

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, mid-sized and large companies, including multinational corporations.

About this policy

Throughout this document words are italicised to show that words 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 these 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%) and are 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 enquiries 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 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 changes otherwise advised by us in writing (such as an *endorsement*). These 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.

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

Cooling-off Period

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 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 14.

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 14. 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 (Cth). 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 (Cth), Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth), Corporations Act 2001 (Cth), Autonomous Sanctions Act 2011 (Cth), A New Tax System (Goods and Services Tax) Act 1999 (Cth) 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 (the Code) and support the Code.

The objectives of the Code are:

- to commit us to high standards of service;
- to promote better, more informed relations between us and *you*;
- to maintain and promote trust and confidence in the general insurance industry;
- to provide fair and effective mechanisms for the resolution of complaints and disputes *you* make about us; and
- to promote continuous improvement of the general insurance industry through education and training.

The Code Governance Committee is an independent body that monitors and enforces insurers compliance with the Code.

Further information about the Code or the Code Governance Committee and *your* rights under it is available at <https://insurancecouncil.com.au/cop/> or by contacting us.

Underinsurance

Certain *cover sections*, Property, 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)*.

Terrorism Insurance Act 2003 (Cth)

The *cover sections* of this policy exclude cover for *damage* as a result from an *act of terrorism*.

In the event that *damage* to *property* occurs and the cause of the *damage* is declared a terrorist incident by the responsible Minister, then *you* may be afforded protection within the limits of indemnity of this policy by virtue of the Terrorism Insurance Act 2003 (Cth). The operation of this Act may also serve to reduce the settlement of *your* loss to a percentage of the otherwise recoverable loss. In the event that the settlement is reduced then this will be at the direction of the Minister. A more detailed explanation of the operation of the Terrorism Insurance Act 2003 (Cth) can be obtained at www.arpc.gov.au

Financial Claims Scheme

Zurich is an insurance company authorised under the Insurance Act 1973 (Cth) 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 www.fcs.gov.au

Complaints and Dispute Resolution process

If *you* have a complaint about an insurance product we have issued or the service *you* have received from us, please contact *your* intermediary to initiate *your* complaint with us. If *you* are unable to contact *your* intermediary, *you* can contact us directly on 132 687. We will acknowledge receipt of *your* complaint within 24 hours or as soon as practicable.

If *you* are not satisfied with our initial response, *you* may access our internal dispute resolution process. Please refer to the general insurance fact sheet available on our website for details of our internal dispute resolution process.

We expect that our internal dispute resolution process will deal fairly and promptly with *your* complaint, however, *you* may take *your* complaint to the Australian Financial Complaints Authority (AFCA) at any time.

AFCA is an independent external dispute resolution scheme. We are a member of this scheme and we agree to be bound by its determinations about a dispute. 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.

If *your* complaint or dispute falls outside the AFCA Rules, *you* can seek independent legal advice or access any other external dispute resolution options that may be available to *you*.

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 mean 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.

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, other than in *cover section* Electronic Equipment where the word has the meaning given to it in the definitions in that *cover section*.

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, canopies, verandas and staircases;
- (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 items:
 - (i) swimming pools, saunas and spas;
 - (ii) gangways between *buildings*;
 - (iii) lights and signs affixed to *buildings*; 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*, other than in *cover section* Liability where the word has the meaning given to it in the definitions in that *cover section*.

Business hours

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

Computer system

computer system means interconnected electronic, wireless, web or similar systems, including computer hardware, software and the *electronic data* stored thereon, as well as associated input and output devices, mobile devices (including, but not limited to, smart phone, laptop, tablet, wearable device), *electronic data* storage devices, servers, cloud or microcontroller including any similar system media libraries, networking equipment, components, firmware and electronic backup facilities, including systems accessible through the internet, intranets, extranets or virtual private networks., owned or operated by *you* or any other party.

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.

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 indirect financial loss or consequence arising from or in connection with a *breakdown*.

Contents

contents mean 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*. *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 *you* or the landlord for *your* use in the *business* where the cost of repair or reinstatement is *your* responsibility in the *event* of loss or *damage*.

Cover section

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

Cyber act

cyber act means an unauthorised, malicious or criminal act or series of related unauthorised, malicious or criminal acts, regardless of time and place, or the threat or hoax thereof involving access to, processing of, use of or operation of any *computer system*.

Cyber incident

cyber incident means:

- (a) deliberate and unauthorised corruption, amendment or erasure of *electronic data* by *you* or *your* directors, partners, employees, officers or any other person who has an interest in the *property* whether acting alone or in collusion with any other person;
- (b) any error or omission or series of related errors or omissions involving access to, processing of, use of or operation of any *computer system*; or
- (c) 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* any indirect financial loss or consequence arising from or in connection with a *breakdown*; or
- (d) the operation or presence of any computer program, including any *computer virus*, that alters or erases *electronic data* or programs in a manner that is undesired by *you*.

Damage or Damaged

damage or *damaged* means accidental physical damage, destruction or loss. *Damaged* has a corresponding meaning to *damage*, other than in *cover section* Engineering Plant and *cover section* Electronic Equipment where those words have the meaning given to the words in those *cover sections*.

Data processing media

data processing media means any *property* insured by this policy on which *electronic data* can be stored but not the *electronic data* itself.

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 media* or electronically controlled equipment and includes programs, software and other coded instructions for such equipment.

Endorsement

endorsement means variation to the terms and conditions of *your* policy wording. Any endorsement will appear on *your schedule* and forms part of *your* policy.

Excess

excess means the amount *you* first bear in relation to each claim. The amount of the *excess* is shown in the *schedule* or within the individual *cover sections*.

Event or events

event or *events* means one incident or all incidents of a series consequent on, or attributable to, one source or original cause, other than in *cover section* Employee Fraud where the word has the meaning given to it in the definitions in that *cover section*.

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*.

Financial service provider

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

Flood

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

- (a) a lake (whether or not it has been altered or modified);
- (b) a river (whether or not it has been altered or modified);
- (c) a creek (whether or not it has been altered or modified);
- (d) another natural watercourse (whether or not it has been altered or modified);
- (e) a reservoir;
- (f) a canal; 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 use 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 mean any solid, liquid, gaseous or thermal irritant, 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 mean 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.

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.

Schedule

schedule means the Schedule document that we give *you* that 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 period

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

The total number of days we will allow as *seasonal increase period* is 126 days in total during any one *period of insurance*. *You* do not have to tell us what the dates of the periods are, but if *you* claim under a cover section which has the Seasonal Increase cover, then *your* financial records over at least the previous two (2) years must substantiate the period as a *seasonal increase period*. If the *business* has only been in operation for less than two (2) years, we will use the financial records of *your business* from the date of commencement until the date of the *damage* to substantiate *your* claim.

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

Stock

stock means all stock in trade, *your* merchandise and packaging at the *premises*, including raw materials, 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.

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.

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%) and are engaged in the *business* described in the *schedule* and not for any other purpose or activity, other than in *cover section* Liability and *cover section* Money where those words have the meaning given to the words in those *cover sections*.

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. Claim preparation costs

We will pay for professional fees and such other expenses reasonably incurred for the preparation and negotiation of a claim or *event* for which we agree to indemnify *you* under this policy. The most we will pay is \$25,000 in total for any one claim or *event*.

This benefit does not apply to the cover for 8. Taxation Audit Costs provided under Extension of Cover – C of the Property *cover section*.

2. Emergency mitigation costs

In the case of an emergency where *you* take action 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 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*: Property, 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. The cover provided does not in any way limit the amount of any reward *you* may wish to offer at *your* own cost.

4. Damage repaired by you

When we agree that the repair of *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 all *cover sections* in *your* policy, unless defined *cover sections* are named:

1. Acquisition of companies

Your policy does not cover:

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

Provided that we have been notified within 90 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 fines; penalties, exemplary, punitive, liquidated or aggravated damages; nor 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 and *you* must pay any additional *premium* we require.

4. Cyber risk

This 'Cyber risk' exclusion is applicable to the following *cover sections* of this policy: Property; Business Interruption – Income; Business Interruption – Weekly Income; Burglary; Money; Glass; General Property; Engineering Plant; Electronic Equipment and Employee Fraud.

These *cover sections* do not cover any physical loss or *damage* caused directly by or arising directly or indirectly from a *cyber incident* or a *cyber act* including any action taken in controlling, preventing, suppressing or remediating such event.

However, subject to the relevant *cover sections* and all their provisions, we will cover any *damage* to the *property*, resulting from any ensuing fire, explosion, implosion, impact by aircraft or aerial object dropped therefrom, impact by road vehicle water, *flood* and/or water and other liquids and/or substances discharged and/or overflowing and/or leaking from any apparatus and/or pipes only, occurring at *your premises*, which directly results from a direct *cyber incident* or *cyber act* causing such *damage* and including any *consequential loss* insured by this policy.

5. Electronic data – Part A

This *electronic data* exclusion is applicable to the following *cover sections* of this policy: Property; Business Interruption – Income; Business Interruption – Weekly Income; Burglary; Money; Glass; General Property and Employee Fraud.

These *cover sections* do not cover:

- (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 to use or failure to receive, send or access *electronic data* for any time or at all; or
- (d) any loss of use, reduction in functionality, repair, replacement, restoration or reproduction of any *electronic data*.

However, 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 above, then the relevant *cover sections*, subject to all their provisions, we 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.

Listed perils are fire, lightning, explosion, implosion, earthquake, impact by aircraft or aerial object dropped therefrom, impact by road vehicle, the acts of persons taking part in riots or civil commotions, storm and/or *flood* and/or water and other liquids and/or substances discharged and/or overflowing and/or leaking from any apparatus and/or pipes at the *premises* and the 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*.

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

6. Electronic data – Part B

This *electronic data* exclusion is applicable to the following *cover sections* of this policy: Engineering Plant; and 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 to use or failure to receive, send or access *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' is insured by *you* under the Electronic Equipment *cover section*.

7. Obsolete or Redundant plant and equipment

Your policy does not cover obsolete or redundant plant and equipment (excluding 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.

8. Unoccupied buildings and Premises

Except 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 for the *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 person authorised by *you* to occupy the *building* or *premises* 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;
- (ii) cover will resume when that *building* or that *premises* is again occupied by *you* or any person authorised by *you* to resume occupation; and
- (iii) *you* agree to pay us any additional *premium* that we may require.

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

9. 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* should become bankrupt or insolvent, we shall not be relieved thereby 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. *You* can do so by giving such notice through *your* intermediary.

- (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. The notice will be provided to *your* intermediary.

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.

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 consent.

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 if property is lost, stolen or maliciously damaged;

- (c) notify us as soon as possible of the *event*;
- (d) provide us with full details of the *event* after learning that the *event* happened;
- (e) supply us with all information and assistance as we may reasonably require;
- (f) allow us to exercise any legal rights held by *you* or held by any other party covered by *your* policy to defend claims or recover money paid by us for claims that have been made. We will keep *you* informed of progress if *you* ask us to do so;
- (g) allow us to negotiate, defend or settle the claim either in *your* name and on *your* behalf, or in the name of and on the behalf of any other party covered by *your* policy. We will keep *you* informed of progress if *you* ask us to do so;
- (h) 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

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

Where the separate interests of more than one party in the *property* are insured under this policy, any act or neglect of one party will not prejudice the rights of the remaining party or parties provided that the remaining parties are entirely innocent of and have no prior knowledge of any such act or neglect and shall, within a reasonable time after becoming aware of any act or neglect whereby the risk of loss, *damage* or destruction has increased, give notice to us and shall pay such reasonable additional *premium* as we may require.

You cannot transfer the policy into someone else's name without our consent.

All persons entitled to claim under the policy are bound by the terms and conditions of the policy.

When a claim is paid under the policy and is also recoverable under another policy or policies, *you* agree to provide us with details of such policies so that we may seek contribution from the other insurer or insurers.

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 application for this insurance;
- (b) any declaration, statement or representation made 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 by *you* or *your* intermediary.

9. Other insurance and Contribution

When *you* make a claim on *your* policy *you* must provide us with details of all insurance policies that may respond in whole or in part to 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 (Cth), 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 (Cth) 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

The construction, interpretation and meaning of the provisions of this policy will be determined in accordance with the laws of the State or Territory of Australia in which the policy was issued.

In the event of any dispute arising under this policy, including but not limited to its construction, interpretation, validity or performance, the parties to the policy submit to the exclusive jurisdiction of the courts of *Australia*.

A reference to any statute, regulation or subordinate legislation includes any amendment, replacement, successor or equivalent to or of that statute, regulation or subordinate legislation.

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 *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 its directors, officers and employees); or
 - (ii) any corporation or entity (including its directors, officers and employees) owned or controlled by any insured; or
 - (iii) 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) enter into a contract for storage of goods or merchandise where the terms include a release in favour of the storers; or
 - (iii) 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 release in favour of the lessor or the owner.

Property

Introduction

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

Definitions

In addition to the General Definitions, the following definitions shall apply to the words used in this *cover section*.

Category or Categories

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

1. Building(s);
2. Stock;
3. Plant and Machinery;
4. Contents; or
5. 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*.

Communicable disease

communicable disease means any disease which can be transmitted by means of any substance or agent from any organism to another organism where:

1. the substance or agent includes, but is not limited to, a virus, bacterium, parasite or other organism or any variation thereof, whether deemed living or not; and
2. the method of transmission, whether direct or indirect, includes but is not limited to, airborne transmission, bodily fluid transmission, transmission from or to any surface or object, solid, liquid or gas or between organisms; and
3. the disease, substance or agent can cause or threaten *damage* to human health or human welfare or can cause or threaten *damage* to, deterioration of, loss of value of, marketability of or loss of use of property,

and includes, but is not limited to, a disease that is or becomes listed on the National Notifiable Disease List and/or is or becomes a temporary addition to the National Notifiable Disease List and/or has or could give rise to a public health event of national significance and/or is or becomes a listed human disease (where National Notifiable Disease List means the list established and in force from time to time under section 11 of the National Health Security Act 2007 (Cth) and listed human disease has the meaning given by section 42 of the Biosecurity Act 2015 (Cth)).

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.

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, lightning, 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 – 7. ‘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, and pastures;
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 existing parts of the *buildings* not actually being constructed, built, erected, or dismantled; or
 - (c) to existing property that is not 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 is *damaged* by an explosion or implosion of such pressure vessel;
13. landlord’s fixtures and fittings unless these are included as part of the *declared value* for *buildings* and *you* are required to insure these as part of *your* lease agreement; and
14. the value of any *electronic data*.

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.

Landscaping

landscaping means growing plants, trees, shrubs, pot plants, garden plots, lawns and paved pathways (including rock work, retaining walls, ornamentation and edging pertaining thereto).

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 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, the goods may be retained by *you* and disposed of as *you* see fit, provided a reasonable salvage allowance is agreed with us for the value of the goods.

(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 *electronic data* (software), we will pay the costs incurred to repair or replace the *data processing media* itself plus the costs of copying the *electronic data* from back-up or from originals of a previous generation.

(d) Heritage buildings

For *damage* to any *building* subject to any heritage listing or protection where *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* 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:

- (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 replacement, 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 the cost of repairing *damaged stock* which can be repaired, but not exceeding the *pre-damaged value* of the *stock* 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 *your* claim 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* calculated after the repair or restoration; or
- (ii) if restoration or repair is not possible, the amount of a valuation of the *pre-damage value* by the Auctioneers and Valuers Association of Australia or an independent expert appointed by us and agreed by *you*, for the individual item *damaged*.

(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. 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.

3. 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.

4. 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 regulatory 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 sale value 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 8. – ‘Underinsurance’, the basis of the calculation will be the value of *property* and not its *replacement*.

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 (includes 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

Any *damage* to the personal property of directors, partners and employees of *your business* that is on the *premises* at the time of *damage*, we will pay *you* to a maximum of \$10,000 for any one person's personal property, but only to the extent that such personal property is not otherwise insured.

5. Excess

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

6. 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*.

7. 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 for any one *event*.

8. 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 regulatory authority (as described in Extensions of Cover – A, 4. 'Extra cost of reinstatement') will be omitted from the calculation of our proportion.

Exclusions

In addition to the General Exclusions, the following exclusions shall apply to this *cover section*.

1. We will not pay for *damage* to *property* caused whilst it is undergoing any process or modification where *damage* results from it being processed or modified.
2. We will not pay for any *damage* to any *building* that is vacant and is awaiting or undergoing demolition, and this exclusion shall also 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* or fixed plant in the open air when insured under this *cover section*;
 - (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 regulatory authority;
 - (d) demolition ordered by any regulatory authority as a result of failure by *you* to comply with any lawful requirement;
 - (e) any unexplained 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, heave, vibration, or earth movement, unless caused by or arising from the direct consequence, within 72 hours of the initiation of a storm, 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 1.8 kilowatts or 2.5 horsepower *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 5 years old, no deduction.
 - (ii) for motors greater than 5 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%. (For example, a 6 year old motor will be subject to a 60% deduction);
 - (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 interruption or retarding of any process or operation as a result of any industrial dispute. Provided that Exclusion 5 (f) shall not apply in respect of *damage* to *property* directly caused by strikers, locked out workers or other persons engaged in supporting any industrial unrest or 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) explosion or implosion of any pressure vessels (including any boilers):
 - (i) where the load on the safety valve of 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 at the time of *damage*; or
- (i) 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.
- 7. We will not pay for any loss, *damage*, claim, cost, expense or other sum, directly or indirectly arising out of, attributable to, or occurring concurrently or in any sequence with a *communicable disease* or any action taken by *you* in response to a regulatory authority's response to a *communicable disease*, its potential consequences or the fear or threat (whether actual or perceived) of a *communicable disease*.

For the purposes of this Exclusion loss, *damage*, claim, cost, expense or other sum, includes, but is not limited to, any cost to clean-up, detoxify, remove, monitor or test:

- (a) for a *communicable disease*; or
- (b) any *property* insured hereunder that is affected by such *communicable disease*.

Extensions of Cover – A (within the Limit of Liability)

When *damage* to *property* at specific *premises* is covered by this *cover section*, then provided that we do not pay more than the aggregate *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*; and
- (c) 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.

Any nominated value shown in the *schedule* is in addition to this benefit and is in addition to the *limit of liability*.

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 loss from an *event* does not exceed 50% of the likely cost of repairing or reinstating an item or \$25,000 whichever is the lesser.

3. Exploratory costs

The reasonable cost incurred by *you* during the *period of insurance*, to detect the point of bursting, leaking, discharging or overflowing of fixed apparatus, fixed tanks, fixed appliances, fixed pipes or other systems, used to hold or carry liquid or gas at the *premises* 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 regulatory authority that are imposed after the *damage*.

Provided that we will not pay for any costs that *you* were required to incur to comply with the requirements of any regulatory authority that applied to the *property* or *premises* prior to the *damage*.

Any nominated value shown in the *schedule* is in addition to this benefit and is in addition to the *limit of liability*.

5. Floating stock

Where this policy covers *stock*, and *damage* to *stock* at the *premises* occurs, we will pay more than the *stock sum insured* at that *premises* to account for the temporary transfer of *stock* between *premises* provided that:

- (a) there are at least two (2) *premises* specified on the *schedule* and the *sum insured* has been separately specified on the *schedule* for *stock* at each *premises* insured under this *cover section*, including the affected *premises*; and
- (b) *you* transfer the *stock* between *premises* as a usual *business practice*.

We will not pay a claim under this Extension of Cover where *stock* levels in excess of the *sum insured* at a *premises* have been temporarily located at that *premises* for a period exceeding 90 days.

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

6. Floor space ratio index

If an insured *building* is *damaged* and the cost of *reinstatement* can only be rebuilt with a reduced floor space as a result of:

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

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

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

Any amount payable under this Extension of Cover shall be made upon completion of the rebuilding works as certified by the architect acting on *your* behalf in the *reinstatement* of the *building*.

The above amounts shall include the additional costs incurred to meet the requirements of any regulatory 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 regulatory 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 \$25,000 for any one *event*.

8. Landscaping

When reinstating *damage* to a *building*, where *landscaping* is *damaged* at the *premises*, we will pay the cost to restore *landscaping* to a condition similar to that immediately prior to the *damage*. This will also include any *damage* as a result of the action of fire fighting services, police or other emergency services attending to their duties at the premises where no *damage* to a *building* occurred.

If the *limit of liability* has been exhausted, we will pay up to \$100,000 for *landscaping* costs for any one *event*.

9. Loss of land value

We will pay, up to \$250,000 for the reduction in land value, which results from the requirements of any regulatory 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.

10. 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 regulatory authority for submissions, permit fees and charges in connection with the work entailed.

11. 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, directors, 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*.

12. Removal of Trees and Branches

We will pay the reasonable costs incurred by *you* in 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.

13. 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 the *building* is insured under this policy.

Provided that the total costs levied for any one loss does not exceed charges for seven (7) days or \$20,000 whichever is the lesser. If *you* are also insured under the Burglary *cover section*, the benefits payable under Extension of Cover 20. 'Water authority charges' shall not be cumulative.

Extensions of Cover – B (in addition to the Limit of Liability)

When *damage* to *property* at specific *premises* is covered by this *cover section*, then 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 7. 'Prevention of imminent damage' by 20%,

to cover *increased building costs* for labour and material supplies and other increased costs experienced as a result of the catastrophe declared.

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* 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 for any one *event*.

4. Environmental upgrade

In the *event* of *damage* to *your building* and *contents*:

(a) Better Green Building

We will pay the reasonable and necessary additional costs *you* incur to repair, replace, or rebuild the *damaged building* in order to improve and/or to comply with the 'green standards' of the *building* at the time of the loss or *damage* to the *building*.

(b) Better Green Enhancements

(i) Air Quality Management

We will pay for the reasonable and necessary costs *you* incur to carry out an air-flush out procedure within the *building*. This also covers the additional cost to replace all air filters except those that have been processing only outside air.

(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 20% of the normal cost of repair or reinstatement of the *damaged building* and *contents* or \$100,000 whichever is the lesser, for any one *event* and for all claims in the aggregate for the *period of insurance*.

5. Fees and Costs

Fees and costs such as, but not limited to, local authority permit and approval charges, architects, engineers and other consultants, including those involving inquiries, necessarily and reasonably incurred in *reinstatement* of *property* that is *damaged*. This Extension of Cover does not include any fee, contribution or other impost payable to any other Government, Local Government or other regulatory authority.

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

6. 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 fire brigade members employed by *you* are not covered by this Extension of Cover and this Extension of Cover is limited to \$100,000 in total, for any one *event*.

7. 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 for any one *event* and for all claims during any one *period of insurance*.

8. Stock seasonal or Festive increase

The *declared value* for *stock* is increased by 50% for losses occurring during the *seasonal increase period*. If *your sum insured* on *stock* is included in *your contents sum insured*, 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 *schedule*.

9. Taking inventory

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.

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

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 *premises* is temporarily removed for service or repair, Exclusion 3 (a) of this *cover section* does not apply for that item or items whilst not at the *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.

11. Working from home

We will extend the cover provided by this *cover section* to *property*, while it is permanently removed from the *premises*, and used by *you* or *your* employees for the sole purpose of working from their normal place of residence.

This Extension of Cover is 10% 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*. *You* will not be required to pay any additional *premium*.

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 *breakage* of *glass* in the *period of insurance* in a lettable 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; and
- (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 included *Glass cover section* for *your* 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 house or glass house;
- (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 of cover in writing.

Provided that under this Extension of Cover we will not pay more than \$5,000 during any one *period of insurance* for all claims.

3. Fly tipping

We will pay for the reasonable and necessary costs *you* incur to remove any dumped rubbish or property from an unknown third party on *your premises*, without *your* permission.

Provided that under this Extension of Cover we will not pay more than \$10,000 during any one *period of insurance* for all claims.

4. Indexation protection at renewal

We will automatically increase the *sum insured* at each renewal according to the most appropriate price indices, as determined by us. The *premium* and relevant government charges *you* pay will be based on the adjusted *sum insured* shown in the *schedule*.

5. 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*.

6. 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 highest *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 or better than 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 *you* agree to pay us any additional *premium* required from the date of acquisition; and
- (g) Limitations of Cover – 8. 'Underinsurance' does not apply to this Extension of Cover.

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 regulatory authority relating to *your* liability to pay income tax, fringe benefits tax, capital gains tax, wholesale and sales tax, payroll tax, goods and services tax or superannuation contributions tax in respect of *your business* up \$10,000 for this Extension of Cover.

'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 or investigations were initiated, threatened or started by a regulatory authority 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 regulatory authority 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 of *Australia*;
- (g) for costs arising out of any fraud or fraudulent act or omission committed by *you* or on *your* behalf; or
- (h) for costs 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 regulatory authority and failing to notify the regulatory authority 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 regulatory authority.

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 and registered tax agent 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 regulatory authority in respect of any claim or cover under this Extension of Cover.

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*, then 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;
- (b) theft from a locked vehicle or *building* following forcible and violent entry to the vehicle or *building*;
- (c) theft of *property* which 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

In addition to the General Definitions, the following definitions shall apply to the words used in this *cover section*.

Additional uninsured working expenses

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

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, Government approved incentives, subsidies or development allowances *you* are entitled to in relation to *your business*, less:
 - (a) expenses for freight (inbound to *premises* and outbound), packaging, bad debts, and the purchase of *stock* or goods, materials, components used that form a component of *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 *your* policy under one or more of the following *cover sections*: Property; Burglary; Money; Glass; General Property or Electronic Equipment – Part A (Material Loss or Damage).
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 shown in the *schedule* for this *cover section*.

Provided that the *damage* would have been covered under one of the *cover sections* shown in 1. 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, personal / carers leave payments, 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 including redundancy payments 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* to *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 any shortage in *income* due to the *damage* which 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 renting or leasing any part of the *premises* will be regarded as the proceeds of a separate department for the purpose of a claim.

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 in the amount of *payroll* paid occurring during the *indemnity period* in consequence of the *damage*.

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* where an amount for this cover is specified in the *schedule*.

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 otherwise agree to continue the 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* relevant to the *cover section* giving rise to the claim.

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 amount we pay or must pay under this *cover section* 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

We will extend the cover provided by this *cover section* as follows. Amounts paid under the following Extensions of Cover are included in the *sum insured* for this *cover section*.

1. Accounts receivable (book debts)

Following *insured damage* to *your* accounts receivable records we will pay 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 incurred which would not have been incurred but for *your* accounts receivable records being *damaged* provided these debt collection costs are reasonable and necessarily incurred to collect amounts that would not be collected but for the debt collection action.

Provided that this Extension of Cover is limited to \$10,000 or up to the *sum insured*, whichever is the lesser. Any amount shown in the *schedule* will be in addition to this limit.

However, 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 have or have had an interest in the accounts receivable records;
- (iii) bad debts that were unlikely to be collected by *you* if the *insured damage* had not occurred; and
- (iv) collection costs that would normally have been incurred by *you*.

2. 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*.

3. Catastrophe cover

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

This Extension does not increase the *sum insured* for *income* shown in the *schedule*.

4. 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, covered by any *cover section* from this *event*.

5. Fines, Damages and Penalties

When *you* are covered 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) fines or damages for breach of contracts for the purchase of goods or services, losses arising from cancellation of those contracts and liabilities incurred by *you* under those contracts in consequence of a failure by *you* during the *indemnity period* to supply the goods or services required pursuant to the contracts in consequence of *insured damage* and the *interruption*, 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, aggravated damages or special damages or liability under contracts *you* enter into after the *insured damage* occurs.

6. Food or Drink Contamination

Notwithstanding Exclusion 7. within the Property cover section, we will pay for *loss of income* that results from an *interruption of your business* that is caused by poisoning, injury or illness arising from salmonella, campylobacter, staphylococcus aureus, bacillus cereus, clostridium, shigella, escherichia coli and listeria species only, via the consumption of food or drink supplied at or from the *premises*.

Provided that this Extension of Cover is limited to \$250,000 or 20% of the *limit of liability*, whichever is the lesser, for all claims in connection with *events* in the *period of insurance*.

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

Where *your premises* are leased by *you* or *you* occupy *your premises* under licence, 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 property and/or other non-owned property used by *you* at the *premises*.

8. 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* in consequence of *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 that supply to the *business*.
- (b) Unspecified customers
Property at the premises of any of *your* customers and clients, or property at the premises of their direct suppliers or customers, or at sites other than *your premises* where *you* supply goods or services in the course of *your business*.
- (c) Documents
Documents belonging to or held in trust for *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 systems and Data processing media
Computer systems including ancillary equipment and *data processing media* utilised by *you*. *Electronic data* is only covered if "Cost of Restoring data" is shown in the *schedule*.

9. Prevention of access, Murder and Suicide

We will pay for *loss of income* that results from an *interruption of your business* that extends for greater than 48 hours that is caused by:

- (a) the closure or evacuation of the whole or part of *your premises* by order of a competent public authority consequent upon defects in the drains and/or sanitary arrangements at the *premises*;
- (b) any bomb threat at or to the *premises*;
- (c) murder or suicide or attempted suicide or violent crime or armed robbery occurring at or near the *premises*;
- (d) *insured damage* to any property within a complex when *your business* is located within a multi-tenanted complex;

- (e) the action of a civil authority during a conflagration or other catastrophe for the purpose of retarding same;
- (f) any regulatory authority preventing or restricting access to *your premises* or ordering the evacuation of the public as a result of *insured damage* to property within a twenty (20) kilometre radius of *your premises*, occurring during the *period of insurance*.

10. Prevention of access as a result of Legionellosis

Notwithstanding Exclusion 7. within the Property cover section, we will pay for *loss of income* that results from an *interruption of your business* that is caused by a regulatory authority closing or evacuating all or part of the *premises* as a result of the discovery of legionellosis at the *premises*.

Provided that this Extension of Cover is limited to \$250,000 or 20% of the *limit of liability*, whichever is the lesser, for all claims in connection with *events* in the *period of insurance*.

11. 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.

12. Registered motor vehicles

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

Optional Extensions of Cover

1. 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* Property and Business Interruption up to an amount equal to the *sum insured* for Additional Claims Preparation Costs.

2. Additional increase in cost of working

If 'Additional Increase in Cost of Working' is shown in the *schedule*, we will pay up to the *sum insured* shown in the *schedule* 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 the Basis of Settlement for this *cover section*.

3. Cost of goodwill

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

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

- (a) the *building* that is *damaged* cannot or will not be repaired or rebuilt, consequent to:
 - (i) any refusal by any owner or lessor other than *you* to repair or rebuild; and
 - (ii) any restrictions imposed by any regulatory authority; and

- (b) the business is purchased as *you* cannot 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* is covered by the Property cover section; and
- (d) the business that is purchased is similar to *your business*.

4. 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

In addition to the General Definitions, the following definitions shall apply to the words used in this *cover section*.

Income

income means income from *your business* at the *premises* for goods sold, work done, electrical power generated and sold, services rendered, Government approved incentives, subsidies or 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 on the date 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. for *your* property, *damage to your* property when both the property that is *damaged* and the cause of the *damage* is covered by *your* policy under one or more of the following *cover sections*: Property; Burglary; Money; Glass; General Property or Electronic Equipment – Part A (Material Loss or Damage).
2. for property referred to in this *cover section* under the heading Extensions of Cover, *insured damage* means *damage* to such property located in *Australia*, provided the *damage* would have been covered under one of the *cover sections* shown in 1. 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* in consequence of *insured damage* that happens at the *premises*.

Provided that this *insured damage* happens during the *period of insurance*.

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 otherwise agree to continue the 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 relevant to the *cover section* giving rise to the claim.

3. 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*.

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, covered by any *cover section* from this *event*.

3. Food or Drink Contamination

Notwithstanding Exclusion 7. within the *Property cover section*, we will pay for *loss of income* that results from an *interruption of your business* that is caused by poisoning, injury or illness arising from salmonella, campylobacter, staphylococcus aureus, bacillus cereus, clostridium, shigella, escherichia coli and listeria species only, via the consumption of food or drink supplied at or from the *premises*.

Provided that this Extension of Cover is limited to \$250,000 or 20% of the *limit of liability*, whichever is the lesser, for all claims in connection with *events* in the *period of insurance*.

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

Where *your premises* are leased by *you* or *you* occupy them under licence, 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*.

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* in consequence of *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 that supply to the *business*.

(b) Unspecified customers

Property at the premises of any of *your* customers and clients, or property at the premises of their direct suppliers or customers, or at sites other than *your premises* where *you* supply goods or services in the course of *your business*.

(c) Documents

Documents belonging to or held in trust for *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 systems and Data processing media

Computer systems including ancillary equipment and *data processing media* utilised by *you*. *Electronic data* is only covered if 'Cost of Restoring data' is shown in the *schedule*.

6. Prevention of access, Murder and Suicide

We will pay for *loss of income* that results from an *interruption of your business* that extends for greater than 48 hours that is caused by:

- (a) the closure or evacuation of the whole or part of *your premises* by order of a competent public authority consequent upon defects in the drains and/or sanitary arrangements at the *premises*;
- (b) any bomb threat at or to the *premises*;
- (c) murder or suicide or attempted suicide or violent crime or armed robbery occurring at or near the *premises*;
- (d) *insured damage* to any property within a complex when *your business* is located within a multi-tenanted complex;
- (e) the action of a civil authority during a conflagration or other catastrophe for the purpose of retarding same;
- (f) any regulatory authority preventing or restricting access to *your premises* or ordering the evacuation of the public as a result of *insured damage* to property within a twenty (20) kilometre radius of *your premises*, occurring during the *period of insurance*.

7. Prevention of access as a result of Legionellosis

Notwithstanding Exclusion 7. within the Property *cover section*, we will pay for *loss of income* that results from an *interruption of your business* that is caused by legal authority closing or evacuating all or part of the *premises* as a result of the discovery of legionellosis at the *premises*.

Provided that this Extension of Cover is limited to \$250,000 or 20% of the *limit of liability*, whichever is the lesser, for all claims in connection with *events* in the *period of insurance*.

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 or results from *damage* to registered motor vehicles including, but not limited to motorcycles, caravans and trailers that are owned and/or operated by *you* but only when the *damage* occurred 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

In addition to the General 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 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, telecast or podcast 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 become airborne or move in or through the atmosphere or space and includes unmanned aircraft systems including drones.

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;
- (c) first aid, fire and ambulance services provided by *you*;
- (d) construction, erection, demolition, alteration or addition, not exceeding in cost the sum of \$500,000, of or to *buildings* owned by *you*;
- (e) participation in exhibitions;
- (f) hire or loan of plant, equipment or goods to other parties;
- (g) private work undertaken by any employee of *yours*, for any of *your* directors or senior executives;
- (h) conducted tours of *your premises* for no reward; and
- (i) the erection, use and/or maintenance by *you* or on *your* behalf of advertising and directional signs, their frames, supports and appurtenances.

Cyber event

cyber event means any *occurrence* in any way connected with:

- (a) an *IT Network*; or
- (b) *computer virus*.

Excess

excess for the purpose of this *cover section* only, means the amount *you* first bear in relation to each claim for any *occurrence* that results in a *property damage* claim only, apart from an *occurrence* in respect to a subcontractor and/or labour hire claim where an additional excess will apply, and these amounts will be listed on *your schedule*. The *excess* applies to all amounts payable under this *cover section* including the indemnity provided under additional payments.

General liability

general liability means *your* legal liability covered by this policy but not *product liability*.

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 force.

Incidental contracts

incidental contracts mean:

- (a) any written agreement for the lease and/or hire of real and/or personal property which does not impose upon *you* as lessee or hirer an obligation to insure such property;
- (b) any written contract with any authority or entity responsible for the supply of electricity, fuel, gas, natural gas, air, steam, water, sewerage reticulation control systems, waste disposal facilities, telephone and communication services or other essential services for the *business*, except those contracts in connection with work performed by *you* or on *your* behalf for such authorities or entities; or
- (c) any written contract with any railway authority for the loading, unloading and/or transport of *products*, including contracts relating to the operation of railway sidings.

Insured person

insured person means *you* and the parties described under Extensions of Cover 2. 'Cover for others'.

Internet operations

internet operations mean:

- (a) transfer of computer data or programs 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 programs contain any malicious or damaging code, including but not limited to any *computer virus*;
- (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.

IT network

IT network means any computer hardware (or components thereof), software (or components thereof), communication system networks, *internet operations*, websites whosoever hosted, online or offline media libraries, data, or any other peripheral devices.

Medical persons

medical persons mean legally qualified medical practitioners, legally qualified registered nurses, legally qualified 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) discrimination as a result of race, religion, sex, marital status, age, intellectual impairment, disability or otherwise (to the extent insurance thereof is permitted by law) not committed by *you* or at *your* direction;
- (d) wrongful entry or wrongful eviction;
- (e) invasion of privacy;
- (f) defamation, libel and slander; and
- (g) 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* from the circumstances in (a) to (c) shall be deemed to be a *general liability* claim to which the *limit of liability* specified in the *schedule* shall apply.

Product liability

product liability means *your* legal liability in respect of *personal injury* or *property damage* caused by or arising out of any *products* or the reliance upon a representation or warranty made at any time with respect to such *products*; but only where such *personal injury* or *property damage* happens after physical possession of such *products* has been relinquished by *you* to others.

Property damage

property damage means:

- (a) physical injury to or loss of or destruction of tangible property including loss of use of that property; 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 mean anywhere in the world (subject to the limitations set out in Exclusion 1., 12. and 18. for this Liability cover section).

Tool of trade

tool of trade means the use or operation of a *vehicle* and/or equipment, tool or apparatus attached to and 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, vacuuming or suction activities, pumping, spraying or similar activities.

Silica

silica means silicon dioxide, (occurring in crystalline, amorphous and impure forms), silica particles, silica dust or silica compounds.

Silica related dust

silica related dust means a mixture or combination of *silica* and other dust or particles.

Vehicle

vehicle means any machine on wheels or self laid tracks or on skis, made or intended to be propelled by any means other than manual or animal power and any trailers or other attachment made or intended to be drawn by any such machine.

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, your or yours

you, your or yours means for the purpose of this *cover section* only, the definition of *you, your or yours* is extended to include any of *your* subsidiary companies now or hereinafter formed or constituted, and any organisations and entities incorporated in *Australia* in which *you* have a controlling interest (exceeding 50%) and are engaged in the *business* described in the *schedule*.

Provided that:

- (a) any incorporation of a new company is notified to us within 90 days of the incorporation date;
- (b) the incorporated company conducts the same type of *business* as *your business*; and
- (c) the incorporated company is incorporated and operates 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 inquiry or other official investigation into the circumstances) incurred by the *insured person* with our consent in the defence of any claim;
- (b) premiums payable for:
 - (i) bonds to release security *you* have provided for amounts withheld or set off by a third party in respect of liability covered by this *cover section* not exceeding the applicable Limit of Liability, but we shall have no obligation to apply for or furnish any such bond;
 - (ii) appeal bonds and/or security for costs required in any suit in respect of liability covered by this *cover section*, but we shall have no obligation to apply for or furnish such bonds and/or security for costs;
- (c) 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 (Cth));
- (d) reasonable expenses incurred by the *insured person* for the temporary repair or shoring up or preservation of property which has been damaged; and
- (e) 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, Tribunal or before any other legally instituted body in *North America*, the Limit of Liability shall apply to such claim inclusive of all additional payments in respect of circumstances 1. (a) to (e) above; 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 performed with *your* consent, but only whilst acting within the scope of activities approved by *you*;
- (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 are entitled to 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, where a principal makes a claim under this clause, Exclusion 8. 'Employer's Liability' shall apply so that we will not pay for the principal's liability for *personal injury* to any person in the service of either *you* or that principal.

Limit of Liability

Our *general liability* Limit of Liability stated in the *schedule*, represents the maximum amount which we shall be liable to pay in respect of any one (1) claim or series of claims arising out of any one (1) *occurrence* for *general liability*.

Our *products liability* Limit of Liability stated in the *schedule*, represents the maximum amount which we shall be liable to pay in respect of any one (1) claim or series of claims, and in the aggregate during the *period of insurance* for *products liability*.

The applicable Limit of Liability will not be reduced by the amount of any *excess* payable by *you*.

Exclusions

In addition to the General Exclusions, the following exclusions shall apply to this *cover section*.

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 18;
- (e) any *insured person* whose *business* is advertising, broadcasting, publishing, podcasting or telecasting;
- (f) incorrect description of the price of *products*, goods or services;
- (g) failure of *products*, goods or services to conform with advertised or represented performance, quality, fitness or durability; or
- (h) acts, errors or omissions committed prior to the commencement 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.

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 the risk of harm 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 imposed by Federal or State legislation in respect of product safety;
- (d) the liability or obligations is assumed under those agreements specified in the *schedule*.

5. Cyber risks

any liability whatsoever nature in connection with or contributed to, or from a *cyber event*.

6. Damage to products

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

Exclusion 6. 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*.

7. 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, telecasting or podcasting activities conducted by *you* or on *your* behalf, except where cover is provided by us as *advertising liability*.

8. 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 compensation or 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 under a policy of insurance (either in whole or in part) had any *insured person* arranged a policy of insurance as required by any workers compensation or accident compensation 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, or any person that is a worker for the purpose of the Workers Compensation and Injury Management Act 1981 (WA) pursuant to that executes work for *you* under an avoidance arrangement as Section 175 of that Act.

(c) mental anguish, shock or fright suffered by any person arising out of, or in the course of, that person's employment by, or the provision of 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) liability which indemnity 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 *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.

9. Faulty workmanship

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

10. Intentional conduct

any intentional, fraudulent, dishonest, malicious 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*.

Exclusion 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 any warranty or guarantee imposed by 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 an *insured person* or any error or omission connected therewith.

Exclusion 14. shall not apply to:

- (a) *personal injury* or *property damage* arising from professional advice or service given for no fee or reward;
- (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*;
- (c) free advice provided by *you* in the course of the *business*; or
- (d) advice given in respect of the use or storage of *your products*.

15. Property in physical or Legal control

property damage to property owned by or in 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) *premises* leased or rented to *you*, but no cover is provided by this policy if *you* have assumed the responsibility to insure such *premises*;
- (b) personal property of *your* directors, employees and visitors;
- (c) premises (and their contents) where the premises are temporarily occupied by an *insured person* to carry out work;
- (d) any *vehicle* being moved for the purpose of *your business* on *your premises* by or on behalf of an *insured person*;
- (e) any *vehicle* in a carpark unless the carpark is occupied or operated by an *insured* for reward;
- (f) property, 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 the *period of insurance*. This does not extend to *aircraft*, *watercraft* that is not on dry land or *hovercraft*.

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. Silica

any liability directly or indirectly caused by, or alleged to be caused by or contributed to, in whole or in part, by or arising out of the presence, ingestion, actual, alleged, threatened or suspected inhalation or absorption of *silica* or *silica related dust*.

18. 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 18. 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 who normally reside in *Australia* that do not involve the performance of manual work or supervision of work by any such person.

19. Vehicles

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

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

Exclusion 19. does not apply to claims:

- (i) for *personal injury* where that compulsory liability insurance or statutory indemnity does not provide indemnity and/or the reason or reasons why that compulsory liability insurance or statutory indemnity does not provide indemnity do not involve a breach by *you* 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;
- (v) for *property damage* arising out of the movement by *you* or by any employees of *yours* of any *vehicle* or trailer not belonging to *you* which is interfering with access to or from *your premises* or any site where *you* are carrying out work; or
- (vi) 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.

20. Watercraft, Aircraft, Hovercraft

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

- (a) the operation, ownership, possession or use by *you* of any *watercraft* or *hovercraft* exceeding 15 metres in length, while such *watercraft* or *hovercraft* is on, in or under water.

Exclusion 20. (a) shall not apply to claims arising out of:

- (i) *watercraft* used in operations carried out by any independent contractors that *you* engage for whose conduct *you* are liable;
- (ii) *watercraft* or *hovercraft* owned and operated by others and used by *you* in *your business* entertainment;
- (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.

Exclusion 20. (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 engaged by *you*, notwithstanding clause (d) in the definition of *business* in this *cover section*, 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 acts or omissions.

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 *insured person*.

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 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) 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 regulatory authority for the safety of persons or property.

(b) *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.

Optional Extensions of Cover

1. Queensland Electricians Liability

If 'Queensland Electricians Liability' is shown in the *schedule*, then in addition to the cover provided under this *cover section*, the following terms and conditions of the Queensland Electricians Liability extension will apply.

The following Definition is added to the Liability *cover section*:

Electrical work

electrical work has the same meaning as electrical work and electrical installation work noted in Section 18 of the Electrical Safety Act 2002 (Qld) and includes the testing of such work.

The following Exclusions within the Liability *cover section* are deleted in full and replaced as follows:

Exclusions

We will not pay anything in respect of:

9. Faulty workmanship

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

Exclusion 9. shall not apply to any *electrical work* carried out in Queensland.

14. Professional liability

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

Exclusion 14. shall not apply to:

- (a) *personal injury* or *property damage* arising from professional advice or service given for no fee or reward;
- (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*;
- (c) free advice provided by *you* in the course of the *business*;
- (d) advice given in respect of the use or storage of *your products*; or
- (e) any *electrical work* carried out in Queensland.

The following Special Conditions are added to the Liability *cover section* of this policy.

Special Conditions

5. Cancellation

Notwithstanding General Terms and Conditions, 3 – Cancellation, we agree that the cancellation for this extension:

- (a) will only take effect 30 days after we give both the Electrical Licensing Board and *you* notice in writing of the cancellation; and
- (b) has no effect on any of our obligations under this policy in relation to any *personal injury* or *property damage* that occurred while this extension was in force.

6. Notification of claims settled

We and *you* both agree that we will notify the Electrical Licensing Board in writing in the manner required by the Electrical Industry Commission of the settling or payment of any claim under this extension.

7. Ministerial order to prevail

We agree that if any term of this extension conflicts, or is inconsistent, with the Electrical Contractors Insurance Requirements which outlines the requirements for electrical contractors insurance required under Section 51 of the Electrical Safety Regulation 2013 (Qld.), then this extension is to be read and to be enforceable as if it complied with that order.

8. We will comply with court orders

We agree to comply with any order made against *you* by a court, the Domestic Building Tribunal, the Administrative Appeals Tribunal or any other competent judicial body, in respect of any liability for which *you* are indemnified under this extension (including any *excess* that *you* may be obliged to pay to us).

Consumer Protection Section

Definitions applying to Defects Liability – Part A and Trade Practices Liability – Part B

The following definitions shall apply to words used in this extension.

Building owner

building owner means the person for whom *domestic electrical work* has been, is being, or is about to be, carried out and includes:

- (a) any occupier of the land, building or *home* where the *domestic electrical work* is carried out; and
- (b) any person who is the owner for the time being of such land, building or home; and
- (c) any assignee of the *building owner's* rights under a *contract*.

Certificate of test

certificate of test means a certificate required under Section 26 of the Electrical Safety Regulation 2013 (Qld).

Contract

contract means a written agreement to carry out *domestic electrical work* and includes a domestic building contract or other building contract that includes *domestic electrical work*.

Defects in domestic electrical work

defects in domestic electrical work means:

- (a) a failure to carry out the *domestic electrical work* consistent with current electricity legislation, industry practices and standards and in accordance with any plans and specifications set out in the contract; or
- (b) a failure to use materials in the *domestic electrical work* that are good and suitable for the purpose for which they are used; or
- (c) the use of materials in the *domestic electrical work* that are not new (unless the contract permits the use of materials that are not new); or
- (d) a failure to carry out the *domestic electrical work* in accordance with, and in compliance with, all laws and legal requirements or any applicable Australian or other relevant standard or code of practice including, without limiting the generality of this paragraph, the Electrical Safety Act 2002 (Qld) and any regulations made under that Act; or
- (e) a failure to carry out the *domestic electrical work* with due care and skill and, in the case of *domestic electrical work*, a failure to complete the *domestic electrical work*:
 - (i) by the date (or within the period) specified by the contract; or
 - (ii) within a reasonable time, if no date (or period) is specified; or
- (f) if the *contract* states the particular purpose for which the *domestic electrical work* is required, or the result which the *building owner* wishes the work to achieve, so as to show that the *building owner* relies on *your* skill and judgment, a failure to ensure that the *domestic electrical work* and any material used in carrying out the *domestic electrical work*:
 - (i) are fit for that purpose; or
 - (ii) are of such a nature and quality that they will achieve that result; or
- (g) a failure to maintain a standard or quality of *domestic electrical work* specified in the contract.

Provided that a reference to any material in sub-clause (b), (c) or (f) does not include any material that is supplied by the *building owner* (or the *building owner's* agent).

Defect liability

defect liability means any liability to pay for the cost of rectifying any *defects in domestic electrical work*.

Disappearance

disappearance means cannot be found after due search and inquiry.

Domestic electrical work

domestic electrical work means electrical work performed or intended to be performed on or in relation to a *home* or any building or structure on land on which a *home* is or is intended to be situated including any electrical appliance which belongs to the *home*, whereby the *electrical work* carried out is at the repairer's premises.

Electrical work

electrical work has the same meaning as electrical work and electrical installation work defined in Electrical Safety Regulations 2013 (Qld) and includes the testing of such work.

Home

home means any residential premises but does not include:

- (a) any residence that is not intended for permanent habitation; or
- (b) a rooming house; or
- (c) a motel, residential club, residential hotel or residential part of licensed premises; or
- (d) a nursing home, hospital or accommodation associated with a hospital; or
- (e) the common areas under the control of the Body Corporate in residential villas, townhouses, duplex, triplex, quadruplex or home units which make up the Body Corporate; or
- (f) any *watercraft*.

Insolvent

insolvent means where *you* enter into any composition or arrangement with *your* creditors, have a receiver and manager or an administrator appointed or are the subject of any resolution or petition for winding up (other than for the purpose of amalgamation or reconstruction while solvent) or become bankrupt.

Subcontractor(s)

For the purpose of this extension only *subcontractor(s)* means those subcontractors contracted by *you* to carry out *domestic electrical work*.

Trade practices liability

trade practices liability means any liability to pay for the cost of rectifying any *domestic electrical work* that arises as a result of conduct by *you* in connection with the *domestic electrical work* that contravenes the Competition and Consumer Act 2010 (Cth) other than any fine or penalty imposed by such contravention.

Part A – Defect Liability Cover

We will pay all amounts that *you* become legally liable to pay for *defect liability* that results from *your domestic electrical work* performed in Queensland during the *period of insurance*.

Provided that for each claim or series of claims in relation to a *certificate of test* the cover is limited to the limit of liability of \$50,000.

Exclusion that applies to Part A

This extension does not cover *you* for any loss or damage giving rise to a claim under Part A resulting from a product defect, which for the purposes of this exclusion, means a defect in any appliance, material, substance or other thing that was supplied or used by *you* in connection with *your* electrical business.

Provided that:

1. we bear the onus of establishing that the claim (or part of a claim) is based on a product defect; and
2. we agree that nothing in this exclusion removes the cover given to *you* by this extension in relation to *you* supplying or using any appliance, material, substance or other thing that *you* were aware was defective, or that *you* should reasonably have been aware was defective.

In addition to this exclusion, please refer to the exclusions that apply to Part A and Part B and General Exclusions which are applicable to the whole policy.

Part B – Trade Practices Liability Cover

We will pay all amounts that *you* become legally liable to pay for *trade practices liability* that results from *your domestic electrical work* in Queensland during the *period of insurance*.

Provided that for each claim or series of claims in relation to a *certificate of test* cover is limited to the *limit of liability* of \$50,000.

Extensions of Cover that apply to Part A and Part B

Additional payments

In addition to the *limit of liability* of \$50,000, we will pay under this extension as additional payments all the reasonable legal costs and expenses incurred with our consent associated with the successful enforcement of a claim against *you* or us.

However, this extension does not cover *you* in respect of the legal costs of any person making a claim against *you* or us that are not directly or indirectly related:

- (a) to the enforcement of the extension; or
- (b) to a liability in respect of which *you* are covered under this extension.

Provided that:

1. if the *limit of liability* of \$50,000 is less than the total amount paid or payable to settle or dispose of a claim then we will only pay a proportion of these additional payments, and our proportion will be that proportion that the *limit of liability* of \$50,000 represents to the total amount paid or payable to settle or dispose of the claim; and
2. we will not pay for any additional payments that are incurred after we have paid or agreed to pay an amount equal to the *limit of liability* of \$50,000.

Defects / Non-completion / Consequential financial loss

In the case of *domestic electrical work* we also indemnify *you* for any liability arising from:

- (a) any consequential financial loss reasonably incurred by the *building owner* as a result of any defects or non-completion of *your* electrical work (as described in paragraph (b)), including but not limited to:
 - (i) the loss of any deposit or progress payment (or any part of any deposit or progress payment); and
 - (ii) the cost of alternative accommodation, removal and storage costs that are reasonably and necessarily incurred; and

- (b) non-completion of the *domestic electrical work* due to:
- (i) *your* death or legal incapacity;
 - (ii) *your disappearance*;
 - (iii) *you* becoming *insolvent*;
 - (iv) the cancellation or suspension of *your* licence under the Electrical Safety Regulation 2013 (Qld); or
 - (v) the early termination of the contract by the *building owner* as a result of *your* wrongful failure or refusal to complete the *domestic electrical work*.

Provided that in respect of each claim or series of claims in relation to a *certificate of test* the cover is limited to the *limit of liability* \$50,000 for *defect liability* or *trade practices liability* as the case may be.

Cover for Others

The cover provided by this extension to *you*, is extended to cover the following:

1. any of *your* directors, executive officers or employees while acting within the scope of their duties in such capacity;
2. any of *your* directors or senior executives for liabilities arising from the private work undertaken by *your* employees for these directors or senior executives;
3. any *subcontractor* but only for the *subcontractor's* liability that arises out of the work performed for *you*.

Special Terms and Conditions that apply to Part A and Part B

1. Your cooperation

Notwithstanding the general terms and conditions of this policy:

- (a) *you* agree, in relation to a claim or prospective claim:
 - (i) to make reasonable efforts to assist and inform us; and
 - (ii) to attend the relevant building site for the purpose of inspecting, rectifying or completing *domestic electrical work* (unless the *building owner* refuses *you* access to the site).
- (b) we may reduce the amount of a claim by a *building owner* by an amount that reasonably represents the cost resulting from an unreasonable refusal by the *building owner* to give *you* access to a building site if we have asked *you* to attend the site.

2. Deemed acceptance of claims

In relation to *domestic electrical work* only and notwithstanding the general terms and conditions, we agree to accept liability for a claim if we do not notify the person making the claim within 90 days of receiving the claim in writing that we accept or dispute the claim, unless we obtain an extension of time from the person in writing or from the disputes resolution system.

3. Misrepresentation, Fraud or Non-disclosure

In relation to *domestic electrical work* only:

- (a) we agree that we will not refuse to pay a claim under this extension on the ground that this extension was obtained by misrepresentation, fraud or nondisclosure by *you* or anyone acting on *your* behalf;
- (b) *you* agree that if we make a payment under this extension to, or for the benefit of, a *building owner* under the circumstances contemplated by this clause, by doing so we are not restricting our right to recover that payment from *you*.

4. Right of recovery

Where a payment is made under this extension to, or for the benefit of, a *building owner* we may choose to recover that payment from *you* in the following circumstances:

- (a) payments made due to non-completion of *domestic electrical work* as a result of:
 - (i) *your disappearance*; or
 - (ii) *you* becoming *insolvent*; or
 - (iii) the cancellation or suspension of *your* licence under the Electrical Safety Regulation 2013 (Qld); or
 - (iv) the early termination of the *contract* by the *building owner* as a result of *your* wrongful failure or refusal to complete the *domestic electrical work*.
- (b) payments made due to *defects in domestic electrical work*.

5. Certificate of currency

In relation to *domestic electrical work* only and notwithstanding the general conditions of this policy:

- (a) if we give *you* a certificate stating that *you* are covered by insurance, we agree that we will not refuse to pay a claim under this extension on the ground that *you* have not paid the premium for the insurance;
- (b) *you* agree that if we make a payment under this extension to, or for the benefit of, a *building owner* under the circumstances contemplated by this clause, by doing so we are not restricting our right to recover that payment from *you*.

6. Deemed notice of defects

We agree that if a person gives notice of a defect in writing to *you* or us, that person is to be taken for the purposes of this extension to have given notice of every defect of which the defect notified is directly or indirectly related, whether or not the claim in respect of the defect that was actually notified has been settled.

7. Claimant may enforce this extension

We and *you* both agree:

- (a) that a person who is entitled to claim against *you* in respect of any liability for which *you* are indemnified under this extension may enforce this extension directly against us for the person's own benefit if:
 - (i) *you* refuse to make a claim against us; or
 - (ii) there is an irretrievable breakdown of communication between *you* and us; and
- (b) that for the purpose of such enforcement the person has the same rights and entitlements as *you* would have had under any legislation applicable to *you*;
- (c) that we will pay to the person the full amount of any liability for which *you* are indemnified under this extension despite any failure by *you* to pay any *excess* that *you* are required to pay.

8. Section 54 of Insurance Contracts Act

- (a) We acknowledge that Section 54 of the Insurance Contracts Act 1984 (Cth) applies to this extension;
- (b) Despite sub-clause 8. (a), we agree that we will not rely on Section 54 to reduce our liability under this extension or to reduce any amount that is otherwise payable in respect of a claim by reason only of a delay in a claim being notified to us if:
 - (i) the person who makes the claim notifies *you*, either orally or in writing; or
 - (ii) that person or *you* notify us in writing; within 180 days of the date when the person first became aware, or might reasonably be expected to have become aware, of some fact or circumstance that might give rise to the claim.

Provided that nothing in the above restricts the operation of clause 1. of Limitations of Cover that apply to Part A and Part B.

Limitations of Cover that apply to Part A and Part B

1. Seven (7) Year limitation on claims

We will not accept any claims first notified to us after the expiration of seven (7) years from:

- (a) the date of issue of a *certificate of test*; or
- (b) if *you* did not issue a *certificate of test* in relation to the work that is insured, seven (7) years after *you* stopped carrying out that work.

2. Excess

You are liable for the *excess* shown in the *schedule* for each claim. This excess will be payable by *you* after the claim has been paid by us to the *building owner*.

You are not liable to pay an *excess* more than once in relation to any claim comprising more than one defect or two or more claims that relate to the same defect.

3. Limitation concerning Non-completion of work

If *you* fail to complete *domestic electrical work* for any reason, then this extension does not cover *you* for claims for the whole or a specified part of any payment made under a contract that exceeds the value of the work completed at the time of payment.

Exclusions that apply to Part A and Part B

This extension does not cover:

1. Wear and Tear / Maintenance of work

- (a) fair wear, tear or depreciation of *your domestic electrical work*; or
- (b) a failure by the *building owner* to reasonably maintain *your domestic electrical work*.

2. Liquidated Damages for Delay

Claims for liquidated damages for delay, or damages for delay, that may arise under a *contract*.

However, we agree that nothing in this clause removes the cover given to *you* by this extension in relation to any increase in rectification cost caused by a delay.

2. Victorian Plumbers Liability

If 'Victorian Plumbers Liability' is shown in the *schedule*, then in addition to the cover provided under this *cover section*, the following terms and conditions of the Victorian Plumbers Liability extension will apply.

The following Definitions are added to the *Liability cover section*:

Ministerial order

ministerial order means the Licensed Plumbers General Insurance Order 2002 made under Sections 221ZQ and 221ZT of the Victorian Building Act 1993 taking effect on 15 July 2002.

Plumbing work

plumbing work has the same meaning as it has in Section 221C of the Building Act 1993 (Vic).

The following Exclusions within the Liability *cover section* are deleted in full and replaced as follows:

Exclusions

We will not pay anything in respect of:

9. Faulty workmanship

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

Exclusion 9. shall not apply to any *plumbing work* carried out in Victoria.

14. Professional liability

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

Exclusion 14. shall not apply to:

- (a) *personal injury* or *property damage* arising from professional advice or service given for no fee or reward;
- (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*;
- (c) free advice provided by *you* in the course of the *business*;
- (d) advice given in respect of the use or storage of *your products*; or
- (e) any *plumbing work* carried out in Victoria.

The following Special Conditions are added to the Liability *cover section* of this policy.

Special Conditions

5. Cancellation

Notwithstanding General Terms and Conditions, 3 – Cancellation, we agree that the cancellation for this extension:

- (a) will only take effect 30 days after we give both the Plumbing Industry Commission and *you* notice in writing of the cancellation; and
- (b) has no effect on any of our obligations under this policy in relation to any *personal injury* or *property damage* that occurred while this extension was in force.

6. Notification of claims settled

We and *you* both agree that we will notify the Plumbing Industry Commission in writing in the manner required by the Electrical Industry Commission of the settling or payment of any claim under this extension.

7. Ministerial order to prevail

We agree that if any term of this extension conflicts, or is inconsistent, with the *ministerial order*, then this extension is to be read and to be enforceable as if it complied with that order.

8. We will comply with court orders

We agree to comply with any order made against *you* by a court, the Domestic Building Tribunal, the Administrative Appeals Tribunal or any other competent judicial body, in respect of any liability for which *you* are indemnified under this extension (including any *excess* that *you* may be obliged to pay to us).

Consumer Protection Section

Definitions applying to Defects Liability – Part A and Trade Practices Liability – Part B

The following definitions shall apply to words used in this extension.

Building owner

building owner means the person for whom *plumbing work* has been, is being, or is about to be, carried out and includes:

- (a) any occupier of the land, building or *home* where the *plumbing work* is carried out;
- (b) any person who is the owner for the time being of such land, building or home;
- (c) if the *plumbing work* is carried out on land in a plan of subdivision containing common property, the body corporate for that land or a building on that land;
- (d) any assignee of the *building owner's* rights under a *contract*; and
- (e) any person who has contracted with another person to provide that *plumbing work*.

Completed plumbing work

completed plumbing means:

- (a) *plumbing work* for which *you* have issued a *compliance certificate*; or
- (b) where *you* do not issue a *compliance certificate*, *plumbing work* *you* performed but only after *you* stopped carrying out that work.

Compliance certificate

compliance certificate means a certificate referred to in Section 221ZH of the Building Act 1993 (Vic).

Contract

contract means a written agreement to carry out *plumbing work* and includes a domestic building contract or other building contract that includes *plumbing work*.

Defects in plumbing work

defects in plumbing work means:

- (a) a failure to carry out the *plumbing work* in a proper and workmanlike manner and in accordance with any plans and specifications set out in the contract; or
- (b) a failure to use materials in the *plumbing work* that are good and suitable for the purpose for which they are used; or
- (c) the use of materials in the *plumbing work* that are not new (unless the contract permits the use of materials that are not new); or
- (d) a failure to carry out the *plumbing work* in accordance with, and in compliance with, all laws and legal requirements or any applicable Australian or other relevant standard or code of practice including, without limiting the generality of this paragraph, the Building Act 1993 (Vic) and any regulations made under that Act; or
- (e) a failure to carry out the *plumbing work* with due care and skill and, in the case of domestic *plumbing work*, a failure to complete the *plumbing work*:
 - (i) by the date (or within the period) specified by the contract; or
 - (ii) within a reasonable time, if no date (or period) is specified; or

- (f) if the *contract* states the particular purpose for which the *plumbing work* is required, or the result which the *building owner* wishes the work to achieve, so as to show that the *building owner* relies on *your* skill and judgment, a failure to ensure that the *plumbing work* and any material used in carrying out the *plumbing work*:
 - (i) are fit for that purpose; or
 - (ii) are of such a nature and quality that they will achieve that result; or
- (g) a failure to maintain a standard or quality of *plumbing work* specified in the contract.

Provided that a reference to any material in sub-clause (b) or (f) does not include any material that is supplied by the *building owner* (or the *building owner's* agent).

Defect liability

defect liability means any liability to pay for the cost of rectifying any *defects in plumbing work* carried out in Victoria.

Disappearance

disappearance means cannot be found after due search and inquiry.

Domestic plumbing work

domestic plumbing work means *plumbing work* performed or intended to be performed on or in relation to a home or any building or structure on land on which a *home* is or is intended to be situated.

Home

home means any residential premises and includes any part of a commercial or industrial premises that is used as a residential premises and also includes any houseboat that is less than 8 metres in length, but does not include but does not include:

- (a) any residence that is not intended for permanent habitation; or
- (b) a rooming house within the meaning of the Residential Tenancies Act 1997 (Vic); or
- (c) a motel, residential club, residential hotel or residential part of licensed premises under the Liquor Control Reform 1998 (Vic); or
- (d) a nursing home, hospital or accommodation associated with a hospital; or
- (e) any residence that the regulations made under the Domestic Building Contracts and Tribunal Act 1995 (Vic) state is not a home for the purposes of the definition of home in the Act.

Insolvent under administration

insolvent under administration means a person who is a bankrupt in respect of a bankruptcy from which the person has not been discharged and includes:

- (a) a person who has executed a deed of arrangement under Part X of the Bankruptcy Act 1966 (Cth), (or the corresponding provisions of the law of another jurisdiction) where the terms of the deed have not been fully complied with; and
- (b) a person whose creditors have accepted a composition under Part X of the Bankruptcy Act (Cth), (or the corresponding provisions of the law of another jurisdiction) where a final payment has not been made under that composition.

Ministerial order

Ministerial order means the Licensed Plumbers General Insurance Order 2002 made under Sections 221ZQ and 221ZT of the Victorian Building Act 1993.

Non-domestic plumbing work

non-domestic plumbing work means *plumbing work* that is not *domestic plumbing work*.

Plumbing work

plumbing work has the same meaning as it has in Section 221C of the Building Act 1993 (Vic).

Subcontractor(s)

For the purpose of this extension only *subcontractor(s)* means those subcontractors contracted by *you* to carry out *plumbing work*.

Trade practices liability

trade practices liability means any liability to pay for the cost of rectifying any *plumbing work* that arises as a result of conduct by *you* in connection with the *plumbing work* that contravenes Section 18, 29, 34, 60, 61 of the Competition and Consumer Act 2010 (Cth) or Section 9, 11 or 12 of the Fair Trading Act 1999 (Vic).

Part A – Defect Liability Cover

We will pay all amounts that *you* become legally liable to pay for *defect liability* that results from *your completed plumbing work* in Victoria during the *period of insurance*.

Provided that for each claim or series of claims in relation to a *compliance certificate* the cover is limited to the limit of liability for *domestic plumbing work* of \$50,000 or for *non domestic plumbing work* \$100,000.

The total amount we pay for all *compliance certificate* issued during the period of insurance is \$5,000,000.

Exclusion that applies to Part A

This extension does not cover *you* for any loss or damage giving rise to a claim under Part A resulting from a product defect, which for the purposes of this exclusion, means a defect in any appliance, material, substance or other thing that was supplied or used by *you* in connection with *your plumbing business*.

Provided that:

1. we bear the onus of establishing that the claim (or part of a claim) is based on a product defect; and
2. we agree that nothing in this exclusion removes the cover given to *you* by this extension in relation to *you* supplying or using any appliance, material, substance or other thing that *you* were aware was defective, or that *you* should reasonably have been aware was defective.

In addition to this exclusion, please refer to the exclusions that apply to Part A and Part B and General Exclusions which are applicable to the whole policy.

Part B – Trade Practices Liability Cover

We will pay all amounts that *you* become legally liable to pay for *trade practices liability* that results from *your completing plumbing work* in Victoria during the *period of insurance*.

Provided that for each claim or series of claims in relation to a *compliance certificate* the cover is limited to the limit of liability for *domestic plumbing work* of \$50,000 or for *non domestic plumbing work* \$100,000.

The total amount we pay for all *compliance certificate* issued during the period of insurance is \$5,000,000.

Extensions of Cover that apply to Part A and Part B

Additional payments

In addition to the *limit of liability* of \$50,000, we will pay under this extension as additional payments all the reasonable legal costs and expenses incurred with our consent associated with the successful enforcement of a claim against *you* or us.

However, this extension does not cover *you* in respect of the legal costs of any person making a claim against *you* or us that are not directly or indirectly related:

- (a) to the enforcement of the extension; or
- (b) to a liability in respect of which *you* are covered under this extension.

Provided that:

1. if the *limit of liability* is less than the total amount paid or payable to settle or dispose of a claim then we will only pay a proportion of these additional payments, and our proportion will be that proportion that the *limit of liability* represents to the total amount paid or payable to settle or dispose of the claim; and
2. we will not pay for any additional payments that are incurred after we have paid or agreed to pay an amount equal to the *limit of liability*.

Defects / Non-completion / Consequential financial loss

In the case of *domestic plumbing work* we also indemnify *you* for any liability arising from:

- (a) any consequential financial loss reasonably incurred by the *building owner* as a result of any defects or non-completion of *your* electrical work (as described in paragraph (b)), including but not limited to:
 - (i) the loss of any deposit or progress payment (or any part of any deposit or progress payment); and
 - (ii) the cost of alternative accommodation, removal and storage costs that are reasonably and necessarily incurred; and
- (b) non-completion of the *domestic electrical work* due to:
 - (i) *your* death or legal incapacity;
 - (ii) *your disappearance*;
 - (iii) *you* becoming an *insolvent under administration*;
 - (iv) the cancellation or suspension of *your* licence as a licensed plumber under the Building Act 1993 (Vic); or
 - (v) the early termination of the contract by the building owner as a result of your wrongful failure or refusal to complete the plumbing work.

This clause (b) also applies to any contract for both *domestic* and *non-domestic plumbing work* in which the *non-domestic plumbing work* component does not exceed 20% of the total contract value.

Provided that in respect of each claim or series of claims in relation to a *compliance certificate* the cover is limited to the *limit of liability* for *defect liability* or *trade practices liability* as the case may be.

Cover for Others

The cover provided by this extension to *you*, is extended to cover the following:

1. any of your directors, executive officers or employees while acting within the scope of their duties in such capacity;
2. any of your directors or senior executives for liabilities arising from the private work undertaken by your employees for these directors or senior executives;
3. any subcontractor but only for the subcontractor's liability that arises out of the work performed for you.

Special Terms and Conditions that apply to Part A and Part B

1. Your cooperation

Notwithstanding the general terms and conditions of this policy:

- (a) you agree, in relation to a claim or prospective claim:
 - (i) to make reasonable efforts to assist and inform us; and
 - (ii) to attend the relevant building site for the purpose of inspecting, rectifying or completing plumbing work (unless the building owner refuses you access to the site).
- (b) we may reduce the amount of a claim by a building owner by an amount that reasonably represents the cost resulting from an unreasonable refusal by the building owner to give you access to a building site if we have asked you to attend the site.

2. Deemed acceptance of claims

In relation to *domestic plumbing work* only and notwithstanding the general terms and conditions, we agree to accept liability for a claim if we do not notify the person making the claim within 90 days of receiving the claim in writing that we accept or dispute the claim, unless we obtain an extension of time from the Domestic Building Tribunal.

3. Misrepresentation, Fraud or Non-disclosure

In relation to *domestic plumbing work* only:

- (a) we agree that we will not refuse to pay a claim under this extension on the ground that this extension was obtained by misrepresentation, fraud or nondisclosure by *you* or anyone acting on *your* behalf;
- (b) *you* agree that if we make a payment under this extension to, or for the benefit of, a *building owner* under the circumstances contemplated by this clause, by doing so we are not restricting our right to recover that payment from *you*.

4. Right of recovery

Where a payment is made under this extension to, or for the benefit of, a *building owner* we may choose to recover that payment from *you* in the following circumstances:

- (a) payments made due to non-completion of domestic plumbing work as a result of:
 - (i) your disappearance; or
 - (ii) you becoming insolvent under administration; or
 - (iii) the cancellation or suspension of your licence under the Building Act 1993 (Vic); or
 - (iv) the early termination of the contract by the building owner as a result of your wrongful failure or refusal to complete the domestic plumbing work.
- (b) payments made due to *defects in domestic plumbing work*.

5. Certificate of currency

In relation to *domestic plumbing work* only and notwithstanding the general conditions of this policy:

- (a) if we give *you* a certificate stating that *you* are covered by insurance, we agree that we will not refuse to pay a claim under this extension on the ground that *you* have not paid the premium for the insurance;
- (b) *you* agree that if we make a payment under this extension to, or for the benefit of, a *building owner* under the circumstances contemplated by this clause, by doing so we are not restricting our right to recover that payment from *you*.

6. Deemed notice of defects

We agree that if a person gives notice of a defect in writing to *you* or us, that person is to be taken for the purposes of this extension to have given notice of every defect of which the defect notified is directly or indirectly related, whether or not the claim in respect of the defect that was actually notified has been settled.

7. Claimant may enforce this extension

We and *you* both agree:

- (a) that a person who is entitled to claim against *you* in respect of any liability for which *you* are indemnified under this extension may enforce this extension directly against us for the person's own benefit if:
 - (i) any event listed in clause 5 of the ministerial order occurs; or
 - (ii) you refuse to make a claim against us; or
 - (iii) there is an irretrievable breakdown of communication between you and us; and
- (b) that for the purpose of such enforcement the person has the same rights and entitlements as *you* would have had under any legislation applicable to *you*;
- (c) that we will pay to the person the full amount of any liability for which *you* are indemnified under this extension despite any failure by *you* to pay any *excess* that *you* are required to pay.

8. Section 54 of Insurance Contracts Act

- (a) We acknowledge that Section 54 of the Insurance Contracts Act 1984 (Cth) applies to this extension;
- (b) Despite sub-clause 8. (a), we agree that we will not rely on Section 54 to reduce our liability under this extension or to reduce any amount that is otherwise payable in respect of a claim by reason only of a delay in a claim being notified to us if:
 - (i) the person who makes the claim notifies you, either orally or in writing; or
 - (ii) that person or you notify us in writing; within 180 days of the date when the person first became aware, or might reasonably be expected to have become aware, of some fact or circumstance that might give rise to the claim.

Provided that nothing in the above restricts the operation of clause 1. of Limitations of Cover that apply to Part A and Part B.

Limitations of Cover that apply to Part A and Part B

1. Six (6) Year limitation on claims

We will not accept any claims first notified to us after the expiration of six (6) years from:

- (a) the date of issue of a compliance certificate; or
- (b) if you did not issue a compliance certificate in relation to the work that is insured, six (6) years after you stopped carrying out that work.

2. Excess

You are liable for the *excess* shown in the *schedule* for each claim. This excess will be payable by *you* after the claim has been paid by us to the *building owner*.

You are not liable to pay an *excess* more than once in relation to any claim comprising more than one defect or two or more claims that relate to the same defect.

3. Limitation for common property

If *you* fail to complete *domestic plumbing work* for any reason, then this extension does not cover *you* for claims for the whole or a specified part of any payment made under a contract that exceeds the value of the work completed at the time of payment.

We will reduce the amount we will pay under this extension in respect of any one *home* on land in the plan of subdivision by an amount calculated by dividing the amount of the claim paid by us in relation to the common property by the number of *homes* on land in the plan of the subdivision.

4. Limitation concerning Non-completion of work

If you fail to complete plumbing work for any reason, then this extension does not cover you for claims for the whole or a specified part of any payment made under a contract that exceeds the value of the work completed at the time of payment.

Exclusions that apply to Part A and Part B

This extension does not cover:

1. Wear and Tear / Maintenance of work

- (a) fair wear, tear or depreciation of *your plumbing work*; or
- (b) a failure by the *building owner* to reasonably maintain *your plumbing work*.

2. Consequential financial loss for non-domestic plumbing work

in relation to *non-domestic plumbing work*, any consequential financial loss.

3. Liquidated Damages for Delay

claims for liquidated damages for delay, or damages for delay, that may arise under a *contract*.

However, we agree that nothing in this clause removes the cover given to *you* by this extension in relation to any increase in rectification cost caused by a delay.

4. Product defects

any defects liability resulting from a *product* defect provided that:

- (a) we bear the onus of establishing that the claim (or part of the claim) is based on a *product* defect; and
- (b) we agree that nothing in this exclusion removes the cover given to *you* by this extension in relation to *you* supplying or using an appliance, material, substance or other thing that *you* were unaware was defective or that *you* should not reasonably have been aware was defective.

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

In addition to the General Definitions, the following definitions shall apply to the words used in this *cover section*.

Category and Categories

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

1. All contents;
2. Stock including goods for which *you* are responsible but excluding Cigarettes and Tobacco Goods;
3. Cigarettes and Tobacco Goods; or
4. 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.

Property

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

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. 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 forcible and 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

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

For each specific *category* of *property*, we will pay up to the *sum insured* that applies to that specific *category* of *property*.

Exclusions

In addition to the General Exclusions, the following exclusions shall apply to this *cover section*.

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, excepting for cover provided under Extension of Cover 18;
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*; or
6. 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.

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

2. Clothing and Personal property

We will pay *you*, in addition to the *sum insured*, for any clothing or personal property of directors, partners and employees which is lost or damaged during a *theft* at the *premises*, towards the cost of repairing or replacing these items, but only to the extent that such clothing or personal property is not otherwise insured.

The maximum amount we will pay is limited to \$10,000 in total for 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 property' 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 the *premises*.

The maximum amount we will pay is limited to \$20,000 in total for 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, on *your* behalf.

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.

The maximum amount we will pay is limited to \$5,000 in total for 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 6, the dishonest manipulation of any database or *computer system* and Extensions of Cover 18. 'Theft of property without forcible entry in the open air' and 19. 'Theft without forcible entry (not property in the open air)', proviso (b), *theft* by *you* or any of *your* employees, does not apply to this extension.

We will pay in addition to the *sum insured* a maximum amount of \$5,000 for any one *event*. If *you* are also insured under the Money *cover section*, the benefits payable for this employee dishonesty Extension of Cover shall not be cumulative. This Extension shall not apply if *you* are also insured under the Employee Fraud *cover section*.

7. Illegal electronic funds transfer

We will pay in addition to the *sum insured*, if this policy covers *your contents* and following entry into the *premises* arising from one of the events listed under the heading 'Cover', *you* suffer financial loss in consequence of such *events* from the electronic transfer of funds from *your* bank account to a bank account not controlled by *you* we will pay the financial loss sustained by *you* arising from the transfer of funds.

Provided that we will not pay:

- (a) any financial loss arising from the misuse or illegal use of corporate credit cards or financial transaction cards by any of *your* employees or any other person acting in collusion with any of *your* employee or by any member of *your* family;
- (b) transfer of money via electronic funds transfer which was enabled by:
 - (i) a key or device; or
 - (ii) use of details of a combination, code or password, left in or accessible from the *building* outside *business hours*.

The maximum amount that we will pay is limited to \$10,000 in total for any one *event*.

8. Illegal use of corporate financial transaction card

We will pay in addition to the *sum insured*, 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 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*.

The maximum amount that we will pay is limited to \$10,000 in total for any one *event*.

9. Locks and Keys

If during the *period of insurance* any locks, keys, magnetic keys or cards or similar devices and combinations used at the *premises* are accidentally lost, stolen or there are reasonable grounds to believe these have been duplicated, we will pay in addition to the *sum insured*:

- (a) the cost incurred to replace the locks, keys, magnetic keys or cards or similar devices;
- (b) the cost incurred to replace the sequence of numbers or letters which have become known to any unauthorised person;
- (c) the cost incurred to replace keys, magnetic keys or cards or similar devices that may have been duplicated by an unauthorised person; and
- (d) 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.

The maximum amount that we will pay is limited to \$10,000 in total for 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.

10. 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 highest *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, *you* must provide us with full details of the new premises.

If we agree to cover the *property* at the new premises from the date of acquisition or completion, *you* must pay any additional *premium* we require.

11. Pairs and Sets

We will also pay the reduction in value of the undamaged portion of *property* which forms part of a pair, set or collection following a *theft* which is covered by this *cover section*.

The maximum we will pay being in addition to the *sum insured* is limited to \$20,000 for any one *event* and total in the *period of insurance*.

12. Property and Contents temporarily removed

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

Provided that:

- (a) we will not cover cigarettes or tobacco goods or alcoholic beverages;
- (b) we will not cover *property* that is on consignment to other parties unless it is owned by *you* or is *property* for which *you* are responsible; or
- (c) any property, which has been removed for a period greater than 90 days without our prior consent.

The maximum amount we will pay for this additional benefit will be 20% of the *sum insured*. If more than one *premises* is shown in the *schedule*, then this 20% additional benefit will apply to the highest *sum insured* shown.

13. Reinstatement of sum insured

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 the maximum amount we will pay during the *period of insurance* is limited to twice the *sum insured*.

14. Seasonal or Festive increase

We will automatically increase the *sum insured* for *stock* excluding any Cigarettes or Tobacco Goods, by 50% during the *seasonal increase period*.

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

15. 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*.

The maximum amount we will pay is limited to \$10,000 in total for 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.

16. 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.

The maximum amount that we will pay is limited to \$10,000 in total for 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.

17. 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*.

The maximum amount we will pay is limited to \$20,000 in total for any one *event*.

18. Theft of property in the open air

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

Provided that we will not pay for:

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

Exclusion 1. of this *cover section* does not apply to this Extension.

The maximum amount we will pay is \$10,000 in total for any one *event*, limited to the *sum insured*.

19. Theft without forcible entry (not property in the open air)

We will cover loss or damage to *property* caused by *theft* from the *premises* even if there is no 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) *theft* of *property* in the open air.

The maximum amount we will pay is limited to \$20,000 in total for any one *event*, limited to the *sum insured*, unless otherwise noted otherwise in the *schedule*.

20. Water authority charges

We will cover 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*.

The maximum amount we will pay is limited to \$20,000 in total for any one *event*. If *you* are also insured under the Property *cover section*, the benefits payable under Extension of Cover A – 13. 'Water authority charges' are not 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 (not property in the open air)

If 'Theft without forcible entry (not property in the open air)' is shown in the *schedule*, then in addition to the cover provided under Extension of Cover 19. 'Theft without forcible entry (not property in the open air)', 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 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

In addition to the General Definitions, the following definitions shall apply to the words used in this *cover section*.

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* only, 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*.

Transit

transit for the purpose of this *cover section* only, 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 after 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 a 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 with the *financial services provider*.

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, Your or Yours

you, *your* or *yours*, 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 in provision 2. 'Specified cover' 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*:

- Money in transit.
- Money on the premises.
- Money in a locked safe or locked strongroom.
- 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 Covers listed above, the maximum amount we will pay for:

- (a) Money in transit: at the time of the *loss* is the *money in transit sum insured*; or
- (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 in a securely *locked safe* or *strongroom* at the time of the *loss*; or
- (c) Money in a 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 custody: whilst 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 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 be replaced, the cost of replacement paid or payable by *you*; or otherwise
2. 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 service, or conversion or redemption of 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, calculated 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, the parties to the policy 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:

- (a) repair the *safe* or *strongroom*; or
- (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; or
- (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 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

In addition to the General Exclusions, the following exclusions shall apply to this *cover section*.

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 or combination of numbers or letters; or
 - (c) any combination of the security devices shown in 2 (a) and 2 (b) above, when security devices or passwords are left unsecured on the *premises* and accessed and used by the perpetrator of the theft;
3. theft from a *safe* or *strongroom* that is not *locked* during non *business hours*;
4. shortage due to error or omission;
5. *loss* due to fraudulent or dishonest acts by *you*.
Provided that this does not apply to theft by *your* employees following forcible and violent entry;
6. *loss* due to the dishonest manipulation of any database or *computer system*; or
7. *loss* of *money* while professional money carriers, professional carriers or common carriers are carrying it.

Extensions of Cover

1. Additional covers

In addition to the *sum insured*, we will extend to cover to:

- (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 property
If during a theft or attempted theft of *money*, any clothing or personal property of directors, partners and employees which is *lost* or damaged, then we will pay to repair or replace these items, but only to the extent that such clothing or personal property is not otherwise insured.

The maximum amount we will pay is limited to \$10,000 in total for any one *event*. If *you* are also insured under the Burglary *cover section*, the benefits payable under Extension of Cover 2. 'Clothing and Personal property' 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) in this *cover section* 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 or combination of numbers or letters, or numbers and letters become known by any unauthorised person or are accidentally *lost*; or
 - 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.

The maximum amount we will pay is limited to \$10,000 in total for any one *event*. If *you* are also insured under the Burglary *cover section*, the benefits payable under Extension of Cover 9. '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.

The maximum amount we will pay is limited to \$10,000 in total for 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, on *your* behalf.

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.

The maximum amount we will pay is limited to \$10,000 in total for any one *event*. If *you* are also insured under the Burglary *cover section*, the benefits payable under Extension of Cover 16. '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*.

The maximum amount we will pay is limited to \$10,000 in total for any one *event*. If *you* are also insured under the Burglary *cover section*, the benefits payable under Extension of Cover 15. 'Security' shall not be cumulative.

2. Bank or Public holiday increase

The *sum insured* and the limits of *loss* for items shown for this *cover section* 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' within this *cover section*.

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*.

The maximum amount we will pay is limited to \$1,000 in total, in the *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 5 and 6, 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.

The maximum amount we will pay is limited to \$5,000 in total for any one *event*. If *you* are also insured under the Burglary *cover section*, the benefits payable for this employee dishonesty Extension of Cover 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* from the new premises as insured by this *cover section* for a period of 90 days from the date *you* first occupy the new *premises*; provided that:

- (a) the *money* is the property of the *business* shown in the *schedule*;
- (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 of the Specified Covers referenced in clause 2 of the Cover clauses in this *cover sections*. If more than one *premises* is shown in the *schedule*, then this 50% limitation will apply to the highest *sum insured* shown;
- (c) the *loss* of *money* occurs within the *period of insurance*; and
- (d) the new premises have building and security features which 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 from the date of acquisition or completion, *you* must pay any additional *premium* we require.

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 the maximum amount we will pay during the *period of insurance* is limited to twice the *sum insured*.

7. Seasonal or Festive increase

We will automatically increase the *sum insured* for *money* by 50% during the *seasonal increase period*.

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 *sum insured* shown in the *schedule* is in addition to the \$10,000 limit for Extension of Cover 1 (a) – ‘Damage to safes and strongrooms’ of this *cover section*.

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 to repair or replace *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

In addition to the General Exclusions, the following exclusions shall apply to this *cover section*.

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 any ceramic tiled shop fronts, 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 insure *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 under this *cover section* to \$10,000 or any higher amount listed in the *schedule* under Optional Extension 1. 'Increased Additional benefits'.

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*.

General Property

Introduction

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

Definitions

In addition to the General 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 which is part of a group or class of property 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 sites where *you* undertake work or supply services, or in transit to or from *your premises*.

Cover

We will cover *you* for the cost of repairing or replacing *items* that are *damaged* during the *period of insurance* anywhere in the world, unless cover is limited by *endorsement* to the situation shown in *your schedule*.

Basis of Settlement

We will:

1. repair or replace the *item* (including carry case and usual accessories) to a condition equal to but not better or more extensive than its condition when new; or
2. pay *you* the cost to repair or replace the *item*; or
3. replace the *item* with a new item that has the same features or features that are nearly the same as (but not less than) the *item* being replaced,

up to the *sum insured* shown in the *schedule*.

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

Limitations of Cover

1. Excess

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

2. 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*.

3. Stock

We will not pay for *damage* once *stock* has been used or incorporated into any property or product.

4. Unspecified items

When cover is shown in the *schedule* for Unspecified Items, cover is limited to a maximum amount of \$5,000 for any one *item*.

Provided that we will not pay for Excluded Items listed in the exclusions in this *cover section*.

Exclusions

In addition to the General Exclusions, the following exclusions shall apply to this *cover section*.

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 oxidisation; 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, aerial devices, watercraft, sporting equipment;
- (b) *stock* including consumable items; and
- (c) *money*.

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 for all claims in the *period of insurance* under this Extension of Cover.

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

In addition to the General Definitions, the following definitions shall apply to the words used in this *cover section*.

Boiler and unfired pressure plant

boiler and unfired pressure plant mean 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.

But does not include:

- (a) internal combustion engines;
- (b) rotating, reciprocating or electrical devices; or
- (c) *pressure pipe systems*.

Damage or Damaged

damage or *damaged* for the purpose of this *cover section* only, 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*, *data processing media*, office machines;
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;
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*;
14. *property* not at the *premises*.

Expendable items

expendable items mean 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 mean:

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. the effects and consequences of mildew, disease, fading, erosion, corrosion, rust or other forms of oxidisation;
4. *damage* resulting from atmospheric conditions; or
5. slowly developing deformation or distortion.

Cover

We will pay for the cost of repairing, or 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. 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.

4. Obsolete items

If it is necessary to replace parts of *plant* which have become unavailable or obsolete, we will not pay more than the cost of replacing those parts with similar parts for similar types of *plant* which are currently available.

5. Part immediately affected

Where *damage* is confined to a part of the *plant* or other property, we will pay the cost of repairing or replacing that part plus the dismantling or rebuilding costs that are necessarily incurred to repair or replace that part.

6. Sum insured

We will not pay more than the applicable *sum insured* for any one *event*, apart from where we expressly state otherwise in an Extension of Cover in this *cover section* and only to the extent specified in that Extension of Cover.

Exclusions

In addition to the General Exclusions, the following exclusions shall apply to this *cover section*.

Other than where specifically provided for in the policy *schedule*:

1. *You* are not insured for the costs to repair or replace *expendable items*.
2. Except where 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 claim for 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) 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 items are insured under this *cover section* or not.
 - (f) any deliberate act or negligent act or omission by *you* or on *your* behalf.

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 made thereunder or any by-law or regulation of any Municipal or other regulatory 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 hereunder shall not include the additional cost in complying with any such Act, regulation, by-law or 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 repair or 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 for 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 scheduled service; and
 - (iii) overseas airfreight by any recognised scheduled service and/or overseas labour.

Subject to our prior approval to incur these costs. Prior approval of all of these costs is a condition precedent to cover under the Extension of Cover. We will not be liable to pay more than the *sum insured* shown in the *schedule* for any *event*.

4. Removal of debris

Following *damage* to *plant* that is covered by this *cover section* and including any coverage under the Optional Extensions 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 for 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 the additional plant 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.

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 the result of 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 electricity supply 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 goods directly caused by sudden leakage of refrigerant from the *plant*.

We will pay for the cost of replacement of the refrigerated goods or will replace those goods.

Provided that, we will not replace or pay for the replacement of 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

We will automatically increase the *sum insured* for *stock* by 50% during the *seasonal increase period*.

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. inappropriate or improper storage, *damage* to packing materials or inadequate air circulation;
2. *damage* to goods due to any rationing of the electricity supply other than accidental *damage* to the generation equipment; and
3. *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 approval to incur these costs;
4. we will not pay more than the Sum Insured 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

In addition to the General Definitions, the following definitions shall apply to the words used in this *cover section*.

Breakdown

breakdown for the purpose of this *cover section* only, 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.

Damage or Damaged

damage or *damaged* for the purpose of this *cover section* only, 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 *data processing media*.

Expendable items

expendable items mean 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* for this *cover section*.

Insured property

insured property means the Insured Property that is shown in the *schedule* for this *cover section*.

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* for this *cover section*, we will pay up to the *sum insured* shown for *insured property*, for the cost of replacing or repairing *insured property* that is *damaged* during the *period of insurance* and within *Australia* or at the listed *premises* shown in the *schedule*.

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*.

Exclusions

In addition to the General Exclusions, the following exclusions shall apply to this *cover section*.

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 *you* have arising from, in connection with or in consequence of *damage* to, the operation or performance of, or failure of *insured property*.
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 for any one *event*.

2. Removal of debris

Following *damage* to *insured property* that is covered by Part A of this *cover section*, we will pay for the costs of cleaning up and removing, storing and disposing of debris.

Our payment will be in addition to the *sum insured* and limited to \$25,000 for 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 of this *cover section* is extended to include the costs incurred in restoring *electronic data* and *software* that are physically *damaged* as a result of *insured damage* to the *data processing media*, together with the cost of replacing any *damaged data processing media*, up to the amount shown in the *schedule* for this Optional Extension.

Provided that we will not pay for *damage*:

- (a) to *electronic data, software* or *data processing media* caused by a failure or defect in the *media material*; or
- (b) to *electronic data* that was generated, altered or processed more than five (5) working days prior to the date of the *damage*.

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 *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 replacing *damage* caused by a *breakdown* in *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 made thereunder or any by-law or regulation of any Municipal or other regulatory 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 hereunder shall not include the additional cost to comply with any such Act, regulation, by-law or requirement that *you* were obliged to, but had not, complied 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:
 - (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 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

In addition to the General Exclusions, the following exclusions shall apply to this *cover section*.

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 oxidisation;
 - (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*;
 - (j) plant not 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 *electronic data* and *software* that are physically *damaged* as a result of *insured damage* to the *data processing media*, up to the amount shown in the *schedule* for this Optional Extension.

Provided that we will not pay for *damage*:

- (a) to *electronic data*, *software* or *electronic data media material* caused by a failure or defect in the *media material*; or
- (b) to *electronic data* that was generated, altered or processed more than five (5) working days prior to the date of *damage*.

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*; or
 - (ii) during the first 24 hours immediately following the *damage*.

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 scheduled service; and
 - (iii) overseas airfreight by any recognised scheduled service and/or overseas labour.

Provided that the total additional cost for any one *breakdown* does not exceed 50% of the likely cost of repair excluding the additional costs specified in (a) to (c) above. 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 for any one *event*.

3. Temporary cover

We will provide temporary cover for a period of up to 90 days for any additional plant which is installed or items on hire and 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

In addition to the General 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 for the purpose of this *cover section* only 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 by *you*:
 - (a) during the *period of insurance*; or
 - (b) within one year after the *period of insurance* or within one year of the date that *your employee* who committed the *employee fraud* ceased to be *your employee*, 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 as a result of an act that occurs after:

- (a) *you* become aware of *employee fraud* by that particular *employee*; or
- (b) *you* first 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

In addition to the General Exclusions, the following exclusions shall apply to this *cover section*.

We will not pay for:

- 1. any loss resulting directly or indirectly from trading in securities, equities 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 policy / fidelity policy / crime policy or similar 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 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 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 1. 'Claims preparation costs' under 'Our Agreement' included in *your* policy.

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