these. This exclusion applies to the items immediately affected and does not apply to damage to other Property caused by any of the circumstances referred to in this exclusion.
21. storm, tempest, rainwater, snow, sleet, wind or hail to:
 - a) gates, fences, retaining walls, shadecloth, exterior textile awnings or blinds; or
 - b) Property in the open air, unless such Property is a permanent structure designed to function without the protection of walls or roof.

However, we will pay for such physical loss, destruction or damage to:
 - i. gates, fences, retaining walls, shadecloth, exterior textile awnings or blinds, up to \$20,000 or the amount shown in the Schedule, whichever is greater, in total, any one event; and
 - ii. Contents in the open air at the situation, up to \$7,500 or the amount shown in the Schedule, whichever is greater, in total, any one event.
22. kidnapping, bomb threat, threat of contamination, hoax, extortion or any attempt at any of these.
23. trickery.
24. theft.
25. breakage of glass insured under section 4 of this Policy, or that would have been covered but for the application of a Specific exclusion in section 4 of this Policy.
26. loss, destruction or damage if the Premises become unattended and remain so for any period of more than 60 consecutive days, unless our written agreement to continue cover has been obtained before the loss.

Specific exclusions 2-5, 9-17, 21-25 above apply to the items immediately affected and do not apply to physical loss, destruction or damage to other Property occasioned by a peril not otherwise excluded and caused by any of the circumstances referred to in these exclusions.

See also 'General exclusions' on pages 7 to 8 that apply to all sections.

Special condition

You must comply with the Special Condition noted below otherwise we may not pay your claim under this section 1.

Sprinkler Installations

For any Property in which an automatic sprinkler system is installed and which is owned by you, or where you are responsible for the operation or maintenance of the automatic sprinkler system, you must:

1. Ensure that the Property is protected as required by law by an approved installation of automatic sprinklers, automatic external alarm signal and automatic alarm signal connected with a Fire Brigade Station or other legally approved monitoring organisation.
2. Exercise due diligence to ensure that any system and alarm signal are at all times maintained in good working order.
3. Ensure that such system will be regularly maintained in accordance with Australian Standard AS1851 (Part 3).
4. Notify us, in writing and as soon as reasonably practicable, of any alterations or additions to the automatic sprinkler installation.

See also 'General conditions' on pages 5 to 7 that apply to all sections.

Claims procedure

If something happens which may give rise to a claim under this section 1, you must not:

- a) authorise repairs; or
- b) arrange replacement of; or
- c) alter;

any of the lost, destroyed or damaged Property without our consent unless such repair, replacement or alteration is necessary for safety reasons.

See also 'Claims procedure' on page 9 for details of other obligations you have in the event of a claim.

Section 2

Loss of Income

Introduction

This section forms part of your Policy only if your Schedule shows that you have taken out cover under section 2.

Definitions

When the following words and terms are used in this section 2, they have the meaning set out below.

Adjustment means adjustment as necessary to provide for the trend of the Business and variations in, or other circumstances:

- a) affecting the Business, either before or after the date of the physical loss, destruction or damage; or
- b) which would have affected the Business had the physical loss, destruction or damage not occurred;

so that the adjusted figures represent as nearly as may be reasonably practicable the results that, but for the physical loss, destruction or damage, would have been obtained during the relative period after the physical loss, destruction or damage.

Annual Income means the Income during the 12 months immediately before the date of the physical loss, destruction or damage, after Adjustment.

Income means the total of:

1. the amount receivable by you in accordance with a lease or agreement existing at the time of physical loss, destruction or damage to the Property;
2. the amount paid or payable to you for services rendered; and
3. all other sources of income received in the course of the Business;

less Uninsured Working Expenses.

Indemnity Period means the period beginning with the date of the occurrence of the physical loss, destruction or damage during the Period of Insurance and ending not later than the last day of the indemnity period shown in the Schedule, during which period the results of the Business are affected as a consequence of the physical loss, destruction or damage.

Property means the property at the Situation belonging to you, or for which you are legally responsible or have assumed a responsibility to insure.

Standard Income means the sum representing Income during that period in the 12 months immediately before the date of the physical loss, destruction or damage that corresponds with the Indemnity Period (appropriately adjusted where the Indemnity Period exceeds 12 months), after Adjustment.

Uninsured Working Expenses means the items shown as 'Uninsured Working Expenses in the Schedule.

See also 'General definitions' on page 5 for the meaning of other words and terms that apply to all sections.

Cover

We will cover you if the Business is interrupted or interfered with as a result of physical loss, destruction or damage occurring during the Period of Insurance to:

1. Property insured under any of the following sections of this Policy:
 - a) Section 1 – Property;
 - b) Section 3 – Theft, Money and Rent Default Part A – Theft (of Property other than Money);
 - c) Section 3 – Theft, Money and Rent Default Part B – Money;
 - d) Section 4 – Glass; or
 - e) Section 8 – Machineryfor which a claim has been paid or liability admitted, or such claim would have been paid or liability admitted but for the application of an Excess;
2. Property insured under another insurance policy and:
 - a) the insurer has paid or admitted liability under its policy or would have paid or admitted liability but for the application of an excess; and
 - b) the physical loss, destruction or damage would have been covered under one of the sections of this Policy listed in 1. above had you elected to take out the cover; or
3. Property insured by you under Section 1, as a result of explosion or implosion of boilers (other than boilers used for domestic purposes only), economisers, or vessels under pressure, including their own explosion or implosion.

We will not pay you if any of the matters set out in the 'Specific exclusions' in this section 2 or the 'General exclusions' apply.

Limitation

The most we will pay is the Sum Insured for each item at the Situation shown in your Schedule, less the applicable Excess.

Settlement of claims

We will, after taking into account any sum saved during the Indemnity Period for charges and expenses of the Business that may cease or be reduced in consequence of the interruption or interference, pay you:

Item 1. Loss of Income

- a) The amount by which the Income falls short of the Standard Income during the Indemnity Period as a consequence of the physical loss, destruction or damage, after Adjustment; and
- b) the additional expenditure necessarily and reasonably incurred by you for the sole purpose of avoiding or minimising the reduction in Income during the Indemnity Period in consequence of the physical loss, destruction or damage, but not exceeding the reduction in Income avoided because of that.

Any Income resulting from a salvage sale during the Indemnity Period will not be taken into account when calculating the Loss of Income.

Item 2. Increased Cost of Working

The cost of further expenditure not otherwise payable under this section, necessarily and reasonably incurred during the Indemnity Period in consequence of the physical loss, destruction or damage, for the sole purpose of avoiding or minimising a reduction in Income or resuming or maintaining the normal operation of the Business.

Item 3. Accountants' Fees

The reasonable costs of your accountants and auditors necessarily incurred by you in the Indemnity Period for producing or certifying the bills, accounts or particulars required by us for a claim made under this Section 2.

The most we will pay under this item is \$25,000 or the amount shown in the schedule for accountants' fees, whichever is greater.

Additional benefits

We also cover you for the following Additional Benefits:

1. Reinstatement of Sum Insured

After we have paid a claim for a partial loss under this section, we will reinstate the Sum Insured for the item to the full amount shown in the Schedule from the date of loss, provided you pay or agree to pay any extra premium that applies if required by us.

2. Murder, Suicide or Disease

If loss results from interruption to or interference with the Business due to any of the following occurring in the Period of Insurance:

- a) murder or suicide occurring at or in the immediate vicinity of the Situation;
- b) injury, illness or disease caused by the consumption of food or drink provided and consumed at the Situation;
- c) the outbreak of a human infectious or contagious disease occurring within a 20 kilometre radius of the Situation;
- d) closure or evacuation of your Business at the Situation by order of a government, public or statutory authority consequent upon:
 - 1) the discovery of an organism likely to result in a human infectious or contagious disease at the Situation; or
 - 2) vermin or pests at the Situation; or
 - 3) defects in the drains or other sanitary arrangements at the Situation;

then that loss will be deemed to be in consequence of physical loss, destruction or damage covered under section 1 of this Policy.

We will not cover interruption to or interference with the Business under (c) and (d)(1) of this Additional Benefit in respect of Highly Pathogenic Avian Influenza in Humans or any other diseases declared to be quarantinable diseases under the Quarantine Act 1908.

3. Prevention of Access, Public Utilities, Computer Installations, Commercial Complexes

If loss results from the interruption to or interference with the Business due to physical loss, destruction or damage

occurring in the Period of Insurance to property not owned by you that would have been covered under this section of this Policy, and such property is located:

within 20 kilometres of the Situation, and where such physical loss, destruction or damage prevents or hinders access to, or use of, the Property;

- a) anywhere within Australia, and where such property belongs to or is under the control of suppliers of electric power, gas, communications, water or sewerage reticulation control systems, from which you obtain services, but not for the first 48 hours of any loss;
- b) at computer installations utilised by you anywhere in Australia, including physical loss, destruction or damage to ancillary equipment and data processing media; or
- c) in any commercial complex of which the Business forms a part or in which the Business is contained, and where such physical loss, destruction or damage results in cessation or diminution of trade, including any cessation or diminution of trade due to temporary falling away of custom;

then, for the purpose of this section 2, that loss will be treated as loss resulting from interruption to or interference with the Business due to physical loss, destruction or damage covered under section 1.

4. Documents

If the results of the Business are interrupted or interfered with as a consequence of physical loss, destruction or damage to Documents that belong to you or are held in trust by you that would have been covered under section 1 – Property or Part A of section 3 – Theft, then physical loss, destruction or damage to such Documents while they are in transit or at premises not occupied by you will for the purpose of this section 2, be treated as physical loss, destruction or damage covered by section 1 or Part A of section 3 of this Policy.

Special clauses

1. New Business

If physical loss, destruction or damage occurs before the completion of the first year's trading of your Business, the definition of Annual Income will mean the proportional equivalent, for a period of 12 months, of the actual realised Income.

2. Underinsurance/Average

If at the date of the physical loss, destruction or damage the Sum Insured as shown in the Schedule for Loss of Income at the Situation is less than eighty per cent (80%) of the Annual Income (appropriately increased if the Indemnity Period exceeds 12 months) then we will only pay that portion of the claim which the Sum Insured bears to 80% of the value, in accordance with the formula:

$$\frac{\text{Loss of Income} \times \text{Sum Insured}}{80\% \text{ of Annual Income}}$$

Example:

Where the Annual Income is valued at \$200,000 but only insured for \$100,000 and a loss of \$50,000 occurs, we will pay:

$$\frac{\$50,000 \times \$100,000}{\$160,000} = \$31,250$$

We will not pay \$18,750 of the claim.

This clause will not apply if the loss is less than 10% of the Sum Insured for Loss of Income at the Situation.

Section 3

Theft, Money and Rent Default

This section has 3 Parts:

- Part A – Theft.
- Part B – Money.
- Part C – Rent Default.

Part A

Theft

Introduction

Part A of section 3 forms part of your Policy only if your Schedule shows that you have taken out cover under Part A of section 3.

Definitions

When the following words and terms are used in Part A of section 3, they have the meaning set out below.

Buildings and Contents means all tangible property both real and personal of every kind and description belonging to you, or for which you are legally responsible, or for which you have assumed responsibility to insure prior to the occurrence of any physical loss, destruction or damage.

But Buildings and Contents does not include:

1. Stock;
2. Money;
3. jewellery, furs, bullion, precious metals or precious stones;
4. works of art, antiques and curios other than works of art, antiques and curios that are on the Premises at the time of the physical loss, destruction or damage provided that the most we will pay for all these items is limited to, whichever is the less:
 - (a) \$50,000; or
 - (b) the amount shown in the Schedule;whichever is the greater.
5. any locomotive or rolling stock or watercraft;
6. any aircraft including its accessories and/or spare parts;
7. vehicles or trailers registered or licensed to travel on a public road, provided that we will pay for physical loss, destruction or damage to mobile plant and equipment (but not cars, sedans, panel vans and trucks) not otherwise insured while at the Situation;
8. livestock, animals, birds or fish;
9. standing timber, growing crops and pastures;
10. land, provided that we will pay for physical loss, destruction or damage to structural improvements on or in the land not otherwise excluded in this Part A of section 3;

Endorsements

The following endorsement does not apply automatically. It only applies if you have requested the endorsement and your Schedule has been endorsed by us noting its application.

Underinsurance/Average

Special Clause 2: Underinsurance/Average is deleted.

Exclusions

See the 'General exclusions' on pages 7 to 8 that apply to all sections.

Conditions

See the 'General conditions' on pages 5 to 7 that apply to all sections.

Claims procedure

See 'Claims procedure' on page 9 for details of your obligations in the event of a claim.

11. bridges, canals, roadways and tunnels, railway tracks (unless they are on the Premises), dams and reservoirs (other than tanks) and their contents;
12. property undergoing construction, erection, alteration or addition;
13. empty premises undergoing demolition; and
14. Business records and Documents other than for their value as stationery, except and to the extent provided under Additional Benefit 1 – Rewriting of Records in this Part A of section 3.

Business Hours means your usual trading hours or whilst you or employees authorised by you are on the premises for the purposes of the Business.

Premises means the Buildings and also includes any of its fixed attachments and fixed accessories, but does not include any garden, yard, or open verandah.

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

1. merchandise or materials of trade manufactured, unmanufactured or in the course of manufacture;
2. materials used in manufacture and packing;
3. consignment stock;
4. goods held in trust or on commission;
5. pallets and containers;
6. consumable materials used in the operation of machinery;
7. goods on lay-by, or held for repair or service;
8. and including your liability for customs, excise and other duties which you may become liable to pay as a result of theft of Stock.

See also ‘General definitions’ on page 5 for the meaning of other words and terms that apply to all sections.

Cover

We will pay you for loss of or damage to Property occurring during the Period of Insurance as a direct result of:

1. theft that is consequent upon forcible and violent entry into the Premises;
2. theft, occurring outside Business Hours, by a person having been concealed within the Premises, provided that there is evidence of forcible and violent exit from the Premises; or
3. theft that is consequent upon threat of immediate violence or violent intimidation.

We will not pay you if any of the matters set out in the ‘Specific exclusions’ in Part A of section 3 or the ‘General exclusions’ apply.

Limitation

The most we will pay during any one Period of Insurance is the Sum Insured for the item shown in the Schedule, less the applicable Excess.

Additional benefits

If we agree to pay your claim under this Part A of section 3, we will also cover you for the following Additional Benefits. Any amount we pay for these Additional Benefits is in addition to the Sum Insured.

1. Rewriting of records

If your records or Documents are stolen during the Period of Insurance in circumstances for which a claim is payable under this Part A of section 3, we will pay up to:

- a) \$50,000; or
- a) the amount shown in the Schedule;

whichever is greater, for any one event for the reasonable costs of rewriting, re-installing, replacing or restamping of your records or Documents.

We will also cover your Documents if they are stolen in circumstances for which a claim is payable under this Part A of section 3 when they are away from your Situation but in a building within Australia if you store them in a safety deposit box at a bank or entrust them to your accountant, real estate agent or legal representative.

However:

- a) we will not pay for the value to you of the information on the records or Documents;
- b) we will not pay for reinstatement of electronic data stored or created more than 30 days before the date of the loss, if such data has not been backed up and stored away from the computer site;
- c) the work of rewriting must be commenced and carried out with due diligence, failing which we will not be liable to pay more than the amount we would have been liable to pay had the work of replacing or repairing the item been carried out with such due diligence; and
- d) we will not be liable to make any payment until the cost of rewriting is incurred.

2. Temporary protection and security guards

We will pay up to \$25,000 for any one event for the cost necessarily and reasonably incurred for temporary protection and for employment of security guards to safeguard the Property, pending repair or replacement of the Premises due to physical loss, destruction or damage occurring during the Period of Insurance as a direct result of theft that is consequent upon forcible and violent entry into the Premises for which a claim is payable under this Part A of section 3.

3. Injury during theft

If an injury is suffered by an owner, partner, proprietor or director of your Business, during theft of Property occurring during the Period of Insurance for which we have agreed to pay your claim, and such injury is the sole cause of:

- a) Item 1. death;
- b) Item 2. total and permanent loss of sight in one or both eyes;
- c) Item 3. total and permanent loss of one or both hands or feet;

occurring within 12 months of the owner, partner, proprietor or director sustaining the injury; or

- d) Item 4. temporary or permanent total disablement from attending to usual business;

we will, in respect of that injury, pay to the owner, partner, proprietor or director or his or her legal representative:

- a) For Items 1, 2, and 3: \$10,000, in respect of all injury sustained by any one person during any one theft; or
- b) For Item 4: \$200 per week or 80% of the average weekly earnings of the owner, partner, proprietor or director, whichever is the lesser, up to a maximum period of 13 weeks from the date of sustaining the injury.

However, we will not pay for:

- a) death; or
- b) disablement;

aggravated by, attributable to, or consequent upon any pre-existing physical defect, illness, disease or injury.

4. Reinstatement of Sum Insured

After we have paid a claim for a loss under this Part A of section 3, we will reinstate the Sum Insured for the item to the full amount shown in the Schedule from the date of loss, provided you pay or agree to pay any extra premium that applies if required by us.

Whether or not we have agreed to pay a claim under this Part A of section 3, we will extend your cover to include the following Additional Benefits. Any amount we pay for these Additional Benefits is in addition to the Sum Insured.

5. Property insured temporarily removed

We will pay up to \$10,000 for Contents or Specified Items that are lost or damaged during the Period of Insurance as a direct result of forcible and violent entry into or exit from a building while temporarily removed from the Situation, less any applicable Excess.

However, we will not pay for:

- a) Stock, Money, clothing or personal effects owned by you or by the owners, partners, proprietors, directors or employees of your Business; and
- b) Contents or Specified Items that have been removed from the Premises for a period in excess of 90 days without our written agreement to continue cover.

6. Theft In the open air

We will pay up to \$10,000 for any one event for physical loss or damage to Property (other than tenants' goods) that is lost or damaged during the Period of Insurance as a result of theft without evidence of forcible or violent entry while the Property is at the Situation but outside the Premises.

However, we will not pay for theft by persons that are members of your family, or are persons in your service.

7. Locks and keys

We will pay up to \$5,000 for any one event for the reasonable and necessary cost of:

- a) replacing keys or locks necessary to restore the security at the Premises to the same level of security that existed immediately before the loss; and
- b) temporary protection for the safety of the Property, pending restoration of the security;

if keys are stolen, or there are reasonable grounds to believe that keys have been stolen and duplicated, during the Period of Insurance.

8. Clothing, tools and personal effects

We will pay up to \$5,000 for any one person and a total of \$10,000 for any one event for clothing, tools and personal effects (other than Money) not otherwise insured, belonging to your social clubs, or belonging to the owners, partners, proprietors, directors or employees of your Business that is lost, destroyed or damaged while at the Situation during the Period of Insurance as a direct result of:

- (a) theft that is consequent upon forcible and violent entry into the Premises;
- (b) theft, occurring outside Business Hours, by a person having been concealed within the Premises, provided that there is evidence of forcible and violent exit from the Premises; or
- (c) theft that is consequent upon threat of immediate violence or violent intimidation.

9. Environmental upgrade

If you elect to repair or replace Property (including any part of the Property) that is lost or damaged during the Period of Insurance as a result of theft or attempted theft that is consequent upon forcible and violent entry into the Premises, using, or with, more environmentally friendly technology, products or materials that improve the energy and water efficiency of the Property, we will pay you up to 10% more than the amount we would otherwise have paid to repair or replace the item that is being upgraded.

10. Additional premises – Provisional cover

We will cover you under, and to the extent provided in, Part A of section 3 for all property within Australia that becomes yours after the commencement of the Period of Insurance, for 30 days from the date the property becomes yours (unless the Period of Insurance ends sooner or the property ceases to be yours, whichever occurs first), but the cover is limited to:

- a) the Business; and
- b) the Property.

Full details of the additional property must be supplied to us within 30 days of you first acquiring the property. If we agree to insure the additional property, you must pay or agree to pay any additional premium we ask for. If you do not pay or do not agree to pay the additional premium, we will not pay your claim under this Part A of section We will pay up to:

- a) 10% of the Sum Insured shown in the Schedule for Buildings and Contents; or
- b) \$250,000;

for each item of Buildings and Contents, whichever is the lesser.

11. Home Office Contents

We will pay up to:

- a) \$25,000; or
- b) the amount shown in the Schedule;

whichever is greater, for any one event for loss to you as a result of theft occurring in the Period of Insurance

to Contents, other than those Contents for which cover is available under Additional Benefit 5. Property Insured Temporarily Removed, used for your Business that occurs while the Contents are at the home of the owners, partners, proprietors or directors of your Business.

Endorsements

1. Environmental Upgrade

The percentage amount shown in Clause 9 – Environmental Upgrade is deleted and replaced with the percentage (%) amount shown in the schedule.

Settlement of claims

In the event of a claim for theft covered under this Part A of section 3 for:

1. Buildings and Contents or Specified Items, we will:

- a) where items are destroyed or lost, pay the cost to replace the items with similar items, to a condition equal to but not better or more extensive than the condition when new.
- b) where items are damaged in part only, pay the cost to repair the damage or restore the damaged portion to a condition substantially the same as, but not better or more extensive than, the condition when new.

Specific exclusions

We will not pay you under this Part A of section 3 for:

1. any consequential loss.
2. loss arising out of the sale or delivery of Property for or in consideration of a cheque or negotiable instrument that is subsequently dishonoured.
3. breakage of glass insured under section 4 of this Policy, or that would have been covered but for the application of a Specific exclusion in section 4 of this Policy.
4. loss, destruction or damage to Money.
5. loss, destruction or damage due to, or sustained by or through theft or any attempted theft, or any act of fraud or dishonesty committed by any:
 - a) members of your family; or
 - b) persons in your service, other than physical loss, destruction or damage through theft or any attempted theft committed by persons in your service following forcible and violent entry by such persons to the Premises.
6. loss, destruction or damage if the Premises become unattended and remain so for any period of more than 60 consecutive days, unless our written agreement to continue cover has been obtained before the loss.
7. loss, destruction or damage as a result of trickery.
8. loss, destruction or damage to Buildings and Contents insured under Section 1 of this Policy, or that would have been covered but for the application of a Specific exclusion in Section 1 of this Policy.

See also 'General exclusions' on pages 7 to 8 that apply to all sections.

Conditions

See the 'General conditions' on pages 5 to 7 that apply to all sections.

Claims procedure

See 'Claims procedure' on page 9 for details of your obligations in the event of a claim.

Part B

Money

Introduction

Part B of section 3 forms part of your Policy only if your Schedule shows that you have taken out cover under Part B of section 3.

Definitions

When the following words and terms are used in Part B of section 3, they have the meaning set out below.

Bank means a bank, credit union or similar financial institution.

Business Hours means your usual trading hours or while you or employees authorised by you are on the Premises for the purposes of the Business.

Personal Money means current coin, bank notes, currency notes, cheques, credit card sales vouchers, authorised gift vouchers, securities, negotiable securities, postal orders, money orders, unused postage and revenue stamps, public transport tickets, private transport tickets (other than airline tickets), bridge or highway tokens, car wash tokens, lottery tickets, phone cards and stored value or similar type cards belonging to the owners, partners, proprietors, directors or employees of your Business.

Premises means the Buildings or any part of the Buildings at the Situation used by you for the purpose of the Business but does not include any garden, yard, or open verandah.

Safe means a burglar-resistant container that has been designed to resist fire and attack by hand-held or power-operated tools and has been specifically designed for the storage of Money and valuables.

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

See also 'General definitions' on page 5 for the meaning of other words and terms that apply to all sections.

Cover

We will pay for physical loss, destruction or damage occurring during the Period of Insurance to Money:

- a) in transit to and from the Premises while in your personal custody, or in the custody of persons authorised by you;
- b) while contained in the night safe, night depository chute, or automatic teller machine of a Bank. However, we will not pay for physical loss, damage or destruction to Money in the night safe, night depository chute or automatic teller machine of any Bank after closing time on the next bank business day following the deposit into the night safe, night depository chute or automatic teller machine;
- c) on the Premises during your Business Hours;
- d) on the Premises outside your Business Hours;
- e) on the Premises:
 - i) while in a securely locked Safe or Strongroom; or
 - ii) when removed from the Safe or Strongroom for preparation for banking.However, we will not pay for physical loss, destruction or damage to Money if the Money was removed from a Safe or Strongroom opened by a key or by combination details, either of which have been left on the Premises outside your Business Hours.
- f) in your personal custody, or in the custody of persons authorised by you, while contained in your or their private residence. However:
 - i) the most we will pay for physical loss, destruction or damage to Money while contained in a private residence is \$5,000; and
 - ii) we will not pay for loss, destruction or damage that occurs after Bank closing time on the next Bank business day following the day the Money was first stored at the private residence.

We will only pay for loss, destruction or damage to Money that is discovered within 10 working days of its occurrence.

We will not pay you if any of the matters set out in the 'Specific exclusions' in this Part B of section 3 or the 'General exclusions' apply.

Limitation

The most we will pay during any one Period of Insurance or for any claim arising out of any one event or series of events arising directly or indirectly from one source or original cause, for:

1. Money in your personal custody, or in the custody of persons authorised by you, while contained in your or their private residence is \$5,000; and
2. Money on the premises outside your Business Hours which is not secured in a securely locked safe or strongroom is \$5,000 and
3. all other claims for Money under this Part B of Section 3 is \$50,000.

Additional benefits

If we agree to pay your claim under this Part B of section 3, we will also cover you for the following Additional Benefit.

1. Reinstatement of Sum Insured

After we have paid a claim under this Part B of section 3, we will reinstate the Sum Insured for Money to the full amount shown in the Schedule from the date of loss, provided you pay or agree to pay any extra premium that applies if required by us.

Whether or not we have agreed to pay a claim under this Part B of section 3, we will extend your cover to include the following Additional Benefit. Any amount we pay for this Additional Benefit is in addition to the Sum Insured.

2. Theft by Employee

We will pay up to \$2,000 during any one Period of Insurance for loss of Money from acts of fraud or dishonesty, committed during the Period of Insurance, by an employee or group of employees acting in collusion, provided that:

- a) the employee or employees are charged in connection with the loss; and
- b) you take all reasonable steps to regain possession of the Money.

We will not pay for loss arising from an act of fraud or dishonesty committed by an employee after you have knowledge of, or reasonable cause to suspect, the commission by the employee of an act of fraud or dishonesty, unless when you first obtained knowledge or reasonable cause for suspicion, the Money, the subject of the loss, was in the possession of the employee.

3. Loss of Money in the custody of your real estate agent or other representative

We will pay up to \$5,000 for any one event for loss of Money in the custody of your real estate agent, property manager or legal representative authorised to act on your behalf.

4. Injury During Theft

If an injury is suffered by an owner, partner, proprietor or director of your Business, during theft or attempted theft of Money occurring during the Period of Insurance for which we have agreed to pay your claim, and such injury is the sole cause of:

- a) Item 1: death;
- b) Item 2: total and permanent loss of sight in one or both eyes;
- c) Item 3: total and permanent loss of one or both hands or feet;

occurring within 12 months of the owner, partner, proprietor or director sustaining the injury; or

- d) Item 4: temporary or permanent total disablement from attending to usual business;

we will, in respect of that injury, pay to the owner, partner, proprietor or director or his or her legal representative:

- a) for Items 1, 2, and 3: \$10,000, in respect of all injury sustained by any one person during any one theft or attempted theft; or
- b) for Item 4: \$200 per week or 80% of the average weekly earnings of the owner, partner, proprietor or director, whichever is the lesser, up to a maximum period of 13 weeks from the date of sustaining the injury.

However, we will not pay for:

- a) death; or
- b) disablement;

aggravated by, attributable to, or consequent upon, any pre-existing physical defect, illness, disease or injury.

5. Personal Money

We will pay up to \$2,500 for any one person and a total of \$10,000 for any one event for loss of Personal Money not otherwise insured, that is lost during the Period of Insurance as a result of theft or attempted theft while at the Premises in circumstances for which cover is provided under this Part B of section 3.

Specific exclusions

We will not pay you under Part B of section 3 for:

1. any consequential loss.
2. loss, destruction or damage to Money not discovered within 10 working days of its occurrence.
3. loss arising out of the payment of Money for or in consideration of a cheque or negotiable instrument that is subsequently dishonoured.
4. loss due to shortages resulting from clerical or accounting errors or loss due to errors in receiving or paying out.
5. loss, destruction or damage to Money if the Premises become unattended and remain so for any period of more than 60 consecutive days, unless our written agreement to continue cover has been obtained before the loss.
6. loss, destruction or damage as a result of trickery.
7. loss, destruction or damage to Money from or while in an unattended vehicle.
8. loss, destruction or damage to Money due to ransom or extortion, other than actual assault or the threat of immediate violence to any person on the Premises.
9. loss, destruction or damage that did not occur in the Commonwealth of Australia.

See also 'General exclusions' on pages 7 to 8 that apply to all sections.

Conditions

See the 'General conditions' on pages 10 to 12 that apply to all sections.

Claims procedure

See 'Claims procedure' on page 14 for details of your obligations in the event of a claim.

Part C

Rent default

Introduction

Part C of section 3 forms part of your Policy only if your Schedule shows that you have taken out cover under Part C of section 3.

Definitions

When the following words and terms are used in this Part C of section 3, they have the meaning set out below.

Agent means a person, company or other entity who acts on your behalf and is:

1. a licensed real estate agent;
2. a licensed property manager; or
3. named in the Schedule as an approved property manager.

Lease Agreement means the agreement between you or your Agent and the Tenant detailing the terms and conditions of the lease of the Rental Property. The Lease Agreement must be in writing and state:

1. the term of the lease period; and
2. the amount of Rent.

The Lease Agreement does not include a Period Tenancy Agreement.

Periodic Tenancy Agreement means any agreement that applies when a Tenant continues to occupy the Rental Property after a fixed-term Rental Agreement has expired.

Rent means the amount of money paid, or payable, by the Tenant to lease your Rental Property. The amount is stated in, or determined under, the Lease Agreement.

Rent Default means when a Tenant fails to pay the agreed Rent and is in breach of the Lease Agreement, including when a Tenant leaves without giving the notice required under the Lease Agreement.

Rental Property means the Building at the address shown in the Schedule at the Situation.

Tenant means the person(s), company or other entity named in the Lease Agreement.

Weekly Rent means the amount of Rent payable on a weekly basis. If the amount of Rent is not fixed, it means the total Rent payable by the Tenant during the period of Rent Default divided by the number of weeks in the period.

See also 'General definitions' on page 5 for the meaning of other words and terms that apply to all sections.

Cover

We will pay you for loss of Rent arising from Rent Default occurring during the Period of Insurance if your Tenant:

1. leaves your Rental Property before the end of the tenancy period of your Lease Agreement, without giving you or your Agent notice;

- is legally evicted from your Rental Property; or
- stops paying Rent owed to you or your Agent.

We will only pay a claim for Rent Default if:

- the Tenant breaches your Lease Agreement; and
- you have taken all reasonable steps legally available to you under the relevant State or Territory legislation relating to commercial leases, to remedy non-payment of Rent and evict the Tenant.

Your cover for Rent Default ceases if the Lease Agreement could have been legally terminated by you.

Cover for Rent Default will not apply if the Rent is in arrears at the beginning of the Period of Insurance. This cover will not commence until all Rent arrears have been paid, and the Tenant has paid a minimum of 4 consecutive weeks of the agreed Rent in accordance with the Lease Agreement.

Cover under this Part C of section 3 will stop immediately:

- if your Rental Property is re-tenanted;
- if your Rental Property is not available to be tenanted immediately because of renovations or maintenance work being carried out; or
- when the term of your Lease Agreement ends.

We will not pay you if any of the matters set out in the 'Specific exclusions' in this Part C of section 3 or the 'General exclusions' apply.

Limitation

The most we will pay during any one Period of Insurance for loss of Rent arising from Rent Default is 26 weeks Rent.

Additional benefits

We will also cover you for the following Additional Benefit. Any amount we pay for this Additional Benefit is in addition to the amount we pay for Rent Default.

Legal expenses

We will pay up to \$3,000 for any one event for 50% of the legal expenses you incur to:

- legally evict a Tenant; or
- recover any amount owed to you or your Agent by a Tenant.

However, we will not pay for 50% of legal expenses that you incur solely to recover any loss that is not covered under this Part C of section 3 of the Policy.

You must obtain our written consent before any of the costs are incurred.

Settlement of claims

If your Business suffers loss as a result of Rent Default we will pay you on the following basis:

- For the first 4 weeks –
We will not pay for the first 4 weeks of each occurrence of Rent Default;

- For weeks 5 to 8 –
We will pay 80% of the Weekly Rent multiplied by the number of weeks Rent is in default;
- For weeks 9 to 12 –
We will pay 60% of the Weekly Rent multiplied by the number of weeks Rent is in default;
- For weeks 13 to 16 –
We will pay 40% of the Weekly Rent multiplied by the number of weeks Rent is in default; and
- For weeks 17 to 26 –
We will pay 20% of the Weekly Rent multiplied by the number of weeks of Rent is in default.

Table of amounts payable

Period of Rent Default	Cover
Weeks 1 to 4	No amount payable
Weeks 5 to 12	100% of rental income*
Weeks 13 to 26	75% of rental income*
Weeks 27 and beyond	No amount payable

*Rental income is the Weekly Rent multiplied by the number of weeks that Rent is in default.

Special clause

Underinsurance/Average

If you make a claim for Rent Default and have insured for an amount less than the Actual Weekly Rent Figure, we will only pay that portion of the claim which the Sum Insured bears to the Actual Weekly Rent figure as per the 'Settlement of Claims' clause.

Example:

Actual Weekly Rental \$1,000 for 26 weeks = \$26,000

You insure Actual Weekly Rental of \$500 for 26 weeks. Sum Insured on Schedule = \$13,000 (Underinsurance - Weekly Rent % you decided to insure = 50%)

Loss occurs resulting in 20 weeks Rent Default cover payable.

20 weeks x Actual Weekly Rent (\$500 per week) = \$10,000

Policy Response:

Weeks 1 to 4 Nil Payable

Weeks 5 to 12 = \$1,000 x 100% x 8 weeks = \$8,000

Weeks 13 to 20 = \$1,000 x 75% x 8 weeks = \$6,000

Sub total Payable before application of Underinsurance = \$14,000

Underinsurance - Weekly Rent % you decided to insure = 50%

Rent Default Amount Payable = \$14,000 x 50% = \$7,000

Specific exclusions

We will not pay you under this Part C of section 3 if:

1. your Tenant leaves the Rental Property, with or without notice, and you have failed to rectify a 'Notice of Remedy' breach issued by the Tenant to you.
2. your Tenant has carried on their business in its current form or occupation for less than 12 months.
3. your Rental Property is not managed by:
 - (a) a licensed real estate agent;
 - (b) a licensed property manager; or
 - (c) the person named in the Schedule as an approved property manager.

See also 'General exclusions' on pages 7 to 8 that apply to all sections.

Special conditions

You must comply with the Special Conditions noted below otherwise we may not pay your claim under this Part C of section 3.

1. You must have taken all reasonable steps legally available to you including those available under the relevant State or Territory legislation relating to commercial leases, to remedy non-payment of Rent and evict the Tenant.
2. You must have, if it was possible for you to do so, legally terminated the Rental Agreement.

See also 'General conditions' on pages 5 to 7 that apply to all sections.

Claims procedure

See 'Claims procedure' on page 9 for details of your obligations in the event of a claim.

Section 4 Glass

Introduction

This section forms part of your Policy only if your Schedule shows that you have taken out cover under section 4.

Definitions

When the following words and terms are used in this section 4, they have the meaning set out below.

Breakage means:

1. for plate or sheet Glass or porcelain, a fracture extending through the entire thickness of the Glass or porcelain; and
2. for laminated Glass, a fracture extending through the entire thickness of a lamination but not:
 - a) any other damage or disfiguration; or
 - b) Breakage caused by or in consequence of fire or artificial heat.

Glass means:

1. external fixed glass and any shatter resistant or reflective film affixed to it, forming part of a Building; or
2. ceramic tiled shop fronts, forming part of a Building;
3. internal glass, sinks, wash basins and sanitary ware and mirrors (other than hand mirrors) in a Building; and
4. showcase frames, display cabinets and counter frames in a Building;

but Glass does not include:

- a) glass forming part of stock in trade or merchandise;
- b) glassware, crystal, crockery or china; or
- c) imperfect glass.

See also 'General definitions' on page 5 for the meaning of other words and terms that apply to all sections.

Cover

We will cover you for the Breakage of Glass occurring during the Period of Insurance at the Situation.

We will not pay you if any of the matters set out in the 'Specific Exclusions' in this section 4 or the 'General exclusions' apply

Limitation

Our Liability is limited to the replacement value for Glass, less the applicable Excess.

Additional benefits

We also cover you for the following additional benefits:

1. Additional Expenses

If we agree to pay your claim for Breakage of Glass, we will pay you up to:

- a) \$5,000; or
- b) the amount shown in the Schedule;

whichever is greater, during the Period of Insurance, for the cost of the following expenses incurred by you arising from Breakage of Glass covered by this section 4:

- i) replacing sign writing or ornamentation affixed to the broken glass;
- ii) replacing burglar alarm tape or wiring affixed to the broken glass;
- iii) temporary shuttering, boarding up or other protection reasonably necessary for the safeguarding of the Premises or Contents, pending replacement of the broken glass; and
- iv) replacing damaged window frames and tiled shop fronts.

2. Reinstatement of Sum Insured

After we have paid a claim under this section 4, we will reinstate the Sum Insured for Glass to the full amount shown in the Schedule from the date of loss, provided you pay or agree to pay any extra premium that applies if required by us.

Settlement of claims

In the event of Breakage of Glass covered under this section 4, we will at our option:

1. replace the broken Glass in compliance with the requirements of the Standards Association of Australia and any statutory authority; or
2. pay the cost of replacing the Glass;

to a condition equal to, but not better or more extensive than, its condition when new.

Specific exclusions

We will not pay you under this section 4 in the following circumstances:

1. Unattended Premises

We will not pay a claim where the Premises containing Property are left unattended for any period of more than 60 consecutive days, unless our prior written agreement to continue the cover has been obtained.

2. Tenant's liability

We will not pay a claim for Breakage of Glass for which a tenant is liable under the terms of a lease or similar agreement. However, this exclusion will not apply if the tenant does not have the glass insured or the tenant's claim under their insurance is rejected.

See also 'General exclusions' on pages 7 to 8 that apply to all sections.

Conditions

See the 'General conditions' on pages 5 to 7 that apply to all sections.

Claims procedure

See 'Claims procedure' on page 9 for details of your obligations in the event of a claim.

Section 5

Taxation Audit

Introduction

This section forms part of your Policy only if your Schedule shows that you have taken out cover under section 5.

Definitions

When the following words and terms are used in this section 5, they have the meaning set out below.

Accountant or Registered Tax Agent means a person recognised by either the Institute of Chartered Accountants or the Australian Society of Accountants, or any other person registered by the Australian Taxation Office as a tax agent, but does not mean you or a person working for you under a contract of employment.

Professional Fees means the fees and costs reasonably and necessarily incurred by you and paid to your Accountant or Registered Tax Agent for work undertaken in connection with the audit or investigation.

See also 'General definitions' on page 5 for the meaning of other words and terms that apply to all sections.

Cover

We will pay you up to;

- a) \$5,000; or
- b) the amount shown in the schedule;

whichever is the greater,

for the reasonable and necessary cost of Professional Fees as a result of an:

1. audit; or
2. investigation;

by a federal or state Commissioner of Taxation relating to your liability to pay income tax, payroll tax, land tax, capital gains tax or fringe benefits tax in respect of your Business first notified to you during the Period of Insurance.

We will not pay you if any of the matters set out in the 'Specific exclusions' in this section 5 or the 'General exclusions' apply.

Limitation

Our total liability during the Period of Insurance for all audits or investigations first notified to you during the Period of Insurance will be the Sum Insured shown in your Schedule, less the applicable Excess.

Specific exclusions

We will not pay you under this section 5:

1. or any tax, fines, penalties, court costs or interest.
2. for Professional Fees incurred after completion of the audit or investigation.
3. for Professional Fees incurred after 3 months from when notification of the audit or investigation is first received by you or anyone acting on your behalf.
4. for any claim in respect of an audit or investigation where notice of the audit or investigation, or information concerning the likelihood of the audit or investigation, was first received before the commencement of the Period of Insurance.
5. for any claim 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. If you refuse or fail to comply upon the advice of your Accountant or Registered Tax Agent, your refusal or failure to comply will not be deemed improper, unwarranted or unjustified.
6. for Professional Fees in respect of or arising from an audit or investigation under customs legislation.
7. for any claim in respect of an auditor investigation concerning income sourced or earned outside the Commonwealth of Australia or where the services giving rise to the claim are performed by persons or entities ordinarily resident outside Australia.
8. for any claim arising out of any fraud or fraudulent act or omission committed by you or on your behalf.
9. for any claim arising from an audit or investigation that results from you, or any person acting on your behalf:
 - a) 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
 - b) failing to notify the Commissioner of Taxation without delay.

See also 'General exclusions' on pages 7 to 8 that apply to all sections.

Special conditions

You must comply with the Special Conditions noted below otherwise we may not pay your claim under this section 5.

1. You must lodge all income tax and other returns within the time limits applicable to those returns as prescribed by legislation or within an extension of time granted by a Commissioner of Taxation.
2. You must make full and complete disclosure of all assessable income (including capital gains), as required by any relevant legislation.
3. All taxes must be paid by the due date or within any extension granted by a Commissioner of Taxation.
4. You must make full and complete disclosure of all assessable income (including capital gains), as required by any relevant legislation.

See also 'General conditions' on pages 5 to 7 that apply to all sections.

Claims procedure

If something happens which gives rise, or may give rise, to a claim under this section 5:

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 fees or costs incurred or likely to be incurred in connection with any audit;
3. We or our duly appointed agent may investigate any matter which is or may be the subject of a claim; and
4. You must use reasonable endeavours to ensure that your Accountant or Registered Tax Agent and any lawyer cooperate with us and provide us with any assistance we may require in relation to any claim or matter we wish to pursue with the Commissioner of Taxation in connection with a claim.

See also 'Claims procedure' on page 9 for details of other obligations you have in the event of a claim.

Section 6

Legal Costs for Occupational Health and Safety Breaches

Introduction

This section forms part of your Policy only if your Schedule shows that you have taken out cover under section 6.

Definitions

When the following words and terms are used in this section 6, they have the meaning set out below.

Authorised Legal Representative means a solicitor, barrister, assessor, personal investigator or other person appointed to act on your behalf and approved by us.

Occurrence means an unplanned incident that causes or contributes to Personal Injury or Damage to Property in connection with your Business that occurs during the Period of Insurance.

Personal Injury means:

1. bodily injury, death, sickness, disease, disability; or
2. shock, fright, mental anguish.

Damage to Property means:

1. physical loss, destruction or damage to tangible property; or
2. loss of use of tangible property as a result of physical loss, destruction or damage to tangible property.
3. See also 'General definitions' on pages 9 to 10 for the meaning of other words and terms that apply to all sections.

Cover

We will pay for any reasonable legal costs and expenses you incur in appealing against (including seeking to improve your position in relation to):

1. the imposition of a fine;
2. a prohibition notice; or
3. a determination by any court or tribunal;

under any workplace, occupational health and safety, or similar legislation that arises out of an Occurrence.

We will only pay if the appeal concerns any actual or alleged failure of you to:

- a) provide and maintain a safe working environment and system of work;
- b) maintain plant and equipment in a safe condition;
- c) make arrangements for the safe use, handling, storage and transport of equipment and substances;
- d) provide adequate facilities for the welfare of your employees, contractors or agents; or

- e) provide necessary information, instruction, training and supervision for the welfare or safety of your employees, contractors or agents.

We will only cover you subject to the Special conditions set out on page 29.

Limitation

The most we will pay for any one claim and in the aggregate for all claims, for legal costs and expenses of appeals covered under this section 6 in any one Period of Insurance is \$100,000.

Specific exclusions

We will not pay you under this section 6 for:

1. Legal costs and expenses for appeals relating to:
 - a) proceedings brought by you or on your behalf.
 - b) any proceedings brought by us.
 - c) fines prohibition notices or proceedings, or any other circumstances which may lead to a proceeding, of which you were aware before you first took out your Policy.
 - d) fines, prohibition notices or proceedings that you have not notified to us in accordance with this Policy.
 - e) fines, prohibition notices or proceedings relating to a conflict of your duty or a conflict of your interest.
 - f) fines, prohibition notices or proceedings relating to defamation, slander or libel.
 - g) fines, prohibition notices or proceedings relating to any Occurrence intentionally or recklessly caused by you or the risk of which you deliberately courted.
 - h) fines, prohibition notices or proceedings relating to anything that you or anyone acting for you did, or omitted to do, including fraud or dishonesty.
2. We will not cover you for:
 - a) any penalties, or fine or awards of damages (including aggravated, exemplary or punitive damages) made against you.
 - b) any matter arising out of any insurance cover required by law or that is covered under any insurance cover required by law or would have been covered had that policy been taken out .
 - c) defending legal proceedings without obtaining our prior written consent or in a different way from that advised by your Authorised Legal Representative.
2. any matter where insurance cover is separately available to you within this Policy, even if you do not take out that cover.
3. fees for legal counsel, accountants or any other witness unless we have approved the appointment of such people and agree to the fees prior to the appointment(s) and/or fees being incurred.
4. any legal costs or expenses of others that are awarded against you or you agree to pay.
5. any legal costs or expenses if you withdraw from defending legal proceedings brought against you.
6. See also 'General exclusions' on pages 7 to 8 that apply to all sections.

Special conditions

Any cover we provide under this section 6 is subject to the following Special conditions:

1. You must notify us as soon as possible of any Occurrence.
2. You must forward to us every communication, writ or summons in relation to an Occurrence within 72 hours of you receiving them.
3. You must advise us in writing of your intention to appeal. This advice must be provided to us at least 7 days before the time for making an appeal expires.
4. You must obtain our written consent before you incur any legal costs and expenses.
5. We will only cover you if we consider that there are reasonable prospects of the appeal being successful.
6. We will decide if we agree to you using your proposed legal representative as the Authorised Legal Representative.
7. All Authorised Legal Representatives will act on your behalf.
8. on notice or determination.
9. We reserve the right to:
 - a) take over and conduct in your name the settlement of any appeal.
 - b) refuse to use the legal representative you propose without providing any reason.
 - c) instruct you to terminate the services of the Authorised Legal Representative if we consider it is in your interest to do so.
10. You must provide to the Authorised Legal Representative all required materials available to you.
11. You must provide to the Authorised Legal Representative all assistance they require.
12. You must allow us to obtain information from the Authorised Legal Representative to assist us in managing your claim.
13. You must tell us of an offer to settle an appeal. We may stop paying your legal costs and expenses if you unreasonably do not agree to the settlement. When the Authorised Legal Representative recommends settlement of an appeal and you wish to continue with the appeal, we will only pay the legal costs and expenses incurred up to the date the recommendation was made.

See also 'General conditions' on pages 5 to 7 that apply to all sections.

Claims procedure

When something happens for which you believe you can claim under this section 6, you can:

- a) ask us to nominate a solicitor, or professional advisor; or
- b) propose your own solicitor or professional advisor; to be your Authorised Legal Representative.

See also 'Claims procedure' on page 14 for details of other obligations you have in the event of a claim.

Section 7

Liability

Introduction

This section forms part of your Policy only if your Schedule shows that you have taken out cover under section 7.

Definitions

When the following words and terms are used in this section 7, they have the meaning set out below:

Advertising Injury

injury arising out of:

- a) libel, slander or defamation, or
- b) any infringement of copyright or passing off of title or slogan; or
- c) unfair competition, piracy, idea misappropriation contrary to an implied contract; or
- d) 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.

Aircraft

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

Compensation

monies paid or agreed to be paid by judgment, award or settlement for 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.

Employee

any person who is employed by You and/or in respect of whom You are required to have cover for workers Compensation or similar cover by any workers Compensation legislation.

Employment Practices

any wrongful or unfair dismissal, denial of natural justice, defamation, misleading representation or advertising, harassment or discrimination in respect of Your Employees.

Excess

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 insurance appears in the Policy Schedule. The Excess applies to all amounts for which We will be liable, including the indemnity provided by Defence Costs and Supplementary Payments.

General Liability

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 Limit

- a) anywhere within the Commonwealth of Australia and its external territories
- b) elsewhere in the world but only with respect to:
 - i. overseas business visits by any of Your directors, partners, officers, executives or Employees, who are normally resident in Australia but not where they perform manual work or supervise manual work in North America;
 - ii. Products supplied from the Commonwealth of Australia, but the indemnity granted in relation to such Products shall not apply to claims in respect of Personal Injury and/or Property Damage happening in North America where such Products have been exported to North America with Your knowledge.

Hovercraft

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

Incidental Contracts

- a) any written rental agreement or lease of real or personal property not requiring an obligation to insure such property or be strictly liable regardless of fault.
- 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 done 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 Policy Schedule.

Internet Operations

- a) transfer of computer data or programmes by use of electronic mail systems by You or Your Employees, including for the purpose of this definition only, part-time and temporary staff, contractors and others within Your organisation whether or not such data or programmes contain any malicious or damaging code, including but not limited to Computer virus, worm, logic bomb, or trojan horse,
- b) access through Your network to the world wide web or a public internet site by You or Your Employees, including for the purposes of this definition only, part-time and temporary staff, contractors and others within Your organisation;
- c) access to Your intranet (meaning internal company information and computing resources) which is made available through the world wide web for Your customers or others outside Your organisation; and
- d) the operation and maintenance of Your web site.

Medical Persons

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

Named Insured

- a) the person(s), corporations and/or other organisations specified in the Policy Schedule,
- b) all existing subsidiary and/or controlled corporations (including subsidiaries thereof) of the Named Insured incorporated in the Commonwealth of 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 the Commonwealth of Australia and which are constituted or acquired by the Insured after the commencement of the Period of Insurance.
- 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.

North America

- a) the United States of America and the Dominion of Canada,
- b) any state, territory or protectorate incorporated in, or administered by, the United States of America or the Dominion of Canada; and
- c) any country or territory subject to the laws of the United States of America or the Dominion of Canada.

Occurrence

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

- a) bodily injury, death, sickness, disease, illness, disability, shock, fright, mental anguish and 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 or other invasion of privacy;
- d) libel, slander or defamation of character, 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.

Pollutants

any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapour, soot, fumes, acids, alkalis, chemicals and waste material. 'Waste material' includes materials that are intended to be recycled, reconditioned or reclaimed.

Products

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 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" shall not be deemed to include:

- a) food and beverages supplied by You or on Your behalf primarily to Your Employees as a staff benefit;
- 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

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

- a) 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

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.

Vehicle

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

Watercraft

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

Work Site

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 (where used in this section)

the person(s), companies or firms named on the current Policy Schedule as the 'Insured'. 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 of any such person while accompanying such person on

- any commercial trip or function in connection with Your Business), or work experience persons or volunteers while such persons are acting for or on behalf of the Named Insured 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, 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) 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.

Your Business

the business as described in the Policy Schedule (and, where applicable, as further described in any more specific underwriting information provided to Us at the time when this insurance was negotiated) and shall include:

- a) the ownership of premises and/or the tenancy thereof by You.
- b) the provision of any sponsorships, charities, galas, first aid, medical, ambulance or fire fighting service by You or on Your behalf.

- c) private work undertaken by Your Employees for any of Your directors, partners, proprietors, officers or executives.
- d) 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.

See also 'General definitions' on page 5 for the meaning of other words and terms that apply to all sections.

Cover

We agree (subject to the terms, Claims conditions, General 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 and caused by or arising out of an Occurrence in connection with Your Business.

Defence costs and supplementary payments

With respect to the indemnity provided by this Policy, 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:
 - 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 all charges, expenses and legal costs recoverable from or awarded against You in any such claim or suit and 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 expenses incurred by You for:
 - a) rendering first aid and/or surgical or medical 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.
5. 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 Policy.

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 Policy 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:

- i. the 'Claims preparation costs' provision under 'General conditions',
- ii. the 'Defence costs and supplementary payments' clause above,
- iii. item 4 of Additional Benefit 'Property in your physical and legal control' below,

for General Liability the limit of liability specified in the Policy 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.

For Products Liability the limit of liability specified in the Policy Schedule represents the maximum amount which We shall be liable to pay in respect of any one claim or series of claims, and in the aggregate during any one Period of Insurance.

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

Specific Exclusions

We do not cover any liability:

1. Property owned by You

for Property Damage to property owned by You.

2. 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)

but exclusions (a) and (b) shall not apply to:

c) Personal Injury where:

- i. that compulsory liability insurance or statutory indemnity does not provide indemnity, and
- ii. 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.

- d) 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 premises or on any Work Site

- e) the delivery or collection of goods to or from any Vehicle

- f) the loading or unloading of any Vehicle

- g) any Vehicle temporarily in Your custody or control for the purpose of parking.

3. Aircraft, Hovercraft

for Personal Injury and/or Property Damage arising from:

- a) the ownership, maintenance, operation, or use by You of any Aircraft or Hovercraft,
- b) any property used for the purpose of an airport or any Aircraft landing strip.

4. Aircraft Products

arising out of any Products which an insured person knew or has reasonable cause to believe would be or is intended for incorporation into any critical part, the structure, machinery or controls of any Aircraft.

5. 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 the specific part and only that part of such product to which the damage is directly attributable.

6. Faulty workmanship

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

7. 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 7(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.

8. 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.

9. 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.

10. Pollutants

- a) for Personal Injury and/or Property Damage directly or indirectly arising out of the discharge, dispersal, release or escape of Pollutants into or upon land, the atmosphere or any watercourse or body of water.
- b) for the cost of testing and monitoring for, 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 10(a) and 10(b) shall not apply where such discharge, dispersal, release 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.

11. Advertising Injury

for 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.

12. Breach of professional 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 for Personal Injury and/or Property Damage arising from a breach of duty:

- 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.

13. Property in Your physical or legal control

- a) for damage to property owned by, leased or rented to You;
- b) for damage to property not belonging to You but in Your physical and legal control other than the property described in 'Additional benefit – Property in physical and legal control'.

14. 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 and/or Advertising Injury 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 Policy Schedule or in any endorsement(s) to this Policy.

15. Watercraft

for Personal Injury and/or Property Damage arising from the ownership, maintenance, operation or use by You of any Watercraft exceeding eight (8) metres in length.

Provided that exclusion 15 shall not apply with regard to claims arising out of:

- a) Watercraft used in operations carried out by any independent contractors for whose conduct You may be held liable.
- b) Watercraft owned by others and used by You for business entertainment.

16. 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 its 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 16(a) and 16(b):

- 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.
- 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.

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

for any fines, penalties, punitive, exemplary, aggravated damages and any additional damages resulting from the multiplication of compensatory damages.

18. Information technology hazards, computer data, program and storage media exclusion

- a) for Personal Injury and/or Property Damage and/or Advertising Injury arising directly or indirectly out of, or in any way involving Your internet operations, or
- b) for Property Damage to computer data or programs and their storage media arising directly or indirectly out of or caused by, through or in connection with:
 - i. the use of any computer hardware or software
 - ii. the provision of computer or telecommunication services by You or on Your behalf
 - iii. the use of computer hardware or software belonging to any third party, whether authorised or unauthorised including damage caused by any Computer virus.

But this exclusion does not apply to:

- a) Personal Injury and/or Property Damage and/or Advertising Injury
- b) liability which arises irrespective of the involvement of Your Internet Operations.

Nothing in this exclusion will be construed to extend coverage under this Policy to any liability which would not have been covered in the absence of this exclusion.

19. Libel and slander

for libel and slander:

- 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) incurred by You if Your Business is advertising, broadcasting, publishing or telecasting.

20. 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.

21. Asbestos

for Personal Injury, Property Damage (including loss of use of property) or Advertising Injury directly or indirectly caused by or arising from exposure to asbestos or materials containing asbestos.

22. Design, Specification and Formula

Caused by or arising out of Your making or formulating a design or specification within the domain of the architectural, engineering, scientific, chemical, actuarial, statistical, economic, financial or medical profession.

Provided that Exclusion 22 shall not apply in respect of any formulation of a design or specification in regard to any Products, for which You have not charged a fee for that formulation of a design or specification.

See also 'General exclusions' on pages 7 to 8 that apply to all sections.

Additional benefits

Property in Your physical and legal control

Exclusion 13 will not apply to the following property:

1. premises or part(s) of premises (including their contents) leased or rented to, or temporarily occupied by, You for the purpose of Your Business, but no cover is provided by this Policy if You have assumed the responsibility to insure such premises.
2. a) premises (and/or their contents) temporarily occupied by You for the purpose of carrying out work in connection with Your Business, or
b) 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.
3. 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.
4. any property (except property that You own) not mentioned in clauses 1, 2, 3 and 5 of this additional benefit whilst in Your physical or legal care, custody or control where You have accepted or assumed legal liability for such property. Provided that Our liability under this clause 4 shall not exceed \$100,000 or the amount stated in the Schedule, in respect of any one claim or series of claims arising out of any one Occurrence.

5. 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.

- 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.

Special conditions

Claims

1. Notification of Occurrence, claim or suit

You shall give:

- a) written notice (including facsimile transmission) via Your Steadfast broker, 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 is covered by this Policy.
- 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, 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 Policy.

3. Our rights regarding claims

- a) We may take over and conduct the defence or settlement of any claim or issue legal proceedings for damages. If We do this We will do it in your name. We have full discretion 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:

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 Cover, 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.

Cross liabilities

This insurance extends to indemnify:

1. each of the parties comprising the Named Insured, and
2. 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 1 and 2 of 'Cross liabilities' in respect of claims made by any other of such parties.

Provided always that:

3. each of such parties shall be separately subject to the terms, claims conditions, General conditions, exclusions and definitions of this Policy in the same manner and to a like extent as though separate policies had been issued, and
4. 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 Policy Schedule.

Inspection and audit

We shall be permitted, but not obligated, to inspect Your 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 three (3) years after the final termination of this Policy but only with regard to matters which in Our opinion are relevant to this Policy.

Waiver of subrogation rights

We may not be liable to pay any benefits under this section 7, if You agree or have agreed to limit or exclude any right of recovery against any third party who would be liable to compensate You with respect to that loss, damage or liability however:

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

Release

Where You are required by contractual agreement to release any Government or Public or Local Authority or other Statutory Authority 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 special condition 'Waiver of subrogation rights' of this Policy, We agree to waive all Our rights of subrogation against any such Authority in the event of any Occurrence for which a claim for indemnity may be made under this Policy.

See also 'General conditions' on pages 5 to 7 that apply to all sections.

Section 8 Machinery

Introduction

This section forms part of your Policy only if your Schedule shows that you have taken out cover under section 8.

Definitions

When the following words and terms are used in this section 8, they have the meaning set out below.

Breakdown means sudden and unforeseen physical destruction or physical damage to Machinery which requires repair or replacement to enable the Machinery to operate in the same manner and condition as before the sudden and unforeseen physical destruction or physical damage.

Collapse means unforeseen and unexpected physical destruction, damage, distortion, bending, or crushing of any part of Pressure Equipment, caused by vacuum or reduced pressure in the Pressure Equipment, including damage caused by overheating resulting from insufficiency of water.

Computer or Computers means electronic data processing equipment connected to, and used to control and operate, the Building's mechanical or electrical equipment and includes software programs and Peripheral Equipment.

Data Carrying Media means all disks, tapes, cards or other materials used for storing data.

Explosion means unforeseen and unexpected physical destruction or physical damage caused by sudden and violent rending of the permanent structure of the Pressure Equipment by force of internal steam, gas or fluid pressure (including pressure of ignited flue gases) or vacuum causing displacement of any part of the Pressure Equipment together with forcible ejection of its contents.

Machinery means:

1. the electric, electronic, mechanical or hydraulic machinery;
2. Pressure Equipment; or
3. Computers;

together with associated controls, belonging to you or for which you are responsible or have assumed a responsibility to insure, but Machinery does not include:

1. air conditioning plant utilizing centrifugal compressors or other air conditioning plant which has a rated cooling capacity greater than 20 kw;
2. wiring, fittings and outlet sockets of electric lighting or electric power circuits;
3. office machines (other than Computers) and portable and/or hand-held electronic equipment;
4. telephone and closed circuit television installations;
5. any Mobile Machinery, vessel, craft or thing:
 - a) made or intended to fly, float or travel;
 - b) or stored in or mounted upon such Mobile Machinery, vessel, craft or thing;
6. gaming, gambling, amusement or vending, machinery;

7. coin or card-operated machinery;
 8. audio or visual entertainment equipment; or
 9. Research, diagnostic and electro-medical equipment;
- unless shown in the Schedule as Specified Machinery.

Mobile Machinery means any mechanically operated or driven machine on wheels or self-laid tracks.

Peripheral Equipment means equipment that is:

- a) incidental to the basic operation of; and
- b) (connected to and operating from;
 - a) Computer, including surveillance equipment but not underground lines.

Pollutant means any solid, liquid, gaseous or thermal irritant or contaminant, including but not limited to:

1. smoke, vapour, soot, or fumes;
2. acids, alkalis or chemicals; and
3. waste materials, including material to be recycled, reconditioned or reclaimed.

Pressure Equipment means those parts of the permanent structure of a boiler, pressure vessel, economiser or superheater and attaching pipe systems that are subject to steam, gas or fluid pressure or vacuum.

Specified Machinery means any Machinery owned by you that is specifically described in the Schedule under Specified Machinery while at the Situation.

See also 'General definitions' on page 5 for the meaning of other words and terms that apply to all sections.

Cover

We will cover you for:

1. Breakdown of an item or any part of an item of Machinery or Specified Machinery; and
2. Collapse or Explosion of an item or any part of an item of Pressure Equipment;

for which a Sum Insured is shown in your Schedule while at the Situation during the Period of Insurance.

We will not pay you if any of the matters set out in the 'Specific exclusions' in this section 8 or the 'General exclusions' apply.

Limitation

The most we will pay for Machinery for any claim arising out of any one event or series of events arising directly or indirectly from one source or original cause, is the Sum Insured shown in the Schedule, less any applicable Excess.

The most we will pay for an item of Specified Machinery is the Sum Insured shown on the Schedule for that item, less any applicable Excess.

Additional benefits

If we agree to pay your claim under this section 8, we will also cover you for the following Additional Benefits.

Any amount we pay for these Additional Benefits is in addition to the Sum Insured shown in the Schedule.

1. Additional Costs Associated with Repair

We will pay up to:

- a) \$25,000; or
- b) 50% of the Sum Insured;

whichever is the lesser, for one event for the reasonable expenses necessarily incurred for the reasonable expenses necessarily incurred for:

- a) temporary repairs;
- b) hiring of substitute Machinery;
- c) overtime;
- d) express freight including overseas air freight;
- e) removing, storing and disposing of the residue of damaged Machinery, excluding any Pollutants deposited beyond the boundaries of the Situation.

You must obtain our written consent before any of the expenses are incurred.

We will not pay for:

- a) the costs and expenses for specialists or consultants to travel to or from Australia;
- b) air freight for aircraft specifically chartered for the purpose;
- c) overtime charges that exceed 50% of the cost of carrying out the repairs at ordinary rates;
- d) Breakdown of Machinery, or Explosion or Collapse of Pressure Equipment that has been hired or is on loan to you from a third party.

2. Inflation Protection for Specified Machinery

We will increase the Sum Insured for Specified Machinery at the time of the loss according to the Consumer Price Index multiplied by the proportion that the number of days since the commencement of the Period of Insurance bears to the whole of the Period of Insurance.

3. Consulting Engineers' Fees

After the Sum Insured has been exhausted, we will pay up to \$5,000 for the fees of consulting engineers (excluding fees for preparing a claim) necessarily incurred with our written consent, in the reinstatement of Machinery and Specified Machinery.

Whether or not we have agreed to pay a claim under this section 8, we will extend your cover to include the following Additional Benefit.

Any amount we pay for this Additional Benefit is in addition to the Sum Insured.

4. Cover for Additional Machinery

We will cover you under, and to the extent provided in, this section 8 for Machinery at any one Situation, that is delivered and installed after the commencement of the

Period of Insurance, but not items hired by you, provided that:

- a) the additional Machinery is of a similar type and class as the Machinery described in the Schedule;
- b) the additional Machinery is free from known defects and complies with all applicable statutory requirements;
- c) we will not cover the additional Machinery until it has become your responsibility and has operated satisfactorily at design load, for 8 hours in total;
- d) you must notify us of the additional Machinery in writing within 90 days of the delivery and installation of the additional Machinery; and
- e) you must pay or agree to pay any additional premium we ask for;

If we do not agree to cover the additional Machinery, we will, within 7 days of receiving your notice, give you 7 days' notice that the additional Machinery is unacceptable to us and on expiry of that period the additional Machinery will no longer be covered under this Section 8.

Settlement of claims

In the event of a claim for:

1. Breakdown of Machinery other than Computers

We will, at our option:

- a) repair or replace the damaged items; or
- b) pay the cash equivalent of the costs that would have been incurred if the item had been repaired or replaced.

We will also pay:

- a) the cost of liquids or refrigerant gas or insulating oil necessary to complete the repairs;
- b) the cost of transport and labour; and
- c) the onsite cost of parts.

If it is necessary to replace parts that are unavailable or obsolete, we will not pay more than the estimated cost of replacement of similar parts for similar type of plant currently available.

If similar parts are found to be unobtainable, we will not pay more than the manufacturer's or supplier's latest list price.

2. Breakdown of Computers

- a) Where the Computer can be repaired, we will pay the cost of restoring the damaged Computer to a condition substantially the same as but not better or more extensive than its condition when new.
- b) Where the Computer cannot be repaired, we will pay the cost of replacing the item with a new item, of equivalent make and model, that is compatible with your existing systems and programs.

We will also pay:

- a) the cost of transport and labour;
- b) the onsite cost of parts; and
- c) air freight within Australia.

3. Explosion or Collapse of Pressure Equipment

We will, at our option:

- d) repair or replace the damaged items; or
- e) pay the cash equivalent of the costs that would have been incurred if the item had been repaired or replaced.

If the Pressure Equipment can be repaired, we will pay the cost of repairs necessary to restore the Pressure Equipment to its condition as it was when last working safely before the Explosion or Collapse.

If the Pressure Equipment cannot be repaired at a cost less than the value of a new equivalent unit, we will pay the cost of installing and commissioning replacement Pressure Equipment of equivalent quality and size. If the Pressure Equipment is replaced with equipment that is of a better kind, quality or size, we will only pay the cost that would have been incurred if an exact replacement had been installed.

If the Pressure Equipment is not repaired or replaced within 12 months of the Explosion or Collapse, we will not pay more than the Indemnity Value of the Pressure Equipment immediately prior to the Explosion or Collapse.

We will also pay:

- a) the cost of transport and labour;
- b) the onsite cost of parts; and
- c) air freight within Australia.

If we repair or replace an item of Machinery, we will not pay for the cost of any alterations, improvements, maintenance or overhauls carried out in the course of the repair or replacement.

Specific exclusions

We will not pay you under this section 8 for:

1. consequential financial loss, loss of use, or other indirect loss.
2. liquidated damages or penalties.
3. for delay or detentions.
4. in connection with guarantees of performance or efficiency.
5. repair or replacement necessitated by:
 - a) wasting or wearing out of parts, caused by or resulting from ordinary use or working or gradual deterioration;
 - b) rusting, corrosion, oxidation, cavitation, erosion, or deposits of scale, sludge or other sediment;
 - c) any direct consequences of progressive or continuous influences from working, or from atmospheric or chemical action other than accidental contact with acids or other corrosive substances causing damage that manifests itself within 24 hours of such accidental contact;
 - d) rusting or scratching of painted or polished surfaces;
but we will pay for other physical damage to Machinery insured by this section 8 resulting from such causes.
6. the cost of removal of Machinery from a borehole and subsequent replacement.

7. any increase in the cost of repair or replacement necessitated by compliance with any ordinance or law regulating repair, alterations, construction, installation or operation of the Machinery.
8. in respect of Machinery other than Pressure Equipment:
- a) loss, destruction or damage directly or indirectly caused by or arising from or in consequence of:
- 1) fire resulting from explosion or otherwise, lightning, thunderbolt, spontaneous combustion, fermentation, heating or any process involving the direct application of heat.
 - 2) aircraft or other aerial devices or articles dropped from them, or sonic boom.
 - 3) earthquake, subterranean fire, volcanic eruption, tsunami.
 - 4) storm, tempest, rainwater, snow, sleet, wind, hail, water from or action of the sea, tidal wave, high water, Flood.
 - 5) water, liquids, or substances discharged, overflowing or leaking from apparatus, appliances, pipes or other systems unless such apparatus, appliances, pipes or other systems form part of the Machinery.
 - 6) riots, civil commotions, strikes or locked out workers, or persons taking part in labour disturbances, or acts of vandalism, or acts of any lawfully constituted authority in connection with the foregoing acts, cessation of work whether total or partial.
 - 7) Explosion.
 - 8) attempts by civil authorities to prevent the spread of fire.
 - 9) theft or attempted theft.
 - 10) unexplained inventory shortages or disappearances.
 - 11) unloading on delivery to, or loading prior to dispatch from the Situation.
 - 12) incorrect siting, demolitions ordered by Government or Public or Local Authorities.
 - 13) erosion, subsidence, or collapse or any other movement of earth.
 - 14) testing and commissioning, intentional overloading or experiments.
 - 15) faults or defects known to you or to 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, renewed or reinstated.
 - 16) any process of heat treatment, welding, grinding, cutting, drilling or shaping or the application of tools to the property other than for the purpose of lifting the insured machine or item.
- b) for loss of or physical destruction or damage caused to:
- 1) bits, drills, knives, saw blades, heating elements, fuses, contacts that spark or arc, and electronic valves and tubes, lasers and magnetron units.
 - 2) dies, moulds, patterns, blocks, stamps, punches.
 - 3) coating or engraving on cylinders and rolls.
 - 4) crushing, hammering or grinding surfaces, wear plates, screens, tyres, batteries, burner jets or other parts which by their use and nature, suffer a high rate of wear or gradual deterioration.
 - 5) sieves, flexible pipes, seals, jointing and packing materials, filters, ropes, chains, belts, elevator and conveyor belts or bands, cables (other than electrical conductors) brushes, refractory materials, fire bars, unless as a result of Breakdown.
 - 6) fuels, chemicals, filter substances, heat transfer media, cleansing agents, lubricants, oils, catalysts or other operating materials, including loss or damage to refrigerants or transformer oils due to defective valves, glands, seals, gauges, or loose connections of pipes.
However, we will pay for loss or damage to refrigerants or transformer oils due to breaking of pipes or flared joints.
 - 7) materials in the course of or undergoing processing.
 - 8) foundations and masonry – unless specifically included and described in the Schedule as Specified Machinery.
 - 9) any below ground turbine pump, submersible pump or motor, unless such pump or motor is fitted with an effective pressure or flow cut out switch that will stop the motor if the normal pumping pressure or flow is interrupted.
 - 10) any unattended engine unless the engine is fitted with an effective automatic safety engine monitoring device that stops the engine in the event of a lubricating or cooling fault or failure.
9. in respect of Pressure Equipment: repair or replacement following loss, destruction or damage directly or indirectly caused by or arising from or in consequence of:
- a) wasting or wearing away whether by leakage or corrosion or by the action of the fuel or otherwise;
 - b) slowly developing deformation or distortion;
 - c) cracks, fractures, blisters, lamination separation, flaws or grooving that have not penetrated the entire thickness of the material;
however, these Specific Exclusions 9(a), (b) and (c) will not apply to subsequent Explosion or Collapse.
 - d) Explosion or Collapse of any Pressure Equipment if at the time of the Explosion or Collapse:
 - 1) the load on the safety valve upon the particular Pressure Equipment was in excess of the manufacturer's specification;
 - 2) any safety valve limiting the pressure was removed or rendered inoperative; or
 - 3) the particular Pressure Equipment was not certified in accordance with the applicable Pressure Equipment inspection regulations.
 - (e) loss, destruction or damage to Pressure Equipment where:
 - 1) the Pressure Equipment is operated in an unsafe condition;
 - 2) the Pressure Equipment does not comply with Australian Standards, codes or laws; or
 - 3) an inspection by a competent person has not been carried out in accordance with the applicable Australian Standards, codes or laws.
- See also 'General exclusions' on pages 7 to 8 that apply to all sections.**

Conditions

See 'General conditions' on pages 5 to 7 that apply to all sections.

Claims procedure

If something happens which may give rise to a claim under this section 8, you must:

1. retain all parts of the item of Machinery that has been replaced for inspection by us; and
2. at all reasonable times, permit our representative to inspect the Machinery.

See also 'Claims procedure' on page 9 for details of other obligations you have in the event of a claim.

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