

Zurich Business Insurance

Policy Wording



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Zurich Business Insurance

About Zurich

The insurer of this product is Zurich Australian Insurance Limited (ZAIL), ABN 13 000 296 640, AFS Licence Number 232507. In this document, ZAIL may also be expressed as 'Zurich', 'we', 'us' or 'our'.

ZAIL is part of the Zurich Insurance Group, a leading multi-line insurer that serves its customers in global and local markets. Zurich provides a wide range of general insurance and life insurance products and services in more than 210 countries and territories. Zurich's customers include individuals, small businesses, and mid-sized and large companies, including multinational corporations.

About this policy

Throughout this document words are sometimes capitalised or italicised to show that words are abbreviations or have a particular defined meaning. *You* should refer to the Definitions section of this document on page 5, and the relevant *cover sections* to obtain the full meaning of such terms.

'*you*', '*your*' or '*yours*' means the person(s) or parties shown as the Insured in the *schedule*, including all subsidiary companies, organisations and entities incorporated in *Australia* in which *you* have a controlling interest (exceeding 50%) engaged in the *business* described in the *schedule* and not for any other purpose or activity.

How to apply for this insurance

Throughout this document when referring to *your* insurance broker or adviser, we may simply refer to them as *your* intermediary.

If *you* are interested in buying this product or have any inquiries about it, *you* should contact *your* intermediary who should be able to provide *you* with all the information and assistance *you* require.

If *you* are not satisfied with the information provided by *your* intermediary *you* can contact us at the address or telephone number shown on the back cover of this document. However, we are only able to provide factual information or general advice about the product. We do not give advice on whether the product is appropriate for *your* personal objectives, needs or financial situation.

Our contract with you

Your policy is a contract of insurance between *you* and us and contains all the details of the cover that we provide.

Your policy is made up of:

- the policy wording which tells *you* what is covered, sets out the claims procedure, exclusions and other terms and conditions of cover;
- the *proposal*, which is the information *you* provide to us when applying for insurance cover;
- *your* most current policy *schedule* issued by us. The *schedule* is a separate document unique to *you*, which shows the insurance details relevant to *you*. It includes any changes, exclusions, terms and conditions made to suit *your* individual circumstances and may amend the policy; and
- any other written changes otherwise advised by us in writing (such as an *endorsement*). These written changes vary or modify the above documents.

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

This document is also the document for any offer of renewal we may make, unless we tell *you* otherwise. Please keep *your* policy in a safe place.

We reserve the right to change the terms of this product where permitted to do so by law.

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.

Cooling-off Period

After *you* apply for cover and *you* have received the policy document, *you* have 21 days to check that the policy meets *your* needs. Within this time *you* may cancel the policy and receive a full refund of any *premiums* paid, unless:

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

Your request will need to be in writing and forwarded to us via *your* intermediary or to the address shown on the back cover of this document.

You can cancel *your* policy at any time after the cooling-off period. Please refer to 3. 'Cancellation' under General Terms and Conditions on page 13.

How to make a claim

If *you* need to make a claim against this policy, please refer to 4. 'Claims procedures' under General Terms and Conditions on page 13. If *you* have any queries, please contact *your* intermediary or us as soon as possible.

Goods and Services Tax

The *sum insured* that *you* choose should exclude Goods and Services Tax (GST). In the event of a claim, if *you* are not registered for GST, we will reimburse *you* the GST component in addition to the amount we pay *you*. If *you* are registered for GST, *you* will need to claim the GST component from the Australian Taxation Office.

You must advise us of *your* correct input tax credit percentage where *you* are registered as a *business* and have an Australian Business Number. Any GST liability arising from *your* incorrect advice is payable by *you*.

Privacy

Zurich is bound by the Privacy Act 1988. We collect, disclose and handle information, and in some cases personal or sensitive (eg health) information, about *you* ('*your* details') to assess applications, administer policies, contact *you*, enhance our products and services and manage claims ('Purposes'). If *you* do not provide *your* information, we may not be able to do those things. By providing us, our representatives or *your* intermediary with information, *you* consent to us using, disclosing to third parties and collecting from third parties *your* details for the Purposes.

We may disclose *your* details, including *your* sensitive information, to relevant third parties including *your* intermediary, affiliates of Zurich Insurance Group Ltd, other insurers and reinsurers, our banking gateway providers and credit card transactions processors, our service providers, our business partners, health practitioners, *your* employer, parties affected by claims, government bodies, regulators, law enforcement bodies and as required by law, within Australia and overseas.

We may obtain *your* details from relevant third parties, including those listed above. Before giving us information about another person, please give them a copy of this document. Laws authorising or requiring us to collect information include the Insurance Contracts Act 1984, Anti-Money Laundering and Counter-Terrorism Financing Act 2006, Corporations Act 2001, Autonomous Sanctions Act 2011, A New Tax System (Goods and Services Tax) Act 1999 and other financial services, crime prevention, trade sanctions and tax laws.

Zurich's Privacy Policy, available at www.zurich.com.au or by telephoning us on 132 687, provides further information and lists service providers, business partners and countries in which recipients of *your* details are likely to be located. It also sets out how we handle complaints and how *you* can access or correct *your* details or make a complaint.

General Insurance Code of Practice

We are signatories to the General Insurance Code of Practice which was developed by the Insurance Council of Australia to further raise standards of practice and service across the insurance industry.

You can obtain more information on the Code and how it assists *you* by contacting us.

Underinsurance

Certain *cover sections*, Fire, Business Interruption and Electronic Equipment, contain Underinsurance or Average clauses that may limit the amount that we pay when *you* have a claim. This will only happen if *you* understate a *sum insured* or *declared value*.

Example:

You insure *property* for a *declared value* or *sum insured* for \$70,000.

Property damage amounting to \$30,000 occurs from an event covered by the policy.

The insurable value of such *property* at the commencement of the *period of insurance* calculated in accordance with the Basis of Settlement provisions of the policy was \$100,000.

Underinsurance applies because the *declared value* or *sum insured* of the *property* is less than 80% of the insurable value calculated in accordance with the Basis of Settlement applicable.

$$\text{Claim payment} = \frac{\$70,000 \times \$30,000}{\$100,000 \times 80\%} = \$26,250$$

In this example, we would pay \$26,250 for the cost of reinstating *your property*, subject to the application of any *excess(es)*.

Complaints and Dispute Resolution process

If *you* have a complaint about an insurance product we have issued or service *you* have received from us, please contact *your* intermediary to initiate the complaint with us. If *you* are unable to contact *your* intermediary, *you* can contact us directly on 132 687.

We will respond to *your* complaint within 15 working days. If *you* are not satisfied with our response, *you* may have the matter reviewed through our internal dispute resolution process, which is free of charge.

If *you* are not satisfied with the outcome of the dispute resolution process and would like to take the complaint further, *you* may refer the matter to the Australian Financial Complaints Authority (AFCA). AFCA provides fair and independent financial services complaint resolution that is free to *you*.

Their contact details are:

Website: www.afca.org.au

Email: info@afca.org.au

Freecall: 1800 931 678

In writing to: The Australian Financial Complaints Authority, GPO Box 3, Melbourne, Victoria 3001.

Financial Claims Scheme

Zurich is an insurance company authorised under the Insurance Act 1973 to carry on general insurance business in Australia. As such, we are subject to prudential requirements and standards, regulated by the Australian Prudential Regulation Authority (APRA).

This policy may be a protected policy under the Federal Government's Financial Claims Scheme (FCS), which is administered by APRA.

The FCS may apply in the event that a general insurance company becomes insolvent. If the FCS applies, a person who is entitled to make a claim under this insurance policy may be entitled to a payment under the FCS. Access to the FCS is subject to eligibility criteria.

Further information about the FCS can be obtained at <http://www.fcs.gov.au>

Headings

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

Definitions

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

Act of terrorism

act of terrorism means any act, or preparation in respect of action, or threat of action designed to influence the government de jure or de facto of any nation or any political division thereof, or in pursuit of political, religious, ideological or similar purposes to intimidate the public or a section of the public of any nation by any person or group(s) of persons whether acting alone or on behalf of or in connection with any organisation(s) or government(s) de jure or de facto, and which:

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

Advertising (or identification) signs

advertising (or identification) signs means signs made from *glass* or electrical illuminated signs permanently fitted to the *building* or within the boundaries of the *premises*.

Australia

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

Breakage or Broken

breakage or *broken* means a fracture extending through the entire thickness of the *glass* or in the case of laminated *glass* or plastic or perspex, the entire thickness of the laminate, plastic or perspex.

Building

building means a permanently fixed structure that consists of a roof and external walls that completely enclose an area beneath the roof when doors and windows that form part of the structure are closed. Provided that when the word *building* is used in the *schedule* to describe a *category* of property insured, it is agreed that the following property is included in that *category*:

- (a) carports, pergolas and canopies;
- (b) barns, outbuildings and tanks;
- (c) storage sheds, shipping containers or transportable buildings permanently located at the *premises* used for additional accommodation for the storage of *stock* or *contents* or for any other general *business* use or amenity;
- (d) walls, fences, gates and letterboxes;

- (e) all permanent fittings and fixtures to any *building*;
- (f) external fixed items:
 - (i) swimming pools, saunas and spas;
 - (ii) gangways between *buildings*;
 - (iii) lights and signs; and
 - (iv) air conditioning units and associated piping and wiring;
- (g) flag poles;
- (h) communications masts, aerials, antennae and dishes;
- (i) fixed floor coverings;
- (j) bitumen, concrete or *sealed surface*:
 - (i) driveways;
 - (ii) roadways; and
 - (iii) carparks;
- (k) foundations of any *building*;
- (l) structural improvements to any *building*;
- (m) underground and above ground services, for which *you* are responsible, that are connected to any *building*;
- (n) piers, jetties, wharves and docks; and
- (o) bridges and tunnels.

Business

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

Consequential loss

consequential loss means loss of use, loss of earning capacity and any other consequential financial loss of any kind including an increase in costs and expenses caused directly or indirectly or resulting from:

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

Contents

contents means all contents at the *premises*, including property (other than *buildings* and *stock*) of others including shipping containers not owned by *you* but temporarily in *your* possession for the delivery, unloading, loading and/or dispatch of goods and merchandise to or from the *premises*, but only to the extent that *you* are not indemnified against loss, destruction or *damage* thereto under any other policy of insurance. *Contents* also include property belonging to *your* welfare, sports and social clubs. When the word *contents* is used in the *schedule* to describe a category of property insured, it is agreed that we accept the designations used in *your* books and records.

Where *you* are a tenant of rented *premises*, *contents* shall also mean:

- (a) property owner's fixtures and fittings, window blinds, floor coverings and *glass* for which *you* are liable under the terms of a lease or similar agreement; and
- (b) property comprising alterations and/or additions to the *premises* by the landlord for *your* use in the *business* where the cost of reinstatement is *your* responsibility in the event of loss or *damage*.

Cover section

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

Electronic data

electronic data means facts, concepts and information converted to a form useable for communications, display, distribution, interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment and includes programs, software and other coded instructions for such equipment.

Endorsement

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

Excess

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

External glass

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

Flood

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

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

Glass

glass means *internal glass* or *external glass*.

Internal glass

internal glass means glass or plastic material used as glass in internal partitions, windows and doors, glass in counters, glass forming shelves and/or stock restraints, interior showcases, fixed mirrors and other fixed *internal glass* including ceramic vitreous china urinals and toilet pans and hand basins.

Money

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

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

North America

North America means:

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

Obsolete stock

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

Period of insurance

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

Pollutants

pollutants means any solid, liquid, gaseous or thermal irritant, including but not limited to smoke, vapour, soot, fumes, acid, alkalis, chemicals or waste. Waste includes but is not limited to material to be recycled, reconditioned or reclaimed.

Premises

premises means the premises at the location shown in the *schedule*.

Premium

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

Proposal

proposal means the proposal document *you* complete for this insurance.

Schedule

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

Sealed surface

sealed surface means ground surface areas that are packed or plugged to prevent percolation or the passage of fluids.

Seasonal increase periods

seasonal increase periods means:

- (a) eight (8) weeks prior to and including Christmas Day;
- (b) three (3) weeks after and including 26 December;
- (c) six (6) weeks prior to and including Easter Tuesday;
- (d) one (1) week after but not including Easter Tuesday;
- (e) six (6) weeks prior to and including any celebrated event of a festive, religious or ethnic nature (other than Christmas or Easter) where *you* can reasonably demonstrate that the *stock* levels during that period have risen by more than 20% above standard levels and that the increase has happened solely for the purpose of meeting additional customer demand associated with the happening of that festive, religious or ethnic event; and
- (f) one (1) week after the same festive, religious or ethnic event or celebration.

Stock

stock means all stock at the *premises*, including work in progress and property of others held on consignment, and when the word *stock* is used in the *schedule* to describe a category of property insured, it is agreed that we accept the designations used in *your* books and records.

Sum insured

sum insured means the Sum Insured shown in the *schedule*.

You, your or yours

you, your or yours means the person(s) or parties shown as the Insured in the *schedule*, including all subsidiary companies, organisations and entities incorporated in *Australia* in which *you* have a controlling interest (exceeding 50%) engaged in the *business* described in the *schedule* and not for any other purpose or activity.

Our Agreement

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

1. Approved claim preparation costs

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

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

This benefit does not apply to the cover for Taxation Audit Costs provided under Extension of Cover of the Fire – Gold *cover section*.

2. Emergency mitigation costs

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

3. Payment of rewards

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

Provided that:

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

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

4. Repairs to damage by you

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

Limitations of Cover

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

General Exclusions

The following General Exclusions apply to *your* policy:

1. Acquisition of companies

Your policy does not cover:

- (a) any company or other legal entity acquired during the *period of insurance*; or
- (b) any property or liability associated with such company or any other legal entity or business undertaking or operation, except as stated below.

Provided that we have been notified in writing within 60 days of any acquisition, and the *business* is a similar occupation to that stated in the *schedule*, we will agree to provide cover subject to *your* acceptance of our terms and undertaking to pay the additional *premium* we may require.

Our liability shall not exceed the Limit of Liability, Sum Insured Limit or any Sub-limit of liability applicable under the relevant *cover sections* making up *your* policy for each *category* of *property*.

2. Aggravated, Punitive or Exemplary damages, Fines or Penalties

Your policy does not cover any fines, penalties, exemplary, punitive, liquidated, aggravated, damages and/or additional damages resulting from the multiplication of compensatory damages.

3. Alteration of risk

If the risk of loss, *damage*, injury, illness or liability is significantly increased by any alteration in the circumstances that affect *you* or *your business* we will not cover any claims that are caused by or arise from such alteration unless *you*:

- (a) did not know of the alteration; or
- (b) have notified us of the alteration and we have agreed to accept the alteration to the risk.

4. Electronic data – Part A

This *electronic data* exclusion is applicable to the following *cover sections* of this policy:

- Fire – Gold and Silver;
- Business Interruption – Income;
- Business Interruption – Weekly Income;
- Burglary;
- Money;
- Glass;
- Business Special Risks;
- Employee Fraud.

(a) These *cover sections* do not insure:

- (i) total or partial destruction, distortion, erasure, corruption, alteration, misinterpretation or misappropriation of *electronic data*;
- (ii) error in creating, amending, entering, deleting or using *electronic data*; or
- (iii) total or partial inability or failure to receive, send, access or use *electronic data* for any time or at all, from any cause whatsoever, regardless of any other contributing cause or event whenever it may occur.

(b) However, in the event that a peril listed below (being a peril insured by the relevant *cover sections* but for this exclusion) is caused by any of the matters described in paragraph (a) above, then the relevant *cover sections*, subject to all their provisions, will insure:

- (i) physical loss of or *damage* or destruction to *property* insured directly caused by such listed peril, and/or
- (ii) *consequential loss* insured by this policy.

Exclusion 4. does not apply in the event that a peril listed below (being a peril insured by the relevant *cover sections* but for this exclusion) causes any of the matters described in paragraph (a) above.

Accidental Damage other than non-physical *damage*, fire, lightning, thunderbolt, explosion, implosion, earthquake, subterranean fire, volcanic eruption, impact by aircraft or aerial object dropped therefrom, impact by road vehicle or animal, sonic boom, theft of *electronic data* solely where such theft is a consequence of theft of any computer and/or computer hardware and/or firmware and/or microchip and/or integrated circuit and/or similar device containing such *electronic data*, *breakage of glass*, the acts of persons taking part in riots or civil commotions or of strikers or of locked out workers or of persons taking part in labour disturbances, storm and/or tempest and/or rainwater and/or wind and/or hail, water and other liquids and/or substances discharged and/or overflowing and/or leaking from any apparatus and/or pipes at the *premises*.

For the purposes of the Basis of Settlement provision in these *cover sections*, computer systems records includes *electronic data* as defined.

Further, Exclusion 8. (b) of this policy will prevail over this exclusion.

5. Electronic data – Part B

This *electronic data* exclusion is applicable to the following *cover sections* of this policy:

- Engineering Plant;
- Electronic Equipment.

These *cover sections* do not cover any loss or *damage* of whatsoever kind arising directly or indirectly out of:

- (a) total or partial destruction, distortion, erasure, corruption, alteration, misinterpretation or misappropriation of *electronic data*;
- (b) error in creating, amending, entering, deleting or using *electronic data*;
- (c) total or partial inability or failure to receive, send, access or use *electronic data* for any time or at all; or
- (d) any business interruption losses resulting therefrom,

regardless of any other contributing cause or event whenever it may occur, unless such loss or *damage* is a direct consequence of otherwise insured physical damage and provided that 'Cost of restoring data' and/or business interruption is insured by these *cover sections*.

Further, Exclusion 8. (b) of this policy will prevail over this exclusion.

6. Obsolete or Redundant plant and Equipment

Your policy does not cover obsolete or redundant plant and equipment (but not property categorised as *stock*) that is no longer used in the *business* provided that this exclusion shall not apply to items kept for spare parts.

7. Unoccupied buildings and Premises

Excepting for loss or *damage* to insured *property* by:

- (a) Lightning, Earthquake and Subterranean Fire; or
- (b) Impact by any road vehicle or their loads, animals, trees or branches, meteorite, aircraft or other aerial devices or articles dropped from them, sonic boom or space debris, falling communication masts, towers, antennae or dishes, falling buildings or structures or parts thereof which do not belong to you,

your policy does not provide any cover at a *building* or *premises* after the *building* or that *premises* has been unoccupied for more than 90 consecutive days. Unoccupied means left vacant by you or any other authorised person whether furniture or other *contents* remain or not.

Provided that:

- (i) cover will apply at an unoccupied *building* or *premises* if we have specifically agreed to this in writing;
- (ii) cover will resume when that *building* or that *premises* is again occupied by authorised persons; and
- (iii) *you* agree to pay us any additional *premium* that we may require.

8. War, Act of terrorism, Confiscation, Radioactivity

Your policy does not cover loss, damage, destruction, death, personal injury, illness, liability, cost or expense of any nature directly or indirectly caused by, contributed to by, resulting from, arising out of or in connection with any of the following, regardless of any other cause or event contributing concurrently or in any other sequence to the loss resulting from:

- (a) war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power;
- (b) any *act of terrorism*;
- (c) any order of any Government, Public or Local Authority involving the confiscation, nationalisation, requisition, damage or destruction of any property unless such destruction was undertaken to reduce the spread of fire; or
- (d) radioactivity or the use, existence or escape of any nuclear fuel, nuclear material, or nuclear waste or action of nuclear fission or fusion. Provided that this shall not apply to liability arising from radio-isotopes, radium or radium compounds when used away from the place where such are made or produced and when used exclusively incidental to ordinary industrial, educational, medical or research pursuits.

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

General Terms and Conditions

The following general terms and conditions apply to *your* policy:

1. Allocation of subrogation proceedings

Notwithstanding Section 67 of the Insurance Contracts Act (Cth), monies recovered in subrogation proceedings will be applied, net of the expense of such recovery:

- (a) first to *you* to the extent of *your* uninsured loss in respect of a claim paid under a *cover section* of this policy, (disregarding the amount of any excess applicable);
- (b) secondly to us in reimbursement of the amount paid to *you* in respect of that claim under that *cover section*; and
- (c) thirdly to *you* in satisfaction of any excess amount applicable.

Any other monies remaining after these allocations will be *your* property.

Nothing in this Condition 1. shall prevent *you* and us entering into a 'Subrogation Agreement' following a loss agreeing to a different basis of sharing costs and expenses and the allocation of monies recovered.

2. Bankruptcy or insolvency

In the event that *you* become bankrupt or insolvent, we shall not be relieved of the payment of any claims under any *cover section* because of such bankruptcy or insolvency. In case of execution against *you* of any final judgment covered by this policy being returned 'unsatisfied' by reason of such bankruptcy or insolvency, then an action may be maintained by the injured party or their representative against us in the same manner, and to the same extent as *you*, but not in excess of the *sum insured* or *limit of liability*.

3. Cancellation

(a) How you may cancel this policy

You may cancel this policy or any *cover section* at any time by notifying us in writing. *You* can do so by giving such notice through *your* intermediary.

Where *you* involves more than one person or party, we will only cancel the policy when written agreement to cancel is received from all of the such named persons or parties.

(b) How we may cancel this policy

We may cancel this policy or any *cover section* in any of the circumstances permitted by law by informing *you* in writing.

We will give *you* this notice in person or send it to *your* address last known to us.

(c) Premium

We will refund *you* the proportion of *premium* for the unexpired portion of the *period of insurance* less any tax or duty paid or owing for which we are unable to obtain a refund.

(d) Premium funders

If the *premium* has been funded by a premium funding company which holds a legal right over the policy by virtue of a notice of assignment and irrevocable power of attorney, a refund will be made to the premium funding company of the proportionate part of the *premium* applicable to the unexpired portion of the *period of insurance*.

4. Claims procedures

You must not negotiate, admit or deny any claim without our written permission.

When an event happens that is likely to result in a claim under *your* policy *you*, or any other person or party covered by *your* policy, must:

- (a) take all reasonable precautions to prevent further loss, damage, injury, illness or liability;
- (b) inform the police immediately if property is lost, stolen or maliciously damaged;
- (c) notify us immediately of the event;
- (d) provide us with full written details of the event within 30 days of learning that the event happened;
- (e) supply us with all information and assistance as we may reasonably require;
- (f) allow us to use any legal rights held by *you* or held by any other party covered by *your* policy;
- (g) allow us to negotiate, defend or settle the claim:
 - (i) in *your* name and on *your* behalf;
 - (ii) in the name of and on the behalf of any other party covered by *your* policy.
- (h) immediately send us any claim, writ, summons, or full details of other relevant legal or other proceedings such as an impending prosecution or inquest *you* receive or become aware of;
- (i) as far as possible preserve any products, appliances, plant or other items which might prove necessary or useful as evidence until we have had an opportunity of inspection; and
- (j) provide us with all information we require and all reasonable assistance in exercising *your* legal rights to recover loss, damage, costs and expenses incurred in the settlement of *your* claim from other parties including taking action and instituting legal proceedings in *your* name.

5. Fraudulent claims

If *you* or any party covered by *your* policy makes a claim or arranges for some other party to make a claim that is in any way false, dishonest or fraudulent, then payment of the claim may be refused.

6. Interests of other parties

When this policy covers the interest of more than one party, any act or omission of an individual party will not prejudice the rights of the remaining parties, provided that the remaining parties immediately on becoming aware of any act or omission relevant to our acceptance of the risk or which increases the risk of loss, damage or liability, give notice in writing of the circumstances to us and agrees to pay such reasonable additional *premium* we may require.

7. Non-imputation

Where this insurance is arranged in the joint names of more than one insured, as described in the definitions of *you*, it is hereby declared and agreed that:

- (a) each insured shall be covered as if it made its own *proposal* for this insurance;
- (b) any declaration, statement or representation made in any *proposal* shall be construed as a separate declaration, statement or representation by each insured; and
- (c) any knowledge possessed by any insured shall not be imputed to the other.

8. Notifications

All notices and communications must be made or confirmed in writing by *you* or *your* intermediary. Other forms of communication will not be acted upon by us until confirmed in writing by *you* or *your* intermediary.

9. Other insurance and Contribution

When *you* make a claim on *your* policy *you* must also supply us with written details of all policies that may pay or partially pay that claim.

10. Payments in respect to Goods and Services Tax

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

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

11. Payment of excess

When *you* have a claim under a *cover section* of *your* policy *you* must pay the *excess* amount in accordance with the terms and conditions applicable to that *cover section*. Limits and sub-limits of liability and *sums insured* shall apply in addition to, and shall not be reduced by, the amount of any applicable *excess*.

Should a single event result in *you* claiming under more than one *cover section* of *your* policy, then only the single highest *excess* will apply to all claims that arise out of the one event.

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

12. Precautions

You must take all reasonable care to prevent or minimise loss, damage, injury, illness or liability including *your* compliance with any law, by-law, ordinance or regulation that concerns the safety of persons or property.

13. Progress payments

If we have agreed that a claim is covered by *your* policy, we will make reasonable progress payments.

14. Proper Law and Jurisdiction

- (a) The construction, interpretation and meaning of the provisions of this policy shall be determined in accordance with Australian law.
- (b) In the event of any dispute arising under this policy, including but not limited to its construction and/or validity and/or performance and/or interpretation, *you* will submit to the exclusive jurisdiction of any competent Court in *Australia*.

15. Sanctions regulation

Notwithstanding any other terms or conditions under this policy, Zurich shall not be deemed to provide coverage and will not make any payments nor provide any service or benefit to *you* or any other party to the extent that such cover, payment, service, benefit and/or any *business* or activity of *you* undertake, which would violate any applicable trade or economic sanctions, law or regulation.

16. Waiver of subrogation rights

We will not be liable to pay any benefits under this policy for loss, damage or liability if *you* agree or have agreed to limit or exclude any right of recovery against any third party who would be liable to compensate *you* with respect to that loss, damage or liability.

However:

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

Fire – Gold

Introduction

This *cover section* only forms part of *your* policy when Fire Section – Gold is shown in the *schedule* and is limited to the *period of insurance* indicated.

Definitions

The following definitions shall apply to the words used in this *cover section*.

Breakdown

breakdown means the actual breaking, seizing, deformation or melting of any part of the *property* while it is in use that is caused by mechanical, electrical or electronic defect that results in sudden and total loss of operation that requires repair or replacement before the *property* can resume normal operation.

Category or Categories

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

1. Building(s);
2. Plant/Machinery and All Contents excluding Stock;
3. Stock;
4. Plant and Machinery;
5. All Contents;
6. Tenant's Leasehold Improvements; or
7. Specified Items,

where Specified Items are any items of *property* that are specified in the *schedule*.

Provided that when *property* is being designated to these *categories* we agree to accept the designation used by *you* in *your* records, prior to the loss or *damage*.

Contamination

contamination means the discharge, dispersal, release, escape of any type of pollutant or contaminant into or upon property, land, atmosphere or any watercourse or body of water including, but not limited to, ground water.

Damage or Damaged

damage or *damaged* means accidental physical damage, destruction or loss.

Declared value

declared value means the individual Declared Value shown in the *schedule* calculated in accordance with the Basis of Settlement that applies to each specific *category* of *property* at specific *premises*.

Excluded property

excluded property means the following items unless they are shown in the *schedule* as being covered:

1. furs, jewellery, gold, silver, platinum, pearls, diamonds, sapphires, rubies and other precious stones unless these items are *stock* and *stock* is shown in the *schedule* as being insured;
2. *money*;
3. glass, unless such glass is directly *damaged* by:
 - (a) fire, lighting, explosion, impact, storm and tempest or earthquake;
 - (b) riot, civil commotion, persons taking part in industrial disputes; or
 - (c) persons acting maliciously, other than where such glass is cracked or broken through its entire thickness

Provided that when reinstating *damage* to *glass* under clause 3, we will, when necessary, also reinstate *damage* to frames, signwriting, coatings and alarm tapes.

Exclusion 3, shall not apply where *you* are a tenant of a *building* and are required by lease to insure *glass*.

4. property in transit outside of the *premises* other than *property* that is covered by Extensions of Cover C – 'Restricted transit';
5. aircraft, locomotives, rolling stock, watercraft whilst in water;
6. motor vehicles or trailers, caravans or motorcycles all while registered or licensed to travel on a public road, provided that this does not apply to:
 - (a) mobile plant and equipment (excluding cars, sedans, panel vans, and trucks) not otherwise insured;
 - (b) motor vehicles or trailers, caravans or motorcycles that are *stock* in trade of *your business*;
7. animals, other than animals contained within a *building* and owned as *stock* or *contents* if *damaged* by a peril or event covered by this *cover section*;
8. canals, dams, reservoirs other than tanks and their contents;
9. standing timber, growing crops, plants, potted plants, land including top soil and fill, landscaping, gardens and pastures.

Provided that:

- (a) when reinstating *damage* to a *building*, landscaping, plants and gardens are not *excluded property*; or
- (b) potted plants are not *excluded property* when insured as *contents*;

when they are used to restore landscaping, plants, potted plants and gardens to a condition similar to that immediately prior to the *damage*;

10. property being constructed, built, erected, altered or dismantled, including all associated materials or supplies, provided that this does not apply:
 - (a) if the total cost of this work is less than \$500,000 or 20% of the *limit of liability* for the *premises* concerned, whichever is the lesser; or
 - (b) to those parts of the *buildings* not actually being constructed, built, erected, or dismantled; or
 - (c) to other property excepting the part actually being worked on;
11. mining property and any equipment located beneath the surface of the ground, provided that this exclusion does not apply to underground services connected to a *building*;
12. any pressure vessel (including a boiler) not used solely for domestic purposes, that has a value of more than \$250,000, and where the *damage* is directly caused by the explosion or implosion of such pressure vessel; and
13. landlord's fixtures and fittings unless these are included as part of the *declared value* for *buildings*.

Indemnity

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

Limit of liability

limit of liability means the amount shown in the *schedule* as the Limit of Liability for a specific *premises*. Provided that this is the maximum amount that we will pay for all *damage* that arises out of any one source or original cause at such *premises* unless it is specifically stated in this *cover section* that payments are made in addition to this amount.

Pre-damage value

pre-damage value means the value of the *property* that is *damaged* immediately before the *damage* has occurred. This value must take account of wear and tear, maintenance, construction, general condition and the anticipated future useful life of the *property*.

Property

property means any tangible property both real or personal of every kind and description belonging to *you* or that *you* are responsible for, or which *you* have assumed responsibility to insure prior to the occurrence of any damage. Provided that this does not include:

1. personal property of directors, partners and employees, that is not on the *premises*; and
2. items defined as *excluded property*.

Reinstatement

reinstatement means to restore that part of the *property*:

1. that is *damaged*; and
2. any undamaged *property* which has been dismantled to enable the restoration of the *damaged property*, so that the function, output and construction are similar to that part of the *property* when it was new, by repairing it or at our option replacing that part of the *property* with similar new property.

Replacement

replacement means the cost to replace *property* with new property that has similar function, output and construction to that of the original *property* when it was new. This shall include all charges, fees and costs such as but not limited to local authority permit and approval charges, architects, engineers and other consultants fees necessarily incurred when replacing this *property*.

Cover

We will pay up to the *limit of liability* in accordance with the Basis of Settlement for *property* that is *damaged* at the *premises* during the *period of insurance*.

Basis of Settlement

When *property* shown in the *schedule* is *damaged* during the *period of insurance* the following Basis of Settlement will apply at each of the *premises*:

1. Categories of property

(a) Branded goods

Any salvage of branded goods and/or merchandise owned by *you* or for which *you* are legally liable and/or goods sold but not delivered shall not be disposed of by sale without *your* consent. If such salvage is not disposed of by sale then the *damage* will be assessed at the market value of the goods after brands, labels or names have been removed by *you* or on *your* behalf.

(b) Business records

- (i) For *damage* to business books, plans, computer records, patterns, and other business records, we will pay the cost of re-creating the documents that are *damaged*; and
- (ii) For *damage* to business records of *your* customers at the *premises* or *your business* records stored off-site, we will pay up to a maximum of \$25,000 any one loss unless a higher amount is specified in the *schedule*.

(c) Electronic equipment and software

For *damage* to electronic equipment and software, we will pay the costs incurred in the repair, restoration and reinstallation of data and software, to replicate the operational capability of the system to a level commensurate with that existing prior to the *damage*.

(d) Heritage buildings

For *damage* to any *building* that is subject to any heritage listing or protection and *you* choose to rebuild, replace or repair the *building* at the same location, we will pay the extra costs for the additional costs of repairing, replacing, or reinstating the *building*, that are related to obtaining special materials or employing specialised labour to match up or reproduce unique or distinctive ornamental or architectural features of the *building* to comply with standards imposed by any lawful heritage protection authority.

However, we will not pay more than the cost necessary to rebuild, replace or repair any such heritage listed *building* to a reasonably equivalent appearance and capacity using original design and suitable modern equivalent materials, if the original materials are not readily available.

(e) Old Plant and Equipment

Unless specifically insured otherwise:

- (i) for those items kept as spare parts, we will pay the cost of repairs or the second hand replacement value of a similar part of the same age and condition, whichever is less; and
- (ii) for any old item kept for use as backup in an emergency, we will pay the cost of repairs or the second hand replacement value of a similar item of the same age and condition, whichever is less.

(f) Output replacement

For any *property* which has a measurable function, capability or output and it is necessary to replace the item or items with new property to perform a similar function or functions, we will pay *your* claim as follows:

- (i) if *property* is to be replaced by an item which has the same or lesser total function, capability or output, the amount we will pay is the new installed cost of such replacement item or items;
- (ii) if *property* is to be replaced by an item or items which have a greater total function, capability or output and the new installed cost of such replacement *property* is no greater than the cost of *reinstatement* of the *damaged property*, we will pay the new installed costs of the item or items replaced; or
- (iii) if *property* is to be replaced by an item or items which have a greater total function, capability or output and the new installed cost of such replacement *property* is greater than the *replacement cost* of the *property damaged*, the amount we will pay is the lesser of the cost of *reinstatement* or that proportion of the new installed cost of the replacement item or items which the output of the *property damaged* bears to the output of the replacement item or items.

(g) Stock

For *damage* to *stock* we will at our option:

- (i) replace or repair the *damaged stock* with property or materials of equal quality, standard and specification unless the *stock* has become *obsolete*; or
- (ii) where the *stock* is *obsolete*, we will pay *you* its value as *obsolete stock* at the time of the *damage* but no more than its original cost to *you*; or
- (iii) if *you* request a cash settlement and reinstatement or repair is not carried out, and the *stock* is not *obsolete*, we will pay the original cost to *you* of the *stock* that is *damaged* beyond repair plus an amount commensurate with the cost of repairing *damaged stock*, but not exceeding its *pre-damaged value* at the time of the loss.

(h) Works of Art, Antiques and Curios

For all works of art, antiques and curios, none of which form part of the *stock* in trade or merchandise of the *business*, we will pay, up to a maximum of \$10,000 any one loss, unless a higher amount is specified in the *schedule*, as follows:

- (i) the cost of restoring and repairing to a condition substantially the same as before the *damage* plus any reduction in market value caused by the *damage*; or
- (ii) if restoration or repair is not possible, the amount of a valuation by the Auctioneers and Valuers Association of Australia or an independent expert for the individual item *damaged*, immediately before the *damage*.

(i) All other property that is damaged

For all other *property* that is *damaged* we will pay for *replacement* or *reinstatement*, unless *you* wish us to pay the *indemnity* cost for all or part of that *damaged property* as the Basis of Settlement.

2. Rebuilding at another location

Following *damage* to a *building* that is insured by this *cover section*, *you* have the option of rebuilding at the location where the *damage* happened or at any other location in *Australia*.

Provided that:

- (a) we will not pay more than the cost that would have been incurred if *reinstatement* of the *building* that is *damaged* had taken place at the location where the *damage* happened; and
- (b) if the actual cost of rebuilding is less than the cost of *reinstatement* at the location where the *damage* happened then our payment is limited to the actual cost of rebuilding.

3. Undamaged portions of buildings

When a *building* that is *damaged* has to be rebuilt at a location other than the *premises* because the requirements of any lawful authority prevent the *reinstatement* of the *building* at the *premises*, then the abandoned undamaged portion of the *building* including the foundations and services shall be deemed to be destroyed.

Provided that, if the presence of such undamaged portion of the *building* increases the value of the original site, the amount of the increase shall be regarded as salvage and shall be payable to *you* upon completion of the sale of the site or shall be deducted from the total amount otherwise payable by us under this *cover section*, whichever shall first occur.

Should the site not be sold, then the increased site value, when applicable, shall be agreed between *you* and us, or in default, we and *you* shall submit to mediation and be bound by the decision of the mediator.

Limitations of Cover

1. Cash settlement

If *you* request a cash settlement or if *reinstatement* is not carried out, we will only pay the lesser of:

- (a) the cost of repairing the insured *property* less an equitable allowance for age, wear and tear, depreciation, or betterment; or
- (b) the *pre-damage value* of the *property* at the time of its loss or destruction; or
- (c) the *declared value* applicable to such *property* if separately specified.

In assessing the application of Limitation of Cover 9. – ‘Underinsurance’, the basis of the calculation will be the value of *property* and not its *replacement cost*.

2. Categories of property

We will only pay for *property* at specific *premises* that can be correctly designated to one of the *categories* of *property* shown in the *schedule* for that *premises*.

3. Delay in reinstatement or Re-creation of documents

If *reinstatement* is unreasonably delayed by *you*, we will only pay the lesser of:

- (a) the cost of *reinstatement* including the cost of re-creation of documents that would have been incurred had the *reinstatement* or re-creation of documents taken place immediately after the *damage*; or
- (b) the actual cost of *reinstatement* including the cost of re-creation of documents following such unreasonable delay.

4. Directors and Employees property

Cover for *damage* to the personal property of directors, partners and employees of *your business* that is on the *premises* is limited to a maximum of \$10,000 any one person.

5. Earthquake

We will not pay for the first \$10,000 or 1% of the *limit of liability* (whichever is the lower amount) of each claim for *damage* to property at the *premises* caused by earthquake, tsunami, volcanic eruption or subterranean fire.

6. Excess

You are liable for the excess for each and every claim for an event that results in *damage*.

7. Limit of liability

We will not pay more than the *limit of liability* that applies to the specific *premises* where the *damage* happens unless we have stated otherwise elsewhere in this *cover section*. The *limit of liability* for specific *premises* will be reduced by any payment made or due to be made by us following *damage* covered by this *cover section* at that *premises*.

8. Storm, Rainwater, Wind, Hail or Snow

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

9. Underinsurance

If there is a claim for *damage to property* at *premises* covered by this policy that exceeds 10% of the *limit of liability* applicable at that *premises*, we will *pay* that proportion of any claim calculated in accordance with the Basis of Settlement, that the total *declared value* for all categories of *property* insured at the *premises* at the commencement of the *period of insurance* bears to 80% of the cost of reinstating *damage* to all such *property* calculated at the commencement date of the *period of insurance* in accordance with the Basis of Settlement.

Provided that any additional costs incurred when you comply with the requirements of any lawful authority (as described in Extensions of Cover – A, 4. 'Extra cost of reinstatement') will be omitted from the calculation of our proportion.

Exclusions

1. We will not pay for *property* while it is undergoing any process where *damage* results from it being processed.
2. We will not pay for any *damage* to any *building* that is vacant awaiting or undergoing demolition, and this Exclusion shall apply to all *contents*, fittings, plant and machinery associated with such *property* unless we have agreed otherwise.
3. We will not pay for *damage* caused by or arising from:
 - (a) theft, other than physical damage to *property* at the *premises* during theft or any attempted theft and/or theft of parts of the *building* when *buildings* are insured;
 - (b) any legal liability that you have other than the legal liability that is covered within the 'Demolition and Debris removal' clause 1 (c) (ii) that forms part of the extensions of cover that are shown under the heading Extensions of Cover – A;
 - (c) the incorrect siting of *buildings* as a result of error in design or specification, faulty workmanship or non-compliance with the requirements of any lawful authority;
 - (d) demolition ordered by any lawful authority as a result of failure by you to comply with any lawful requirement;
 - (e) any unexplained shortage or inventory shortage or disappearance of *property*;
 - (f) contamination of *property* by *pollutants*, except when caused directly by a peril or event covered by this *cover section*;
 - (g) the action of the sea or high water, unless caused by or arising from a direct consequence of an earthquake or seismological disturbance; or
 - (h) erosion, landslide, mudslide, rockslide, subsidence, settling, seepage, shrinkage or expansion of earth, vibration or other earth movement, unless caused by or arising from a direct consequence within 72 hours of a storm, an earthquake, subterranean fire, volcanic eruption, *flood* or water escaping from a water main owned by a water supply authority.

4. We will not pay for *consequential loss* of any kind.

5. We will not pay for *damage* caused directly by or arising directly from:

(a) *breakdown*.

Provided that this Exclusion 5 (a) does not apply to electrical motors under 0.75 kilowatts or hp *damaged* by the actual burning out of electrical windings by their own electrical current.

We will not pay more than the cost of replacing or repairing the motor less a deduction for wear, tear and depreciation. The deduction for wear, tear and depreciation will be:

(i) for motors less than 3 years old, no deduction.

(ii) for motors greater than 3 years old, the deduction will be 10% of the replacement or repair cost (whichever is applicable) for each year of age and subject to a maximum deduction of 90%;

(b) gradually operating causes such as, but not limited to, wear and tear, mildew, mould, corrosion, disease, oxidisation, fading, tree roots, evaporation, change in flavour, colour, temperature or texture;

(c) vermin, insects, termites;

(d) latent defects, inherent defects, faulty workmanship, faulty material, structural defects or faulty design;

(e) faults or defects known to *you* or any employee whose knowledge at law would be deemed to be *your* knowledge and not disclosed to us at the time this insurance was arranged, extended, varied or renewed;

(f) the cessation of work whether total or partial or cessation, interruption or retarding of any process or operation as a result of any industrial dispute;

(g) fraud or dishonesty by *you* or *your* directors, partners, employees, officers or any other persons who have an interest in the *property*;

(h) deliberate and unauthorised corruption, amendment or erasure of data by *you* or *your* directors, partners, employees, officers or any other person who has an interest in the *property* whether acting alone or in collusion with any other person;

(i) the gaining of unauthorised access to *your* computer via any communication system that is used by *your* computer system by any person other than *you* or *your* directors, partners, employees, officers or any other person who has an interest in the *property*;

(j) the operation or presence of any computer program that alters or erases data or programs in a manner that is undesired by *you*;

(k) computer virus, being an executable program or computer code segment that is self-replicating, requires a host program or executable disc segment in which it can be contained, and which destroys or alters the host program or other computer code or data, causing undesired program or computer system operation;

(l) explosion or implosion of any pressure vessels (including any boilers):

(i) where the load on the safety valve upon the particular pressure equipment was in excess of the manufacturer's specification at the time of any *damage*; or

(ii) where any safety valve limiting pressure was removed or rendered inoperative; or

(m) scratching, denting, chipping or defacing, except when caused directly by fire, lightning, explosion, impact by any road vehicle or animal, aircraft or other aerial devices or articles dropped from them, falling communication masts, towers, antennae or dishes, falling buildings or structures or parts thereof, meteorite, riot, civil commotion, persons taking part in an industrial dispute, persons acting maliciously, earthquake, *flood*, storm, the bursting, overflowing or discharging of tanks, apparatus or pipes containing water or liquid of any kind, or sprinkler leakage.

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

6. We will not pay for *damage* occurring within 72 hours from the commencement of this policy caused by or arising from:
- (a) bushfire;
 - (b) *flood*; or
 - (c) a cyclone named by the Bureau of Meteorology.

Extensions of Cover – A

When *damage* to *property* at specific *premises* is covered by this *cover section*, then provided that we do not pay more in the aggregate than the *limit of liability* shown for that *premises*, in addition to any allowance for any increase provided under Extensions of Cover – B, 2. 'Catastrophe cover', we will pay for the following costs that are incurred as a result of that *damage*:

1. Demolition and Debris removal

The reasonable costs incurred by *you* for:

- (a) the demolition and removal of *property* that is *damaged*;
- (b) the demolition and removal of any *property* that is necessary to allow *reinstatement* of *property* that has been *damaged*;
- (c) the cleaning up, removing and disposing of any branch or tree that has fallen causing impact *damage* to *property* insured. We will also pay the cost of stump removal when required; and
- (d) the cleaning up, removing, storing and disposing of *damaged property* at, or from:
 - (i) the *premises*; and
 - (ii) any other location that *you* are legally required to remove debris from or clean up, provided that *you* do not own *property* at this other location and *your* liability did not result from an agreement made after the start of the *period of insurance* unless this liability would have existed anyway.

2. Expediting Expenses

The costs and expenses incurred by *you* for express carriage rates and extra payments for overtime or out of hours work incurred in connection with the repair or *reinstatement* of the *property* that is *damaged*.

Provided that the total additional cost for any one loss does not exceed 50% of the cost of repairing the item or \$25,000 whichever is the lesser.

3. Exploratory costs

The reasonable cost incurred by *you* to detect the point of bursting, leaking, discharging or overflowing of fixed apparatus, fixed tanks, fixed appliances, fixed pipes or other systems, during the *period of insurance*, at the *premises* used to hold or carry liquid or gas provided that the bursting, leaking, discharging or overflowing has caused or may reasonably be expected to cause *damage* to *property*. We will not cover the repair or replacement of such apparatus, appliances, tanks, pipes or other systems, unless *damaged* by a peril or event insured under this *cover section*.

4. Extra cost of reinstatement

The additional costs incurred by *you* to reinstate *your* insured *property* including undamaged portions thereof in complying with the requirements of any lawful authority that are imposed after the *damage*.

Provided that we will not pay for any costs that would have been incurred when complying with the requirements of any lawful authority that applied to the *property* or *premises* prior to the *damage*.

5. Floating stock

Where this policy covers *stock* located at more than one *premises* and the transfer of *stock* between *premises* is a usual business practice, in the event of *damage* covered by this *cover section* at an insured *premises* where an inwards transfer of *stock* from another insured *premises* has occurred, the *category sum insured* and specified *limit of liability* at the *premises* where the *damage* occurred will be increased to take into account the temporary transfer of *stock* between the *premises*.

Provided that:

- (a) the increase in the *category sum insured* of *stock* at the *premises* receiving the inwards transfer will be:
 - (i) the value of *stock* transferred which remains immediately prior to the *damage* occurring; or
 - (ii) if the *category sum insured* of *stock* at the other *premises* at the commencement date of the *period of insurance* was less than 80% of the value thereof on that date calculated in accordance with the Basis of Settlement, the amount of increase in (i) above will be proportionately reduced to reflect the degree of underinsurance below 80% of the value;
- (b) the *limit of liability* at the *premises* subject to the inwards transfer will be increased by an amount representing 120% of the amount calculated under (a) above;
- (c) the period in which the *limit of liability* for the specified *premises* is being exceeded in consequence of the transfer does extend beyond 90 days, unless we have agreed in writing to an extended period, during the *period of insurance*.

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

6. Floor space ratio or Index

When the cost of rebuilding a *building* that is *damaged*, costs more than 50% of the *replacement cost* of the entire *building*, and rebuilding is only permissible subject to a reduced floor space to land area ratio or index, then we will also pay:

- (a) the cost of rebuilding that would have been incurred had a reduced floor space ratio or index not been applicable; less
- (b) the actual incurred cost of rebuilding in accordance with the reduced floor space ratio or index.

The above amounts shall include the additional costs incurred to meet the requirements of any lawful authority as described in Extensions of Cover – A, 4. 'Extra cost of reinstatement'.

7. Government fees

If any of *your property* insured is destroyed or *damaged*, we will pay any fee, contribution or other impost payable to any other Government, Local Government or other Statutory Authority where payment of the fee, contribution or impost is necessary to obtain consent to reinstate any *property* insured provided that we will not be liable for payment of any fines and/or penalties imposed upon *you* by any such authorities. The cost of government fees is included in the *limit of liability* for *buildings*, *contents* or *stock*. If the *limit of liability* is exhausted, the most we will pay under this Extension of Cover is \$10,000 any one event.

8. Loss of land value

Up to \$100,000 for the reduction in land value, which results from the requirements of any legal authority that does not allow rebuilding or only allows partial rebuilding at the *premises*.

Provided that:

- (a) this shall be calculated by subtracting the land value after rebuilding or after we have agreed that rebuilding is not possible from the land value before the *damage*; and
- (b) we will not pay more than 20% of the *limit of liability* for the *premises* where the *damage* happened.

9. Make safe and Temporary repairs expenses

The cost incurred to make the *property* or surrounding areas of the *premises* safe following *damage*, including temporary repairs, shoring up, propping and/or underpinning property.

Such costs shall include professional fees necessarily incurred and amounts payable to any lawful authority for submissions, permit fees and charges in connection with the work entailed.

10. Playing surfaces

We will pay, up to the greater of \$50,000 or the amount shown in the current *schedule* for playing surfaces, for the cost of repairing *damage* to outdoor playing surfaces at the *premises*, caused by:

- (a) vandals or malicious persons, other than *you* or *your* guests, director's partners, officers, employees or members, or their guests;
- (b) fire occurring to *property* at the *premises* for which we have admitted liability under this cover section; or
- (c) the action of the fire fighting services, police or other emergency services in attending to their duties at the *premises*.

11. Unpacking expenses

The cost and expenses incurred by *you* in taking inventory (including unpacking, repacking and restacking) to identify, quantify and value any *property damaged* during the *period of insurance* including examination of *property* not belonging to *you* but in *your* care, custody or control.

12. Water authority charges

The costs levied on *you* by a Water Company or Authority for water usage arising from the escape and loss of water at the *premises* following a theft or attempted theft of parts of the *building* when *buildings* are insured.

Provided that the total costs levied for any one loss does not exceed seven (7) days or \$15,000 whichever is the lesser. If *you* are also insured under the Burglary cover section, the benefits payable under Extension of Cover 16. 'Water authority charges' shall not be cumulative.

Extensions of Cover – B

Following *damage* covered by this cover section to *property* at specific *premises*, we will pay in addition to the *limit of liability* for that *premises*, the following costs that result from the cause of that *damage*:

1. Capital additions

Reasonable costs incurred by *you* in the aggregate, up to \$500,000 or 20% of the *limit of liability*, whichever is the lesser, for that *premises* during the *period of insurance* for the *reinstatement* of:

- (a) alterations to *buildings*; and
- (b) other capital additions,

that have been made at specific *premises* during the *period of insurance*.

Provided that this Extension of Cover does not apply to:

- (i) *property* that cannot be correctly designated to a category that has a *declared value* shown in the *schedule* for that *premises*; or
- (ii) *property* that can be categorised as *stock*.

2. Catastrophe cover

If *your building* suffers *damage* from an event covered by this cover section and we classify the *damage* as a *major loss* and the event giving rise to the *damage* has led to the declaration by the relevant authority of a state of emergency affecting the area in which *your building* is situated, we will:

- (a) increase the *limit of liability* under this cover section by up to 20% of the *declared value* for the *building* if *your building* is rebuilt; and
- (b) increase the limits on the amounts we will pay under Extensions of Cover – B for, 1. 'Capital additions' and 6. 'Prevention of imminent damage' by 20%,

to cover *increased building costs* for labour and material supplies and other increased costs applying after the event.

We will not pay more than the *increased building costs* actually incurred by *you*.

We will not pay any amount under this Extension of Cover until *you* have incurred costs exceeding the *limit of liability* under this *cover section*.

In all other aspects the other stated terms and conditions of this policy shall apply.

For the purposes of this Extension of Cover only the following additional definitions apply:

Major Loss

major loss will be deemed to have occurred when the cost of reinstating *your building* in accordance with the Basis of Settlement provisions of this *cover section* exceeds 80% of the *replacement cost* of *your building* immediately prior to the event.

Increased Building Costs

increased building costs means the difference between the cost of *reinstatement* actually incurred in accordance with the Basis of Settlement provisions of this *cover section* and the cost of *reinstatement* that would have applied had the event not occurred.

3. Discharge of mortgage cost

We will pay the legal costs associated with the discharge of a mortgage or mortgages on *buildings* following settlement of a claim on a total loss basis.

Provided that this Extension of Cover is limited to \$50,000 any one event.

4. Environmental Upgrade – Better Green™ Coverage

(a) Better Green Building

In the event of physical loss or damage to *your building* and *contents* by any event insured, we will pay the reasonable and necessary additional costs *you* incur to repair, replace, or rebuild the *damaged building* in order to comply with the 'green standards' that are applicable at the time of the loss or *damage*.

(b) Better Green Enhancements

(i) Air Quality Management

We will pay for the reasonable and necessary costs *you* incur to flush out the air in the repaired, replaced, or rebuilt property with 100% outside air as required by The Green Building Council of Australia Green Star® or LEED® standards.

(ii) Debris Recycling

We will pay *your* expense to clean-up, sort, segregate, and transport recyclable debris of property from the *premises* to recycling facilities.

(iii) Professional Services

We will pay for the reasonable expenses *you* incur to retain architects, engineers, or design professionals who are accredited by The Green Building Council of Australia or LEED® to participate in the design, repair, replacement, or rebuilding of the *damaged* portion of *your building* and *contents*.

The most we will pay under this additional coverage provided under (a) and (b) above, is 15% of the normal cost of repair or reinstatement of the *damaged building* and *contents* for any one event or \$100,000 whichever is the lesser, and in the aggregate any one *period of insurance*.

5. Fire fighting and Authority costs

The cost of refilling fire fighting appliances used in putting out a fire at or adjoining the *premises* threatening insured *property* and any additional cost payable by *you* to a fire brigade, fire fighting authority or an authorised government authority for attendance at a fire or chemical emergency involving the insured *property*.

Provided that the wages of any full-time members of a works fire brigade are not covered by this Extension of Cover and this Extension of Cover is limited to \$100,000 in total, any one event.

6. Prevention of imminent damage

The necessary costs reasonably incurred by *you* to protect the *property* during the *period of insurance*:

- (a) to extinguish a fire on or in the vicinity of *your premises* which causes or threatens loss or *damage* to *your property*;
- (b) to prevent or diminish imminent damage to *your property*; and
- (c) for the temporary protection and safety of *your property* at the *premises*, including the employment of security services.

Provided that this Extension of Cover is limited to \$100,000 any one event and for all claims during any one *period of insurance*.

7. Professional fees

We will pay the reasonable cost of surveyors', architects' and other professional fees for estimates, plans, specifications, quantities, tenders and supervision, incurred in the repair or replacement of lost or damaged *buildings*. The cost of professional fees is included in the *limit of liability* of the lost or damaged *buildings*. If the *limit of liability* has been exhausted, we will pay up to \$10,000 any one event.

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

8. Stock seasonal or Festive increase

The *sum insured* for *stock* is increased by 50% for losses occurring during the days specified in the *schedule* under the heading 'Seasonal or Festive Increase', up to a maximum of 126 days or, if no days are specified, this increased cover for *stock*, the *seasonal increase periods* will apply.

If *your sum insured* on *stock* is included in another item on *your current schedule*, we will only apply the increased cover to the portion of the *sum insured* that relates to *stock*.

Provided that this Extension of Cover will not extend the insurance beyond the *period of insurance* noted in the policy *schedule*.

9. Taking inventory

We will pay up to \$10,000 any one event for the reasonable costs and expenses incurred by *you* in taking inventory (including unpacking, repacking and restacking) to identify, quantify and value any property insured *damaged* during the *period of insurance* including examination of *property* insured not belonging to *you* but in *your care, custody* or control.

10. Temporary removal to other premises

We will extend the cover provided by this *cover section* to *property*, while it is temporarily removed from the *premises* shown in the *schedule*, to some other premises in *Australia* for any period up to 90 days.

Provided that:

- (a) this Extension of Cover is not provided to *property* in transit;
- (b) this Extension of Cover is only available to *property* that can be correctly designated to a *category* that has a *declared value* shown for the *premises* at which this *property* is normally located;
- (c) if property comprising parts of the *building* or the landlords premises is temporarily removed for service or repair, Exclusion 3 (a) of this *cover section* does not apply for that item or items whilst at the other premises for this purpose; and
- (d) the most we will pay under this Extension of Cover is 20% of the *declared value* for the *category of property* that applies to this *property* at the *premises* at which the *property* is normally located.

Extensions of Cover – C

1. Automatic reinstatement

At each *premises*, when the *limit of liability* is reduced following *damage* covered by this *cover section*, we will automatically increase this reduced limit to its value immediately before the *damage*, provided that *you* pay or agree to pay the additional *premium* that we require.

2. Costs related to glass in vacant buildings

We will extend the cover provided by this *cover section* if *you* own but do not occupy any *buildings* at the *premises*, for the following costs directly related to the *breakage* of *glass* in the *period of insurance* in a rentable area of the *building* that is vacant at the time of the *breakage* for which a tenant is not liable under a current lease agreement:

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

This Extension of Cover for costs does not apply:

- (i) where *you* have selected the Glass *cover section* for insurance;
- (ii) where the *breakage* of *glass* is caused by a peril covered under this *cover section*;
- (iii) to glass in light fittings;
- (iv) to *glass* that is cracked or imperfect prior to *breakage*;
- (v) to *glass* that is in a fibreglass houses and glass houses;
- (vi) to *advertising (or identification) signs*; or
- (vii) *glass* in any *building* that has remained unoccupied or untenanted for a continuous period longer than 90 days and we have not agreed to an extended period in writing.

Provided that we will not pay more than \$5,000 during any one *period of insurance* for all claims under this Extension and an excess being the greater of the excess shown in the *schedule* or \$500 shall apply to each and every claim.

3. Disposal of salvage

We will not sell or dispose of any salvage without giving *you* the opportunity to retain it at its salvage value, but this Extension does not allow *you* to abandon *property* to us.

4. Minimisation of damage

We will pay for the reasonable cost of removing *property* from the *premises*, and any *damage* resulting from the removal, if the *premises* are threatened by fire or any other perils insured by this *cover section* and the purpose of the removal was to prevent or minimise *damage* insured under this *cover section*.

5. New Premises – Temporary cover

We will temporarily extend the cover provided under this *cover section* to *property* at any premises that is used by *your business* for the first time during the *period of insurance*.

Provided that:

- (a) this temporary cover is limited to a period of 90 consecutive days from the day that *you* first use the new premises;
- (b) this temporary cover is not available to property that cannot be correctly designated to one of the *categories of property* that has a *declared value* shown in the *schedule*;
- (c) this temporary cover is only available to property that is of a similar type to that insured by this *cover section*;

- (d) for each specific *category* of *property* shown in the *schedule* this temporary cover is limited to 50% of the *declared value* for that *category*, or if more than one *premises* is shown in the *schedule*, then this 50% limitation will apply to the lowest *declared value* that applies to a specific *category* of *property*;
- (e) the new premises have building, fire protection and security features that are similar to those at one of the *premises* shown in the *schedule*;
- (f) *you* provide us with full details of the new premises within 90 days of *you* first using the new premises; and
- (g) Limitations of Cover – 9. ‘Underinsurance’ does not apply to this Extension of Cover.

6. Other parties / Waiver of subrogation

We automatically extend cover to include all other parties that have an insurable interest in the *property* including lessors, financiers, trustees, mortgagees, owners and others who are specifically noted in *your* records.

We waive any rights and remedies or relief that we are entitled to by way of subrogation against any of these parties.

7. Restricted transit

We will cover each *category* of *property* shown in the *schedule* for *damage* during transit within *Australia* that is caused by fire, explosion, wind, earthquake, *flood* and malicious damage, but not theft.

We will also cover *damage* to each *category* of *property* shown in the *schedule* whilst in transit in or on any vehicle owned or operated by *you* caused by collision or overturning of the conveying vehicle.

Provided that the most we will pay under this Extension of Cover is the lesser of \$50,000 or 20% of the *declared value* for that *category* of *property*.

8. Taxation audit costs

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

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

Taxation audit costs – Exclusions

We shall not be liable under this additional benefit:

- (a) for the imposition of any tax, fines, penalties, court costs, penalty tax or interest;
- (b) for costs incurred after completion of the audit or investigation;
- (c) where any proceedings were initiated, threatened or started prior to the commencement of the *period of insurance*;
- (d) for costs arising from *your* improper, unwarranted or unjustified refusal or failure to comply with any lawful request made by a state or federal Commissioner of Taxation for the production of documents or the supply of information. Refusal or failure to comply will not be deemed improper, unwarranted or unjustified if *you* refuse or fail to comply upon the advice of *your* accountant or tax agent;
- (e) for costs from audits or investigations under customs legislation;
- (f) for costs from audits or investigations of income received or earned, or where the source of income is outside *Australia* or where the services giving rise to the claim are performed by persons or entities who ordinarily reside outside *Australia*;
- (g) arising out of any fraud or fraudulent act or omission committed by *you* or on *your* behalf; or
- (h) arising from audits or investigations which result in *you*, or any person acting on *your* behalf, becoming aware of any error or deficiency in any return of income or other documentation supplied to a state or federal Commissioner of Taxation and failing to notify the Commissioner of Taxation without delay.

Taxation audit costs – Special conditions

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

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

In the event of a claim arising:

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

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

Optional Extension of Cover

If shown in the *schedule* the following Optional Extension of Cover shall apply:

1. Transit – Fire and Specified Perils, Theft, Collision and Overturning

When 'Transit' is shown in the *schedule* we will provide cover for *damage* to *property* specified in the *schedule* under this *cover section*, whilst in transit within *Australia* that is caused by:

- (a) fire, lightning, explosion, *flood* and malicious damage, but not theft;
- (b) theft from a locked vehicle or *building* following visible, forcible and violent entry to the vehicle or *building*;
- (c) theft of *property* which we agree was appropriately secured to a vehicle by chains, padlocks or other devices that have been broken or *damaged* to enable the theft; or
- (d) collision or overturning of the carrying vehicle or conveyance.

Provided that this Extension of Cover is limited to the amount shown in the *schedule* for Transit.

Fire – Silver

Introduction

This *cover section* only forms part of *your* policy when Fire Section – Silver is shown in the *schedule* and is limited to the *period of insurance* indicated.

Definitions

The following definitions shall apply to the words used in this *cover section*.

Breakdown

breakdown means the actual breaking, seizing, deformation or melting of any part of any *property* while that *property* is in use that is caused by mechanical, electrical or electronic defect within the *property* that causes sudden malfunction that requires repair or replacement before the *property* can resume normal operation.

Category and Categories

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

1. Building(s);
2. Plant/Machinery and All Contents excluding Stock;
3. Stock;
4. Plant and Machinery;
5. All Contents;
6. Tenant's Leasehold Improvements; or
7. Specified Items,

where Specified Items are any items of *property* that are specified in the *schedule*.

Provided that when *property* is being designated to these *categories*, we agree to accept the designation used by *you* in *your* records, prior to the loss or *damage*.

Contamination

contamination means the discharge, dispersal, release or escape of any type of pollutant or contaminant into or upon *property*, land, atmosphere or any watercourse or body of water including, but not limited to, ground water.

Damage or Damaged

damage or *damaged* means accidental physical damage, destruction or loss.

Indemnity

indemnity means to reinstate, replace or repair the insured *property* to a condition substantially the same as but not better or more extensive than its condition at the time of the *damage*, loss or destruction, taking into consideration age, condition, depreciation and remaining useful life.

Insured peril

insured peril means any of the insured perils that are shown in this *cover section* under the heading Cover.

Pre-damage value

pre-damage value means the value of the *property* that is *damaged* immediately before the *damage* has occurred. This value must take account of wear and tear, maintenance, construction, general condition and the anticipated future useful life of the *property*.

Property

property means any tangible *property* both real or personal of every kind and description belonging to *you* or that *you* are responsible for, or which *you* have assumed responsibility to insure prior to the occurrence of any *damage*. Provided that this does not include personal *property* of directors, partners and employees that is not at the *premises*.

Reinstatement

reinstatement means to restore that part of the *property*:

1. that is *damaged*; and
2. any undamaged *property* which has been dismantled to enable the restoration of the *damaged property*,

so that the function, output and construction are similar to that part of the *property* when it was new, by repairing it or, at our option, replacing that part of the *property* with similar new property.

Replacement

replacement means the cost to replace *property* with new property that has similar function, output and construction to that of the original *property* when it was new. This shall include all charges, fees and costs such as, but not limited to local authority permit and approval charges, architects, engineers and other consultants fees necessarily incurred when replacing this *property*.

Total sum insured

total sum insured means the amount shown in the *schedule* as the Total Sum Insured for a specific *premises*.

Cover

We will pay up to the *sum insured* in accordance with the Basis of Settlement for *property* shown in the *schedule* that is *damaged* at the *premises* during the *period of insurance* by any of the following *insured perils*:

1. Fire, Lightning and Explosion

Fire, lightning, explosion, earthquake, subterranean fire, volcanic eruption or tsunami.

Provided that we will not pay for *damage* to any pressure vessel (including a boiler) caused by the explosion or implosion thereof:

- (a) where the pressure vessel is not used solely for domestic purposes; and
- (b) has a value of more than \$250,000.

2. Impact

Impact caused by:

- (a) vehicles or their loads;
- (b) animals;
- (c) trees or branches;
- (d) communication masts, towers, antennae or dishes;
- (e) aircraft, spacecraft, including sonic boom, meteorites or space debris;
- (f) watercraft and hovercraft; or
- (g) a falling building or other structure or part thereof.

3. Malicious damage

Malicious damage that is not caused by *you*, including malicious damage caused during industrial disputes, riots and civil commotions and by persons carrying out a theft or attempted theft, however, we do not cover theft or disappearance of *property* other than theft of parts of the *building* when *buildings* are insured.

4. Storm, Hail and Water

Storm, wind, hail, water including rainwater or snow.

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

This *insured peril* does not include *damage*:

- (a) caused by erosion, landslide, mudslide, rockslide or subsidence;
- (b) that occurs gradually;
- (c) caused by *flood*; or
- (d) caused by the action of the sea, tidal wave or high water;

unless caused by or arising from direct consequence of an earthquake or seismological disturbance, volcanic eruption or water escaping from a water main owned by a water supply authority.

5. Flood

Damage to property caused by flood.

6. Molten material

Escape of molten material from its normal container or safety devices, but excluding *damage* to the molten material, its normal container and the cost of locating or rectifying the cause of the escape.

7. Leakage of liquid other than water

Liquid discharged or leaking from any tank, pipe or storage system installed in or on the *building* or at an adjoining building.

Basis of Settlement

When *property* shown in the *schedule* is *damaged* during the *period of insurance* the following Basis of Settlement will apply at each of the *premises*:

1. Categories of property

(a) Branded goods

Any salvage of branded goods and/or merchandise owned by *you* or for which *you* are legally liable and/or goods sold but not delivered shall not be disposed of by sale without *your* consent. If such salvage is not disposed of by sale then the *damage* will be assessed at the market value of the goods after brands, labels or names have been removed by *you* or on *your* behalf.

(b) Business records

- (i) For *damage* to business books, plans, computer records, patterns, and other business records, we will pay the cost of re-creating the documents that are *damaged*; and
- (ii) For *damage* to business records of *your* customers at the *premises* or *your* business records stored off-site, we will pay up to a maximum of \$25,000 any one loss.

(c) Electronic equipment and software

For *damage* to electronic equipment and software, we will pay the costs incurred in the repair, restoration and reinstallation of data and software, to replicate the operational capability of the system to a level commensurate with that existing prior to the *damage*.

(d) Heritage buildings

For *damage* to any *building* that is subject to any heritage listing or protection and *you* choose to rebuild, replace or repair the *building* at the same location, we will pay the extra costs for the additional costs of repairing, replacing, or reinstating the *building*, that are related to obtaining special materials or employing specialised labour to match up or reproduce unique or distinctive ornamental or architectural features of the *building* to comply with standards imposed by any lawful heritage protection authority.

However, we will not pay more than the cost necessary to rebuild, replace or repair any such heritage listed *building* to a reasonably equivalent appearance and capacity using original design and suitable modern equivalent materials, if the original materials are not readily available.

(e) Old Plant and Equipment

Unless specifically insured otherwise:

- (i) for items kept as spare parts, we will pay the cost of repairs or the second hand replacement value of a similar part of the same age and condition, whichever is the lesser; and
- (ii) for any item kept for use as backup in an emergency, we will pay the cost of repairs or the second hand replacement value of a similar item of the same age and condition, whichever is the lesser.

(f) Output replacement

For any *property* which has a measurable function, capability or output and it is necessary to replace the item or items with new property to perform a similar function or functions, we will pay *your* claim as follows:

- (i) if *property* is to be replaced by an item which has the same or lesser total function, capability or output, the amount we will pay is the new installed cost of such replacement item or items;
- (ii) if *property* is to be replaced by an item or items which have a greater total function, capability or output and the new installed cost of such replacement *property* is no greater than the cost of *reinstatement* of the *damaged property*, we will pay the new installed costs of the item or items replaced; or
- (iii) if *property* is to be replaced by an item or items which have a greater total function, capability or output and the new installed cost of such replacement *property* is greater than the *replacement cost* of the *property damaged*, the amount we will pay is the lesser of the cost of *reinstatement* or that proportion of the new installed cost of the replacement item or items which the output of the *property* damaged bears to the output of the replacement item or items.

(g) Stock

For *damage* to *stock* we will at our option:

- (i) replace or repair the *damaged stock* with property or materials of equal quality, standard and specification unless the *stock* has become *obsolete*; or
- (ii) where the *stock* is *obsolete*, we will pay *you* its value as *obsolete stock* at the time of the *damage* but no more than its original cost to *you*; or
- (iii) if *you* request a cash settlement and reinstatement or repair is not carried out, and the *stock* is not *obsolete*, we will pay the original cost to *you* of the *stock* that is *damaged* beyond repair plus an amount commensurate with the cost of repairing *damaged stock*, but not exceeding its *pre-damaged value* at the time of the loss.

(h) Works of Art, Antiques and Curios

For all works of art, antiques and curios, none of which form part of the *stock* in trade or merchandise of the *business*, we will pay, up to a maximum of \$10,000 any one loss, unless a higher amount is specified in the *schedule*, as follows:

- (i) the cost of restoring and repairing to a condition substantially the same as before the *damage* plus any reduction in market value caused by the *damage*; or
- (ii) if restoration or repair is not possible, the amount of a valuation by the Auctioneers and Valuers Association of Australia or an independent expert for the individual item *damaged*, immediately before the *damage*.

(i) All other property that is damaged

For all other *property* that is *damaged* we will pay for *replacement* or *reinstatement*, unless *you* wish us to pay the *indemnity* cost for all or part of that *damaged property* as the Basis of Settlement.

2. Rebuilding at another location

Following *damage* to a *building* that is insured by this *cover section* you have the option of rebuilding that *building* at the location where the *damage* happened or at any other location in *Australia*.

Provided that:

- (a) we will not pay more than the cost that would have been incurred if *reinstatement* of the *building* that is damaged had taken place at the location where the *damage* happened; and
- (b) if the actual cost of rebuilding is less than the cost of *reinstatement* at the location where the *damage* happened then our payment is limited to the actual cost of rebuilding.

3. Undamaged portions of buildings

When a *building* that is *damaged* has to be rebuilt at a location other than the *premises* because the requirements of any lawful authority prevent the *reinstatement* of the *building* at the *premises*, then the abandoned undamaged portion of the *building* including the foundations and services shall be deemed to be destroyed.

Provided that, if the presence of such undamaged portion of the *building* increases the value of the original site, the amount of the increase shall be regarded as salvage and shall be payable to *you* upon completion of the sale of the site or shall be deducted from the total amount otherwise payable by us under this *cover section*, whichever shall first occur.

Should the site not be sold, then the increased site value, when applicable, shall be agreed between *you* and us, or in default, we and *you* shall submit to mediation and be bound by the decision of the mediator.

Limitations of Cover

1. Cash settlement

If *you* request a cash settlement or if *reinstatement* is not carried out, we will only pay the lesser of:

- (a) the cost of repairing the insured *property* less an equitable allowance for age, wear and tear, depreciation, or betterment; or
- (b) the *pre-damage value* of the *property* at the time of its loss or destruction; or
- (c) the *sum insured* applicable to such *property* if separately specified.

In assessing the application of Limitation of Cover 9. – ‘Underinsurance’, the basis of the calculation will be the value of *property* and not its *replacement cost*.

2. Categories of property

We will only pay for *property* at specific *premises* that can be correctly designated to one of the *categories of property* shown in the *schedule* for that *premises*.

3. Delay in reinstatement or Re-creation of documents

If *reinstatement* is unreasonably delayed by *you*, we will only pay the lesser of:

- (a) the cost of *reinstatement* including the cost of re-creation of documents that would have been incurred had the *reinstatement* or re-creation of documents taken place immediately after the *damage*; or
- (b) the actual cost of *reinstatement* including the cost of re-creation of documents following such unreasonable delay.

4. Directors and Employees property

Cover for *damage* to the personal property of directors, partners and employees of *your business* that is on the *premises* is limited to a maximum of \$10,000 any one person.

5. Earthquake

We will not pay for the first \$10,000 or 1% of the *total sum insured* (whichever is the lower amount) of each claim for *damage* to property at the *premises* caused by earthquake, tsunami, volcanic eruption or subterranean fire.

6. Excess

You are liable for the excess for each and every claim for an event that results in *damage*.

7. Sum insured

- (a) For each specific *category* of *property* at specific *premises*, we will only pay up to the *sum insured* shown for that *category* of *property* at that *premises* unless we have stated otherwise elsewhere in this *cover section*.
- (b) For each of the specific *premises* where *damage* happens, the *sum insured* for each *category* of *property* that suffers *damage* will be reduced by any payment made or due to be made by us following *damage* covered by this *cover section*.

8. Total sum insured

- (a) We will not pay more than the *total sum insured* that applies to the specific *premises* where the *damage* happens unless we have stated otherwise elsewhere in this *cover section*.
- (b) The *total sum insured* will be reduced by any payment made or due to be made by us following *damage* covered by this *cover section*.

9. Underinsurance

If there is a claim for *damage* to *property* at *premises* covered by this policy that exceeds 10% of the *total sum insured* applicable at that *premises*, we will pay that proportion of any claim calculated in accordance with the basis of settlement, that the *total sum insured* for all categories of *property* insured at the *premises* at the commencement of the *period of insurance* bears to 80% of the cost of reinstating *damage* to all such *property* calculated at the commencement date of the *period of insurance* in accordance with the *basis of settlement*.

Provided that any additional costs incurred when you comply with the requirements of any lawful authority (as described in Extensions of Cover – A, 5. 'Extra cost of reinstatement') will be omitted from the calculation of our proportion.

Exclusions

1. Unless shown in the *schedule*, we will not pay for *damage* to:

- (a) furs, jewellery, gold, silver, platinum, pearls, diamonds, sapphires, rubies and other precious stones, unless these items are *stock* and *stock* is shown in the *schedule* as insured;
- (b) *money*;
- (c) glass, unless such glass is directly *damaged* by:
 - (i) fire, lighting, explosion, impact, storm and tempest or earthquake;
 - (ii) riot, civil commotion, persons taking part in industrial disputes; or
 - (iii) persons acting maliciously, other than where such glass is cracked or broken through its entire thickness;

However when reinstating *damage* to *glass* under clause (c), we will, when necessary, also reinstate *damage* to frames, signwriting, coatings and alarm tapes.

- (d) *property* in transit outside the *premises*, other than *property* that is covered by Extensions of Cover – C, 1. 'Restricted transit';
- (e) aircraft, locomotives, rolling stock, watercraft whilst in water;
- (f) motor vehicles or trailers, caravans or motorcycles all while registered or licensed to travel on a public road.

Provided that this does not apply to:

- (i) mobile plant and equipment (excluding cars, sedans, panel vans, and trucks) not otherwise insured;
- (ii) motor vehicles or trailers, caravans or motorcycles that are *stock* in trade of *your business*;

- (g) animals, other than animals within a *building* and owned as *stock* or *contents* if *damaged* by peril or event covered by this *cover section*;
- (h) canals, dams, reservoirs other than tanks, and their contents;
- (i) standing timber, growing crops, plants, potted plants, land including top soil and fill, landscaping, gardens and pastures.

Provided that:

- (a) when reinstating *damage* to a *building*, landscaping, plants and gardens are not *excluded property*; or
- (b) potted plants are not *excluded property* when insured as *contents*;

when they are used to restore landscaping, plants, potted plants and gardens to a condition similar to that immediately prior to the *damage*;

- (j) property being constructed, built, erected, altered or dismantled, including all associated materials or supplies.

Provided that this does not apply:

- (i) if the total cost of this work is less than \$500,000 or 20% of the *sum insured* for the *premises* concerned, whichever is the lesser; or
- (ii) to other property excepting the part actually being worked on;

- (k) mining property and any equipment located beneath the surface of the ground.

Provided that this Exclusion does not apply to underground services connected to a *building*;

- (l) *property* while it is undergoing any process where *damage* results from it being processed;
- (m) landlord's fixtures and fittings unless these are included as part of the *sum insured* for *buildings*;
- (n) any *building* that is vacant, awaiting or undergoing demolition, and this Exclusion shall apply to all contents, fittings, plant and machinery associated with such property unless we have agreed otherwise;
- (o) pressure vessels (including boilers) not used solely for domestic purposes, that have a value of more than \$250,000 and where the *damage* is directly caused by the explosion or implosion of such pressure vessels; and
- (p) *property* caused by scratching, biting or pecking by birds.

2. We will not pay for *damage* occurring within 72 hours from the commencement of this policy caused by or arising from:

- (a) bushfire;
- (b) *flood*; or
- (c) a cyclone named by the Bureau of Meteorology.

Optional Limitation of Cover

1. Indemnity

If Indemnity is shown in the *schedule* then:

- (a) The following Basis of Settlement will apply instead of that shown under Basis of Settlement:

Basis of Settlement

When *property* is *damaged* at any *premises* during the *period of insurance*, we will pay the cost to repair or replace that *property* less an equitable amount for age, wear, tear and depreciation, and will make an adjustment for the general condition and remaining useful life of that *property* as well as the useful life of the individual items or components that are *damaged*; and

- (b) Limitations of Cover – 9. ‘Underinsurance’ is replaced with the following clause:

Underinsurance on an Indemnity basis

If there is a claim for *damage to property at premises* covered by this policy that exceeds 10% of the *total sum insured* applicable at that *premises*, we will *pay* that proportion of any claim calculated in accordance with the Basis of Settlement under this Optional Limitation of Cover, that the *total sum insured* for all categories of *property* insured at the *premises* at the commencement of the *period of insurance* bears to 80% of the value of all such *property* at the commencement date of the *period of insurance*.

Provided that:

- (i) the value of the claim will be calculated first in accordance with the Basis of Settlement; and
- (ii) the only Extensions of Cover that will apply to this *cover section* is Extension of Cover – C, 3. ‘Minimisation of damage’.

Extensions of Cover – A

When *property* at specific *premises* is *damaged* by an *insured peril*, then, provided that we do not pay more in the aggregate than the *total sum insured* for that *premises*, in addition to any allowance for any increase provided under Extensions of Cover – B, 2. ‘Catastrophe cover’, we will pay for the following costs that are incurred as a result of that *damage*:

1. Accidental damage

Cover is extended to include accidental *damage of property*, not otherwise excluded by this *cover section*, at the *premises* or while temporarily located at any other premises in *Australia*.

This cover is limited to \$5,000 any one insured event unless specified otherwise in the *schedule* and is subject further to the following Accidental Damage Exclusions.

Accidental damage – Exclusions

- (a) We will not pay for breakage of internal glass and all other glass that is cracked through its entire thickness, unless such glass is directly *damaged* by fire, lightning, explosion, earthquake, impact, storm and tempest.
- (b) We will not pay for *property* while it is undergoing any process where *damage* results from it being processed.
- (c) We will not pay for *damage* to any *building* that is vacant awaiting or undergoing demolition. This Exclusion shall apply to all contents, fittings, plant and machinery associated with such property, regardless of the fact these items were intended to be removed prior to demolition unless we have agreed otherwise.
- (d) We will not pay for *damage* caused by or arising from:
 - (i) theft, other than physical *damage to property* at the *premises* during theft or any attempted theft and/or theft of parts of the *building* or fixed plant in the open air when insured under this *cover section*;
 - (ii) any legal liability that *you* have other than the legal liability that is covered within the ‘Demolition and Debris removal’ clause 3(c)(ii) that is shown under the heading Extensions of Cover – A;
 - (iii) the incorrect siting of *buildings* as a result of error in design or specification, faulty workmanship or non-compliance with the requirements of any Statutory Regulations;
 - (iv) demolition ordered by any lawful authority as a result of failure by *you* to comply with any lawful requirement;
 - (v) any unexplained shortage or inventory shortage or disappearance of *property*;
 - (vi) contamination of *property* by *pollutants*, except when caused directly by fire, lightning, explosion, impact by any road vehicle or animal, aircraft or other aerial devices or articles dropped from them, falling communication masts, towers, antennae or dishes, falling buildings or structures or parts thereof, meteorite, riot, civil commotion, persons taking part in an industrial dispute, persons acting maliciously, earthquake, *flood*, storm, the bursting, overflowing and discharging of tanks, apparatus or pipes containing water or liquid of any kind, or sprinkler leakage;

- (vii) storm, rainwater, wind, hail or snow;
 - (viii) the action of the sea, tidal wave or high water, unless caused by or arising from the direct consequence of an earthquake or seismological disturbance;
 - (ix) erosion, landslide, mudslide, rockslide, subsidence, settling, seepage, shrinkage or expansion of earth, vibration or other earth movement, unless caused by or arising from a direct consequence within 72 hours of a storm, of an earthquake, tsunami, subterranean fire, volcanic eruption, *flood* or water escaping from a water main owned by a water supply authority.
- (e) We will not pay for any *consequential loss* of any kind.
- (f) We will not pay for *damage* caused directly by or arising directly from:
- (i) *breakdown*;
 - (ii) gradually operating causes such as, but not limited to, wear and tear, mildew, mould, corrosion, disease, oxidisation, fading, tree roots, evaporation, change in flavour, colour, temperature or texture;
 - (iii) vermin, insects, termites;
 - (iv) latent defect, inherent defects, faulty workmanship, faulty material, structural defects or faulty design;
 - (v) faults or defects known to *you* or any employee whose knowledge at law would be deemed to be *your* knowledge and not disclosed to us at the time this insurance was arranged, extended, varied or renewed;
 - (vi) the cessation of work whether total or partial or cessation, interruption or retarding of any process or operation as a result of any industrial dispute;
 - (vii) fraud or dishonesty by *you* or *your* directors, partners, employees, officers or any other persons who have an interest in the property;
 - (viii) deliberate and unauthorised corruption, amendment or erasure of data by *you* or *your* directors, partners, employees, officers or any other person who has an interest in the property whether acting alone or in collusion with any other person;
 - (ix) the gaining of unauthorised access by any person, other than *you* or *your* directors, partners, employees, officers or any other person who has an interest in the property, to *your* computer via any communication system that is used by *your* computer system;
 - (x) the operation or presence of any computer program that alters or erases data or programs in a manner that is undesired by *you*;
 - (xi) a computer virus, being an executable program or computer code segment that is self-replicating, requires a host program or executable disc segment in which it can be contained, and which destroys or alters the host program or other computer code or data, causing undesired program or computer system operation;
 - (xii) explosion or implosion of any pressure vessels (including any boilers);
 - (xiii) scratching, denting, chipping or defacing, except when caused directly by fire, lightning, explosion, impact by any road vehicle or animal, aircraft or other aerial devices or articles dropped from them, falling communication masts, towers, antennae or dishes, falling buildings or structures or parts thereof, meteorite, riot, civil commotion, person taking part in an industrial dispute, persons acting maliciously, earthquake, storm, the bursting, overflowing and discharge or leaking of tanks, apparatus or pipes containing water or liquid of any kind, or sprinkler; or
 - (xiv) scratching, biting, pecking by birds.

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

2. Demolition and Debris removal

The reasonable costs incurred by *you* for:

- (a) the demolition and removal of *property* that is *damaged*;
- (b) the demolition and removal of any *property* that is necessary to allow *reinstatement* of *property* that has been *damaged*;
- (c) the cleaning up, removing and disposing of any branch or tree that has fallen causing impact *damage* to *property* insured. We will also pay the cost of stump removal when required; and
- (d) the cleaning up, removing, storing and disposing of *damaged property* at or from:
 - (i) the *premises*; and
 - (ii) any other location that *you* are legally required to remove debris from or clean up, provided that *you* do not own *property* at this other location and *your* liability did not result from an agreement made after the start of the *period of insurance* unless this liability would have existed anyway.

3. Expediting Expenses

The costs and expenses incurred by *you* for express carriage rates and extra payments for overtime or out of hours work incurred in connection with the repair or *reinstatement* of the *property* that is *damaged*.

Provided that the total additional cost for any one loss does not exceed 50% of the cost of repairing the item or \$25,000 whichever is the lesser.

4. Exploratory costs

The reasonable cost incurred by *you* to detect the point of bursting, leaking, discharging or overflowing of fixed apparatus, fixed tanks, fixed appliances, fixed pipes or other systems, during the *period of insurance*, at the *premises* used to hold or carry liquid or gas provided that the bursting, leaking, discharging or overflowing has caused or may reasonably be expected to cause *damage* to *property*. We will not cover the repair or replacement of such apparatus, appliances, tanks, pipes of other systems, unless *damaged* by a peril or event insured under this *cover section*.

5. Extra cost of reinstatement

The additional costs incurred by *you* to reinstate *your* insured *property* including any undamaged portions thereof in complying with the requirements of any lawful authority that are imposed after the *damage*.

Provided that we will not pay for any costs that would have been incurred when complying with the requirements of any lawful authority that applied to the *property* or *premises* prior to the *damage*.

6. Floating stock

Where this policy covers *stock* located at more than one *premises* and the transfer of *stock* between *premises* is a usual business practice, in the event of *damage* covered by this *cover section* at an insured *premises* where an inwards transfer of *stock* from another insured *premises* has occurred, the *category sum insured* and specified *sum insured* at the *premises* where the *damage* occurred will be increased to take into account the temporary transfer of *stock* between the *premises*.

Provided that:

- (a) the increase in the *category sum insured* of *stock* at the *premises* receiving the inwards transfer will be:
 - (i) the value of *stock* transferred which remains immediately prior to the *damage* occurring; or
 - (ii) if the *category sum insured* of *stock* at the other *premises* at the commencement date of the *period of insurance* was less than 80% of the value thereof on that date calculated in accordance with the Basis of Settlement, the amount of increase in (i) above will be proportionately reduced to reflect the degree of underinsurance below 80% of the value;
- (b) the *sum insured* at the *premises* subject to the inwards transfer will be increased by an amount representing 120% of the amount calculated under (a) above;

- (c) the period in which the *sum insured* for the specified *premises* is being exceeded in consequence of the transfer does not extend beyond 90 days, unless we have agreed in writing to an extended period, during the *period of insurance*.

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

7. Floor space ratio or Index

When the cost of rebuilding a *building* that is *damaged* costs more than 50% of the *replacement cost* of the entire *building*, and rebuilding is only permissible subject to a reduced floor space to land area ratio or index, then we will also pay:

- (a) the cost of rebuilding that would have been incurred had a reduced floor space ratio or index not been applicable; less
- (b) the actual incurred cost of rebuilding in accordance with the reduced floor space ratio or index.

The above amounts shall include the additional costs incurred to meet the requirements of any lawful authority as described in Extensions of Cover – A, 5. 'Extra cost of reinstatement'.

8. Government fees

If any of *your property* insured is destroyed or *damaged*, we will pay any fee, contribution or other impost payable to any other Government, Local Government or other Statutory Authority where payment of the fee, contribution or impost is necessary to obtain consent to reinstate any *property* insured provided that we will not be liable for payment of any fines and/or penalties imposed upon *you* by any such authorities. The cost of government fees is included in the *sum insured* for *buildings*, *contents* or *stock*. If the *sum insured* is exhausted, the most we will pay under this Extension of Cover is \$10,000 any one event.

9. Loss of land value

Up to \$100,000 for the reduction in land value that results from the requirements of any legal authority that does not allow rebuilding or only allows partial rebuilding at the *premises*.

Provided that:

- (a) this shall be calculated by subtracting the land value after rebuilding or after we have agreed that rebuilding is not possible, from the land value before the *damage*; and
- (b) we will not pay more than 20% of the *sum insured* shown for *buildings* at the *premises* where the *damage* happened.

10. Making safe and Temporary repairs expenses

The cost incurred to make the *property* or surrounding areas of the *premises* safe following *damage*, including temporary repairs, shoring up, propping and/or underpinning property.

Such costs shall include professional fees necessarily incurred and amounts payable to any lawful authority for submissions, permit fees and charges in connection with the work entailed.

11. Unpacking expenses

The cost and expenses incurred by *you* in taking inventory (including unpacking, repacking and restacking) to identify, quantify and value any *property damaged* during the *period of insurance* including examination of *property* not belonging to *you* but in *your* care, custody or control.

12. Water authority charges

The costs levied on *you* by a Water Company or Authority for water usage arising from the escape and loss of water at the *premises* following a theft or attempted theft of parts of the *building* when *buildings* are insured.

Provided that the total costs levied for any one loss does not exceed seven (7) days or \$15,000 whichever is the lesser. If *you* are also insured under the Burglary cover section, the benefits payable under Extension of Cover 16. 'Water authority charges' shall not be cumulative.

Extensions of Cover – B

Following *damage* covered by this *cover section* to *property* at a specific *premises*, we will pay in addition to the *total sum insured* for that *premises* the following costs that result from the cause of the *damage*:

1. Capital additions

Reasonable costs incurred by *you* in the aggregate, up to \$500,000 or 20% of the *total sum insured*, whichever is the lesser, for that *premises* during the *period of insurance* for the *reinstatement* of:

- (a) alterations to *buildings*; and
- (b) other capital additions,

that have been made at a specific *premises* during the *period of insurance*.

Provided that this Extension of Cover does not apply to:

- (i) *property* that cannot be correctly designated to a *category* that has a *declared value* shown in the *schedule* for that *premises*; or
- (ii) *property* that can be categorised as *stock*.

2. Catastrophe cover

If *your building* suffers *damage* from an event covered by this *cover section* and we classify the *damage* as a *major loss* and the event giving rise to the *damage* has led to the declaration by the relevant authority of a state of emergency affecting the area in which *your building* is situated, we will:

- (a) increase the *sum insured* under this *cover section* by up to 20% of the *declared value* for the *building* if *your building* is rebuilt; and
- (b) increase the limits on the amounts we will pay under Extensions of Cover B for, 1. 'Capital additions' and 6. 'Prevention of imminent damage' by 20%,

to cover *increased building costs* for labour and material supplies and other increased costs applying after the event.

We will not pay more than the *increased building costs* actually incurred by *you*.

We will not pay any amount under this Extension of Cover until *you* have incurred costs exceeding the *sum insured* under this *cover section*.

In all other aspects the other stated terms and conditions of this policy shall apply.

For the purposes of this Extension of Cover only the following additional definitions apply:

Major Loss

major loss will be deemed to have occurred when the cost of reinstating *your building* in accordance with the Basis of Settlement provisions of this *cover section* exceeds 80% of the *replacement cost* of *your building* immediately prior to the event.

Increased Building Costs

increased building costs means the difference between the cost of *reinstatement* actually incurred in accordance with the Basis of Settlement provisions of this *cover section* and the cost of *reinstatement* that would have applied had the event not occurred.

3. Discharge of mortgage cost

We will pay the legal cost associated with the discharge of a mortgage or mortgages on *buildings* following settlement of a claim on a total loss basis.

Provided that this Extension of Cover is limited to \$50,000 any one event.

4. Fire fighting and Authority costs

The cost of refilling fire fighting appliances used in putting out a fire at or adjoining the *premises* threatening insured *property* and any additional cost payable by *you* to a fire brigade, fire fighting authority or an authorised government authority for attendance at a fire or chemical emergency involving the insured *property*.

Provided that the wages of any full-time members of a works fire brigade are not covered by this Extension of Cover and this Extension of Cover is limited to \$100,000 in total, any one event.

5. Prevention of imminent damage

The necessary costs reasonably incurred by *you* to protect the *property* during the *period of insurance*:

- (a) to extinguish a fire on or in the vicinity of *your premises* which causes or threatens loss or *damage* to *your property*;
- (b) to prevent or diminish imminent damage to *your property*; and
- (c) for the temporary protection and safety of *your property* at the *premises*, including the employment of security services.

Provided that this Extension of Cover is limited to \$100,000 any one event and for all claims during any one *period of insurance*.

6. Professional fees

We will pay the reasonable cost of surveyors', architects' and other professional fees for estimates, plans, specifications, quantities, tenders and supervision, incurred in the repair or replacement of lost or *damaged buildings*. The cost of professional fees is included in the *sum insured* of the lost or *damaged buildings*. If the *sum insured* has been exhausted, we will pay up to \$10,000 any one event.

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

7. Stock seasonal or Festive increase

The *sum insured* for *stock* is increased by 50% for losses occurring during the days specified in the *schedule* under the heading 'Seasonal or Festive Increase', up to a maximum of 126 days or, if no days are specified, this increased cover for *stock*, the *seasonal increase periods* will apply.

If *your sum insured* on *stock* is included in another item on *your current schedule*, we will only apply the increased cover to the portion of the *sum insured* that relates to *stock*.

Provided that this Extension of Cover will not extend the insurance beyond the *period of insurance* noted in the policy *schedule*.

8. Taking inventory

We will pay up to \$10,000 any one event for the reasonable costs and expenses incurred by *you* in taking inventory (including unpacking, repacking and restacking) to identify, quantify and value any *property* insured *damaged* during the *period of insurance* including examination of *property* insured not belonging to *you* but in *your care, custody* or control.

9. Temporary removal to other premises

We will extend the cover provided by this *cover section* to *property*, while it is temporarily removed from the *premises* shown in the *schedule*, to some other premises in *Australia* for any period up to 90 days.

Provided that:

- (a) this Extension of Cover is not provided to *property* in transit;
- (b) this Extension of Cover is only available to *property* that can be correctly designated to a *category* that has a *sum insured* shown for the *premises* at which this *property* is normally located; and
- (c) the most we will pay under this Extension of Cover is 20% of the *sum insured* for the *category* of *property* that applies to this *property* at the *premises* at which the *property* is normally located.

Extensions of Cover – C

1. Automatic reinstatement

At each of the *premises*, when a *category sum insured* and a *total sum insured* is reduced following *damage* covered by this *cover section*, we will automatically increase these reduced amounts to their value immediately before the *damage*, provided that *you* pay or agree to pay the additional *premium* required by us.

2. Disposal of salvage

We will not sell or dispose of any salvage without giving *you* the opportunity to retain it at its salvage value, but this Extension of Cover does not allow *you* to abandon *property* to us.

3. Minimisation of damage

We will pay for the reasonable cost of removing *property* from the *premises*, and any *damage* resulting from the removal, if the *premises* are threatened by fire or any other perils insured by this *cover section* and the purpose of the removal was to prevent or minimise *damage* insured under this *cover section*.

4. New Premises – Temporary cover

We will temporarily extend the cover provided by this *cover section* to *property* at any premises that is used by *your business* for the first time during the *period of insurance*.

Provided that:

- (a) this temporary cover is limited to a period of 90 consecutive days from the day that *you* first use the new premises;
- (b) this temporary cover is not available to property that cannot be correctly designated to one of the *categories* of *property* that has a *sum insured* shown in the *schedule*;
- (c) this temporary cover is only available to *property* that is of a similar type to that insured by this *cover section*;
- (d) for each specific *category* of *property* shown in the *schedule*, this temporary cover is limited to 50% of the *sum insured* for that *category*, or if more than one *premises* is shown in the *schedule* then this 50% limitation will apply to the lowest *sum insured* that applies to a specific *category* of *property*;
- (e) the new premises have building, fire protection and security features that are similar to those at one of the *premises* (shown in the *schedule*);
- (f) *you* provide us with full details of the new premises within 90 days of *you* first using the new premises; and
- (g) Limitations of Cover – 9. 'Underinsurance' does not apply to this Extension of Cover.

5. Other parties / Waiver of subrogation

We automatically extend cover to include all other parties that have an insurable interest in the *property* including lessors, financiers, trustees, mortgagees, owners and others who are specifically noted in *your* records.

We waive any rights and remedies or relief that we are entitled to by way of subrogation against any of these parties.

6. Restricted transit

We will cover each *category* of *property* shown in the *schedule* for *damage* during transit within *Australia* that is caused by fire, explosion, wind, earthquake, *flood* and malicious damage, but not theft.

We will also cover *damage* to each *category* of *property* shown in the *schedule* in transit in or on any vehicle owned or operated by *you* caused by collision or overturning of the conveying vehicle.

Provided that the most we will pay under this Extension of Cover is the lesser of \$50,000 or 20% of the *sum insured* for that *category* of *property*.

Optional Extensions of Cover

If shown in the *schedule* the following Optional Extensions of Cover shall apply:

1. Additional Accidental Damage

When 'Additional Accidental Damage' is shown in the *schedule*, then the \$5,000 limit for Extensions of Cover – A, 1. 'Accidental damage' is increased to the limit shown in the *schedule*.

2. Transit – Fire and Specified Perils, Theft, Collision and Overturning

When 'Transit' is shown in the *schedule* we will provide cover for *damage to property* specified in the *schedule* under this *cover section* while in transit within *Australia* that is caused by:

- (a) fire, lightning, explosion, *flood* and malicious damage, but not theft;
- (b) theft from a locked vehicle or *building* following visible, forcible and violent entry to the vehicle or *building*;
- (c) theft of *property* which we agree was appropriately secured to a vehicle by chains, padlocks or other devices that have been broken or damaged to enable the theft; or
- (d) collision or overturning of the carrying vehicle or conveyance.

Provided that this Extension of Cover is limited to the amount shown in the *schedule* for 'Transit'.

Business Interruption – Income

Introduction

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

Definitions

The following definitions shall apply to the words used in this *cover section*.

Additional uninsured working expenses

additional uninsured working expenses means those expenses that are shown as Additional Uninsured Working Expenses in the *schedule* for this Business Interruption *cover section*.

Damage or Damaged

damage or *damaged* means accidental physical damage, destruction or loss. *Damaged* has a corresponding meaning to *damage*.

Income

income means:

1. income received from the renting or leasing of any part of the *premises* including monies paid by the lessee as outgoings under the terms of the rental or leasing agreement; and
2. income from *your business* at the *premises* for goods sold, work done, electrical power generated and sold, services rendered or any Government approved incentives, subsidies or market development allowances *you* are entitled to in relation to *your business*, less:
 - (a) working expenses for freight, packing, bad debts, and the purchase of goods, materials, components, or *stock*;
 - (b) any other *additional uninsured working expenses* shown in the *schedule*; and
 - (c) *payroll* if this is shown in the *schedule*.

Indemnity period

indemnity period means the period that starts on the date of the *damage* and ends not later than the number of weeks or months stated in the *schedule* after the date of the *damage* during which results of *your business* are affected as a consequence of the *damage*.

Insured damage

insured damage means:

1. In relation to *your property*, *insured damage* means *damage* to *your property* when both the property that is *damaged* and the cause of the *damage* is covered by:
 - (a) *your policy* under one or more of the following *cover sections*:
 - (i) Fire;
 - (ii) Burglary;
 - (iii) Money;
 - (iv) Glass;
 - (v) Business Special Risks;
 - (vi) Electronic Equipment – Part A (Material Loss or Damage); or
 - (b) another insurance policy that insures *your property* and names *you* as the Insured.Provided that:
 - (i) we receive written confirmation of the extent of cover from the insurer who issued this other policy; and
 - (ii) cover for both the property that is *damaged* and the cause of the *damage* would have been covered under one of the *cover sections* shown in 1(a) above had that *cover section* formed part of *your policy*.

Where the *damage* is below the excess applicable under any insurance mentioned in 1 (a) and 1 (b), such *damage* shall be deemed to be *insured damage* and covered for the purposes of this definition.

2. (a) In relation to property referred to in this *cover section* under the heading 'Extensions of Cover', *insured damage* means *damage* to such property located in *Australia*; and
- (b) in relation to property referred to in this *cover section* under the 'Optional Extensions of Cover', *insured damage* means *damage* to property located in *Australia* at the premises of the specified customers and specified suppliers who are shown in the *schedule* of this *cover section*.

Provided that this *damage* would have been covered under one of the *cover sections* shown in 1 (a) above had such property been insured under that *cover section* as part of *your* policy when the *damage* happened.

Interruption

interruption means interruption or interference.

Loss of income

loss of income means loss or reduction of *your income* that occurs during the *indemnity period*.

Payroll

payroll means all gross remunerations including, but not limited to, salaries, wages, directors fees, payroll tax, fringe benefits tax, bonuses, holiday pay, sick pay, workers compensation insurance premiums, accident compensation levies, superannuation and pension fund contributions of *your* directors, partners, employees and officers.

Rate of payroll

rate of payroll means the rate of *payroll* to *income* during the financial year immediately before the date of the *damage*.

Severance Pay

severance pay means the expenditure as *you* are obligated or have agreed to pay under industrial awards, determinations or agreements for severance pay and/or pay in lieu of notice to employees whose services are terminated during the *indemnity period* in consequence of the *damage*.

Cover

We will pay in accordance with the Basis of Settlement, for *loss of income* that results from an *interruption* of *your business* caused by any *insured damage* that happens at the *premises*.

Provided that this *insured damage* happens during the *period of insurance* shown for this Business Interruption *cover section*.

Basis of Settlement

1. Accumulated stock clause

In calculating any claim, we will take into account and make an equitable allowance if any shortage in *income* due to the *damage* is postponed by reason of the *income* being temporarily maintained from accumulated *stock* of finished goods.

2. Additional expenditure

We will also pay for additional expenditure necessarily incurred for the sole purpose of reducing *loss of income* that is covered by this *cover section* and/or resuming and/or maintaining *your* normal *business* operations or services.

Provided that this expenditure is limited to the amount of *income* that would otherwise be lost had the additional expenditure not been incurred.

3. Auditors and Accountants

We will accept as proof of the *loss of income* a certified statement from *your* accountants or auditors that shows the financial details requested by us.

4. Departmental clause

If *your business* is conducted in departments or business units, and the independent trading results can be determined, the provisions of the Basis of Settlement will apply separately to each department or business unit affected by the *damage*.

For the purposes of this clause any *income* received from the renting or leasing of any part of the *premises* will be regarded as the proceeds of a department.

5. Loss of income

Loss of income will be calculated by subtracting the *income* earned during the *indemnity period* from the *income* you would have earned during the *indemnity period* had the *damage* not occurred.

Provided that the *income* you would have earned during the *indemnity period* had the *damage* not occurred:

- (a) will be calculated by reference to the *income* for:
 - (i) a period of the same duration as the *indemnity period* that starts a year prior to the date of the *damage*; or
 - (ii) a period of *your normal business* operations that corresponds most closely to the *indemnity period* if *your business* has operated for less than a year at the start of the *indemnity period*; and
- (b) will be adjusted to take into account any:
 - (i) trends of the *business* and other influences that would vary the *income*;
 - (ii) variation of normal trading by which *income* is maintained during the *indemnity period* from increased sales of low margin goods;
 - (iii) changes to how *stock*, materials, finished goods or partially finished goods are used, purchased or sold including salvage sales of *stock* following *insured damage*; and
 - (iv) savings made during the *indemnity period* that reduce the cost of running *your business*.

6. Payroll

When *payroll* is specifically covered and a *sum insured* is shown in the *schedule*, we will pay the sum produced by applying the *rate of payroll* to the shortage of *income* during the *indemnity period* less any savings occurring during the *indemnity period* in consequence of the *damage* in the amount of *payroll* paid.

We will also pay any amount paid by you as *severance pay*.

However, we will not pay more than the *sum insured* shown in the *schedule* representing the percentage of *payroll* costs insured by you to apply during the *indemnity period*.

Limitations of Cover

1. Closure of your business

If during the *indemnity period* you permanently close *your business* for any reason (including involuntary closure), then the *indemnity period* will end on the day you permanently close *your business* unless we agree in writing to continue this period.

Nothing in this clause shall affect *your* right to an equitable adjustment where the decision to close the *business* is taken with our approval and arises directly as a result of the *interruption of your business* from a circumstance covered by this *cover section*.

2. Excess

You are liable for the excess for each and every claim for an event that results in a *loss of income*.

3. Sum insured

During the *period of insurance* for this cover section, we will not pay more than the *sum insured* shown in the *schedule*.

Any limits stated under the Extensions of Cover are within the *sum insured* for *income*, they are not additional to the *sum insured* for *income*.

The total *sum insured* will be reduced by any payment under or due to be made by us following *insured damage*.

4. Underinsurance

(a) Income

If the annual *sum insured* for *income* is less than 80% of the *income* for the year immediately prior to the date of the *damage*, then we will pay a proportion of the *loss of income*.

The proportion that we will pay will be the same as the proportion that the annual *sum insured* for *income* bears to 80% of the *income* for the year immediately prior to the date of the *damage*. If the *sum insured* shown in the *schedule* has been calculated using a Business Interruption Calculator approved by us and your 'GST exclusive sales income' figures from your Business Activity Statement are as stated in the calculation from the approved calculator, then the Limitations of Cover in this clause 4. (a) will not apply.

(b) Payroll

If the annual *sum insured* for *payroll* is less than 80% of the *payroll* paid during the year immediately prior to the date of the *damage*, then we will only pay a proportion of the *payroll* costs incurred during the *indemnity period*.

The proportion that we will pay will be the same as the proportion that the annual *sum insured* for *payroll* bears to 80% of the *payroll* paid during the year immediately prior to the date of the *damage*.

Provided that 4. (a) and (b) will not apply, if your:

- (i) projected *income* which the *business* would have earned in the *indemnity period* stated in the *schedule* if the *damage* had not occurred, is less than the *sum insured*; or
- (ii) claim is less than 10% of the *sum insured*.

Extensions of Cover

Provided that the total *sum insured* shown in the *schedule* for this cover section is not exceeded:

1. Automatic reinstatement

When the total *sum insured* is reduced following *insured damage*, we will automatically reinstate the total *sum insured* to its value immediately before the *insured damage*.

Provided that you pay or agree to pay the additional *premium* required by us.

2. Catastrophe cover

When Extension of Cover – B '2. Catastrophe cover' under the Fire cover section only applies, and the *indemnity period* stated in the *schedule* is 12 months or more, we will increase the *indemnity period* by a further 3 months, providing that you undertake the reinstatement of your *business* at the existing or an alternative *premises*.

This increase in your *indemnity period* is in recognition of the delays and difficulties experienced in the aftermath of such events and which extend the normal period in which the results of any business are affected because of the *damage*. This Extension does not increase the *sum insured* for *income* shown in the *schedule*.

3. Explosion of Boilers and Pressure vessels

We will pay for *loss of income* that results from an *interruption* of your *business* caused by an explosion or implosion of a boiler or pressure vessel.

4. Fines, Damages and Penalties

When we have agreed to indemnify *you* under this *cover section* for *loss of income* that results from an *interruption* of *your business*, we will also pay up to 20% of the *sum insured* for:

- (a) fines or damages for breach of contract resulting from non-completion or late completion of orders; or
- (b) the discharge of contract purchases, cancellation notices, fines or damages for breach of contracts for the purchase of goods or services *you* cannot use during the *indemnity period*, less the value of these goods to *you* or the amount received for their sale.

Provided that we will not cover any liability *you* may incur for exemplary, punitive or aggravated damages.

5. Landlord's property and Other non-owned property used by you at the premises

We will pay for *loss of income* that results from an *interruption* of *your business* that is caused by *insured damage* to *your* landlord's and/or other non-owned property used by *you* at the *premises*.

6. Murder, Suicide and Infectious disease

We will pay for *loss of income* that results from an *interruption* of *your business* that is caused by:

- (a) any legal authority closing or evacuating all or part of the *premises* as a result of:
 - (i) the outbreak of an infectious or contagious human disease occurring within a 20-kilometre radius of *your premises*, however there is no cover for highly pathogenic Avian Influenza or any disease declared to be a quarantinable disease under the Quarantine Act 1908 (as amended) irrespective of whether discovered at the location of *your premises*, or out-breaking elsewhere;
 - (ii) vermin or other animal pests at the *premises*; or
 - (iii) hygiene problems associated with drains or other sanitary arrangements at the *premises*; or
 - (iv) bomb threat at or to the *premises*.
- (b) poisoning directly caused by the consumption of food or drink provided on the *premises*; and
- (c) murder or suicide occurring at or near the *premises*.

The definition *insured damage* does not apply to this Extension of Cover.

7. Other premises and Property

We will pay up to 20% of the *sum insured for income*, for each *loss of income* that results from an *interruption* of *your business* that is caused by *insured damage* that occurs in *Australia* to the following property:

- (a) Unspecified suppliers
Property at the premises of any of:
 - (i) *your* suppliers of goods, produce, materials or services, including their direct supplier, other than those services supplied by Public Utilities; or
 - (ii) manufacturers of products utilised or sold by the *business*; or
 - (iii) repairers or processors of materials, components, or goods.
- (b) Unspecified customers
Property at the premises of any of *your* customers and clients or at work sites when *your business* entails work away from *your premises*.
- (c) Documents
Documents and electronic data files belonging to or held in trust by *you* while in transit or while at premises not occupied by *you*.
- (d) Storage sites
Your property stored at any premises not occupied by *you*, including freight forwarders.

- (e) Transit
Your property while in transit outside of the *premises* occupied by you.
- (f) Roads, Bridges and Railway lines
Roads, bridges and railway lines over which *stock*, components and materials are conveyed to and from the *premises*.
- (g) Computer data
Computer installations including ancillary equipment and data processing media utilised by you.

8. Prevention of access

We will pay for *loss of income* that results from an *interruption of your business* that is caused by *insured damage*:

- (a) to any property within a retail complex when *your business* is located within a multi-tenanted retail complex; or
- (b) to property in the vicinity of the *premises* which shall prevent or hinder the use or access to the *premises*.

9. Prevention of access by a public authority

We will pay for *loss of income* that results from an *interruption of your business* that is caused by any legal authority preventing or restricting access to *your premises* or ordering the evacuation of the public as a result of *damage* to or threat of *damage* to property or persons within a 50-kilometre radius of *your premises*.

10. Public utilities

We will pay for *loss of income* that results from an *interruption of your business* that is caused by *insured damage* to land based property located in *Australia* that belongs to or is under the control of any company or authority producing, supplying or delivering the electricity, gas, water, sewerage or communication services, used by the *business*.

Provided that where the property of the supplier is not at or immediately adjacent to *your premises*, the *interruption* of the supply extends for greater than 48 hours.

11. Registered motor vehicles

We will pay for *loss of income* that results from an *interruption of your business* that is caused by *damage* to registered motor vehicles including, but not limited to motorcycles, caravans and trailers that are owned and/or operated by you but only while at *your premises*.

Optional Extensions of Cover

1. Accounts receivable (book debts)

If 'Accounts Receivable' is shown in the *schedule* then following *insured damage* to your accounts receivable records we will pay up to the *sum insured* shown in the *schedule* for:

- (a) all amounts due to you that cannot be collected as a direct result of *damage* to your accounts receivable records; and
- (b) debt collection costs that would not have been incurred had your accounts receivable records not been *damaged* and that these debt collection costs are necessarily incurred to collect amounts that otherwise would not have been collected.

Provided that we will not pay for:

- (i) losses due to book-keeping or accounting errors or omissions;
- (ii) loss due to *your* dishonesty or dishonesty of *your* directors, partners, employees and officers or any other person who has an interest in the accounts receivable records;
- (iii) bad debts that would normally not be collected by you; and
- (iv) collection costs that would normally have been incurred.

2. Additional claims preparation costs

If 'Additional Claims Preparation Costs' is shown in the *schedule* then we will pay for costs incurred that are not otherwise recoverable for processing and certifying details of claims under *cover sections* Fire – Gold and Silver and Business Interruption up to an amount equal to the *sum insured* for Additional Claims Preparation Costs.

3. Additional increase in cost of working

We will pay up to the *sum insured* shown in the *schedule* for 'Additional Increase in Cost of Working' for all costs not otherwise recoverable that are necessarily incurred by *you* in an attempt to reduce a *loss of income* that is covered by this *cover section* and/or resuming and/or maintaining *your* normal *business* operations or services.

This amount is additional to the Additional Expenditure costs payable under Basis of Settlement.

4. Cost of goodwill

If 'Cost of Goodwill' is shown in the *schedule*, following *damage* to any *buildings* at *your premises* we will pay up to the *sum insured* shown in the *schedule* against this item for the actual cost of goodwill incurred by *you* when purchasing a business in order to maintain *your business* activities.

Provided that we will only pay these costs of goodwill when:

- (a) the *building* that is *damaged* cannot or will not be repaired or rebuilt, including:
 - (i) any refusal by any owner or lessor other than *you* to repair or rebuild; and
 - (ii) any restrictions imposed by any legal authority; and
- (b) the purchase of the business is incurred because *you* were unable to continue *your business* at the *premises* as a result of the *damage* to the *buildings* not being repaired; and
- (c) the cause of the *damage* to the *buildings* would have been covered by the Fire Section of *your* policy had that *building* been insured under that *cover section*; and
- (d) the business that is purchased is similar to *your business*.

5. Other premises

If 'Extension to Other Premises' is shown in the *schedule* then we will pay for *loss of income* that results from an *interruption* of *your business* that is caused by *insured damage* that occurs in *Australia* to:

- (a) Specified suppliers
property at the premises of *your* specified suppliers, shown in the *schedule* including their direct suppliers up to an amount calculated by applying the percentage shown in the *schedule* to the *sum insured* for *income*.
- (b) Specified customers
property at the premises of *your* specified customers that are shown in the *schedule* or property at the premises of their direct suppliers or customers up to an amount calculated by applying the percentage shown in the *schedule* to the *sum insured* for *income*.

Business Interruption – Weekly Income

Introduction

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

Definitions

The following definitions shall apply to the words used in this *cover section*.

Damage or Damaged

damage or *damaged* means accidental physical damage, destruction or loss. *Damaged* has a corresponding meaning to *damage*.

Income

income means income from *your business* at the *premises* for goods sold, work done, electrical power generated and sold, services rendered, any Government approved incentives, subsidies or market development allowances *you* are entitled to in relation to *your business* and *income* received from the renting or leasing of any part of the *premises* including monies paid by the lessee as outgoings under the terms of the rental or leasing agreement.

Indemnity period

indemnity period means the period that:

1. starts with the occurrence of the *damage*; and
2. ends not later than the number of weeks shown in the *schedule* or when the weekly *income* becomes greater than 95% of the average weekly *income* for:
 - (i) the year immediately prior to the date of the *damage*; or
 - (ii) the total period of *your business* operations prior to the date of the *damage* if *your business* was in operation for less than a year on the day of the *damage*.

Insured damage

insured damage means:

1. In relation to *your property*, *insured damage* means *damage* to *your property* when both the property that is *damaged* and the cause of the *damage* is covered by:
 - (a) *your policy* under one or more of the following *cover sections*:
 - (i) Fire;
 - (ii) Burglary;
 - (iii) Money;
 - (iv) Glass;
 - (v) Business Special Risks;
 - (vi) Electronic Equipment – Part A (Material Loss or Damage); or
 - (b) another insurance policy that insures *your property* and names *you* as the insured.

Provided that:

- (i) we receive written confirmation of the extent of cover from the insurer who issued this other policy; and
- (ii) cover for both the property that is *damaged* and the cause of the *damage* would have been covered under one of the *cover sections* shown in 1. (a) above had that *cover section* formed part of *your policy*.

Where the *damage* is below the excess applicable under any insurance mentioned in 1(a) and 1(b), such *damage* shall be deemed to be *insured damage* and covered for the purposes of this definition.

2. In relation to property referred to in this *cover section* under the heading Extensions of Cover, *insured damage* means *damage* to such property located in *Australia*.

Provided that this *damage* would have been covered under one of the *cover sections* shown in 1. (a) above had such property been insured under that *cover section* as part of *your* policy when the *damage* happened.

Interruption

interruption means interruption or interference.

Loss of income

loss of income means a loss or reduction of *your income* that occurs during the *indemnity period*.

Cover

We will pay in accordance with the Basis of Settlement, for *loss of income* that results from an *interruption* of *your business* that is caused by *insured damage* that happens at the *premises*.

Provided that this *insured damage* happens during the *period of insurance* shown for this Business Interruption *cover section*.

Basis of Settlement

1. Loss of income

For each specific week of the *indemnity period* the *loss of income* will be calculated by subtracting the *income* earned that week from the *income* you would have earned that week had the *damage* not occurred.

Provided that the *income* you would have earned during that week had the *damage* not occurred:

- (a) will be calculated by reference to the *income* for:
 - (i) a week that starts exactly a year prior to the first day of the specific week; or
 - (ii) a week of *your normal business* operation that corresponds most closely to the specific week if *your business* has operated for less than a year at the start of the *indemnity period*; and
- (b) will be adjusted to take into account any:
 - (i) trends of *business* and other influences that would vary the *income*;
 - (ii) variation of normal trading by which *income* is maintained during the *indemnity period* from increased sales of low margin goods;
 - (iii) changes to how *stock*, materials, finished goods or partially finished goods are used, purchased or sold; and
 - (iv) savings made during the *indemnity period* that reduce the cost of running *your business*.

2. Additional expenditure

We will also pay for additional expenditure necessarily incurred for the sole purpose of reducing *loss of income* that is covered by this *cover section* and/or resuming and/or maintaining *your normal business* operations or services.

Provided that this expenditure is limited to the amount of *income* that would otherwise be lost had the additional expenditure not been incurred.

3. Auditors and Accountants

We will accept as proof of the *loss of income* a certified statement from *your* accountants or auditors that shows the financial details requested by us.

Limitations of Cover

1. Closure of your business

If during the *indemnity period* you permanently close *your business* for any reason (including involuntary closure), then the *indemnity period* will end on the day you permanently close *your business* unless we agree in writing to continue this period.

Nothing in this clause shall affect *your* right to an equitable adjustment where the decision to close the *business* is taken with our approval and arises directly as a result of the *interruption of your business from a circumstance covered by this cover section*.

2. Total payment

Our total aggregate payment during the *period of insurance* for *loss of income* in the *indemnity period* is limited to the number of weeks and *sum insured* for each item shown in the *schedule*.

Extensions of Cover

The following extensions of cover apply, provided that the amount shown in the *schedule* for weekly *income* is not exceeded:

1. Automatic reinstatement

When the total *sum insured* is reduced following *insured damage*, we will automatically reinstate the total *sum insured* to its value immediately before the *insured damage*.

Provided that you pay or agree to pay the additional *premium* required by us.

2. Explosion of Boilers and Pressure vessels

We will pay for *loss of income* that results from an *interruption of your business* caused by an explosion or implosion of a boiler or pressure vessel.

3. Landlord's property and Other non-owned Property used by you at the premises

We will pay for *loss of income* that results from an interruption of *your business* that is caused by *insured damage* to your landlord's and/or other non-owned property used by you at the *premises*.

4. Murder, Suicide and Infectious disease

We will pay for *loss of income* that results from an *interruption of your business* that is caused by:

- (a) any legal authority closing or evacuating all or part of the *premises* as a result of:
 - (i) the outbreak of an infectious or contagious human disease occurring within a 20-kilometre radius of *your premises*, however there is no cover for highly pathogenic Avian Influenza or any disease declared to be a quarantinable disease under the Quarantine Act 1908 (as amended) irrespective of whether discovered at the location of *your premises*, or out-breaking elsewhere;
 - (ii) vermin or other animal pests at the *premises*; or
 - (iii) hygiene problems associated with drains or other sanitary arrangements at the *premises*;
- (b) poisoning directly caused by the consumption of food or drink provided on the *premises*; and
- (c) murder or suicide occurring at or near the *premises*.

The definition *insured damage* does not apply to this Extension of Cover.

5. Other premises and Property

We will pay up to 20% of the amount shown in the *schedule* for weekly *income* for each *loss of income* that results from an *interruption of your business* that is caused by *insured damage* that occurs in *Australia* to the following property:

- (a) Unspecified suppliers
Property at the premises of any of:
 - (i) *your* suppliers of goods, produce, materials or services, including their direct supplier, other than those services supplied by Public Utilities; or
 - (ii) manufacturers of products utilised or sold by the *business*; or
 - (iii) repairers or processors of materials, components or goods.
- (b) Unspecified customers
Property at the premises of any of *your* customers and clients or at work sites when *your business* entails work away from *your premises*.
- (c) Documents
Documents and electronic data files belonging to or held in trust by *you* while in transit or while at premises not occupied by *you*.
- (d) Storage sites
Your property stored at any premises not occupied by *you*, including freight forwarders.
- (e) Transit
Your property while in transit outside of the *premises* occupied by *you*.
- (f) Roads, Bridges and Railway lines
Roads, bridges and railway lines over which *stock*, components and materials are conveyed to and from the *premises*.
- (g) Computer data
Computer installations including ancillary equipment and data processing media utilised by *you*.

6. Prevention of access

We will pay for *loss of income* that results from an *interruption of your business* that is caused by *insured damage*:

- (a) to any property within a retail complex when *your business* is located within a multi-tenanted retail complex; or
- (b) to property in the vicinity of the *premises* which shall prevent or hinder the use or access to the *premises*.

7. Prevention of access by a public authority

We will pay for *loss of income* that results from an *interruption of your business* that is caused by any legal authority preventing or restricting access to *your premises* or ordering the evacuation of the public as a result of *damage* to or threat of *damage* to property or persons within a 50-kilometre radius of *your premises*.

8. Public utilities

We will pay for *loss of income* that results from an *interruption of your business* that is caused by *insured damage* to land based property located in *Australia* that belongs to or is under the control of any company or supply authority producing, supplying, or delivering the gas, water, sewerage, or communication services, used by *you* at the *business*.

Provided that where the property of the supplier is not at or immediately adjacent to *your premises*, the *interruption* of the supply extends for greater than 48 hours.

9. Registered motor vehicles

We will pay for *loss of income* that results from an *interruption of your business* that is caused by *damage* to registered motor vehicles including, but not limited to motorcycles, caravans and trailers that are owned and/or operated by *you* but only while at *your premises*.

Optional Extension of Cover

1. Increase in cost of working

We will pay up to the *sum insured* shown in the *schedule* for 'Increase in Cost of Working' for the additional costs necessarily incurred by *you* for the sole purpose of reducing a *loss of income* that is covered by this *cover section*.

Liability

Introduction

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

Definitions

The following definitions shall apply to the words used in this *cover section*.

Advertising liability

advertising liability means:

- (a) any breach of the misleading or deceptive conduct provisions of the Competition and Consumer Act 2010 (Cth) or Schedule 2 to the Competition and Consumer Act 2010 (the Australian Consumer Law) or any Fair Trading or similar legislation of any Country, State or Territory;
- (b) infringement of copyright of or passing off of a title or slogan;
- (c) unfair competition, piracy or idea misappropriation contrary to an implied contract; or
- (d) invasion of privacy,

committed or alleged to have been committed during the *period of insurance* in any advertisement, publicity article, broadcast or telecast arising out of any advertising activities conducted by or on behalf of *you*, in the course of advertising *your products*.

Aircraft

aircraft means any vessel, craft or thing made or intended to fly or move in or through the atmosphere or space.

Business

business means for the purpose of this *cover section* only, *your business* shown in the *schedule* and all other activities incidental to the conduct of *your* occupation including:

- (a) ownership or occupation of *premises* by *you*;
- (b) the provision and management of canteens, social, sports, charities, galas and welfare organisations primarily for the benefit of *your* employees, first aid, fire and ambulance services;
- (c) construction, erection, demolition, alteration or addition, not exceeding in cost the sum of \$500,000, of or to *buildings* owned by *you*;
- (d) participation in exhibitions;
- (e) hire or loan of plant, equipment or goods to other parties; and
- (f) private work undertaken by any employee of *yours*, for any of *your* directors or senior executives.

Computer virus

computer virus means an executable program or computer code segment that is self-replicating, requires a host program or executable segment in which it can be contained, and which destroys or alters the host, program or other computer code or data, causing undesired program or computer system operation.

Excess

excess for the purpose of this *cover section* only, means the amount *you* first bear in relation to each *occurrence*. The *excess* applies to all amounts payable under this *cover section* including the indemnity provided under additional payments.

Hovercraft

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

Incidental contracts

incidental contracts means:

- (a) any written rental agreement for lease of real or personal property that does not impose on *you*:
 - (i) an obligation to insure such property; or
 - (ii) liability to indemnify the lessor for *personal injury* or *property damage* for which the lessor is legally liable;
- (b) any written contract with any public authority or company for the supply of water, gas or electricity, or use of a railway siding, but only to the extent of indemnifying any such authority in respect of liability arising out of *your business* other than contracts for the performance of work or provision of services by *you*.

Insured person

insured person means *you* and the parties described under the heading 'Cover for others'.

Internet operations

internet operations means:

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

Medical persons

medical persons means legally qualified medical practitioners, legally qualified registered nurses, dentists and first aid attendants.

Occurrence

occurrence means an event or series of events including continuous or repeated exposure to substantially the same general conditions which results, unexpectedly and unintentionally from *your* standpoint, in *personal injury* or *property damage* or *advertising liability* during the *period of insurance*. All *personal injury* or *property damage* happening during the *period of insurance* attributable to one source or to a common cause or to the same general conditions, shall be deemed to be one *occurrence*.

With respect to *advertising liability*, all damages involving the same injurious material or act, regardless of the frequency or repetition thereof, the number and kind of media used and the number of claimants, shall be deemed to arise out of one *occurrence*.

Personal injury

personal injury means:

- (a) bodily injury, death, sickness, disease, shock, fright, mental anguish, mental injury or loss of consortium;
- (b) false arrest, false detention, wrongful imprisonment, malicious prosecution or malicious humiliation;
- (c) wrongful entry or wrongful eviction or other invasion of privacy;
- (d) defamation, libel and slander; and
- (e) assault and/or battery.

Products

products means anything (after it has ceased to be in *your* possession or under *your* control) which is or is deemed to have been manufactured, grown, extracted, produced, processed, imported, exported, constructed, assembled, erected, installed, repaired, serviced, renovated, treated, sold, supplied or distributed by *you* or on *your* behalf (including *your* predecessors in *your business*) including labels, packaging or any container thereof the design, specification or formula of the products and directions, instructions or advice given or omitted to be given in connection with such products and anything which by law or otherwise *you* are deemed to have manufactured in the course of *your business* including discontinued products.

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

- (a) supplied by *you* or on *your* behalf primarily to *your* employees as a staff benefit;
 - (b) served in any dining room or at any function to employees or guests for consumption at *your premises*; or
 - (c) supplied from any vending machine or any other property rented to or located for use of others but not sold by *you*,
- and any claims for compensation against *you* arising out of any *occurrence* shall be deemed to be a *general liability* claim to which the *limit of liability* specified in the *schedule* shall apply.

Property damage

property damage means:

- (a) physical injury to or loss of or destruction of tangible property including loss of use of that property at any time resulting therefrom; and
- (b) loss of use of tangible property which has not been physically injured or destroyed provided such loss of use is caused by physical damage to or destruction of other tangible property.

Territorial limits

territorial limits means anywhere in the world (subject to the limitations set out in Exclusion 1., 12. and 17. for this *cover section*).

Tool of trade

tool of trade means the use or operation of a *vehicle* and/or equipment, tool or apparatus which forms part of the *vehicle*, but only whilst engaged in and undertaking its designed purpose of digging, scraping, shovelling, grading, boring, drilling, compacting, harvesting, ploughing, shredding, lifting, clearing, levelling, hosing, pumping, spraying, vacuuming or suction activities.

Vehicle

vehicle means any machine and attachments thereto including a trailer designed to travel on wheels or on self-laid tracks and to be propelled by other than manual or animal power.

Watercraft

watercraft means any vessel, craft or thing made to or intended to float on or in or travel on or through or under water.

You or Your

you or *your* means for the purpose of this *cover section* only, the definition of *you* or *your* is extended to include any of *your* subsidiary companies now or hereinafter formed or constituted.

Provided that:

- (a) any such incorporation is notified to us within 90 days of the incorporation date;
- (b) the newly incorporated company conducts the same type of *business* as *your business*; and
- (c) the newly incorporated company is incorporated in *Australia*.

Cover

Subject to the Limits of Liability stated in the *schedule* and the terms and conditions of this *cover section*, we will pay all sums that the *insured person* shall become legally liable to pay for compensation in respect of:

- (a) *personal injury*;
- (b) *property damage*;
- (c) *advertising liability*,

happening during the *period of insurance* within the *territorial limits* as a result of an *occurrence* in connection with *your business* or *products*.

Extensions of Cover

1. Additional payments

In addition to the Limits of Liability stated in the *schedule* we will pay as additional payments all:

- (a) reasonable legal costs and expenses (including the costs of representation at any coronial hearing or other official investigation into the circumstances) incurred by the *insured person* with our written consent in the defence of any claim;
- (b) expenses incurred by the *insured person* for first aid to others (other than medical expenses prohibited by Section 126 of the Health Insurance Act 1973);
- (c) reasonable expenses incurred by the *insured person* for the temporary repair or shoring up or preservation of property which has been damaged; and
- (d) interest accruing after entry of judgment against the *insured person* until we have paid, tendered or deposited in court such part of the judgment as does not exceed the Limit of Liability,

resulting from an *occurrence* which is covered by this *cover section*, provided that:

- (i) if a payment exceeding the Limit of Liability has to be made to dispose of a claim, our liability to pay any additional payments shall be limited to that proportion of those amounts as the Limit of Liability bears to the amount paid to dispose of the claim;
- (ii) in the event of a claim covered by this *cover section* being made against an *insured person* in any Court or before any other legally instituted body in *North America*, the Limit of Liability shall apply to such claim inclusive of all additional payments; and
- (iii) we shall not be obligated to pay any compensation or additional payments, or judgment or to defend any suit after our Limit of Liability has been exhausted by payment of claims, judgments and/or settlements.

2. Cover for others

This *cover section* is extended to the following:

- (a) any of *your* directors, executive officers, employees or voluntary unpaid workers, but only whilst acting within the scope of their duties in such capacity;
- (b) any office bearer or member of the canteen, social, or sports organisations for *your* employees and internal first aid given by *your medical persons*, fire or ambulance services formed with *your* consent, but only whilst acting within the scope of their activities in such capacity;
- (c) any of *your* directors or senior executives in respect of private work undertaken by *your* employees for such director or senior executive, but only after they have obtained *your* prior consent to this private work to be undertaken;
- (d) the estates, legal representatives, heirs or assigns of:
 - (i) any deceased or insolvent persons; or
 - (ii) persons who are unable to manage their own affairs by reason of mental disorder or incapacity, who would otherwise be indemnified by this policy, but only in respect of liability incurred by such persons as described in clauses 2. (a) to (c) above; and

- (e) any principal, but only for their liability for *personal injury* or *property damage* that is directly caused by *your* performance of the work for that principal and only to the extent that we would cover *you* under this *cover section* for *your* liability to that principal had the principal made a claim against *you* in respect of the circumstances giving rise to the principal's liability.

Provided that:

- (i) the work was carried out by *you* in an attempt to comply with a contract to perform work that was made between *you* and the principal; and
- (ii) our liability shall not exceed the lesser of the minimum amount of liability insurance cover required by the contract to perform the work or the Limit of Liability shown in the *schedule*; and
- (iii) for avoidance of doubt, it is further provided that where a principal makes a claim under this clause, Exclusion 7. 'Employer's Liability' shall apply so that we will not pay for that principal's liability for *personal injury* to any person in the service of either *you* or that principal.

Limit of Liability

Our liability to pay compensation as a result of an *occurrence* shall not exceed the Limit of Liability stated in the *schedule*.

Our total aggregate liability to pay compensation in respect of or in any way related to *your products* during any one *period of insurance* shall not exceed the Limit of Liability stated in the *schedule*.

Exclusions

We will not pay anything in respect of:

1. Advertising liability

advertising liability for:

- (a) statements made at the direction of an *insured person* with the knowledge of the illegality or falsity thereof;
- (b) breach of contract, other than misappropriation of advertising ideas contrary to an implied contract;
- (c) infringement or passing off of a trade mark, service mark or trade name on any *products*, goods or services sold, offered for sale or advertised. This does not apply to infringement of titles or slogans;
- (d) matters arising from the export of the *products* to, or *business* visits by directors, executives and employees to *North America*, notwithstanding the terms of sub paragraphs (i) and (ii) of Exclusion 17;
- (e) any *insured person* whose *business* is advertising, broadcasting, publishing or telecasting;
- (f) incorrect description of the price of *products*, goods or services;
- (g) failure of *products*, goods or services to conform with advertised performance, quality, fitness or durability; or
- (h) acts, errors or omissions committed prior to the inception date of this *cover section*.

2. Asbestos

any liability of whatsoever nature in connection with, directly or indirectly caused by, or contributed to by, or arising from, asbestos or asbestos products or asbestos contained in any product.

Exclusion 2. shall not apply to actual or alleged loss, cost, expenses or liability where such loss, cost, expense or liability is not related to asbestos content of goods, materials or products or completed operations.

3. Assault and Battery

personal injury or *property damage* arising directly or indirectly out of assault and battery committed by an *insured person*.

Exclusion 3. shall not apply when such assault and battery is committed for the purpose of preventing or eliminating danger to persons or property.

4. Contractual liability

any liability or obligation assumed by an *insured person* under any agreement or contract except to the extent that:

- (a) the liability or obligation would otherwise have been implied by law;
- (b) the liability or obligation arises from *incidental contracts*;
- (c) the liability or obligation is assumed by an *insured person* under any warranty under the requirement of Federal or State legislation in respect to product safety;
- (d) the liability or obligations is assumed under those agreements specified in the *schedule*.

5. Damage to products

Property damage to products if the damage is attributed to any defect in them or to their harmful nature or unsuitability.

This Exclusion 5. is restricted to the defective or harmful or unsuitable part of a damaged *product* and does not apply to any resultant damage caused to the remainder of the *product*.

6. Defamation, Libel, Slander

the publication or utterance of a defamation, libel or slander:

- (a) made prior to the commencement of the *period of insurance*;
- (b) made by an *insured person* at *your* direction or with *your* authority with knowledge of its falsity; or
- (c) related to advertising, broadcasting, publishing or telecasting activities conducted by *you* or on *your* behalf.

7. Employer's liability

- (a) *personal injury* to any person arising out of, or sustained in the course of the employment of such person in the service of any *insured person* or through the breach of any duty owed to that person, where any *insured person*:

- (i) is indemnified or entitled to be indemnified (either in whole or in part) in respect of claims for damages under a policy of insurance (which expression includes arrangements made by any *insured person* to provide accident insurance for any *insured person's* workers under a licence to self-insure) arranged (whether by law or not) in accordance with any workers compensation legislation or accident compensation legislation; or
 - (ii) would have been indemnified or entitled to be indemnified (either in whole or in part) had any *insured person* arranged a policy of insurance as required by such legislation.

- (b) *personal injury* to any person arising out of, or sustained in the course of the employment of such person in any *insured person's* service in Western Australia, other than a person of whom any *insured person* is deemed to be an employer by reason only of Section 175 of the Workers' Compensation and Injury Management Act 1981 (WA).
- (c) mental anguish, shock or fright suffered by any person arising out of, or in the course of, that person's employment by, or service to, any *insured person*.
- (d) *personal injury* arising out of the wrongful or unfair dismissal, denial of natural justice, harassment, libel, slander, defamation, misleading representation, misleading advertising or humiliation of, or discrimination against, any person while in any *insured person's* service, prospective employment or while employed by any *insured person*.
- (e) which indemnity previously would have been provided in whole or in part under a policy of insurance arranged in accordance with any workers compensation legislation or accident compensation legislation, but in respect of which indemnity has been withdrawn or reduced as a consequence of a change to the scope, terms, provisions, or requirements of such legislation made after the commencement of the current *period of insurance* of this *cover section*.
- (f) the imposition of any liability by the provisions of any workers compensation legislation or accident compensation legislation or any industrial award, agreement or determination.

8. Faulty workmanship

the cost of performing, correcting or improving any work undertaken by an *insured person*.

9. Information technology hazards

- (a) any liability arising out of *your internet operations*; or
- (b) *property damage* to computer data or programs and their storage media arising directly or indirectly out of or caused by, through or in connection with:
 - (i) the use of any computer hardware or software;
 - (ii) the provision of computer or telecommunication services by *you* or on *your* behalf;
 - (iii) the use of computer hardware or software belonging to any third party, whether authorised or unauthorised including damage caused by any *computer virus*.

Exclusion 9. does not apply to:

- (i) *personal injury, property damage or advertising liability* arising out of any material which is already in print by the manufacturer in support of any of its *products*, including by not limited to *product* use and safety instructions or warnings, and which is also reproduced on its site; or
- (ii) liability which arises irrespective of the involvement of *your internet operations*.

10. Intentional conduct

any alleged or actual fraudulent, dishonest, malicious, intentional or criminal act or omission of an *insured person*.

11. Loss of use

loss of use of tangible property which has not been physically injured, or lost or destroyed resulting from:

- (a) a delay in or lack of performance by or on behalf of an *insured person* in relation to any contract or agreement; or
- (b) the failure of the *products* to meet the level of performance, quality, fitness or durability expressly or implied, warranted or represented by an *insured person*.

Provided that 11. (b) does not apply to loss of use of other tangible property resulting from the sudden and accidental physical injury to or destruction of the *products* after such *products* have been put to use by any person or organisation other than *you*.

12. Pollution

any liability for:

- (a) loss, damage, costs or expense, injury, illness or liability directly or indirectly arising out of the discharge, seepage, migration, dispersal, release or escape of *pollutants* into or upon any property, land, the atmosphere or any watercourse or body of water (including ground water);
- (b) loss, damage, costs or expense, injury, illness or liability directly or indirectly arising out of the discharge, seepage, migration, dispersal, release or escape of *pollutants* caused by any product that has been discarded, dumped, abandoned or thrown away by others;
- (c) the cost of removing, nullifying or cleaning up *pollutants*; or
- (d) the cost of preventing the escape of *pollutants*.

Exclusion 12. (a) and (c) shall not apply where the claim arises from a sudden identifiable, unintended and unexpected event which takes place in its entirety at a specific time and place and occurs outside of *North America*, however, the total aggregate Limit of Liability during any one *period of insurance* shall not exceed the Limit of Liability stated in the *schedule*.

13. Products guarantee

Any *products* warranty or guarantee given by *you* or on *your* behalf.

Exclusion 13. shall not apply to the requirements of any Federal or State legislation as to product safety.

14. Professional liability

the rendering of or failure to render professional advice or service provided by or on behalf of an *insured person* or any error or omission connected therewith.

Exclusion 14. shall not apply in respect to:

- (a) *personal injury* or *property damage* arising therefrom providing such professional advice or service is not given for a fee; or
- (b) the rendering of or the failure to render professional medical advice by *medical persons* employed by *you* to provide first aid or medical services on *your premises*.

15. Property in physical or Legal control

property damage to property owned by or the physical or legal control of an *insured person* other than *premises* leased or rented to *you*.

Exclusion 15. does not apply to *property damage* to:

- (a) personal effects of *your* directors, employees and visitors;
- (b) premises (and their contents) where the premises are temporarily occupied by an *insured person* to carry out work;
- (c) any *vehicle* in a carpark unless:
 - (i) the *vehicle* is used by or on behalf of an *insured person*; or
 - (ii) the carpark is occupied or operated by an *insured person* for reward;
- (d) property, other than an *aircraft*, *watercraft* that is not on dry land or *hovercraft*, not owned by *you*, but in *your* physical or legal control subject to a maximum of \$250,000 for any one *occurrence* and in the aggregate during any one *period of insurance*.

16. Recall of products

any claims arising out of or resulting from any loss, cost or expense incurred by *you* for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of *your products* or of any property of which they form a part, if such *products* or property are withdrawn from the market or from use because of any known or suspected defect, deficiency, inadequacy or dangerous condition in them.

17. Territorial limits

any liability:

- (a) occurring in *North America*; or
- (b) caused by or arising out of *products* exported by an *insured person* or *your agents* to *North America*.

Exclusion 17. shall not apply to:

- (i) *products* exported to *North America* without the knowledge of an *insured person* or *your agents*; or
- (ii) *business visits* by directors, executives and employees normally resident in *Australia* that do not involve the performance of manual work or supervision of work by any such person.

18. Vehicles

personal injury or property damage caused by or arising out of the ownership, use, possession, or control by any *insured person* of any *vehicle*:

- (a) which is registered;
- (b) in respect of which registration is required by virtue of any legislation relating to *vehicles*; or
- (c) in respect of which compulsory liability insurance or statutory indemnity is required by virtue of any legislation (whether or not insurance is effected).

Exclusion 18. does not apply to claims:

- (i) for *personal injury* arising out of an *occurrence* that is partially (to the extent of that part) or totally outside the indemnity afforded under such compulsory liability insurance or other legislation relating to *vehicles* and where the reason the *occurrence* is outside the indemnity afforded by compulsory liability insurance or statutory indemnity does not involve a breach by an *insured person* of legislation relating to *vehicles*;
- (ii) arising out of and during the loading or unloading of goods to or from any *vehicle*;
- (iii) caused by or arising from the operation or use of any *vehicle* which is designed primarily for lifting, lowering, loading, or unloading whilst being operated or used by an *insured person* or on *your* behalf within the confines of *your premises*;
- (iv) arising from the use of any *tool of trade* other than whilst in transit or whilst being used for transport or haulage; or
- (v) for *property damage* caused by or arising out of the movement of any *vehicle* (which is required to be Conditionally Registered in accordance with the law of any State or Territory in Australia) in the event of *your* inadvertent and unintentional failure to effect Conditional Registration.

19. Watercraft, Aircraft, Hovercraft

personal injury or property damage caused by or arising directly or indirectly out of or in connection with:

- (a)
 - (i) the operation, ownership, possession or use by *you* or on *your* behalf of any *watercraft* exceeding 10 metres in length except where such *watercraft* is owned and operated by others and is being used by an *insured person* for *business* entertainment; or
 - (ii) any *hovercraft*;
- (b) the ownership, maintenance, operation, possession, or use by *you* of any *aircraft*, including any property used for the purpose of an airport or any *aircraft* landing strip.

Provided that 19. (b) shall not apply to claims arising out of any model aircraft or tethered inflatable balloons used for advertising or promotional purposes; or

- (c) *your products* that an *insured person* knew or had reasonable cause to believe would be, or are, installed as a critical part or become a component part of the hull, machinery or instruments used for navigation or maintaining an *aircraft* or *hovercraft* or any other aerial device in flight or in movement upon the ground.

Special Conditions

1. Additions and/or Alterations to buildings and plant

Where additions and/or alterations to *buildings* or plant are being performed at the premises by any contractor employed by *you*, notwithstanding the Definition of business clause (c), this policy extends to indemnify *you* against any claim for *your* legal liability to pay compensation for *personal injury or property damage* arising from an *occurrence* happening in connection with the conduct of the *business* or ownership of the *premises* during the period of the contract works, that is independent of the contractor's performance.

Provided also that nothing in this clause will result in an increase in our Limits of Liability in respect of any *occurrence* or *period of insurance*.

2. Cross liability

When an *insured person* consists of more than one party, the *insured person* shall be considered as a separate *insured person* as though a separate policy had been issued to each of the said parties.

Provided that our Limits of Liability and Additional Payments will apply as though there were not separate policies issued to each party.

3. Liability not to be admitted

The *insured persons* shall not admit liability for or offer to or agree to settle any claim without our written consent. We shall be entitled to take over and defend any claim with full discretion in the conduct of that claim.

4. Reasonable care and Precautions

Notwithstanding, Condition 12 – ‘Precautions’, noted in the General Terms and Conditions, the following is applicable for this *cover section*.

- (a) You must exercise reasonable care that only competent employees are employed and take reasonable measures to maintain all *premises*, fittings and plant in sound condition.
- (b) The *insured persons* shall:
 - (i) take all reasonable care and precautions to prevent *personal injury, property damage or advertising liability* losses;
 - (ii) take all reasonable care and precautions to prevent the manufacture, sale or supply of defective *products*; and
 - (iii) comply with all statutory obligations, by-laws or regulations imposed by any public authority for the safety of persons or property.
- (c) You shall at *your* own expense withdraw, inspect, repair, replace, trace, recall or modify any of the *products* containing any defect or deficiency of which *you* have knowledge or have reason to suspect.

5. Subrogation

Any *insured person* shall at any time, at the request and expense of us, permit all reasonable steps required to enforce any rights to which we would be entitled.

Burglary

Introduction

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

Definitions

The following definitions shall apply to the words used in this *cover section*.

Category and Categories

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

1. All contents;
2. All contents excluding Stock;
3. Stock including goods for which *you* are responsible but excluding Cigarettes and Tobacco Goods;
4. Cigarettes and Tobacco Goods; or
5. Specified Items listed in the *schedule*.

Provided that when *property* is being designated to these *categories* we agree to accept the designation used by *you* in *your* records. *Categories* shall have a corresponding meaning to *category*.

Property

property means the Property shown in the *schedule* as Insured Property.

Safe

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

Strongroom

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

Theft

theft means theft or attempted theft.

Cover

We will pay for the cost of replacing or repairing *property* that is lost or damaged by *theft* at the *premises* following:

1. visible forcible and violent entry into or exit from *buildings* at the *premises*;
2. a person hiding on the *premises* during normal operating hours until the *premises* are closed and locked up;
3. an actual, attempted or threatened armed hold up;
4. an actual, attempted or threatened assault or violent act; or
5. an actual visible, forcible violent entry into any locked cabinet, counter or showcase.

Provided that the *theft* happens during the *period of insurance*.

We will also pay the cost of opening any *safes* and *strongrooms* *damaged* as a result of *theft* under Cover 1. to 5. above.

Basis of Settlement

At our option, we will:

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

Limitations of Cover

1. Categories of property

We will only pay for *property* that can be correctly designated to one of the *categories* that are shown as insured in the *schedule*.

2. Excess

You are liable for the excess for each and every claim for an event that results in loss or damage.

3. Sum insured and reinstatement of sum insured

- (a) For each specific *category* of *property* we will only pay up to the *sum insured* that applies to that specific *category* of *property*.
- (b) Following damage covered by this *cover section* we will reduce the *sum insured* for those *categories* that are affected by the damage by an amount equal to any payments made or due to be made by us.
- (c) When a *sum insured* is reduced following a *theft* we will automatically increase this reduced *sum insured* to its value immediately before the *theft*.

Provided that:

- (i) the maximum amount we will pay in any one *period of insurance* is limited to twice the *sum insured*; and
- (ii) *you* pay or agree to pay the additional *premium* we require.

Exclusions

We will not pay for:

1. *theft* from any open-sided structure such as, but not limited to, verandas, yards or other open spaces whether they are partially or fully enclosed by a building or not;
2. *theft* when entry has been made using keys or security codes;
3. *theft* of *money* or negotiable instruments such as but not limited to cheques, stamps, money orders, vouchers and tickets exceeding \$500 in total;
4. *theft* of motorised vehicles (other than forklifts or similar mobile lifting plant, not otherwise insured) and/or watercraft, unless motorised vehicles and/or watercraft are specifically shown as insured in the *schedule* for this *cover section*;

5. unexplained disappearances or unexplained shortages whether resulting from clerical or accounting errors or shortages in the supply of materials to or by *you*;
6. *consequential loss* of any kind; or
7. the dishonest manipulation of any database or computer system.

Extensions of Cover

1. Business records

Following a *theft* which is covered by this *cover section* we will pay in addition to the *sum insured* the costs necessarily incurred by *you* to re-create business books, plans, computer system records, patterns and other business records.

Provided the maximum amount that we will pay during the *period of insurance* is limited to \$25,000 or as noted in the *schedule*.

2. Clothing and Personal effects

If clothing or personal effects are lost or damaged during a *theft*, we will pay in addition to the *sum insured*, the cost of replacing these items.

Provided that the total amount payable under this Extension is limited to \$10,000 in total, any one event. If *you* are also insured under the Money *cover section*, the benefits payable under Extension of Cover 1. (b) 'Clothing and Personal effects' shall not be cumulative.

3. Damage to premises

We will pay in addition to the *sum insured* the cost of repairing *buildings* that are physically damaged during a *theft* at that *premises*. Provided that the maximum amount we will pay is limited to \$20,000 in total any one event.

4. Death following assault

If any person is injured while protecting or attempting to protect the *property* from *theft* and death results from this injury within 12 months, we will pay \$10,000 in addition to the *sum insured*, to the estate of that person. If *you* are also insured under the Money *cover section*, the benefits payable under Extension of Cover 1. (e) 'Death following assault' shall not be cumulative.

5. Disposal of damaged property

We will also pay in addition to the *sum insured*, the costs necessarily incurred by *you* to dispose of damaged *property* which has no salvage value.

Provided the maximum we will pay is limited to \$5,000 in total any one event.

6. Employee dishonesty

We will pay *you* for loss of *property* by *theft* or dishonesty by any of *your* employees occurring during the *period of insurance*, which is discovered within 45 days of its occurrence. Exclusion 7, the dishonest manipulation of any database or computer system and Extension 15 – 'Theft without forcible entry', proviso (b), *theft* by *you* or any of *your* employees, does not apply to this Extension.

Provided our liability under this Extension is limited to \$5,000 for any one event. If *you* are also insured under the Money *cover section*, the benefits payable for employee dishonesty shall not be cumulative. This Extension shall not apply if *you* are also insured under the Employee Fraud *cover section*.

7. Illegal use of corporate financial transaction card

If this policy covers *your contents* and any corporate credit card used by the *business* is lost or stolen during the *period of insurance*, we will pay any financial loss sustained by *you* arising from the illegal use of the card by an unauthorised person.

Provided that we will not pay:

- (a) any financial loss arising from the misuse or illegal use of corporate credit cards by *your* employees or any other person acting in collusion with an employee of *yours*; or
- (b) more than \$5,000 in total for any one loss or event.

8. Locks and Keys

If during the *period of insurance* keys used at the *premises* are accidentally lost or stolen, we will pay in addition to the *sum insured*:

- (a) the cost incurred to replace these keys; and
- (b) other costs that are necessarily incurred to restore the security of the *premises* to the same level of security that existed prior to the loss of these keys.

Provided that the maximum amount that we will pay is limited to \$10,000 in total, any one event. If *you* are also insured under the Money cover section, the benefits payable under Extension of Cover 1 (c) 'Keys, locks and combinations' shall not be cumulative.

9. New premises – Temporary cover

We will temporarily extend the cover provided by this *cover section* to *property* at any premises that are used by *your business* for the first time during the *period of insurance*.

Provided that:

- (a) this temporary cover is limited to a period of 90 consecutive days from the day that *you* first use the new premises;
- (b) this temporary cover is not available to *property* that cannot be correctly designated to one of the *categories* that are shown as insured in the *schedule*;
- (c) this temporary cover is only available to *property* that is of a similar type to that insured by this *cover section*;
- (d) for each specific *category* of *property* shown in the *schedule* this temporary cover is limited to 50% of the *sum insured* for that *category*; or
- (e) if more than one *premises* is shown in the *schedule* then this 50% limitation will apply to the lowest *sum insured* that applies to a specific *category* of *property*;
- (f) the new premises have building and security features that are similar to those at one of the *premises* shown in the *schedule*, having the same occupation;
- (g) *you* provide us with full details of the new premises within 90 days of *you* first using the new premises; and
- (h) *you* pay the *premium* that we require for this new premises.

10. Property and Contents temporarily removed

We will also cover *your property* and *contents* while temporarily removed to any other premises within *Australia*.

Provided that we will not cover:

- (a) tobacco, tobacco products, cigars, cigarettes or alcoholic beverages;
- (b) *property* that is on consignment to other parties unless it is owned by *you* or is *property* for which *you* are responsible;
- (c) *theft* from any vehicle which is not as a result of visible, forcible and violent entry into the locked vehicle;
- (d) *theft* of *property* or *contents* which are in the open air; or
- (e) *theft* of *property* or *contents* while in storage or while being transported for storage or during permanent removal from the *premises*.

Provided the maximum amount we will pay for this additional benefit will be 20% of the *sum insured* and this additional benefit will not apply to any *property* or *contents*, which has been removed for a period greater than 90 days without our prior written consent.

11. Seasonal or Festive increase

The *sum insured* for *stock* excluding any Cigarettes or Tobacco Goods, is increased by 50% for losses occurring during the days specified in the *schedule* under the heading 'Seasonal or Festive Increase', up to a maximum number of 126 days. If no days are specified, the 50% increase for *stock* excluding any Cigarettes or Tobacco Goods, the *seasonal increase periods* will apply.

Provided that this Extension of Cover will not extend the insurance beyond the *period of insurance* noted in the policy *schedule*.

12. Security

We will pay in addition to the *sum insured* the costs necessarily incurred by *you* to replace and develop security film and restore the security system to its former functionality following a *theft* or attempted *theft* that is covered by this *cover section*.

Provided that the maximum amount we will pay is limited to \$10,000 in total any one event. If *you* are also insured under the Money *cover section*, the benefits payable under Extension of Cover 1 (g) 'Security' shall not be cumulative.

13. Temporary protection and Watchmen

Following a *theft* that is covered by this *cover section* we will pay in addition to the *sum insured*, the costs necessarily incurred by *you* to safeguard the *premises* such as temporary repairs and the employment of watchmen or guards.

Provided that the maximum amount that we will pay is limited to \$10,000 in total, any one event. If *you* are also insured under the Money *cover section*, the benefits payable under Extension of Cover 1 (f) 'Temporary protection and Watchmen' shall not be cumulative.

14. Tenanted premises

We will also pay in addition to the *sum insured* for insured *property*, the cost of repairing or replacing *damage* to *your* landlords premises or property (other than glass) for which *you* are liable under the terms of *your* lease or rental agreement arising from *theft* or attempted *theft* at the *premises*.

Provided that the maximum amount we will pay is limited to \$20,000 in total, any one event.

15. Theft without forcible entry

We will cover loss or damage to *property* caused by *theft* from the *premises* even if there is no visible forcible and violent entry.

Provided that we will not pay for:

- (a) *theft* involving shoplifting;
- (b) *theft* by *you* or any of *your* employees; or
- (c) *consequential loss* of any kind.

Exclusion 1, *theft* from any open-site structure, does not apply to this Extension.

The maximum amounts that we will pay in total for any one event are limited to:

- (i) \$20,000 for *theft* of electronic equipment, other than *stock*, from within any *building*; or
- (ii) \$10,000 for all other property,

unless noted otherwise in the *schedule*.

16. Water authority charges

The costs levied on *you* by a Water Company or Authority for water usage arising from the *theft* of *property* or water at the *premises*.

Provided that the maximum amount we will pay is limited to \$10,000 in total any one event. If *you* are also insured under the Fire – Gold or Silver *cover sections*, the benefits payable under Extension of Cover A – 12. 'Water authority charges' shall not be cumulative.

Optional Extensions of Cover

1. Additional Damage to premises cover

If 'Additional Damage to Premises' is shown in the *schedule* then in addition to the cover provided under Extension of Cover 3 – 'Damage to premises', we will pay up to the amount shown in the *schedule* for the cost of repairing *buildings* at the *premises* that are physically damaged during a *theft*.

2. Additional Theft without forcible entry cover

If 'Theft without forcible entry' is shown in the *schedule* then in addition to the cover provided under Extension of Cover 15 – 'Theft without forcible entry', and subject to the same policy conditions, we will pay an increased amount up to the amount shown in the *schedule* for *damage to property* caused by *theft* from the *premises* where there is no visible forcible and violent entry.

Money

Introduction

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

Definitions

The following definitions shall apply to the words used in this *cover section*.

Business hours

business hours means *your business* and office hours including overtime hours when *you* or *your* employees are on the *premises* for business purposes.

Financial service provider

financial service provider means a bank, building society or credit union or an agency for any of these, that is in the business banking services to the public.

Locked

locked means to engage locking mechanisms and activate all security features of a device so that the maximum level of security obtainable by the device is achieved.

Loss and Lost

loss and *lost* means accidental loss, damage or destruction.

Money

money, for the purpose of this *cover section*, is extended to include funds held in electronic form in a bank account, *money* held in trust or for which *you* are responsible and which is not otherwise insured and shall also include any cash carrying bag used with the *transit*.

Safe

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

Strongroom

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

Transit

transit means *money* in *your* personal custody or in the custody of persons authorised by *you* whilst in transit within *Australia*. The *transit* shall be deemed to have commenced immediately the *safe* or *strongroom* is unlocked for the purpose of removing and immediately transporting the *money* from the *premises*. *Money* in *transit* includes *money* while contained in the night safe, night depository chute or automatic teller machine of any *financial services provider*. Our liability ceases at the time *your financial service provider* has recorded the *money* into *your* account or ceases trading on the next business day following the deposit therein.

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

You or Your

you or *your*, for the purpose of this *cover section* only, is extended to include *your* directors, officers, partners, employees and if *you* are a registered club, *your* club members while acting for the club.

Cover

1. Blanket cover

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

2. Specified cover

When Specified Cover is shown in the *schedule*, we will pay up to the *sum insured* shown in the *schedule* for *loss of money* during the *period of insurance* for the following categories of *money*:

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

Basis of Settlement

The maximum amount we will pay is the *sum insured* shown on the *schedule* as per the cover selection taken. If *you* have selected a different *sum insured* for each of the Specified Cover listed above, the maximum amount we will pay, in respect of:

- (a) *money in transit* at the time of the *loss* is the *money in transit sum insured*;
- (b) *money on the premises* during *business hours* at the time of the *loss* is the *money on the premises during business hours sum insured*. The maximum we will pay for *money* at the *premises* outside *business hours* is \$2,000, unless the *money* is contained in (c) below;
- (c) *money on the premises* in a securely locked *safe* or *strongroom* at the time of the *loss* is the *money at the premises in securely locked safe or strongroom sum insured*; or
- (d) *money in your personal custody* or the personal custody of an authorised person while in a private residence at the time of the *loss* is the *money in your custody sum insured*.

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

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

- 1. if the securities can with our approval be replaced, the cost of replacement paid or payable by *you*; or
- 2. otherwise, the greater of:
 - (i) the price for which *you* purchased them; or
 - (ii) the closing market value on the last business day prior to the date of discovery by *you* of the *loss* or destruction of the securities; or
 - (iii) if the time of discovery by *you* is after the close of the market, their closing market value on the day of discovery by *you*.

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

Losses sustained in currencies other than Australian dollars will be calculated by converting the amount of *loss* to Australian dollars at the market rate at the time of settlement of the *loss* or such other rates as may have been expressly agreed with us. If there is no market price or value on the relevant day, then the value shall be agreed between *you* and us, or in default, we and *you* shall submit to mediation and be bound by the decision of the mediator.

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

When Extension of Cover 1 (a) 'Damage to safes or strongrooms' applies, we will, at our option:

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

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

Limitation of Cover

1. Excess

You are liable for the excess for each and every claim for an event that results in a *loss*.

Exclusions

We will not pay for:

- 1. theft from an unattended vehicle that is not *locked*;
- 2. theft from a *safe* or *strongroom* when the locking device is opened by:
 - (a) a key, a magnetic key or card, or similar device;
 - (b) a sequence of numbers or letters, or numbers and letters; or
 - (c) any combination of the security devices shown in 2 (a) and 2 (b) above, when these security devices are left unsecured on the *premises*;
- 3. theft from a *safe* or *strongroom* that is not *locked* during non *business hours*;
- 4. shortage due to error or omission;
- 5. *loss* discovered more than 20 working days after such *loss*.

Provided that this does not apply to Extension of Cover 4 – 'Employee dishonesty';

- 6. *loss* due to fraudulent or dishonest acts by *you*.

Provided that this does not apply to theft by *your* employees following visible, forcible and violent entry;

- 7. *loss* due to the dishonest manipulation of any database or computer system;
- 8. *loss* of *money* while professional money carriers, professional carriers or common carriers are carrying it; or
- 9. *consequential loss* of any kind.

Extensions of Cover

1. Additional covers

In addition to the *sum insured*:

- (a) Damage to safes or strongrooms

If Blanket Cover or Money in Safes or Strongrooms is shown in the *schedule*, then we will pay up to \$10,000 for damage to *safes* and *strongrooms* following theft or an attempted theft of *money*.

- (b) Clothing and Personal Effects

If during a theft or attempted theft of *money*, clothing and personal effects are *lost*, then we will pay to repair or replace these items.

Provided that the total amount payable under this Extension is limited \$10,000 in total, any one event. If *you* are also insured under the Burglary *cover section*, the benefits payable under Extension of Cover 2. 'Clothing and Personal Effects' shall not be cumulative.

(c) Keys, locks and combinations

If Blanket Cover or *money* in *locked safes* or *locked strongrooms* is shown in the *schedule* and Exclusion 2 (c) does not apply, then:

- (i) we will pay to replace locks, keys, magnetic keys or cards or similar devices, or to change the sequence of numbers or letters, or numbers and letters to any *safe* or *strongroom* if:
 - as a result of theft covered under this *cover section*, keys or combinations are stolen or there are reasonable grounds to believe that keys have been duplicated;
 - keys, magnetic keys or cards or similar devices are accidentally *lost*;
 - the sequence of numbers or letters, or numbers and letters becomes known by any unauthorised person or are accidentally *lost*;
 - circumstances have allowed the unauthorised duplication of keys, magnetic keys or cards or similar devices; and
- (ii) we will also pay the cost of opening *safes* and *strongrooms* following *loss* of keys, magnetic keys or cards or similar devices.

Provided that the total amount payable under this Extension is limited to \$10,000 in total, any one event. If *you* are also insured under the Burglary *cover section*, the benefits payable under Extension of Cover 8. 'Locks and Keys' shall not be cumulative.

(d) Travellers money

We will pay for *loss of money* in *your* custody while *you* are travelling for *your business* anywhere in the world.

Provided that the total amount payable under this Extension is limited to \$10,000 in total, any one event.

(e) Death following assault

If any person is injured while protecting or attempting to protect *money* from theft or attempted theft and death results from this injury within 12 months we will pay \$10,000 to the estate of that person. If *you* are also insured under the Burglary *cover section*, the benefits payable under Extension of Cover 4. 'Death following assault' shall not be cumulative.

(f) Temporary protection and Watchmen

We will pay for costs necessarily incurred by *you* to safeguard the *premises* following theft or attempted theft that is covered by this *cover section*, including but not limited to temporary repairs or the employment of watchmen or guards.

Provided that the total amount payable under *your* policy is limited to \$10,000 in total, any one event. If *you* are also insured under the Burglary *cover section*, the benefits payable under Extension of Cover 13. 'Temporary protection and Watchmen' shall not be cumulative.

(g) Security

We will pay in addition to the *sum insured* the costs necessarily incurred by *you* to replace and develop security film and restore the security system to its former functionality following a theft or attempted theft that is covered by this *cover section*.

Provided that the maximum amount we will pay is limited to \$10,000 in total any one event. If *you* are also insured under the Burglary *cover section*, the benefits payable under Extension of Cover 12. 'Security' shall not be cumulative.

2. Bank or Public holiday increase

The *sum insured* and the limits of *loss* for items shown in the *schedule* are increased by 100% on days that are bank or public holidays. This increase shall continue to apply up until 4 pm on the first bank trading day after such holiday.

Provided that this Extension of Cover does not apply to:

- (a) damage to *safes* and *strongrooms*;
- (b) *money* on *premises* outside *business hours*; and
- (c) is not cumulative with Extension of Cover 7 – ‘Seasonal or Festive increase’.

3. Counterfeit currency

We will pay for loss of *money* due to *your* acceptance of counterfeit Australian currency for goods or services supplied by *you* in connection with *your business*.

Provided that the total amount payable under this extension is limited to \$500 in total, any one *period of insurance*.

4. Employee dishonesty

We will pay *you* for *loss of money* by theft or dishonesty by any of *your* employees occurring during the *period of insurance*, which is discovered within 45 days of its occurrence. Exclusions 6 and 7, so far as they relate to *loss* due to fraudulent or dishonest acts by *you* and *loss* due to the dishonest manipulation of any database or computer system, does not apply to this Extension.

Provided our liability under this Extension is limited to \$5,000 for any one event. If *you* are also insured under the Burglary cover section, the benefits payable for employee dishonesty shall not be cumulative. This Extension shall not apply if *you* are also insured under the Employee Fraud cover section.

5. New Premises – Temporary cover

We will cover *you* for *loss of money* as insured by this cover section for a period of 90 days from the date *you* first occupy new *premises*; provided that;

- (a) the *money* is the property of the *business* shown in the *schedule*; and
- (b) cover applies only to the categories of *money* specified in the *schedule* insured by this cover section and our liability is limited to 50% of the *sum insured* for each category; and
- (c) the *loss of money* occurs within the *period of insurance*; and
- (d) the new premises have building and security features that are similar to those at one of the *premises* shown in the *schedule*.

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

If we agree to cover the *money* at the new premises beyond the 90 consecutive day period, *you* must pay any additional *premium* we ask for.

6. Reinstatement of sum insured

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

Provided that:

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

7. Seasonal or Festive increase

The *sum insured* for *money* is increased by 50% for *losses* occurring during the days specified in the *schedule* under the heading 'Seasonal or Festive Increase', up to a maximum of 126 days or, if no days are specified, this increased cover for *money*, the *seasonal increase periods* will apply.

Provided that this Extension:

- (i) will not extend the insurance beyond the *period of insurance* noted in the policy *schedule*;
- (ii) does not apply to *money* on *premises* outside *business hours*; and
- (iii) will not apply to the individual days mentioned under Extension of Cover 2 – 'Bank or Public holiday increase'.

Optional Extension of Cover

1. Additional damage to safes and strongrooms

When 'Additional damage to safes and strongrooms' is shown in the *schedule* then the \$10,000 limit for Extension of Cover 1 (a) – 'Damage to safes and strongrooms' is increased to the limit shown in the *schedule*.

Glass

Introduction

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

Cover

If *glass breakage* occurs during the *period of insurance* we will pay for the actual cost of replacing and fixing the *glass* in its frame or in its normal location with *glass* of a similar type and quality to the *glass* that is *broken*.

We will pay any additional costs incurred by *you*:

- (a) in arranging after-hours services, express delivery and labour at overtime rates in relation to the repair and replacement of *broken glass*; and
- (b) to comply with current building regulations that relate to the *glass* that is *broken*, when applicable.

Limitations of Cover

1. Excess

You are liable for the excess for each and every claim for an event that results in a *breakage*.

2. Types of glass

We will only pay for *internal* or *external glass* if they are shown in the *schedule*.

Exclusions

We will not pay for *damage* to:

1. property during installation or removal of *glass*;
2. *glass* that is *stock* in trade or merchandise; or
3. *glass* that is only scratched, chipped or discoloured.

Extensions of Cover

1. Additional benefits

If 'Glass' is shown in the *schedule* and *glass* is *broken* during the *period of insurance* then we will pay the costs that are necessarily incurred by *you* to:

- (a) effect temporary repairs, install shuttering and employ watchmen or guards;
- (b) repair or replace:
 - (i) frames, sign-writing, alarm tapes, coatings; or
 - (ii) fittings and tiled shop fronts, but with due allowance for wear and tear;that are damaged as a result of *glass breakage*; and
- (c) remove and refit fixtures and tiles to allow the repair or replacement of *broken glass*.

Provided that the total of all payments under this Extension of Cover is limited to \$10,000 during the *period of insurance*.

2. Advertising (or identification) signs

We will pay for *breakage* of *advertising (or identification) signs* occurring during the *period of insurance*.

Provided that the total of all payments under this Extension of Cover is limited to \$10,000 during the *period of insurance*.

3. Damaged stock

If 'Glass' is shown in the *schedule* and *glass is broken* we will pay to repair or replace *stock* that is damaged by such *broken glass*.

Provided this Extension of Cover is limited to \$10,000 during the *period of insurance*.

4. Malicious damage

If 'Glass' is shown in the *schedule* and where *you* are a tenant of leased premises, and *you* are required by the terms of *your lease* to insured *external glass*, we will also cover *you* for the cost of replacing *external glass* which *you* are required to replace where the *damage* has arisen from the acts of malicious persons and not resulted in the *external glass* being *broken* through the entire thickness.

Provided that this Extension of Cover is limited to \$10,000 during the *period of insurance*.

5. Reinstatement of Additional benefits

Following a claim under Extensions of Cover 1 – 'Additional benefits', if *you* pay or agree to pay an additional *premium*, we will return the limit to the full \$10,000.

Optional Extensions of Cover

1. Increased Additional benefits

If 'Increased Additional benefits' is shown in the *schedule* then the total for all payments provided under Extensions of Cover 1 – 'Additional benefits' is increased to the limit shown in the *schedule*.

2. Increased cover on Advertising (or identification) signs

If 'Increased cover on Advertising (or identification) signs' is shown in the *schedule* then the total for all payments provided under Extensions of Cover 2 – 'Advertising (or identification) signs' is increased to the limit shown in the *schedule*.

3. Increased cover on Damaged stock

If 'Increased cover on Damaged stock' is shown in the *schedule* then the total for all payments provided under Extensions of Cover 3 – 'Damaged stock' is increased to the limit shown in the *schedule*.

Business Special Risks

Introduction

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

Definitions

The following definitions shall apply to the words used in this *cover section*.

Damage or Damaged

damage or *damaged* means accidental physical damage, destruction or loss.

Item or Items

item or *items* means an Item or Items that are shown in the *schedule*.

Stock

stock, for the purpose of this *cover section* only, is extended to include any materials owned by *you* and stored on *your premises*, at contract sites, or during transit.

Cover

We will pay up to the *sum insured* for the cost of repairing or replacing *items* that are *damaged* during the *period of insurance*.

Limitations of Cover

1. Excess

You are liable for the excess for each and every claim for an event that results in *damage*.

2. Geographical limits

Cover only applies to *damage* that occurs anywhere in the world, unless cover is limited by *endorsement* to the situation shown in *your schedule*.

3. Obsolete items or improvements

If an *item* cannot be purchased as a new *item* or if an *item* cannot be repaired or replaced without improving the output, capacity or efficiency of that *item* then we will only pay the cost of replacing or repairing that *item*, less an amount equal to the value of any such improvement(s).

4. Reduced sum insured

The *sum insured* for the *period of insurance* will be reduced by any payment made or due to be made under this *cover section*.

5. Stock

We will not pay for *damage* once *stock* has been used or incorporated into any contract.

6. Unspecified items

When cover is shown in the *schedule* for Unspecified Items, cover is limited to a maximum amount of \$2,500 for any one *item*.

Provided that we will not pay for Excluded Items.

Exclusions

1. Excluded causes

We will not pay for *damage* caused by or arising from:

- (a) the actual breaking, seizing, deformation or melting of any part of any *item* while that *item* is in use that is caused by mechanical, electrical or electronic defect within the *item* that causes sudden malfunction that requires repair or replacement before the *item* can resume normal operation;
- (b) corruption or loss of data;
- (c) vermin or insects;
- (d) scratching, denting, chipping or other aesthetic defects that do not affect the operation or function of the *item*;
- (e) gradually operating causes such as, but not limited to, wear and tear, atmospheric conditions, mildew, corrosion, disease, fading, rusting or other forms of oxidation; or
- (f) faulty materials, faulty workmanship or latent defects.

Exclusions 1 (a), (c), (e) and (f) shall apply only to the part of the *item* immediately affected and we will pay for any *damage* to any *item* that is not otherwise excluded that results from *damage* caused by or arising directly from any of these causes.

2. Excluded items

We will not pay for the following *items* unless they are specified in the *schedule*:

- (a) mobile plant, motorised vehicles, watercraft, video equipment;
- (b) *stock*;
- (c) mobile telephones and radios, sporting equipment, aerial devices;
- (d) computers, electronic diaries, organisers or their accessories;
- (e) firearms; and
- (f) *money*.

3. Consequential loss

We will not pay for *consequential loss* of any kind.

Extensions of Cover

1. Automatic reinstatement

If we pay an amount for a claim under this *cover section* we will automatically reinstate the *sum insured* to the amount shown on the *schedule*, provided that *you* pay or agree to pay the additional *premium* that we require.

2. Theft of property of others

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

We will not cover *you* under this additional extension unless the *item* or *items* were:

- (a) in a securely locked vehicle and the theft was consequent upon forcible and violent entry to the vehicle;
- (b) securely and permanently affixed to a *building* or vehicle and theft is consequent upon forcible and violent removal of the *item* or *items*;
- (c) in a vehicle and was securely chained to that vehicle by a steel chain and a security rated padlock;
- (d) in *your* private residence or the private residence of *your* employee who has been authorised by *you* to have the custody and control of the *item*. However we will not cover any theft by a tenant;
- (e) securely locked in a *building* or any part of the *building* and the theft is consequent upon forcible and violent entry to the *building* or that part of the *building*.

We will not cover any theft:

- (i) committed by *you* or any of *your* employees;
- (ii) committed by any person while lawfully at *your premises* or within the *building*;
- (iii) of any *item* which is unattended in areas of the *building*; or
- (iv) stolen as a consequence of armed hold-up or the threat of physical violence.

We will not cover *you* for more than \$2,500 in any one *period of insurance* under this Extension of Cover.

Optional Limitations

1. Fire excluded

If the peril of 'Fire' is shown as being excluded in the *schedule* then *damage* due to fire is not covered by this *cover section*.

2. Restricted cover

If 'Restricted Cover' is shown in the *schedule* then cover is limited to loss or *damage* caused by:

- (a) fire, storm, water, explosion, lightning, *flood*;
- (b) earthquake, subterranean fire;
- (c) impact by vehicle or aircraft;
- (d) collision or overturning of a vehicle;
- (e) theft following visible, forcible and violent entry to locked vehicles or locked *premises*; and
- (f) malicious damage, but not theft.

Engineering Plant

Introduction

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

Definitions

The following definitions shall apply to the words used in this *cover section*.

Boiler and unfired pressure plant

boiler and unfired pressure plant means any structure that is subject to internal steam, gas or other fluid pressure other than normal atmospheric pressure and shall include:

1. fittings and direct attachments that are connected to the structure without any intervening valve, cock or tap; and
2. supports for the structure and operating equipment such as furnace doors, access doors, combustion chambers, smoke boxes and casings.

Provided that this does not include:

- (a) internal combustion engines;
- (b) rotating, reciprocating or electrical devices; or
- (c) *pressure pipe systems*.

Damage or Damaged

damage or damaged means any sudden, unforeseen, physical damage to, or destruction of, any part of the *plant* that prevents the *plant* from operating normally and requires repair or replacement of the *plant* before normal operation can be resumed.

Electrical, electronic and mechanical plant

electrical, electronic and mechanical plant means all integral parts of the *plant* that are not *boiler and unfired pressure plant* or *pressure pipe systems*.

Excluded plant

excluded plant means:

1. computers, electronic data processing equipment;
2. communications equipment including, but not limited to, telecommunication transmitting and receiving equipment;
3. audio visual, amplification, burglar alarms, monitoring systems and surveillance equipment;
4. lighting facilities;
5. research, diagnostic and electro-medical-equipment;
6. lifts, escalators, office machines;
7. coin or card-operated machines;
8. storage tanks and vats;
9. any container used to contain explosive or inflammable gases and liquids;
10. mobile machinery;
11. building ducts, reticulating electrical wiring, water and gas piping;
12. hot water systems used for heating up to 500 litres of water to a temperature below one hundred degrees Celsius (100°C); and
13. property not owned by *you* or not at the *premises*.

Expendable items

expendable items means items and parts that are not normally re-used or repaired or any item or part that requires periodic or frequent replacement including but not limited to:

1. electrical and electronic glass bulbs, tubes, x-ray tubes;
2. electrical contacts, heating elements, batteries;
3. wear plates, cutting edges, tools, dies, moulds, patterns, impression rollers, engraved cylinders;
4. fuses, sheer pins and other safety or protective devices that require a replacement after they have performed or attempted to perform their designed function;
5. tyres, tracks, conveyer belts, ropes; and
6. glass and ceramic components.

Explosion

explosion means the sudden, unforeseen and violent rending of any *boiler and unfired pressure plant* or *pressure pipe systems* by force of internal steam gas or fluid pressure or the pressure of ignited flue gases.

Plant

plant means the following defined types of *plant*:

1. *electrical, electronic and mechanical plant*;
2. *boiler and unfired pressure plant*; and
3. *pressure pipe systems*.

The word *plant* shall apply to any or all items shown in the *schedule* as well as any or all components or parts of these items.

Unless specifically shown in the *schedule*, *plant* does not include *excluded plant*.

Pressure pipe systems

pressure pipe systems means:

1. for *boiler and unfired pressure plant*, any pipe systems with valves, fittings, traps and separators that contain steam, condensate, gas or other fluids that are pressurised by the *plant*, including any piping between the boilers and feed water pumps or injectors; and
2. for refrigeration and air-conditioning equipment specified in the *schedule*, the interconnecting pipes and coils that contain a heat transfer medium.

Wear or Gradual deterioration

wear or gradual deterioration means:

1. the wearing or wearing out of *plant* or property as a result of its normal operation;
2. the wearing or wasting away of material as a result of the normal operation of *plant* or property;
3. mildew, disease, fading, erosion, corrosion, rust or other forms of oxidation;
4. *damage* resulting from atmospheric conditions; or
5. slowly developing deformation or distortion.

Cover

We will pay for the cost of repairing, or at our option, replacing the:

1. *plant* that is *damaged*; and
2. property that is hit by flying fragments of *plant* that has disintegrated following *damage* to that *plant*, provided that *you* are responsible for the property that is hit and this property is owned by *you* or in *your* custody or control.

Provided that the *damage* to the *plant* occurs during the *period of insurance*.

Limitations of Cover

1. Conversion to non CFC refrigerant operation

We will not pay for any costs that are associated with the conversion or alteration of *plant* or property that is undertaken to assist the *plant* to operate with a non CFC (Chlorofluorocarbon) type of refrigerant.

2. Excess

You are liable for the excess for each and every event that results in *damage*.

3. Improvements

If an item of *plant* or property cannot be repaired without improving the output, capacity or efficiency of that item, then our payment will be limited to the cost of replacing that item less an amount equal to the value of any such improvement(s).

4. Maintenance agreements

We will not pay for the repair or replacement of *plant* and other property when any party other than *you* has responsibility to repair or replace such *plant* or other property.

5. Obsolete items

If it is necessary to replace parts of *plant* which have become unavailable or obsolete we will not pay more than the estimated cost of replacing those parts with similar parts for similar types of *plant* which are currently available.

6. Part immediately affected

Where *damage* is confined to a part of the *plant* or other property, we will pay the cost of repairing or, at our option, replacing that part plus the dismantling or rebuilding costs that are necessarily incurred to repair or replace that part.

7. Sum insured

We will not pay more than the applicable *sum insured* for any one event, apart from where we expressly state the *sum insured* is in addition in some Extensions of Cover.

Exclusions

Other than where specifically provided for in the policy *schedule*:

1. *You* are not insured for the cost of repair or replacement of *expendable items*.
2. Except where the repair or replacement is made necessary by *damage* to other parts of the *plant*:
 - (a) we will not pay for the repair or replacement of joints, gaskets or seams, drive belts, filters, chains, brickwork, foundations or refractories, seals, shaft seals, flexible drives or flexible pipes, soft rollers, replacement of refrigerant, brine or any transfer media; and
 - (b) we will not pay for repair of any crack, fracture, blister, lamination, flaw or grooving which has not penetrated completely through the entire thickness of the material of the *plant*, even though repair or renewal of the part affected may be necessary either immediately or at some future time.
3. We will not pay for the costs incurred in repairing *wear or gradual deterioration* including:
 - (a) *damage* to a safety or protective device caused by its own operation; or
 - (b) the chipping or scratching of painted or polished surfaces.

4. We will not pay for the cost of the carrying out of normal maintenance, such as the tightening of loose parts, recalibration or adjustments.
5. We will not pay for *damage* to any item of *plant* which was known to be defective before the *damage* occurred.
6. We will not pay any loss of use or *consequential loss* of any kind.
7. We will not pay for *damage* caused directly or indirectly by:
 - (a) fire, smoke or soot, extinguishing of a fire or subsequent demolition, lightning, hail, wind, rain, storm, *flood*, impact by land-borne vehicles or waterborne craft, aircraft or other aerial devices or pressure waves created by their travelling at sonic or supersonic speed, theft or attempted theft, malicious *damage*, earthquake, subsidence, rockslide, mudslide, landslide, earth movement, subterranean fire, volcanic eruption.
 - (b) *explosion* other than as defined.
 - (c) the use or application of any tool or process to the *plant* in the course of maintenance, inspection, repair, alteration, modification or overhaul (including but not limited to *damage* caused while machining a crankshaft or while applying heat to case harden or weld an item).
 - (d) or occurring during installation, building or erection of *plant* unless this follows dismantling of *plant* for the purpose of cleaning, inspecting, repairing or movement within the *premises*.
 - (e) loss or *damage* arising out of:
 - (i) the *plant* being subjected to tests involving abnormal stresses or arising out of the *plant* being intentionally overloaded or operated in excess of its normal designed operating specifications; or
 - (ii) any raising or lowering operation in which a single load is shared between more than one item of *plant* (including but not limited to cranes), whether such item is insured under this *cover section* or not.
 - (f) any deliberate act or negligence by *you* or on *your* behalf.
8. In the event of loss or *damage* to the *plant* giving rise to a claim under this *cover section*, we will not be liable for any costs associated with altering or modifying the *plant* to enable it to operate with a more ozone-friendly refrigerant gas as required by the UNEP.

For the purpose of this Exclusion, the following definition applies:

UNEP means United Nations Environment Policy Montreal protocol with respect to substances which deplete the ozone layer.

Extensions of Cover

1. Additional extra costs of reinstatement

Where *you* incur extra expense, in complying with the requirements of any Act of Parliament or Regulation under such Act or any By-law or Regulation of any Municipal or other Statutory Authority, in the course of effecting repair or replacement of the *plant*, we will indemnify *you* for such extra expense in addition to the *sum insured*.

Provided that the amount so recoverable under this clause shall not include the additional cost in complying with any such Act, Regulation, By-law or requirement that *you* were required to comply with prior to the *damage*.

2. Consultants fees

Following *damage* covered by this *cover section* we will also pay engineering or other professional consultant's fees necessarily incurred by *you* to ascertain the cause of the *damage* and to specify the scope of works necessary to reinstate the *damage* to comply with all legislative requirements and regulations governing the operation and use of the *plant*.

Our payment will be in addition to the *sum insured* and limited to \$10,000 any one event.

3. Hire of temporary plant and Costs of temporary repairs

Following *damage* that is covered by this *cover section* we will pay up to an additional 50% of the normal repair costs for:

- (a) the cost of hiring temporary plant;
- (b) the cost of temporary repairs;
- (c) the extra cost of expediting permanent repairs including:
 - (i) charges for overtime and work on public holidays where necessary and reasonably incurred;
 - (ii) freight within *Australia* by any recognised schedule service; and
 - (iii) overseas airfreight by any recognised schedule service and/or overseas labour.

Provided our written approval for all these additional costs has first been obtained. We will not pay more than the *sum insured* shown in the *schedule*.

4. Removal of debris

Following accidental *damage* to *plant* that is covered by this *cover section* and including any Optional Extension of Cover, we will additionally pay for the costs of cleaning up and removing, storing or disposing of debris.

Our payment will be in addition to the *sum insured* and limited to \$25,000 any one event.

5. Temporary cover

We will provide temporary cover for a period of up to 90 days for additional plant that, during the *period of insurance*, is installed or items on hire, brought into use.

Provided that:

- (a) *you* must give us notice in writing within the 90 days of it coming into *your* possession;
- (b) we will not cover *damage* resulting from existing defects in such additional plant at the time when it comes into *your* possession;
- (c) this temporary cover shall not commence until the additional plant has worked satisfactorily for eight (8) hours and has been handed over after commissioning;
- (d) this temporary cover shall only apply to plant which is of a similar kind to the *plant* which is insured under this *cover section*;
- (e) the *sum insured* and *excess* for the additional plant will be that specified for a similar item or group of items of *plant* in the *schedule*; and
- (f) *you* pay the *premium* that we require for this additional plant calculated from the date of installation or bringing into use.

Special Condition

1. Examinations

You will permit our representatives to inspect the *plant* at any reasonable time during the *period of insurance* and *you* will properly prepare the *plant* at *your* expense for such inspection.

Provided that any inspection by us is for our purposes only and does not warrant that the *plant* is safe or that it is free from defects.

Optional Extension of Cover A – Deterioration of Stock

1. Cover

If 'Deterioration of Stock' is shown in the *schedule* then we will pay up to the stated *sum insured* for deterioration or putrefaction of goods in cold storage which are cooled by:

1. refrigeration *plant* shown in the *schedule*, or
2. temporary *plant* at the *premises* not exceeding 60 days.

Provided this deterioration or putrefaction occurs during the *period of insurance* and results from:

- (a) a change in temperature solely caused by:
 - (i) *damage* that is covered by this *cover section*;
 - (ii) operation or failure of thermostats, pressure controls or limiting devices, that is not due to an error when operating or setting these items;
 - (iii) the accidental failure of the public electricity supply service;
 - (iv) the public electricity supply service intentionally interfering with the service, but only to the extent that this is necessary to safeguard life or any part of the supply and the supply authority's interference is not caused directly or indirectly by fire, *flood*, storm or any other natural cause; or
 - (v) sudden leakage of refrigerant from the *plant*.
- (b) contamination of the goods directly caused by sudden leakage of refrigerant from the *plant*.

We may at our option pay for the cost of replacement of the refrigerated goods or replace those goods.

Provided that, we will not pay for any goods which have passed their use by date, nor will we pay for the disposal costs of these goods.

2. Extension of Cover

The following extension shall apply to this Optional Extension of Cover A – 'Deterioration of Stock'.

Stock seasonal or Festive increase

The *sum insured* for *stock* is increased by 50% for losses occurring during the days specified in the *schedule* under the heading 'Seasonal or Festive Increase', up to a maximum of 126 days. If no days are specified, this increased cover for *stock*, the *seasonal increase periods* will apply.

Provided that this Extension of Cover will not extend the insurance beyond the *period of insurance* noted in the policy *schedule*.

3. Exclusions

The following exclusions shall apply to this Optional Extension of Cover A – 'Deterioration of Stock'.

We will not pay for deterioration or putrefaction caused by:

1. the interruption of the electricity supply as a result of any deliberate act by the supply or generating authority or company, unless that act is performed specifically to protect life or any part of the electricity supply system and this act is not caused directly or indirectly by fire, *flood*, storm or any other natural cause;
2. inappropriate or improper storage, *damage* to packing materials or inadequate air circulation;
3. *damage* to goods due to any rationing of the electricity supply other than accidental *damage* to the generation equipment; and
4. *damage* to goods which are alive or are of a bacterial nature.

Optional Extension of Cover B – Increase in Cost of Working

1. Cover

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

Provided that:

1. these costs are additional to *your* normal operating costs;
2. these costs are incurred because of an interruption of *your* normal operations that directly results from *damage* to *plant* that is covered by this *cover section*;
3. *you* receive our prior written approval to incur these costs;
4. we will not pay more than the Limit of Liability shown in the *schedule* for Increase in Cost of Working; and
5. we will not pay for any costs incurred during the excess period shown in the *schedule* for Increase in Cost of Working.

Electronic Equipment

Introduction

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

Definitions

The following definitions shall apply to the words used in this *cover section*.

Breakdown

breakdown means the actual breaking, seizing, deformation or melting of any part of the *insured property* while that *insured property* is in use and is caused by mechanical, electrical or electronic defect within the *insured property* which causes sudden malfunction that requires repair or replacement before the *insured property* can resume normal operation.

Computer

computer means any electronic device that is used to:

1. store or process *data*; or
2. control machinery.

Computer virus

computer virus means an executable program or computer code segment that is self-replicating, requires a host program or executable segment in which it can be contained, and which destroys or alters the host, program or other computer code or *data*, causing undesired program or computer system operation.

Damage or Damaged

damage or *damaged* means physical damage, destruction or loss and in relation to *data*, *software* and *media material* includes corruption of *data* or *software*.

Data

data means any facts, information or records that are stored on *media material*.

Expendable items

expendable items means items and parts that are normally not re-used and require frequent or periodic replacement.

Insured damage

insured damage means any sudden or unforeseen physical damage or destruction to any part of the *insured plant* which requires repair or replacement before normal operation can be resumed.

Insured plant

insured plant means Plant that is shown in the *schedule*.

Insured property

insured property means the Insured Property that is shown in the *schedule*.

Media material

media material means any optical discs or any magnetic medium that can be used to store *data* or *software* such as, but not limited to, tapes, discs or cards.

Software

software means any instructions used to control the operation of a *computer* provided that these instructions are recorded on *media material*.

Limitation of Cover to Part A and B

1. Underinsurance

In the event of *damage*, we will not be liable for more than the proportion of the *damage* which the *sum insured* bears to 80% of the total new replacement value of the *insured property* at the commencement date of the *period of insurance*.

Provided that this will not apply, if *your* claim is less than 10% of the *sum insured*.

Material Loss or Damage – Part A

Cover

When Material Loss or Damage – Part A is shown in the *schedule*, we will pay up to the *sum insured* shown for *insured property*, for the cost of replacing or, at our option, repairing *insured property* that is accidentally *damaged* during the *period of insurance*.

Limitations of Cover

1. Excess

You are liable for the excess applicable to Part A for each and every claim for an event that gives rise to *damage*.

2. Improvements

If an item of *insured property* that is *damaged* cannot be repaired or replaced without improving the output, capacity or efficiency of that item, then our payment will be limited to the cost of replacing that item, less an amount equal to the value of any such improvement(s).

3. Territorial limits

Cover only applies to *damage* that occurs within the Territorial Limits shown in the *schedule* or if Territorial Limits are not shown in the *schedule* then cover is limited to *damage* that occurs within *Australia*.

Exclusions

1. We will not pay for *damage* caused by or arising from:

- (a) the cleaning, testing, altering or repairing of *insured property*;
- (b) atmospheric conditions including, but not limited to, dryness, dampness and temperature, unless directly resulting from *damage* to an air-conditioning system used to control the atmosphere in which the *insured property* operates; and
- (c) dishonest acts or misappropriation, of *insured property* by *you* or *your* directors, partners, employees or officers.

2. We will not pay for any legal liability.

3. We will not pay for any *damage* to *data*, *records*, *software* or *media material* unless these items are covered under the Optional Extensions of Cover to Part A of this *cover section*.

4. We will not pay for *damage* directly caused by:

- (a) a *breakdown*;
- (b) the presence or action of insects or vermin;
- (c) gradually operating causes such as but not limited to wear and tear, mildew, corrosion, fading, rusting or other forms of oxidisation;
- (d) error or omission in design, plan or specification;
- (e) failure of design;
- (f) faulty materials or faulty workmanship;
- (g) inherent vice or latent defect; or
- (h) change in texture or finish.

Provided that we will pay for *damage* to *insured property* that is not otherwise excluded or limited that results from such *damage*.

5. We will not pay for any loss of use or *consequential loss*, other than the *damage* to *insured property* that is covered under the proviso to Exclusion 4 above.

Extensions of Cover

1. Damage to premises during a theft

We will pay for the cost of repairing *buildings* that are *damaged* at the *premises* during the theft or attempted theft of *insured property*.

Our payment will be in addition to the *sum insured* and limited to \$10,000 any one event.

2. Removal of debris

Following accidental *damage* to *insured property* that is covered by Part A of this *cover section*, additionally pay for the costs cleaning up and removing, storing and disposing of debris.

Our payment will be in addition to the *sum insured* and limited to \$25,000 any one event.

Optional Extensions of Cover

If shown in the *schedule* the following extensions shall apply:

1. Cost of restoring data

If 'Cost of Restoring Data' is shown in the *schedule* then cover under Part A is extended to include the costs incurred in restoring *data* and *software* that are accidentally *damaged* together with the cost of replacing any *damaged media material*, up to the amount shown in the *schedule* for this Optional Extension.

Provided that we will not pay for *damage*:

- (a) to *data*, *software* or *media material* caused by a failure or defect in the *media material*;
- (b) to *data* that was generated, altered or processed more than five (5) working days prior to the date of the *damage*;
- (c) caused by an error in processing *data* or error in the use of *software*;
- (d) caused by erasure, deletion or overwriting of any *data* or *software*;
- (e) caused by unauthorised access being gained to any operating system that is used by any part of the *insured property* via any communications system; or
- (f) caused by the operation or presence of a *computer virus* that alters or erases *data* or *software* in a manner that is undesired by *you*.

2. Increase in cost of working

If Increase in Cost of Working is shown in the *schedule* we will pay for costs that are in excess of *your* normal total *computer* operating costs.

Provided that:

- (a) these costs are incurred as a result of accidental *damage* to *insured property* that is covered by Part A of this *cover section*;
- (b) these costs were reasonably incurred in order that *your business* may operate in a manner that is as close as possible to *your* normal *business* operations;
- (c) these costs are limited to the amount shown in the *schedule* for this Optional Extension; and
- (d) we will not pay for:
 - (i) any expenditure incurred after a period of 90 days following the *damage*; or
 - (ii) any expenditure incurred during the first 24 hours immediately following the *damage*.

Breakdown – Part B

Cover

When Breakdown – Part B is shown in the *schedule*, we will pay up to the *sum insured* for the cost of repairing or, at our option, replacing *insured property* which occurs during the *period of insurance*.

Where *you* incur extra expense, in complying with the requirements of any Act of Parliament or Regulation under such Act or any By-Law or Regulation of any Municipal or other Statutory Authority, in the course of effecting repair or replacement of the *insured property*, we will indemnify *you* for such extra expense.

Provided that the amount so recoverable under this clause shall not include the additional cost in complying with any such Act, Regulation, By-law or requirement that *you* were required to comply with prior to the *breakdown*.

Limitations of Cover

1. All *insured property* that can be repaired must be repaired, however, where the cost of repair is deemed to be uneconomical due to the extent of *insured damage*, settlement shall be as follows:
We will at our option:
 - (a) supply a replacement of the same type model capacity and condition to replace the *damaged* item as it was immediately before the *insured damage*; or
 - (b) if such a replacement item is not available we will supply a similar item of no lesser capacity than the *damaged* item; or
 - (c) if the item was manufactured more than six (6) years prior to the date of loss, we will pay no more than the estimated cost of similar parts for similar type of plant currently available in addition to estimated labour costs to effect the repair.
2. We will not pay more than the *sum insured* for any one event.
3. *You* are liable for the excess for each and every event that results in *damage*.
4. Where *insured damage* is confined to a part of the *insured plant* or other property, we will pay the cost of repairing or, at our option, replacing that part plus the dismantling or rebuilding costs that are necessarily incurred to repair or replace that part.
5. If an item of *insured property* cannot be repaired without improving the output capacity or efficiency of that item then our payment will be limited to the cost of replacing that item, less an amount equal to the value of such improvement(s).
6. If it is necessary to replace parts that are unavailable or obsolete, we will not pay more than the estimated cost of similar parts for similar type of plant currently available.

Exclusions

1. We will not pay for the repair or replacement of:
 - (a) glass or ceramic components other than when used as electrical insulation;
 - (b) the chipping or scratching of painted or polished surfaces or other aesthetic defects that do not affect the function of the *insured property*;
 - (c) fuses and other devices designed for safety or protection that are *damaged* through their normal operation;
 - (d) the wearing or wasting away of material caused by normal wear and tear, atmospheric conditions, mildew, fading, rust, corrosion or other forms of oxidation;
 - (e) any alterations, additions, cleaning, adjustments, inspections or maintenance of *insured property*;
 - (f) electrical and electronic glass bulbs, tubes, X-ray tubes, laser tubes, heating elements, lighting facilities and electrical contacts;
 - (g) *expendable items* such as, but not limited to, belts, batteries, photosensitive cartridges, print heads, tapes, ribbons;
 - (h) coin or card-operated machines, portable equipment such as, but not limited to, *computers*, communication equipment; or
 - (i) plant not owned by *you* or used at the *premises*.

2. We will not pay for *damage* caused directly or indirectly by:
- (a) fire, smoke, soot, extinguishing of a fire or subsequent demolition;
 - (b) lightning, hail, wind, rain, *flood*, snow, storm, earthquake, subsidence, landslip, earth movement, subterranean fire and volcanic eruption;
 - (c) impact by:
 - (i) aircraft or other aerial devices or pressure waves created by their travelling at sonic or supersonic speed; or
 - (ii) land-borne vehicles or waterborne craft;
 - (d) malicious *damage*, theft or attempted theft;
 - (e) the application of any tool or process to the *insured plant* in the course of maintenance, inspection, repair, alteration, modification or overhaul;
 - (f) the installation, construction or erection of *insured plant* other than dismantling movement and re-erection for the purpose of cleaning, inspection and repair;
 - (g) the *insured plant* being subject to testing or intentionally overloaded or operated in excess of its normal designed operating specification; or
 - (h) a deliberate act or omission or neglect on *your* part.

Optional Extensions to Cover

If shown in the *schedule* the following extensions shall apply:

1. Cost of restoring data

If 'Cost of Restoring Data' is shown in the *schedule* then the cover under Part B is extended to include the costs incurred in restoring *data* and *software* that are *damaged* as a result of *insured damage*, up to the amount shown in the *schedule* for this Optional Extension.

Provided that we will not pay for *damage*:

- (a) to *data*, *software* or *media material* caused by a failure or defect in the *media material*;
- (b) to *data* that was generated, altered or processed more than five (5) working days prior to the date of *damage*;
- (c) caused by an error in processing *data* or error in the use of *software*;
- (d) caused by erasure, deletion or overwriting of any *data* or *software*;
- (e) caused by unauthorised access being gained to any operating system that is used by any part of the *insured property* via any communications system; or
- (f) caused by the operation or presence of a *computer virus* that alters or erases *data* or *software* in a manner that is undesired by *you*.

2. Increase in cost of working

If 'Increase in Cost of Working' is shown in the *schedule* we will pay for the costs that are in excess of *your* normal total *computer* operating costs.

Provided that:

- (a) these costs are incurred as a result of *insured damage* of *insured property* that is covered by Part B of this cover section;
- (b) these costs were reasonably incurred in order that *your business* may operate in a manner that is as close as possible to *your* normal *business* operations;
- (c) these costs are limited to the amount shown in the *schedule* for this Optional Extension;

- (d) we will not pay for any expenditure incurred:
- (i) after a period of 90 days following the *damage*;
 - (ii) during the first 24 hours immediately following the *damage*; or
 - (iii) resulting from, or caused by the operation or presence of a *computer virus* that alters or erases *data* or *software* in a manner that is undesired by *you*.

Special Condition

1. Examinations

You will permit our representatives to inspect the *insured plant* at any reasonable time during the *period of insurance* and *you* will prepare the *insured plant* at *your* expense for such an inspection.

Provided that any inspection by us is for our purposes only and does not warrant that the *insured plant* is safe or that it is free of defects.

Additional Benefits applying to Part A and Part B

1. Additional repair costs

Following *insured damage* to the *insured plant* that is covered by this *cover section*, we will reimburse *you* for reasonable costs of the following items if necessarily incurred:

- (a) the cost of hiring temporary plant;
- (b) the cost of temporary repairs;
- (c) the extra cost of expediting permanent repairs including:
 - (i) charges for overtime and work on public holidays where necessary and reasonably incurred;
 - (ii) freight within *Australia* by any recognised schedule service; and
 - (iii) overseas airfreight by any recognised schedule service and/or overseas labour.

Provided that the total additional cost for any one *breakdown* does not exceed 50% of the normal cost of repair. We will not pay more than the *sum insured* shown in the *schedule*.

2. Consultants fees

Following *insured damage* covered by this *cover section* we will also pay professional consultant's fees necessarily incurred by *you* to ascertain the cause of the *insured damage* and to specify the scope of works necessary to reinstate the *insured damage* to comply with all legislative requirements and regulations governing the operation and use of the *insured plant*.

Our payment will be in addition to the *sum insured* and limited to \$10,000 any one event.

3. Temporary cover

We will provide temporary cover for a period of up to 90 days for an additional plant which is installed or items on hire and or brought into use during the *period of insurance*.

Provided that:

- (a) this plant is of a similar type to the plant that is shown in the *schedule*;
- (b) we will not cover *insured damage* resulting from existing defects in such additional plant at the time when it comes into *your* possession;
- (c) the additional plant will not be covered until it has worked satisfactorily for eight (8) hours and has become *your* responsibility;
- (d) *you* supply details of any additional plant to us in writing within 90 days of it coming into *your* possession;
- (e) the *sum insured* and excess for the additional plant will be that specified for a similar item or group of items of plant in the *schedule*; and
- (f) *you* pay the *premium* that we require for this additional plant.

4. Temporary removal

We will pay for *damage* to *insured property* whilst it is temporarily removed from the *premises* to anywhere in *Australia*.

Provided that cover is not extended for *insured property*:

- (a) whilst in storage or whilst being transported for storage or during permanent removal from the *premises*;
- (b) if stolen from any unlocked vehicle;
- (c) whilst left unattended in the open air; or
- (d) whilst in transit as checked baggage or cargo on aircraft or public transport.

Employee Fraud

Introduction

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

Definitions

The following definitions shall apply to the words used in this *cover section*.

Employee

employee means any person that *you* have the right to direct during *your business* activities who is:

1. employed by *you*;
2. apprenticed to *you*;
3. hired or seconded from another party by *you*;
4. an executive, director or officer of *your business* whilst performing acts falling within the scope of the usual duties of an *employee*; or
5. a voluntary worker.

Employee fraud

employee fraud means the unlawful taking of *property* by *your employee*, whether acting alone or in collusion with others, with the intent to:

- (a) cause loss to *you*; or
- (b) benefit any person or organisation other than *you*.

Event

event means *employee fraud* by *your employee* by a single act or series of related acts.

Property

property for the purpose of this *cover section* only, means any *property*, including *money*, that belongs to *you* or which *you* are legally responsible for.

You or Your

you or *your*, for the purpose of this *cover section* only, is extended to include:

- (a) any superannuation or pension scheme formed by *you* and exclusively for the benefit of *employees*, but does not include any scheme that is administered by a professional funds manager; and
- (b) any welfare, social or sporting club formed with *your* knowledge and consent exclusively for the benefit of *employees* and their families.

Cover

We will pay up to the *sum insured* for the value of *property* that is lost as a direct result of *employee fraud* that occurs during the *period of insurance*.

Provided that:

1. *you* are able to identify which of *your employees* are responsible; and
2. the *employee fraud* is discovered:
 - (a) during the *period of insurance*; or
 - (b) within one year that follows the *period of insurance* or within one year of the date upon which *your employee* committing the *employee fraud* ceased to be in *your* employment, whichever occurs first.

Limitations of Cover

1. Excess

You are liable for the excess for each and every claim resulting from an event.

2. Discovery

We will not pay for any loss caused by a particular *employee* that occurs after:

- (a) you become aware of an act of *employee fraud* by that particular *employee*; or
- (b) you suspect that an *employee* has committed an act of *employee fraud*.

3. Reduced sum insured

The *sum insured* for the *period of insurance* will be reduced by any payment made or due to be made under this cover section.

Exclusions

We will not pay for:

- 1. any loss resulting directly or indirectly from trading in securities or derivatives whether or not in *your* name and whether or not in a genuine or fictitious account; or
- 2. loss where proof of its existence or amount depends on any comparison of inventory records with a physical count or a profit and loss computation.

Extensions of Cover

1. Auditors and Accountants

We will accept as proof of *your* loss, a certified statement from *your* auditors or accountants that shows the value of the *property* that is lost.

2. Automatic reinstatement

When the *sum insured* is reduced following the discovery of *employee fraud* covered by this cover section, we will automatically increase the reduced amount to the *sum insured* shown in the schedule.

Provided that:

- (a) you pay the additional *premium* that we require;
- (b) the maximum amount we will pay for all acts of *employee fraud* involving a specific *employee* remains limited in the aggregate to the *sum insured*; and
- (c) such reinstatement shall occur only once.

3. Continuity of cover

If this cover section has been taken up in substitution for any prior employee fraud/fidelity policy/coverage held by you with any other insurer and cover under this cover section commences immediately after cover under the prior policy/coverage ends, then this cover section extends to cover any *employee fraud* discovered during the *period of insurance* where that *employee fraud* is not covered by the previous policy/coverage solely because it was not discovered during the *period of insurance* of the previous policy/coverage or any applicable extended reporting period.

Provided that:

- (a) the amount of the loss shall form part of and will not be in addition to the *sum insured*;
- (b) the *property* lost would have been covered under this cover section if this cover section had been in force when the *employee fraud* causing the loss was committed; and

(c) we will pay the lesser of:

- (i) the amount which would have been payable under the prior policy/coverage if the prior policy/coverage had continued in force or had applied at the date of discovery of the *employee fraud*; or
- (ii) the *sum insured* at the date of substitution.

4. Cost of recovery

When *you* sustain a loss that is greater than the *sum insured* paid for this *cover section*, we will pay up to an additional 20% of the *sum insured* for costs and expenses *you* have reasonably incurred in an attempt to recover lost *property*.

5. Unidentifiable employee

If *you* suffer *employee fraud*, but are unable to identify the specific *employee* whose conduct has given rise to the loss, we will pay for the loss.

Provided that:

- (a) *you* have insured for the conduct of all *employees*; and
- (b) *you* can satisfactorily demonstrate that the loss was caused by the dishonest conduct of one or more *employees*.

Special Condition

1. Recoveries

Following a loss, *you* must retain, to the extent allowed by law, all monies and other assets that are due to any of *your employees* involved in the loss as we will treat these monies or assets as a deduction from the amount of the loss.

Optional Extension of Cover

1. Additional audit and Claims preparation costs

We will pay costs incurred with our approval for reasonable professional fees and such other expenses for processing and certifying details of a claim under this *cover section* up to an amount equal to the *sum insured* for 'Additional Audit and claims preparation costs'.

This amount is in addition to the benefit available for 'Approved claims preparation costs' that form part of *your* policy.

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