

Annual Project Policy



ABOUT MECON INSURANCE PTY LTD

MECON Insurance Pty Ltd (MECON) A.B.N. 29 059 310 904 and AFSL No. 253106 has established a professional insurance service specialising in providing insurance solutions for construction projects. MECON offers a range of easily understood policies and extensions that are available to meet your requirements.

MECON has been founded on the principles of simplicity, integrity, service and innovation - all supported by experienced and knowledgeable staff.

If you would like any further information about MECON, please visit our website www.mecon.com.au or contact our staff at customerservice@mecon.com.au or by phoning (02) 9252 1040.

MECON administers this Policy on behalf of AIG Australia Pty Ltd as its agent.

ABOUT THE INSURER

This insurance is issued/insured by AIG Australia Limited (AIG), ABN 93 004 727 753, AFSL 381686, Level 19, 2 Park Street, Sydney, NSW 2000.

AIG issues/insures this product pursuant to an Australian Financial Services Licence granted to them by the Australian Securities and Investments Commission.

AIG is the marketing name for the worldwide property-casualty, life and retirement, and general insurance operations of American International Group, Inc. (AIG Inc.) AIG Inc. is a leading international insurance organisation serving customers in more than 100 countries and jurisdictions. AIG Inc. companies serve commercial, institutional, and individual customers through one of the most extensive worldwide property-casualty networks of any insurer. In addition, AIG Inc. companies are leading providers of life insurance and retirement services in the United States. AIG Inc. common stock is listed on the New York Stock Exchange and the Tokyo Stock Exchange.

ABOUT STEADFAST

The Steadfast Group Limited (Steadfast) ABN 98 073 659 677, AFS Licence Number 254928 is a public company. It includes a large network of insurance brokerages who operate in Australia as Steadfast Brokers. This Policy is available exclusively to you through

MECON who is a member of Steadfast acting as agent for AIG under a binder arrangement with AIG. This policy is only available through a Steadfast Broker.

Steadfast Group Limited does not issue, guarantee or underwrite this Policy.

Important Information about Steadfast's advice

Any Advice Steadfast or MECON 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 or MECON'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 and or seek suitable advice from your Steadfast Broker.

GENERAL INFORMATION

Basis of Agreement

Subject to payment of the required premium, we will insure you during the Period of Insurance in the manner and to the extent specified in the Policy.

Other Information

Please refer to the Important Information section which includes contacting MECON, confirming transactions and your duty of disclosure.

Interpretation

The headings of clauses in this Policy are for reference purposes only. No specific meaning can be placed on any heading. References in this Policy to any legislation, statute, regulation, code or other law or a provision of any of them include:

- any amendment, replacement or equivalent of them; and
- any regulation or other statutory instrument made under them, or made under them as amended, replaced or under their equivalent.

Protection of your interests

Over the years, a number of legislative and industry reforms have been introduced that protect the rights of consumers and assist them in their dealings with insurance companies. An example of some of the more important reforms are contained in the:

- Insurance Contracts Act 1984 (Cth)
- *Privacy Amendment (Enhancing Privacy Protection) Act 2012* (Cth)
- *Terrorism Insurance Act 2003* (Cth)
- General Insurance Code of Practice

Please also refer to Important Information.

Your Insurance Policy Information

Your insurance Policy is made up of:

- this document.
- the Schedule (this also tells you who the insurer is).
- any endorsement or notice we give you in writing.
- information supplied to us in submissions made by you or your insurance broker, whether verbal or in writing.

Your Responsibilities

The Insurance Contracts Act 1984 (Cth) requires:

- you to make certain disclosures, and
- both you and the insurer to act with the Utmost Good Faith in relation to, or under, your Policy.

Please refer to Important Information for further information on your Duty of Disclosure and the principle of Utmost Good Faith.

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GLOSSARY OF TERMS

Please read this Glossary first. It will help you to understand the Policy. Defined terms appear (as shown below) throughout the Policy wording.

Advertising Liability means any unintentional:

- a. libel, slander or defamation; or
- b. any infringement of copyright or passing off of title or slogan; or
- c. unfair competition, breach of privacy, idea misappropriation contrary to an implied contract; or
- d. invasion of privacy in any advertisement, public article, broadcast or telecast, caused by or arising out of your advertising activities.

Aircraft means any craft intended to float in or travel through air or space.

Business means performance and administration of any Project to which this insurance applies. It includes such other business as may be shown in the Schedule, the turnover from such business being deemed, for premium adjustment, to be turnover earned from insured Projects. It also includes incidental operations such as the occupation of premises by you (whether or not you own the premises); the operation of any canteen or other facility for the benefit of Employees; internal first aid services; fire brigade services and private work undertaken by Employees for any director or senior executive of yours. For the purpose of Products Liability cover, a "Project to which this insurance applies" includes any completed project of the same type and value as those to which this insurance applies.

Deductible means the amount payable by you shown in the Schedule or elsewhere in the Policy for each claim made (including costs incurred in defence of such claims).

Defects Liability Period means the lesser of the Maximum Defects Liability Period shown in the Schedule and the period specified in the contract for the Project. During the defects liability period, cover under Section One of the Policy is limited to loss or damage that originates from a cause that happens to the Project:

- a. while you are rectifying defects, and /or
- b. during the construction work at the Project site.

Where there is no formal agreement between principal and contractor for a defects liability period, the defects liability period for the purpose of this insurance is nil.

Employee means any person engaged by you under a contract of service or apprenticeship. This includes both statutory and common law employees.

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.

Insurer means AIG Australia Pty Ltd ABN 93 004 727 753 and AFSL No. 381686.

Major Hazard means loss or damage resulting from fire, Storm, Flood, rain, water, landslip, erosion, earthquake, volcanic action, tsunami, subsidence or collapse.

Market Value means cost of replacing lost or damaged property with property of similar age, condition and capacity. This includes any necessary installation and commissioning costs.

MECON means MECON Insurance Pty Ltd ABN. 29 059 310 904 AFSL No. 253106.

Minor Hazard means loss or damage resulting from any cause other than a Major Hazard.

Occurrence means event that you neither expect nor intend. It includes any continued or repeated exposure of people or property to conditions that are generally the same.

Period of Insurance in Section One of the Policy has the following meaning:

a. Annual Turnover Basis:

Where this insurance is shown in the Schedule as being on this basis, the period of insurance begins for any Project at the start of the Policy Period or at the start of the Project, whichever is the later. It ends with Practical Completion, the expiry of the Maximum Project Duration (shown in the Schedule) or at the end of the Policy Period, whichever occurs first. The Defects Liability Period (if applicable) will immediately follow Practical Completion; but only where Practical Completion takes place before the end of the Policy Period. For the purpose of clarification, there will be no Defects Liability Period if Practical Completion takes place after the end of the Policy Period.

b. Project Run-Off Basis:

Where this insurance is shown in the Schedule as being on a Project Run-Off basis, the period of insurance begins for each Project from the date the Project commences during the Policy Period. It ends with Practical Completion or on expiry of the Maximum Project Duration shown in the Schedule, whichever occurs first. The Defects Liability Period (if applicable) will immediately follow Practical Completion but only where Practical Completion takes place before the end of the Maximum Project Duration. For the purpose of clarification, there will be no Defects Liability Period if Practical Completion takes place after the end of the Maximum Project Duration.

Notwithstanding the above, the period of insurance for each part of the Project will end at the time such part of the Project attains Practical Completion or is taken over by the principal or put into service or is a deemed separable portion (or the equivalent) or a certificate of partial completion (or its equivalent) is issued for that part, whichever occurs first. This will be so even if the Project as a whole has not yet attained Practical Completion. The Defects Liability Period (if applicable) for that part will then follow. Where this Policy is not renewed, the insurance does not extend beyond the Policy Period for Contractor's Plant, Tools and Reusable Equipment insured under Item 1.05.

Period of Insurance in Section Two of the Policy has the following meaning:

The period of insurance for all cover (including Annual Turnover Basis, the Business and Products liability) under Section Two is the same as the current Policy Period otherwise as follows:

- a. For Projects insured under Section One on a Project Run-Off Basis the period of insurance begins and ends at the same time as it does for Section One (other than for Products Liability).
- b. In respect of any liability arising out of the use of hired plant, tools or equipment, the period of insurance begins at the start of the current Policy Period or at the start of the hire, whichever is the later. It ends at the end of the current Policy Period or when you have ceased using it, whichever occurs first.

Personal Injury means:

- a. bodily injury, death, sickness, disease, shock, fright, mental anguish or mental injury;
- b. false arrest, false detention, wrongful imprisonment, humiliation or malicious prosecution;
- c. defamation;
- d. wrongful entry or wrongful eviction or other invasion of privacy; or
- e. assault not committed by you or at your direction, unless committed for the purpose of preventing or eliminating danger to people or property.

Policy means this document including the Schedule and any endorsement or notice we give you in writing.

Policy Period means period for which the Policy is in force. The period begins and ends on the dates shown in the Schedule.

Practical Completion means:

- a. the stage when a Project is formally accepted by its owner, or the principal named as such in any contract, as being complete and is handed over to them and up to 90 days after such owner or principal formally accepts the Project as complete, but only if your contract requires this; or
- b. In circumstances where you are a property developer and also the principal, the time a certificate of practical completion or occupancy (or their equivalent) is issued

Product means anything that you have manufactured, grown, extracted, produced, processed, sold, supplied, distributed, repaired, serviced, treated, installed, assembled, erected or constructed in the course of the Business. This includes any packaging and containers. However, none of these things is deemed to be a product until after it has left your physical custody and legal control.

Project means any project covered by this insurance. It includes the performance of work on the project and all property and labour incorporated or to be incorporated in the completed project.

For the avoidance of doubt, a 'project covered by this insurance' is one having a Project value up to, but not exceeding, the aggregate sums insured for Items 1.02 (Maximum Project Value) and 1.06 (Variations and Escalations).

(Note: Exclusions in both Sections of the Policy prevent some types of projects from being insured under this Policy.)

Property in Care, Custody or Control means the whole of the property not owned by you which its third-party owner has entrusted to you to have physical control over and/or safe-keep and/or be responsible for whilst it is so entrusted to you.

Property Loss means:

- a. physical loss of or damage to tangible property; and/or
- b. loss of use of tangible property; resulting from an Occurrence.

Public Liability is the name given to cover under Section Two of this Policy.

Schedule means schedule of cover attaching to and forming part of this Policy.

Storm means a violent weather condition including but not limited to windstorm, cyclone, tornado, thunderstorm, hailstorm, or snowstorm.

Territorial Limit means territorial limit shown as such in the Schedule.

Vehicle means any type of machine on wheels or on self-laid tracks made or intended to be propelled other than by manual or animal power and any trailer made or intended to be drawn by, or attached to, any such machine.

Watercraft means anything made or intended to float or travel on, through or under water.

we, us, our means the insurer and MECON when acting as agent for the Insurer.

you/ your

means you in your capacity as the insured entity specified as the "Insured" in the Schedule and other entities which are included elsewhere in the Policy.

Section One of this Policy also insures the principal named as such in any contract for the performance of an insured Project, but only to the extent of its joint interest in the Project. Accordingly, "you" also means the principal where necessary for that purpose.

Section Two of this Policy also insures the following parties as beneficiaries under this Policy:

- a. any of your directors or Employees while acting as such within the scope of their duties;
- b. any owner or lessee or property developer for whom a Project is performed (together referred to herein as "the principal"), but only for its liability as principal arising out of that Project and only to the extent to which it is not insured for the same loss under any other contract of insurance;
- c. any group apprentice organization or work experience personnel working on the Project site;
- d. any office bearer or member of any of the following organisations formed with your consent:
 - i. any canteen operated for the benefit of your Employees; and
 - ii. any first aid or fire brigade service;

but only while the office bearer or member is acting in their capacity as such.

Accordingly, “you” also means any of the above where necessary to give effect to the insurance.

Note: Our rights to recover off you (sometimes referred to as our “subrogation rights”) are limited to those set out in the General Condition headed Subrogation.

SECTION ONE

MATERIAL DAMAGE

Insurance Provided

1.00 Insuring Clause

We will indemnify you for physical loss or damage to any property insured, within the Territorial Limit and during the Period of Insurance, in respect of:

- a. construction works; and
- b. testing and commissioning cover; and
- c. defects liability cover (if applicable); and
- d. transit and off-site storage and/or construction by you within the Territorial Limits of Project materials off-site.

Cover under this Section of the Policy is subject to all terms of this insurance. Our indemnity will not exceed the sum insured specified on the Schedule or elsewhere in the Policy.

1.01 Sums Insured, Property Insured and Insured Costs

Items 1.02 to 1.12 describe components of the total sum insured and include reference to special conditions related to the sums insured.

1.02 Maximum Project Value

This Item covers the maximum value of any Project that will fall within the scope of this Policy during the Policy Period. It covers all of the property and labour included in the Project’s value. This sum insured is shown in the Schedule

Additional Benefits

1.03 Principal Supplied Materials

This Item covers materials and components supplied by the principal (the value of which is not included in the Project value). This sum insured is shown in the Schedule.

1.04 Existing Structures

This Item covers any structure, which was permanently located on a Project site before the Project work commenced. This sum insured is shown in the Schedule.

1.05 Contractor’s Plant, Tools and Reusable Equipment

This Item covers plant, tools and reusable equipment such as formwork, hoardings, scaffolding and temporary buildings. This includes any plant, tools and reusable equipment for which you are responsible. This sum insured is shown in the Schedule.

1.06 Variations and Escalation

This Item covers the added value of alterations and extensions (usually called ‘variations’) to a Project. It also covers any escalation in the value at risk due to inflation during the Period of Insurance.

Unless a different sum insured appears in the Schedule for this Item, the sum insured will be equal to 20% of the sum insured on Items 1.02 and 1.03. It is available in full for any one loss or series of losses arising out of any one event.

Following physical loss or damage indemnified under clause 1.00, we will, in addition, indemnify you up to the sums insured shown in the Schedule for costs and expenses incurred by you for Items 1.07 to 1.12.

1.07 Removal of Debris

This Item covers the necessary cost of demolishing Project work and disposing of debris following physical loss or damage covered by this insurance.

Unless a different sum insured appears in the Schedule for this Item, the sum insured will be equal to 10% of the sums insured on Items 1.02, 1.03, 1.04 and 1.05.

1.08 Professional Fees

This Item covers professional fees necessarily incurred in reinstating physically lost or damaged property insured on the Project site. The insured fees include those of architects, surveyors and consulting engineers or other similar professional fees, but not fees incurred in preparing claim submissions or negotiating claims.

Unless a different sum insured appears in the Schedule for this Item, the sum insured will be equal to 10% of the sums insured on Items 1.02 and 1.03.

1.09 Expediting Costs

This Item covers the extra cost of expediting the reinstatement of property insured following physical loss or damage to which this insurance applies. The insured costs include those of express delivery, overtime wages, hire of additional labour and equipment and carriage by airfreight. However, cover on the cost of airfreight only applies to the use of licensed airlines operating regular scheduled services. It does not include the use of chartered Aircraft.

Unless a different sum insured appears in the Schedule for this Item, the sum insured will be equal to 5% of the sums insured on Items 1.02, 1.03 and 1.04.

1.10 Mitigation/ Temporary Protection Costs

This Item covers the reasonable cost of taking emergency action to reduce the size of an insured loss. The cover applies to action taken after physical loss or damage has commenced or when it is otherwise imminent and inevitable.

Unless a different sum insured appears in the Schedule for this Item, the sum insured will be equal to 5% of the sums insured on Items 1.02, 1.03 and 1.04. It is available in full for any one loss or series of losses arising out of any one event.

1.11 Leak Search and Repair Costs

This Item covers the cost of searching for and repairing leaks in pipelines that suffered physical loss or damage, but only where the physical loss or damage discovered in the pipeline falls within the scope of cover under this Policy.

Cover under the Item shall be limited to the cost of:

- a. searching for and locating leaks, including the cost of excavation for that purpose;
- b. effecting repairs; and
- c. replacing the excavated material.

The most that we will pay for these costs in total for the Period of Insurance is the sum insured shown in the Schedule for this Item. If no such sum is shown, the most that we will pay for these costs in total for the Period of Insurance is \$250,000 in the aggregate.

1.12 Claims Preparation Costs

This Item covers the costs necessarily incurred by you in the preparation of any claim data and the like requested by us. The most that we will pay for these costs is \$20,000 for each claim.

1.13 Reinstatement of Sums Insured

Where a sum insured is reduced by payment of a claim, it will be automatically reinstated to its original amount. This will take effect from the time of the physical loss or damage. You will have to pay the reasonable extra premium which we require for the reinstatement.

1.14 Testing and Commissioning

This Item covers physical loss or damage occurring during any testing and/or commissioning operations, or pre-commercial operational running, or trial operations to new electrical and mechanical equipment for a period not exceeding four weeks, unless a longer period is specified in the Schedule. Provided that, the testing and commissioning period must be specified in a contract for the Project and will not exceed the lesser of:

- a. the duration specified in that contract; or
- b. the period shown in the Schedule or, if no period is shown in the Schedule, four weeks.

How Premium is Calculated

2.00 Premium is calculated as shown in 2.01 to 2.05 below.

2.01 Annual Turnover Basis

If the insurance is on an Annual Turnover Basis, a deposit premium will be calculated by applying the rate of premium to the estimated annual turnover from all Projects to be insured.

On expiry of the Policy Period, you must complete a declaration form confirming the annual turnover actually earned from Projects. If this is greater than the estimated annual turnover, the premium will be adjusted on the difference. The additional premium will then be payable by you.

If the Schedule shows a different basis for premium adjustment, the different basis will apply instead of the above.

If the turnover from any Project has been omitted from your declaration of annual turnover, that Project is deemed excluded from cover under this Policy.

2.02 Project Run-Off Basis

If the insurance is on a Project Run-Off Basis, a deposit premium will be calculated by applying the rate of premium to the estimated total value of all Projects that you expect to commence during the Policy Period.

On expiry of the Policy Period, you must complete a declaration form confirming the total value of all Projects actually commenced during that period. If this is greater than the estimated total value of Projects expected to have commenced, the premium will be adjusted on the difference. The additional premium will then be payable by you.

If the Schedule shows a different basis for premium adjustment, the different basis will apply instead of the above.

If the value of any Project has been omitted from your estimate or declaration of the total value, that Project is deemed excluded from cover under this Policy.

2.03 Premium for cover under Items 1.03, 1.04 and 1.05 will, at the time of underwriting, be either calculated by applying the rate of premium to the sums insured or will be a fixed premium.

2.04 Premium for cover under Items 1.07, 1.08, 1.09, 1.10, 1.11 and 1.12 is included in the premium specified in clause 2.00. Reducing any automatic sum insured under these Items will not reduce the premium.

2.05 Additional premium will be payable for any optional endorsement that increases the amount of cover.

Basis Upon Which Claims are Paid

3.00 For property insured, other than Plant, Tools, Reusable Equipment insured under Item 1.05, we will pay the cost of reinstating the property insured to a condition the same as but not better than its condition immediately before the physical loss or damage with allowance for any Deductible.

We will not pay more than the sum insured on any lost or damaged property and, although the total Project turnover or value of Projects must be declared at the end of the Period of Insurance (see Item 2.01 or 2.02 above), the sum insured shown in the Schedule at the time loss or damage happens will be used to adjust the claim for that loss or damage. Where appropriate, your reasonable mark-up or margin applicable to the Project will be included in any settlement.

3.01 Where property insured has been destroyed and you have been fully indemnified for it, any remaining salvage value of that property will belong to us.

3.02 If the physical loss or damage happens to Plant, Tools, Reusable Equipment insured under Item 1.05, payment will be based on the lesser of the Market Value of such property insured and the cost of repair unless such property is not more than 24 months past its purchase date when new, in which case we will pay the lesser of the current new replacement value of such property or the cost to repair such property.

3.03 Physical loss or damage resulting from earthquake, fire, water, rain, landslip, erosion, subsidence, collapse, Storm or Flood during any period of ninety-six consecutive hours will be deemed one event of physical loss or damage for the purpose

of applying a Deductible. You may choose the time at which a 96-hour period commences, but no two periods may overlap.

3.04 Where you have effected separate “marine cargo insurance”, in the event of physical loss or damage to property insured being discovered after the marine voyage has terminated under such marine cargo insurance, and if after proper investigation it is not possible to ascertain whether such physical loss or damage happened prior to the termination of the marine voyage, or subsequently, we will contribute 50% of the properly adjusted claim, provided that the marine cargo insurers also agree to contribute 50% of the claim. Such contribution to be without prejudice to subsequent final apportionment of the claim as may be agreed between us and the marine cargo insurers in the light of the terms and conditions of the respective policies.

It is further agreed that in the event of the Deductible under this Policy being different from the deductible/excess under the marine cargo insurance policy, in settling claims as described above, each insurer shall deduct 50% of its deductible/excess from its 50% share of the adjusted claim.

3.05 Where the property insured sustains physical loss or damage, which we deem to be total, but the foundations are not destroyed, and due to the exercising of statutory powers and/or delegated legislation and/or authority by Government Department, Local Government or any other Statutory Authority reinstatement of the Project has to be carried out upon another site, then the abandoned foundations will be deemed to be lost too.

3.06 This insurance does not cover the cost of any modification or improvement made to property insured during its reinstatement following physical loss or damage.

Section One - Exclusions

4.00 Cover under Section One of the Policy is subject to the following exclusions.

4.01 Breakdown

This insurance does not cover loss or damage caused to:

- a. secondhand machinery forming part of the Project; or
- b. any plant, tools or reusable equipment;

through its own mechanical, electrical or electronic breakdown, failure or derangement.

4.02 Cessation of Work

This insurance does not cover loss or damage happening to the Project if no physical building work has been carried out on it for more than sixty consecutive days unless, prior to or during the sixty days, you have notified us that you require cover to continue and you have received our written acceptance of extended cover.

4.03 Consequential Loss

This insurance does not cover consequential financial loss such as any penalty, any loss due to delay, lack of performance or loss of contract, or any liquidated damages.

4.04 Design, Material and Workmanship

This Policy excludes loss of or damage to and the cost necessary to replace, repair or rectify:

- a. any component part or individual item of property insured which is defective in design plan specification materials or workmanship;
- b. property insured lost or damaged to enable replacement repair or rectification of property insured excluded by a. above.

Note: a. above shall not apply to other parts or items of property insured which are free from defect but are lost or damaged in consequence thereof.

For the purpose of the Policy and not merely this exclusion, property insured shall not be regarded as lost or damaged solely by virtue of the existence of any defect in design plan specification materials or workmanship in the property insured or any part thereof. Despite anything in this exclusion to the contrary, the cost of removal and disposal of undamaged parts of the Project necessary to enable the lost or damaged parts of the Project to be replaced, repaired or rectified are covered up to \$100,000 for any one claim event.

4.05 Inventory

This insurance does not cover loss that is discovered only by taking an inventory unless you can prove the time and cause of the loss.

4.06 Ocean Shipment

This insurance does not cover loss or damage arising during transit by sea unless the shipment is by barge or roll-on, roll-off ferry in coastal waters within the Territorial Limit.

4.07 Paper Records and Money

This insurance does not cover loss of or damage to paper records, including but not limited to files, drawings, accounts, deeds, bills and evidence of debt. Nor does this insurance cover loss of or damage to any currency, money, stamps, securities or cheques.

For the avoidance of doubt, loss of money includes that money paid to a supplier for services, goods or materials which the supplier fails to supply to you, unless the cause of non-supply is sudden and accidental physical damage to such goods or materials.

Despite this exclusion, costs (including overtime working or research) in re-writing or re-drawing or re-creating plans and drawings or other contract documents or data including computer data as a result of loss or damage are covered by the Policy. Unless another amount is shown in the Schedule, the maximum amount payable for these items is \$20,000.

4.08 Vehicles, Watercraft and Aircraft

This insurance does not cover loss of or damage to any Vehicle licensed for general road use, nor to any Watercraft longer than 10 metres, nor to any Aircraft. The Policy does not cover contractor’s plant at all unless a sum insured is shown for it in Item 1.05.

4.09 Wear and Tear, Corrosion and Deterioration

This insurance does not cover the cost of repairing or replacing any part due to:

- a. its wear and tear; or
- b. any corrosion or oxidation of that part howsoever caused; or
- c. deterioration of any part that is due to lack of use or normal atmospheric conditions.

SECTION TWO

PUBLIC LIABILITY

Insurance Provided

5.00 Insuring Clause

We will indemnify you for all sums that you become legally liable to pay as compensation for Personal Injury and/or Property Loss and/or Advertising Liability (referred to as 'Liability' in Section Two) that:

- a. happens within the Territorial Limit during the Period of Insurance; and
- b. results from an Occurrence in connection with the Business.

Cover under this Section of the Policy is subject to all terms of this insurance in so far as they can apply.

5.01 We will also indemnify you for the following costs, but only if they are incurred by us or with our consent - which will not be unreasonably withheld. Cover for these costs is in addition to the Limit of Indemnity shown in the Schedule.

- a. Defence and associated costs incurred in connection with any Liability or allegation of Liability to which this insurance applies, even if the allegation is groundless, false or fraudulent. This includes bringing or defending appeals in connection with such Liability.
- b. The cost of temporary repairs undertaken to prevent any immediate threat of Property Loss or Personal Injury.
- c. Legal costs incurred at any coronial inquest or inquiry.
- d. The costs of rendering first aid, surgical or medical relief at the time of any Personal Injury.
- e. The costs necessarily incurred by you in the preparation of any claim data and the like requested by us. The most that we will pay for these costs is \$20,000 for each claim.

Limit and Type of Liability

6.00 Except where stated to the contrary, and subject to Items 5.00 and 5.01, our indemnity shall not exceed the Limit of Indemnity shown in the Schedule for each Item. Where a Limit of Indemnity is shown in the Schedule as "each and every Occurrence", the Limit of Indemnity will be automatically reinstated to its original amount as and when we make any indemnity payment in relation to such Item. Provided we have agreed to indemnify you, such reinstatement will take effect from the time of the Occurrence. Where a Limit of Indemnity is shown in the Schedule as "aggregate in the Policy Period", such limits will not be reinstated unless, and until, additional premium has been paid to reinstate these limits as determined by us.

6.01 Public Liability

Apart from the costs covered by Item 5.01, the Limit of Indemnity under this Item is the most that we will pay for all Liability arising out of an Occurrence. The limit is available in full for each Occurrence.

6.02 Products Liability

The Limit of Indemnity under this Item applies to Liability caused by or arising out of your Products. It is the most we will pay in the aggregate for Liability caused by or arising out of your Products during the Policy Period.

6.03 Vibration, Weakening or the Removal of Support

The Limit of Indemnity under this Item applies to Liability caused by or arising from vibration, or the weakening or removal of any support. It is the most we will pay in the aggregate for all Liability caused by or arising out of vibration, weakening or removal of support during the Policy Period.

6.04 Property in Care, Custody or Control

The Limit of Indemnity under this Item applies to liability for Property Loss to Property in Care, Custody or Control. It is the most that we will pay for in the aggregate for all liability for such Property Loss during the Policy Period.

How Premium Is Calculated

7.00 Premium is calculated as shown in 7.01 to 7.03 below.

7.01 Annual Turnover Basis

If the insurance is on an Annual Turnover Basis, a deposit premium will be calculated by applying the rate of premium to the estimated annual turnover from all Projects to be insured.

On expiry of the Policy Period, you must complete a declaration form confirming the annual turnover actually earned from Projects. If this is greater than the estimated annual turnover, or, total value of Projects actually commenced, the premium will be adjusted on the difference. The additional premium will then be payable by you.

If the Schedule shows a different basis for premium adjustment, the different basis will apply instead of the above.

If the turnover from any Project has been omitted from your declaration of annual turnover, that Project is deemed excluded from cover under this Policy.

7.02 Project Run-Off Basis

If the insurance is on a Project Run-Off Basis, a deposit premium will be calculated by applying the rate of premium to the estimated total value of all Projects that you expect to commence during the Policy Period.

On expiry of the Policy Period, you must complete a declaration form confirming the total value of all Projects actually commenced during that period. If this is greater than the estimated total value of Projects expected to have commenced, the premium will be adjusted on the difference. The additional premium will then be payable by you.

If the Schedule shows a different basis for premium adjustment, the different basis will apply instead of the above.

If the value of any Project has been omitted from your estimate or declaration of the total value, that Project is deemed excluded from cover under this Policy.

7.03 For cover under Items 6.03 and 6.04, the premium is either a fixed premium or it is calculated by applying the rate of premium to the applicable Limit of Indemnity.

Section Two - Exclusions

8.00 Cover under Section Two is subject to the following exclusions.

8.01 Asbestos

This insurance does not cover any loss, damage, Liability or cost connected in any way with asbestos, or with any product or material containing asbestos.

8.02 Contract or Agreement

This insurance does not cover Liability that you have assumed under any contract or agreement requiring you to:

- a. effect insurance over property, either real or personal; or
- b. accept Liability regardless of fault.
However, this does not apply to:
 - i. Liability that would have been implied by law in the absence of such contract or agreement; or
 - ii. Liability assumed under incidental contracts; or
 - iii. terms relating to merchantability, quality, fitness or care of Products which are implied by law or statute; or
 - iv. Liability assumed under construction contracts; or
 - v. Liability assumed under contracts shown on the Schedule.

“Incidental contracts” means any rental or lease agreement, any written contract with any authority (or entity) for the supply of electricity, fuel, gas, air, steam, water or sewerage reticulation or other essential services, or with any railway authority for the unloading and/or transport of material, including contracts relating to the operation of railway sidings. It does not include contracts in connection with work done for such authorities or entities.

8.03 Defamation

This insurance does not cover Liability arising out of defamation:

- a. made before the beginning of the Period of Insurance; or
- b. made by you or at your direction if you could reasonably have known that it was false or unlawful.

8.04 Demolition

This insurance does not cover Liability arising directly or indirectly out of demolition work on any structure over 15 metres high. This does not apply to internal demolition work on non-structural property.

If the Schedule says that demolition work is insured, the exclusion will not apply to that work to the extent that the Schedule says it is insured.

8.05 Explosives

This insurance does not cover Liability arising directly or indirectly out of any blasting operation or the handling or use of explosives.

If the Schedule says that any of this work is insured, the exclusion will not apply to that work to the extent that the Schedule says it is insured.

8.06 Loss of Use

This insurance does not cover Liability for loss of use of any property that has not been physically lost or damaged resulting from:

- a. any delay in or lack of your performance of Project work; or
- b. any design defect; or
- c. your failure to comply with any Project specification.

8.07 Penalties and Damages

This insurance does not cover Liability for any:

- a. aggravated, punitive or exemplary damages; or
- b. any fine; or
- c. any liquidated damages or a penalty imposed under the terms of any contract, warranty or agreement.

8.08 Personal Injury to Employees

- a. This insurance does not cover liability for Personal Injury to any Employee arising directly or indirectly out of their employment in the Business.
- b. This insurance does not cover any claim arising under workers' compensation legislation or under any industrial award or agreement or determination.
- c. This insurance does not cover any claim that is within the scope of compulsory workers' compensation insurance, even if the compulsory insurance has not been taken out.

8.09 Pollution

This insurance does not cover Liability:

- a. arising directly or indirectly out of the discharge, dispersal, release or escape of any Pollutant; or
- b. for cost incurred in removing, nullifying or cleaning up any Pollutant; or
- c. for cost of preventing the escape of any Pollutant.

However, this exclusion does not apply where the discharge, dispersal, release or escape results from a sudden identifiable event:

- i. that you neither expected nor intended; and
- ii. that took place in its entirety at a specific time and place.

‘Pollutant’ means any solid, liquid, gaseous, biological or thermal irritant or contaminant, including but not limited to dust, smoke, vapour, soot, fumes, chemicals, organisms or waste. “Waste” includes but is not limited to any material destined to be recycled, reconditioned or reclaimed.

8.10 Professional Services

This insurance does not cover Liability arising:

- a. out of the rendering of or failure to render professional advice or service by you for a fee, or any error or omission connected with such professional advice or service; or
- b. in connection with any confirmation of compliance required under the Design and Building Practitioners Act (2020) or any amendment or replacement of that Act.

8.11 Project

This insurance does not cover liability for Property Loss to:

- a. any property under construction on a site where you are or have been working, or
- b. any property that is insured under Section One of the Policy, or
- c. that part of any Product containing a defect and any costs incurred to correct that defect.

For the avoidance of doubt, structures that were used or occupied prior to any work (by you or by any others) commencing on the site do not constitute such property.

However, if applicable, coverage for such structures will only be in excess of the sum insured specified in Section One for Item 1.04 (Existing Structures).

8.12 Property in Care, Custody or Control

This insurance does not cover any liability for Property Loss to property in Care, Custody or Control in respect of Property Loss:

- a. caused to the part of such property by work that you have done on that part.
However, this exclusion does not apply whilst such property which is being worked on is on a hook or whilst being lifted, lowered, positioned, re-positioned, located or re-located by means of a crane or any other similar mechanical lifting device.
Further, the Limit of Indemnity available for liability in connection with such Property Loss will be that shown in the Schedule for Item 6.04 (Property in Care, Custody or Control); and/or
- b. to any Vehicle with a Market Value greater than \$100,000; and/or
- c. to any property owned by any of your relatives or by anyone who normally resides with you.

For the avoidance of doubt, exclusion 8.15 (Vehicles) applies to any Vehicle.

8.13 Schedule Items

This insurance only applies to Items with a Limit of Indemnity set against them in the Schedule. This applies to Liability under each of the following headings:

- a. Public Liability; and
- b. Products Liability; and
- c. Vibration, Weakening or the Removal of Support; and
- d. Property in Care, Custody or Control.

Items with no Limit of Indemnity set against them are excluded from cover.

8.14 Underground Services

This insurance does not cover liability for Property Loss to any underground pipe or cable unless you can show that:

- a. you obtained written details or plans of its position from the appropriate authority; and
- b. using that detail or plan, you took reasonable care to locate the position of the pipe or cable.

8.15 Vehicles

This insurance does not cover Liability directly or indirectly arising out of the use of any Vehicle that is required by law to be:

- a. registered for road use; or
- b. insured for third party bodily injury liability.

However, where the Vehicle is unregistered (or is registered but the third-party bodily injury liability insurance has been effected but does not apply) and is, at the time of Occurrence:

- a. on or within 100 meters of the site where it is, or has been working; or
 - b. within 100 meters of the place where it is normally stored;
- this exclusion will not apply.

8.16 Watercraft or Aircraft

This insurance does not cover Liability arising directly or indirectly out of the ownership, use or operation of:

- a. any Watercraft exceeding 10 metres in length; or
- b. any Aircraft.

GENERAL EXCLUSIONS

9.00 The following exclusions apply to cover under both Sections of the Policy.

9.01 Aluminium Composite Panelling

Despite anything contained in the Policy to the contrary, this insurance does not cover any loss or damage or Liability or cost in connection with the combustion of ACP where such combustion directly or indirectly results from, or is exacerbated by, or due to the application of heat:

- i. from any source connected with a Project, or
- ii. connected with, from or due to anyone allowed on the Project site.

For the avoidance of doubt, “the Project site” does not include other tenancies or common areas in a complex where the Project is being undertaken.

For the purpose of this exclusion only, “ACP” means Aluminium Composite Panelling of a type which is not approved by relevant authorities for use in new construction work.

9.02 Communicable Disease

- a. Notwithstanding any provision to the contrary within this insurance, this Policy does not insure any loss, damage, Liability, cost or expense of whatsoever nature directly or indirectly caused by, contributed to by, resulting from, arising out of, or in connection with a Communicable Disease or the fear or threat (whether actual or perceived) of a Communicable Disease regardless of any other cause or event contributing concurrently or in any other sequence thereto.
- b. As used herein, a Communicable Disease means any disease which can be transmitted by means of any substance or agent from any organism to another organism where:
 - i. the substance or agent includes, but is not limited to, a virus, bacterium, parasite or other organism or any variation thereof, whether deemed living or not, and
 - ii. the method of transmission, whether direct or indirect, includes but is not limited to, airborne transmission, bodily fluid transmission, transmission from or to any surface or object, solid, liquid or gas or between organisms, and
 - iii. the disease, substance or agent can cause or threaten bodily injury, illness, damage to human health, human welfare or property.

9.03 Electronic Data

This Policy does not cover any loss or damage or Liability or cost arising in connection with Electronic Data. However, this does not apply to cover under Section One where the loss is a direct consequence of loss or damage to property insured.

‘Electronic Data’ means data that can be, or has been, distributed or stored by electronic, electrical or electro-mechanical equipment and includes programs, software and coded instructions for such equipment.

9.04 Fungus, Mildew and Mould

This Policy does not cover any loss or damage or Liability or cost directly or indirectly connected with any type of biological contaminant, including but not limited to any kind of fungus and any substance produced by, emanating from, or arising out of any fungus.

9.05 Insurance Sanctions

If, by virtue of any law or regulation which is applicable to us, our parent companies or our ultimate controlling entity, at the inception of this Policy or at any time thereafter, providing coverage to you is or would be unlawful because it breaches an applicable embargo or sanction, we will provide no coverage and have no liability whatsoever nor provide any defense to you or make any payment of defense costs or provide any form of security on your behalf, to the extent that it would be in breach of such embargo or sanction.

9.06 Internet Operations

This Policy does not cover any loss or damage or Liability or cost directly or indirectly caused by or arising from your Internet Operations.

“Internet Operations” means any of the following:

- a. the use of any electronic mail system by you or by anyone else at your order or with your consent; or
- b. access through your network to the World Wide Web or a public Internet site by you or by anyone else at your order or with your consent; or
- c. access to your internal company information and computing resources that is made available through the World Wide Web; or
- d. the operation and maintenance of your web site.

This exclusion will not apply to loss or damage or Liability arising out of any material reproduced on your web site that is already in print by a manufacturer in support of its products. However, the exclusion will apply to any other advice or information located on your website for the purpose of attracting customers.

9.07 Other Insurance

- a. If you make a claim under this Policy in respect of an Occurrence or an event recoverable under this Policy which claim is, or may be, covered in whole or in part by any other contract of insurance, then you must advise us of the full details of such other insurance when making a claim under this Policy.
- b. Despite anything contained in this Policy to the contrary, where you have effected any other contract of insurance or are a beneficiary under any other contract of insurance or where any third party beneficiary under this Policy has entered into any other contract of insurance and/or has effected any other contract of insurance which but for the existence of this Policy would cover any claim under this Policy

then we shall in respect of such claim not be liable to pay any amount except to the extent that the amount of such claim exceeds the amount payable under such other contract of insurance.

- c. This exclusion shall not operate in respect of a claim by you where you are a contracting party to, or has entered into, this Policy and where you are also a contracting party to, or has entered into, the other contract of insurance.

9.08 Radioactive Contamination

This Policy does not cover any loss or damage or Liability or cost directly or indirectly caused by, or contributed to, or arising from:

- a. ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion or fission of nuclear fuel; or
- b. radio-active toxic explosive or other hazardous properties of any nuclear assembly or nuclear component thereof.

9.09 Terrorism

This insurance does not cover any loss or damage or Liability or cost of any nature directly or indirectly caused by, resulting from or in connection with any act of Terrorism regardless of any other contributing cause or event.

For the purpose of this exclusion, “Terrorism” means an act, including but not limited to the use or threat of force, or violence by any person or group of people, whether acting alone or on behalf of or in connection with any organisation or government which, from its nature or context, is committed for, or in connection with, political, religious, ideological, ethnic or similar purposes or reasons, including the intention to influence any government or put the public or any section of the public in fear.

This insurance also excludes any loss or damage or Liability or cost of any nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to any act of Terrorism.

9.10 War

This Policy does not cover any loss or damage or Liability or cost of any nature directly or indirectly caused by, resulting from or in connection with or in consequence of war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, or military or usurped power.

GENERAL CONDITIONS

10.00 The following General Conditions apply to the Policy. The General Conditions impact the way the Policy works and if you fail to fulfil your obligations under them, or under any other term of the Policy, it may have an adverse effect on the cover provided to you or your claim under the Policy.

10.01 Admission of Liability

This condition applies to insurance under Section Two. Unless you have obtained our prior written consent, neither you nor any of your Employees may:

- a. admit liability or guilt in connection with any Occurrence; or
- b. do anything that might be seen as an admission of liability or guilt unless permissible in law; or

- c. settle any third-party claim, even though it may be within the amount of the Deductible.

10.02 Alteration of Risk

You must immediately advise us of any alteration to the type, maximum value or duration of Projects or to the description of Business or other information that differs from that which you or your insurance adviser previously disclosed to us.

10.03 Cancellation

The Policy may be cancelled:

- a. by you at any time by giving notice to us in writing. The cancellation will take effect from the date we receive your notice. Unless the premium is minimum and deposit, you will be entitled to a pro rata refund of premium for any unused Period of Insurance, less 20% for our costs.
- b. by us in accordance with the provisions of the *Insurance Contracts Act 1984* (Cth) and its amendments. You are entitled to a pro rata refund of premium for any unused Period of Insurance.

The Policy will automatically be terminated from the time your Business is wound up or carried on by a liquidator, receiver, administrator or is permanently discontinued.

10.04 Claim Conduct

If any loss or damage or allegation of liability occurs that may give rise to a claim under this Policy, you must:

- a. inform us of this as soon as you can; and
- b. provide such written documents and information as we may reasonably require; and
- c. take all steps within your power to minimise the extent of loss or damage or liability; and
- d. where reasonably possible, preserve any property affected and make it available for MECON or its representatives; and
- e. inform the Police if the loss or damage has been caused by any malicious act, theft or other crime; and
- f. forward to us every letter, writ, summons and process in relation to your claim as soon as you receive it; and
- g. advise us in writing as soon as you receive notice of any prosecution or inquest that involves you and is relevant to your claim; and
- h. provide any assistance that we may reasonably require.

10.05 Cross Liability

Each party insured under Section Two of this Policy will be insured as if a separate Policy had been issued to each. Accordingly, each party will be insured for their liability to any other party. However, this does not increase any Limit of Indemnity. A Limit of Indemnity applies to all of the insured parties collectively (this paragraph or its equivalent is known as a "Cross Liability" clause).

10.06 Fraud

If you make a claim that is fraudulent, we may by law have the right to cancel this Policy and may seek legal recourse against you.

10.07 Inspection

You must allow us or our representative, after reasonable notice to you and at an arranged time, to inspect any property insured and to review any financial or other records where it is reasonably required for this insurance or a claim under it.

10.08 Subrogation

If you have a right to recover your loss from any other party, then, on accepting liability under this Policy, we will be entitled to exercise that right in your name and to its own benefit. This is called 'subrogation'. You must fully co-operate with us in exercising that right. If you are the other party, we will not exercise subrogation against you as long as you have not forfeited your right to indemnity under this Policy.

IMPORTANT INFORMATION

Contacting Us and Confirming Transactions

You can contact MECON by:

Telephone: (02) 9252 1040

E-mail: customerservice@mecon.com.au

By Post: PO Box R1789 Royal Exchange NSW 1225

If you need confirmation of any of the Policy details, please contact MECON.

Complaints

If a situation arises where you feel we are not listening to you, or you are dissatisfied with our service and have a complaint, we want to know about it. Both MECON and the Insurer are committed to handling any complaints about our products or services efficiently and fairly.

What to do if you have a complaint

Regardless of whether the complaint is about MECON or the Insurer, complaints may be made to MECON by:

E: complaints@mecon.com.au

T: (02) 9252 1040

M: MECON Insurance Pty Ltd

PO Box R1789

Royal Exchange NSW 1225

MECON staff are trained to respond to your concerns efficiently and professionally. If they are not able to resolve the matter to your satisfaction, they will request that their Manager addresses your concern.

If you make a complaint, MECON will record your complaint and make sure that your concerns are addressed in terms of the timeframe below and seek to achieve a fair outcome for both parties..

How MECON will handle your complaint

MECON aims to acknowledge receipt of your complaint within one (1) Business Day. MECON will advise you of the name and contact details of the person assigned to review the complaint, and who will provide updates to you every ten (10) Business Days. MECON will treat your complaint respectfully and handle your information in accordance with their Privacy Policy (<https://www.meccon.com.au/privacy-policy/>). Provided we have all the required information and have completed any necessary investigations, you will be provided with a final decision within thirty (30) Calendar Days of the date on which you first made your complaint to MECON.

If you are not satisfied with MECON'S response, you maybe able to take your matter to the insurance industry's independent dispute resolution body, the Australian Financial Complaints Authority (AFCA). This external dispute resolution body can make decisions with which MECON and or the Insurer are obliged to comply. Please however note that, AFCA will only consider your complaint if it eligible to be heard by them under the AFCA Rules.

AFCA's contact details are:

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

Duty of Disclosure

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

You have this duty until we agree to insure you.

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

You do not need to tell us anything that:

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

If you do not tell us something

If you do not tell us anything you are required to, we may cancel your contract or reduce the amount we will pay you if you make a claim, or both.

If your failure to tell us is fraudulent, we may refuse to pay a claim and treat the contract as if it never existed.

Financial Claims Scheme

This Policy is covered by insurance companies authorised under the *Insurance Act 1973* (Cth) (Insurance Act) to carry on any general insurance business in Australia by the Australian Prudential Regulation Authority (APRA). The insurance companies are subject to the prudential requirements of the Insurance Act. The Insurance Act contains prudential standards and practices designed to ensure that, under all reasonable circumstances, financial promises made by these insurers are met within a stable and efficient financial system.

Because of this, the protection provided under the Financial Claims Scheme legislation applies in relation to the insurance companies and the Policy. In the event of insolvency of the insurer, a person entitled to claim insurance cover under the Policy may be entitled to payment under the Financial Claims Scheme (access to the Scheme is subject to eligibility criteria). Information about the Financial Claims Scheme can be obtained from the APRA website at <http://www.apra.gov.au> and the APRA hotline on 1300 558 849.

GST

GST, Input Tax Credit (ITC), Business Activity Statement (BAS) and Acquisition have the same meaning given to those terms in *A New Tax System (Goods and Services Tax) Act 1999* (Cth) and related legislation. Taxable Percentage (TP) is your entitlement to an ITC on the premium expressed as a percentage.

The premium for this Policy includes an amount of GST. You must advise your correct Australian Business Number and TP to MECON. Any GST liability resulting from incorrect advice is payable by you. When we pay a claim, your GST status will determine the GST amount we pay.

When you are not registered for GST, the sums insured and limits of liability in the Policy include GST and we will pay your claims inclusive of GST. When you are registered for GST, the sums insured and limits of liability in the Policy exclude GST and we will pay your claims excluding GST unless you are liable to pay GST for a "relevant Acquisition" (such as goods and services to repair a damaged item insured by the Policy) and we pay the supplier directly for such goods and services, in which case we will also pay the GST amount.

We will reduce the GST amount it pays by the amount of any ITC to which you are, or would be, entitled if you made a "relevant Acquisition", in which case, the ITC may be claimable through your BAS. When settlement of any claim is less than the total amount claimed, we will only pay the amount of GST (less your entitlement for ITC) applicable to the settlement amount.

Privacy Notice

This notice sets out how MECON and AIG collect, use and disclose personal information about:

- you, if an individual; and
- other individuals you provide information about.

In this section dealing with privacy, "we", "our" and "us" refer to both MECON and AIG as applicable.

Further information about our Privacy Policies is available at:

- for MECON, at www.mecon.au/about/privacy-policy/ or by contacting us at customerservice@mecon.com.au or on 02 9252 1040; and
- for AIG, at www.aig.com.au or by contacting us at australia.privacy.manager@aig.com or on 1300 030 886.

How We Collect Your Personal Information

We usually collect personal information from you or your agents.

We may also collect personal information from:

- our agents and service providers;
- other insurers;
- people who are involved in a claim or assist us in investigating or processing claims, including third parties claiming under your policy, witnesses and medical practitioners;
- third parties who may be arranging insurance cover for a group that you are a part of;
- providers of marketing lists and industry databases; and
- publicly available sources.

Why We Collect Your Personal Information

We collect information necessary to:

- underwrite and administer your insurance cover;
- improve customer service and products including carrying out research and analysis including data analytics functions; and
- advise you of our and other products and services that may interest you.

You have a legal obligation under the Insurance Contracts Act 1984 to disclose certain information. Failure to disclose information required may result in us declining cover, cancelling your insurance cover or reducing the level of cover, or declining claims.

To Whom We Disclose Your Personal Information

In the course of underwriting and administering your Policy we may disclose your information to:

- you or our agents, entities to which we are related, reinsurers, contractors or third-party providers providing services related to the administration of your Policy;
- banks and financial institutions for Policy payments;
- you or our agents, assessors, third party administrators, emergency providers, medical providers, in the event of a claim;
- entities to which AIG or MECON is related and third-party providers for data analytics functions;
- government, law enforcement, dispute resolution, statutory or regulatory bodies, or as required by law; and
- in the case of MECON and AIG, to each other.

AIG is likely to disclose information to some of these entities located overseas, including in the following countries: Canada, Bermuda, Ireland, Belgium, the Netherlands, Germany, France, United States of America, United Kingdom, Singapore, Malaysia, the Philippines,

India, Hong Kong, New Zealand as well as any country in which you have a claim and such other countries as may be notified in our Privacy Policy from time to time.

Access To Your Personal Information

Our Privacy Policies contain information about how you may access and seek correction of personal information we hold about you. In summary, you may gain access to your personal information by submitting a written request to MECON or AIG.

In some circumstances permitted under the Privacy Act 1988, we may not permit access to your personal information. Circumstances where access may be denied include where it would have an unreasonable impact on the privacy of other individuals, or where it would be unlawful.

Complaints

Our Privacy Policies also contain information about how you may complain about a breach of the applicable privacy principles and how we will deal with such a complaint.

Consent

If applicable, your application includes a consent that you and any other individuals you provide information about consent to the collection, use and disclosure of personal information as set out in this notice.

More Information, Access, Correction or Complaints

For more information about our privacy practices including how we collect, use or disclose information, how to access or seek correction to your information or how to complain in relation to a breach of the Australian Privacy Principles and how such a complaint will be handled, please refer to our Privacy Policy available at our website or by contacting us (our contact details are below).

Contact Us & Opting Out

If you wish to withdraw your consent for receiving information on products and offers by us or persons, we have an association with or obtaining additional information about our privacy policies, please contact us:

By phone: 02 9252 1040

By email: customerservice@mecon.com.au

In writing: MECON Insurance Pty Ltd PO Box R1789 Royal Exchange NSW 1225

Terrorism Insurance Act 2003

The Commonwealth Government established the Australian Reinsurance Pool Corporation (ARPC) in response to increasing concerns over terrorism. The ARPC is a statutory corporation established under the *Terrorism Insurance Act 2003* (Cth) to offer reinsurance for terrorism risk in Australia.

The *Terrorism Insurance Act 2003* (Cth) renders terrorism exclusion clauses in eligible insurance contracts ineffective in relation to loss or liabilities arising from a declared terrorist incident affecting eligible property located in Australia. If the loss is as a result of a terrorist act then the Treasurer will be responsible for paying your claim in accordance with the Policy terms and conditions.

The requirements of the Act are compulsory and under the present terms of the scheme insurers are required to submit to ARPC a percentage of the premium you pay.

If you require further information on the scheme please contact MECON, your insurance adviser or the ARPC.

Utmost Good Faith

The law obligates all parties to a contract of insurance to act towards each other in 'utmost good faith'.

The main implications from the duty of utmost good faith for an insured include:

- Fulfil your duty of disclosure
- Make honest statements in the proposal form
- Fulfil the requests of the insurer

MECON is obliged to:

- settle claims quickly
- disclose restrictions in the Policy.

Failure to act with the utmost good faith may prejudice any claim you have.

Your Cooling Off Rights

You can return the Policy to us within 14 days of the commencement of your insurance. This date is documented on your Schedule. If we receive your written request to cancel the Policy within the 14 day period we will give you a full refund (less any taxes or duties payable that we are unable to have refunded).

You cannot return the Policy where, before the 14 day period ends, you have exercised or at any stage exercise, any of your rights or powers under the Policy (e.g. you have made a claim). After the cooling off period ends you continue to have cancellation rights under the Policy. These rights are set out in Cancellation (Item 10.03) of this document.

General Insurance Code of Practice

We are a signatory to the General Insurance Code of Practice. This aims to raise the standards of practice and service in the insurance industry, improve the way that claims and complaints are handled and help people better understand how general insurance works. Information brochures on the Code are available upon request.



This section has been intentionally left blank

ENDORSEMENTS

Each of these endorsements will only apply if the Schedule shows it. The endorsement then forms part of the Policy. It overrides anything in the Policy to the contrary. All terms of the Policy otherwise remain in full effect.

Appliances / Contents

Section One of this Policy does not cover any of the following:

- a. any white goods that are not shown on the original plans; or
- b. any home entertainment equipment, such as:
 - any television set;
 - any radio; or
 - any device for recording or playing movies, music, games and the like, that is not included in the original plans; or
- c. any household furniture; or
- d. any artwork.

Contract of Sale Extension

Where the Project is subject to a contract of sale at the time of its Practical Completion, cover under Section One of this Policy will be extended for a period up to ninety days after the cover for such Project has ended under the term of this Policy. For the purpose of cover under Section One. Physical loss or damage arising out of any insured event during the extended period will be subject to the Deductible shown for this clause in the Schedule. If no such Deductible is shown, a Deductible of \$5,000 will apply. This clause has no effect on the end date of the Defects Liability Period which applied before the application of this clause.

Contractors and Subcontractors Insurance

This Policy extends to insure any of your contractors (which term includes: any of their subcontractors; your subcontractors, engineering consultants and other consultants) and the entity which has retained you to perform the Project (“your direct employer”) as if they were you (but only to the extent to which they are not insured for the same loss under any other contract of insurance). However, this endorsement only applies:

- a. where you have a written contractual obligation to provide the contractor and / or your direct employer with insurance as afforded by this Policy; and
- b. the obligation was in effect before anything happened that could give rise to a claim involving the contractor and / or your direct employer; and
- c. the value of the work performed by the contractor is included in your declaration of Project value; and
- d. in respect of engineering consultants and other consultants, only for loss, damage or liability resulting from manual activities they perform on the Project site.

This endorsement does not extend to insure any tools, plant, machine or reusable equipment of any kind belonging to, or loaned or hired by, the parties covered by this endorsement, unless you have a contractual or legal responsibility for such tools, plant,

machine or reusable equipment and there is a sum insured under Item 1.05 (Contractors Plant, Tools and Reusable Equipment).

For the avoidance of doubt, “your direct employer” in this endorsement does not mean the principal referred to in the definition of “you” in the glossary of terms used.

In any contract for a Project that so requires it, each party insured under Section One of this Policy will be insured as if a separate Policy had been issued to each. Accordingly, each party will be insured for their liability to any other party. However, this does not increase any sum insured. The sums insured apply to all of the insured parties collectively. This paragraph or its equivalent is known as a ‘Cross Liability’ clause.

Notwithstanding anything to the contrary contained in Sections One or Two of this Policy, the aggregate total amount in respect of which we will be liable to indemnify you, your contractor(s) and/or your direct employer arising from the same Occurrence, will not exceed the amount specified in the Schedule. For the avoidance of doubt, any amount specified in the Schedule is not cumulative.

Note: If this endorsement does not apply, but the party specifically named as “the insured” in the Schedule is held responsible for loss, damage or liability caused by any of your contractor(s) and/or your direct employer, then this Policy will indemnify the party named for that loss, damage or liability but only if Sections One or Two of this Policy would have indemnified the loss, damage or liability had the endorsement applied. For the avoidance of doubt, if this endorsement does not apply, your contractor(s) and/or your direct employer are not insured.

Contractors Pollution Liability Cover

Claims-made and Notified Insurance Notice

This endorsement contains coverage on a claims-made and notified basis. This means that this endorsement only covers Claims first made against you during the Period of Insurance and notified to us in writing during the Period of Insurance. This Policy does not provide cover for any Claims made against you during the Policy Period if at any time prior to the commencement of the Policy Period you became aware of facts which might give rise to those Claims being made against you.

1.0 Insuring Clause

The following additional insuring clause is added to Section Two, Item 5.00 (Insurance Provided):

Subject to the terms and conditions of the Policy, Section Two is extended to indemnify you for Contractors Pollution Liability happening within the Territorial Limit during the Period of Insurance:

- 1.1 resulting from an Occurrence in connection with the Business; and
- 1.2 Claims for Loss in connection with the Business being first made against you and notified to us during the Period of Insurance.

2.0 Definitions

The following definitions are added and apply to this endorsement only:

- 2.1 Claim means written demand received by you seeking a remedy and alleging your liability or responsibility for Loss.
- 2.2 Claim Expenses means defence and associated costs incurred with any liability or allegation of liability to which this endorsement applies even if the allegation is groundless, false or fraudulent.
- 2.3 Clean-Up Costs means expenses incurred in the investigation, removal, or remediation of Pollution Conditions including the associated monitoring, or disposal of soil, surface water, groundwater or other contamination:
- to the extent required by environmental laws; or
 - which have been actually incurred by the Environmental Protection Authority or any other relevant governmental department or agency or third party and which are recovered by any of them from you.
- 2.4 Contractors Pollution Liability means Loss that you become legally liable for as a result of Clean Up Costs, Personal Injury or Property Loss arising from Pollution Conditions.
- 2.5 Loss means:
- a compensation for Personal Injury or Property Loss; and/or
 - Clean-up Costs; and/or
 - Claim Expenses.
- 2.6 Pollution Conditions means the emission, discharge, migration, release or escape, after the effective date of this endorsement, of Pollutants, provided such are not naturally occurring.
The entirety of any such emission, discharge, release or escape or any series of interrelated, associated, repeated, or continuous emissions, discharges, releases or escapes shall be deemed to be one Pollution Condition.
- 3.0 Limits and Deductibles
The following additional limit and Deductible apply to cover under this endorsement:
- 3.1 A special Deductible of \$5,000 is applicable to each separate Claim and each separate Occurrence under this endorsement.
- 3.2 Unless stated contrary in the Schedule, the maximum aggregate amount for which we will indemnify you under the endorsement in respect of all Claims made, and all Occurrences happening, in one Period of Insurance will be \$500,000. This limit is in addition to the Limit of Liability listed in the Schedule for Section Two of this Policy.
- 3.3 Our duties and obligations under this endorsement end when the maximum aggregate amount specified, covered by this endorsement, is exhausted.
- 4.0 Specific Conditions
The following additional conditions apply to cover under this endorsement:
- 4.1 This extension does not cover liability which is subject to indemnity or for which a claim may be made under other sections of this Policy.
- 4.2 You must provide us with written notice of any Claim first made against you as soon as practicable and during the Period of Insurance.

- 4.3 Any Claim or Claims arising out of, based upon or attributable to:
- the same cause; or
 - a single Loss; or
 - a series of continuous, repeated or related Losses;

shall be considered a single Claim for the purposes of this endorsement and shall be considered made against you and reported to us at the time notice was first given.

5.0 Exclusions

- 5.1 For the purpose of this endorsement, exclusion 8.01 (Asbestos) is deleted and replaced with the following:
This insurance does not cover liability arising from the presence, removal or abatement of Asbestos or Asbestos containing materials, including but not limited to Asbestos which is in-situ and undisturbed within any structure or part thereof. However, this exclusion shall not apply to the inadvertent disturbance of Asbestos or Asbestos containing materials by you in connection with your Business.
- 5.2 This insurance does not cover Loss arising from any Pollution Conditions caused by your Business which occurred prior to the Period of Insurance if you knew, or could have reasonably foreseen, that such Pollution Conditions would result in an Occurrence, Claim, Clean Up Costs, Personal Injury or Property Loss.
- 5.3 This insurance does not cover Loss arising from your intentional, wilful or deliberate non-compliance with any statute, regulation, ordinance, administrative complaint, notice of violation, notice letter, executive order or instruction of any governmental agency or body.
- 5.4 This insurance does not cover any loss, damage, liability or cost arising from or in connection with any real property or facility wholly owned, leased or managed by you. This exclusion does not apply to property on a Project site.
- 5.5 This insurance does not apply to Loss arising out of, based upon or attributable to:
- allegations made against you and circumstances which should have been notified under any previous policy, or
 - any legal action of any kind, or investigation by an environmental enforcement body, at or before the commencement date of the Policy Period.
- 5.6 This insurance does not cover liability that you have assumed under any contract or agreement requiring you to accept liability for Clean Up Costs regardless of fault.

However, this does not apply to:

- liabilities that would have been implied by law in the absence of such contract or agreement; or
- liabilities assumed under Incidental Contracts; or
- terms relating to merchantability, quality, fitness or care of Products which are implied by law or statute; or
- liabilities assumed under construction contracts; or

- e. liabilities assumed under contracts shown on the Schedule.

“Incidental Contracts” means any rental or lease agreement, any written contract with any authority (or entity) for the supply of electricity, fuel, gas, air, steam, water or sewerage reticulation or other essential services, or with any railway authority for the unloading and / or transport of material, including contracts relating to the operation of railway sidings. It does not include contracts in connection with work done for such authorities or entities.

This endorsement (and any endorsement issued in substitution and/or any endorsements hereto) attaches to and forms part of the Policy and any word or expression to which a specific meaning has been attached shall have the same meaning wherever it appears. No aggregation provisions of any kind apply for the purposes of any retention. All other terms, conditions and exclusions remain unchanged.

Cyclone Exclusion

Section One of this Policy does not cover any physical loss or damage caused by a named cyclone or associated rain depression.

Demolished Areas

Section One of the Policy does not cover any areas of the existing structure (insured under Item 1.04 Existing Structures) which are shown on the original approved development application plan for the Project as areas to be demolished;. Notwithstanding any terms to the contrary, Section Two of the Policy does not cover any Liability arising out of loss or damage to such areas.

Dewatering (Limited)

Section One of this Policy does not cover any of the following:

- a. any dewatering cost incurred because the amount of water was more than the initial Project design allowed for; or
- b. any cost incurred for any facility to discharge run-off or underground water; or
- c. any cost incurred for grouting or any other measure taken to stop water leaking into any excavation, foundation or basement; or
- d. physical loss or damage caused to any basement structure by ground-water pressure.

Despite anything in (a) to (d) above, this insurance covers the cost of dewatering where necessary to gain access to, and enable repairs to be carried out on, any completed section of the Project physically lost or damaged by an insured event. The cover does not apply to the cost of any dewatering that was already being incurred at the time of the physical loss or damage.

Dewatering (Total)

This Policy does not cover any loss, damage, cost or Liability associated with dewatering.

Existing Structures (Alterations)

- a. Where you are working on a structure that was permanently located on a Project site before the Project began; you must ensure that it is made waterproof at the

end of each working day and at any time rain is forecast. If you fail to do this we will not pay any claim for consequent loss, damage, cost or Liability.

- b. Where Existing Structures (Item 1.04) is insured, the Period of Insurance (for both Sections One and Two) for such Existing Structures is deemed to begin on the date shown in the Schedule notwithstanding anything to the contrary in the definition for the Period of Insurance.

Financiers Interests

The interest of any financier of the Project is noted in Section One of this Policy, but only to the extent of that interest. Before you become entitled to any claim proceeds, they will first be used to settle any financial obligation that you have with the financier.

Flood Exclusion

Section One of this Policy does not cover physical loss or damage caused by Flood, (being 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).

Heritage Buildings

Any claim payable for physical loss or damage to heritage listed structures included in the sum insured for Item 1.04 (Existing Structures) will not exceed the cost of reinstatement using modern techniques and readily available materials (of the closest kind to those damaged) from suppliers in Australia.

Misalignment of Piles

Section One of this Policy does not cover physical loss of or damage to any pile or casing:

- a. resulting from an error in positioning, misplacement or misalignment of piles; or
- b. by the pile or group of piles or pile casings becoming jammed or obstructed; or
- c. that fails to pass any load bearing test or any other performance criteria; or
- d. nor to disconnected or declutched sheet piles or abandoned piles.

Partial Occupancy

Cover for any part of the Project will continue if any part of the Project is taken over by the principal or put into service, or a certificate of partial completion (or its equivalent) is issued for that part before Practical Completion of the whole Project occurs. However, this insurance will not cover any loss or damage or Liability or cost caused by or arising out of the use, or any preparation for the use of such part where such use or preparation was not included or documented in the original Project specifications or Project design.

Period of Insurance (Extended)

Where the insurance on any part of the Project ends sooner than it ends for the Project as a whole, cover will continue on that part until the end of the Period of Insurance for the whole Project. However, the cover on that part will only apply to physical loss or damage resulting from the performance of work on the Project.

Pipelines and Trenches

Section One of this Policy restricts cover for physical loss of or damage to any open trench together with any pipeline, duct or cable in the trench, to the length or value specified for “Pipelines and Trenches” in the Schedule. The additional exclusion below applies to this endorsement.

Additional Exclusion

Pipelines, conduits or cables in open trenches are not insured unless:

- a. they have been secured in a manner which will prevent them being displaced if water enters the trench; and
- b. the open ends of the pipe or conduit have been sealed on completion of work on them for the day in such a way that will prevent entry of water or debris; and
- c. trenches containing pressure tested lengths of pipeline were backfilled over the whole tested length on the day the test was completed.

For the avoidance of doubt, the length of any open trench (including pipeline, duct or cable in it) which exceeds the length or value specified in the Schedule is not covered by this insurance. This endorsement does not apply to completed or backfilled trenches.

Pools

Section One of this Policy does not cover physical loss or damage to any pool lining by heaving or displacement caused by ground movement or groundwater pressure.

Cover under Section Two for Liability arising in connection with pool construction is subject to the following special conditions:

- a. any excavation left unattended in a residential area must be kept constantly drained; and
- b. any pool, spa or excavation must be surrounded by fencing in compliance with all pertinent regulations whenever they are left unattended.

The Section will not cover liability for any Personal Injury that directly or indirectly results from your failure to comply with these conditions.

Project Run-Off Basis With Premium Based on Annual Turnover

The definition of Run-Off in part b. of the glossary definition for “**Period of Insurance** in Section One of the Policy” is deleted and replaced with the following:

b. Project Run-Off Basis:

Where this insurance is shown in the Schedule as being on a Project Run Off basis, the Period of Insurance begins for each Project from the date the Project commences during the Policy Period. It ends with Practical Completion, the expiry of the Maximum Project Duration shown in the Schedule or at the end of the Policy Period, whichever occurs first. The Defects Liability Period (if applicable) will immediately follow Practical Completion; but only where Practical Completion takes place before the end of the Policy Period.

For the avoidance of doubt, all cover ceases at the end of the Policy Period. However, up to fourteen (14) days before the end of the Policy Period, you may request that MECON extends the Policy Period to cater for the run-off of incomplete Projects. If we agree, you must also:

- i. pay any additional premium we require; and

- ii. accept any other terms we may require; and

- iii. understand that there is no obligation for us to agree to your request.

Items 2.02 and 7.02 (How Premium Is Calculated – Run-Off Basis) are deleted and replaced with the following:

The annual premium is based upon all Projects commenced during the Policy Period for the estimated value that each will have attained at the end of the Policy Period.

Road Works

Section One of this Policy does not insure any unsealed road that exceeds the maximum length or value shown for “Road Works” in the Schedule. A road is deemed to be unsealed if it does not have at least one application of a weatherproof substance.

Where a Project includes more than one section of unsealed road, the maximum length or value applies to their combined length or value.

Tunnels, Shafts and Declines

In relation to Projects that include underground work such as any tunnel, shaft or gallery, Section One of this Policy covers the following costs:

- a. Cost of replacing previously installed grouting, lining, crib, set or other support that has been physically lost or damaged.
- b. Cost of additional permanent linings, cribs, sets or other supports where necessary to reinstate previously completed sections of the Project that have been physically lost or damaged. However, this does not include the cost of lining, cribs, sets or other supports that would have been incorporated into the Project to deal with any physical ground conditions surrounding the Project had the condition been detected or anticipated at the time of the original construction planning.
- c. Cost of removing collapsed ground material where necessary to gain access to the damage and to provide a clear working area for repairs to previously completed sections of the Project.
- d. Cost of dewatering where necessary to gain access to the physical loss or damage and to provide a clear working area for repairs to previously completed sections of the Project (whether damaged or undamaged) following physical loss or damage. The cover is only granted up to the daily cost of dewatering being incurred immediately before the physical loss or damage.

However, Section One of the Policy does not cover:

- e. any cost associated with any tunnel, shaft, decline or gallery that is not constructed in accordance with the International Code of Practice for Tunneling Works; or
- f. cost of grouting unsound earth or rock strata; or
- g. cost of any measure to control water inflow; or
- h. cost of removing excavation material in excess of the minimum excavation line provided in the plans; or
- i. cost of dewatering; or
- j. cost of any facility for discharging run-off or underground water; or

- k. cost of refilling cavities that result from overbreak; or
- l. loss or damage due to failure of the dewatering system if the failure could have been avoided through use of sufficient stand-by facilities.

Usual Action of the Sea

Section One of this Policy does not cover physical loss or damage resulting from usual action of the sea.

Usual action of the sea means the usual behaviour of the sea at the Project site at previous times of the year corresponding to the time of physical loss or damage with regard to:

- a. tidal movement;
- b. currents, whether tidal or otherwise caused;
- c. wave action, whether wind or tide driven;
- d. sediment transport; or
- e. any other usual behaviour patterns of the sea experienced at such corresponding times.

In determining this usual action, weather records for the same month corresponding to the month of the physical loss or damage will be reviewed for the previous ten years using records from the area.

If the action of the sea that caused the physical loss or damage has not occurred in any corresponding period during the previous ten years, then the physical loss or damage will be insured.

Vegetation

Section One of this Policy does not cover physical loss of or damage to vegetation caused by any disease, pest, vermin, lack of water, excess-water, lack of nutrient, or lack of proper care.

This section has been intentionally left blank