

industrial special risks

classic
insurance policy



Welcome to the security of CGU Insurance

This booklet is important

About CGU

CGU Insurance Limited is the underwriter of this insurance policy. Our Australian Business Number is 27 004 478 371. Our Australian Financial Services Licence Number is 238291. In this booklet the insurance company named in the Schedule is called 'we', 'us', 'our', 'Company' or 'Insurer'.

Introduction

How to contact us

You may contact us by any of the following ways:

- ◆ In person at any CGU Insurance office.
- ◆ By telephone on 13 15 32.
- ◆ By writing to us at CGU Insurance, GPO Box 9902 in your capital city.
- ◆ By email on our website www.cgu.com.au

Your duty of disclosure

We rely upon the information you provide to us when you apply for insurance, and when you renew, change or reinstate your policy. You must tell us anything that you know, or should know, that could affect our decision to insure you and/or the terms on which we insure you. Details about disclosure information are shown in the policy wording under 'Your duty of disclosure' on page 3.

Taxation information

CGU Insurance shows all taxes and charges as separate items on all schedules (e.g. stamp duty and the Goods and Services Tax). Details about the Goods and Services Tax are shown in the policy wording under 'Important information' on page 3.

Our service commitment

CGU Insurance is proud of its service standards and supports the General Insurance Code of Practice. In an unlikely event that you are not satisfied with the way in which we have dealt with you, as part of our commitment to customer service, we have an internal dispute resolution process in place to deal with any complaint you may have.

Please contact your nearest CGU Insurance office if you have a complaint, including if you are not satisfied with any of the following:

- ◆ one of our products;
- ◆ our service;
- ◆ the service of our authorised representatives, loss adjusters or investigators; or
- ◆ our decision on your claim.

Our staff will help you in any way they can. If they are unable to satisfy your concerns, they will refer the matter to their supervisor or manager. If the manager cannot resolve the matter, the manager will escalate the matter to our Internal Dispute Resolution Department.

Details about the dispute resolution system are shown in the policy wording under 'General Insurance Code of Practice' on page 3.

Your cooling-off period

We will refund all premium paid for cover under the insurance policy if you request cancellation of the insurance policy within 21 days of its commencement. To do this, you must advise us in writing and return the schedule to your nearest CGU Insurance office. You will not receive a refund if you have made a claim under the insurance policy. Details about the cooling-off period are shown in the policy wording under CGU Insurance Triple Guarantee on page 4.

Your privacy

We collect personal information from you for the purpose of providing you with insurance products and services, and processing and assessing claims. You can choose not to provide this information, however, we may not be able to process your requests.

We treat your personal information with care. We will not release your personal information to anyone else other than another insurer, an insurance reference service or as permitted or required by law. In the event of a claim, we may disclose information to and/or collect additional information about you from investigators or legal advisers. Details about your privacy are shown in the policy wording under 'How we handle your personal information' on page 4.

How to apply for insurance

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

How to make a claim

To make a claim, please contact your nearest CGU Insurance office, or call 1300 657 083 when something happens that you believe you can claim for. Details about making a claim are shown in the policy wording under 'What you must do when you make a claim' on pages 31 to 32.

Important information

Industrial Special Risks Insurance Policy

Please read this Policy before you apply for insurance. This Policy sets out the terms, conditions, and limits that apply for the insurance we make available to you.

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

Our agreement with you is made up of your application, this insurance policy, the schedules and endorsements we send you. Endorsements are notices we send you to confirm changes to your insurance.

Keep this insurance policy in a safe place, you may want to refer to it from time to time.

If you need more information about this insurance policy, please contact our agent or your broker. We are happy to give you personal attention and service in relation to this or any other insurance enquiry.

Cover

The terms, conditions and limits of your insurance are fully set out in the Policy and the Schedule. You should satisfy yourself that the cover provided meets your requirements.

Claims

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

Calculating your premium

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

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

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

Deductible

Deductible or excess is the sum of money we will not pay in respect of a claim. The Schedule, Policy and endorsements will detail the deductibles which may be applicable.

We take into account a number of factors when setting the Deductible. These include factors relating to the activities carried out at the Premises and your previous insurance and claims history. At the time of your enquiry or application for Industrial Special Risks Insurance, the amount of the Deductible will be advised to you.

Average/Underinsurance

This Policy is subject to Average/ Underinsurance clauses as described in:

Section 1 – Property

Section 2 – Consequential Loss of Profits

This means that if you under declare values on the day of commencement of the Period of Insurance, you may not receive full compensation in the event of a loss occurring.

Average/Underinsurance puts you in a position where you proportionally share losses. The effect of these Average/Underinsurance clauses can be shown by using the following formula:

For Section 1

$$\frac{\text{Your declaration of value}}{85\% \text{ of actual value at the Situation}} \times \text{Amount of loss} = \text{Amount payable by us (not exceeding the Limit of Liability)}$$

For Section 2

$$\frac{\text{Your declaration of value}}{\text{Amount required to fully indemnify you}} \times \text{Amount of loss} = \text{Amount payable by us (not exceeding the Limit of Liability)}$$

The Average/Underinsurance formula is not applied if:

- The Declared Value is 85 per cent or more of the actual value of Property Insured (Section 1 loss).
- The claim is less than 5 per cent of your declaration of value.

Please contact us if you would like more precise details of:

- (a) How Average/Underinsurance might affect you.
- (b) How to calculate Declared Values.

Your duty of disclosure

Before you enter into a contract of general insurance with us, you have a duty, under the *Insurance Contracts Act 1984*, to disclose to us every matter that you know, or could reasonably be expected to know, is relevant to our decision whether to accept the risk of the insurance and, if so, on what terms.

You have that same duty to disclose those matters to us before you renew, extend, vary or reinstate a contract of general insurance.

Your duty does not require the disclosure of anything that:

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

Non-disclosure

If you fail to comply with your duty of disclosure, we may be entitled to reduce our liability under the contract in respect of a claim, or cancel the contract.

If your non-disclosure is fraudulent, we may refuse to pay a claim and treat the contract as never being in place.

Goods and Services Tax

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

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

General Insurance Code of Practice

CGU proudly supports the General Insurance Code of Practice. The purpose of the Code is to raise standards of practice and service in the general insurance industry.

The objectives of the Code are:

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

Our commitment to you

We have adopted and support the Code and are committed to complying with it. Brochures on the Code are available from your nearest CGU Insurance office.

How to resolve a complaint or dispute

1. Talk to us first

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

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

2. Seek a review

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

If you are still not satisfied with our response to your dispute or we cannot agree on alternative timeframes, we will provide you with information about any other options available to you.

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

CGU Insurance Triple Guarantee

Our triple guarantee assures you of quality insurance and service at all times.

Service Guarantee

We will provide you with the highest standards of service.

Fair Dealing Guarantee

We will meet any claims covered by your Policy fairly and promptly.

Money Back Guarantee

You have 21 days after you receive your numbered policy schedule to be sure you have the cover you require. If it is not the cover you require, you can cancel the Policy. To do this, you must advise us in writing and return the Schedule to your nearest CGU Insurance office. You will receive a full refund of the premium paid, providing nothing has occurred for which a claim is payable under the Policy.

How we handle your personal information

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

We need to collect, use and disclose your personal information in order to consider your application and to provide the cover you have chosen.

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

When you provide your personal information to us

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

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

For these purposes, you acknowledge and consent to us collecting your personal information from, and disclosing it on a confidential basis to your intermediary* or the third party who you have been dealing with in respect to this insurance policy and who referred you to us, other insurers, our related entities, insurance reference bureaus, law enforcement agencies, investigators and recovery agents, lawyers, any credit provider that has security over your

property, assessors, repairers, suppliers retained by us to supply goods and services, advisers and/or the agent of any of these.

When you provide personal information to us about another person

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

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

Privacy of your personal information - for marketing purposes

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

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

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

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

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

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

Intermediary Remuneration

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

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Industrial Special Risks Insurance

1. General definitions

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

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

1.1 The Business means

your business, trade, or profession, as specified in your Schedule and no other.

Also refer to clause 9.4 for the definition applicable only to Section 2.

1.2 Computer Virus means

unauthorised intrusive codes, programming, or computer code segment that is self replicating, requires a host program or executable disk segment in which it can be contained, and which destroys or alters the host program, other computer code, or data causing undesired program or computer system operations.

1.3 Damage (with Damaged having a corresponding meaning) means physical loss, damage or destruction.

1.4 Debris means

the residue of Damaged Property Insured excluding any material which is itself a pollutant or contaminant and which is deposited beyond the boundaries of the Situation.

1.5 Declared Values are

the values of Property Insured at each Situation/ Gross Profit/Payroll declared by you and calculated as applicable in accordance with the Basis of settlement clauses. You shall complete a statement of Declared Values as at the commencement of the Period of Insurance, on the acquisition of Property Insured and as at the end of the Period of Insurance.

1.6 Deductible is

the first amount of each claim which is payable by you as stated in your Schedule or the Policy. Should more than one Deductible apply under this Policy for any claim or series of claims arising from the one original source or cause, such Deductibles shall not be aggregated and the highest single level of Deductible only shall apply.

1.7 Documents means

deeds, specifications, wills, agreements, manuscripts, maps, plans, drawings, records, computer data, designs, books of account, books,

letters, certificates, and other documents or forms of any nature (excluding any bearer bonds or coupons, bank or currency notes, other negotiable instruments, book debts).

1.8 Electronic Data means

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

1.9 Flood is

when water from a river, creek, lake, swamp, watercourse, reservoir, dam or navigable canal (whether they are in their original state or have been modified), overflows onto normally dry land. Water that escapes from an irrigation canal is not Flood. We also regard rainwater on your property:

1.9.1 that cannot run off into a river, creek, lake, swamp, watercourse, reservoir, dam or navigable canal (whether they are in their original state or have been modified) because it is overflowing in flood; and/or

1.9.2 that mixes with the floodwater coming from the river, creek, lake, swamp, watercourse, reservoir, dam or navigable canal (whether they are in their original state or have been modified),

as Flood.

1.10 Foundations are

those things that carry the weight from the building to the ground on which the building rests. They include pipes, ducts, conduits, and wires used in connection with the provision of lighting, heating, cooling, communication, water supply, drainage, sewerage and other services – if they are installed in or attached to the footings.

1.11 Incident is

a single occurrence, or a series of occurrences arising out of the one event.

1.12 The Insured is

as described in the Schedule and includes all subsidiary companies, organisations and other entities in which the Insured has a controlling interest to the extent only that each of them is engaged in carrying on the Business described in the Schedule or activities which are substantially of the same kind or related to that Business. For the purpose of this definition, a controlling interest shall in the case of a company mean the beneficial ownership of shares carrying more than 50 per cent of votes capable of being cast at a general meeting of all shareholders in the company.

1.13 The Insurer is

the company or companies named in the Schedule. If there is more than one company, each company shall be separately liable only to indemnify you for that proportion of any claim as is set out in the Schedule.

1.14 The Limit of Liability is

the maximum amount payable by us for any one loss or series of losses suffered by you arising out of any one original source or cause at any one Situation, subject to any Sub-Limits of Liability and the application of any Deductible. The Limits of Liability and Sub-Limits of Liability are as set out in the Schedule and this Policy.

If more than one Limit or Sub-Limit of Liability applies, the lesser amount shall be payable.

Each Sub-Limit shall not increase our liability beyond the Limit of Liability. Each of the Deductibles will apply to each Sub-Limit, but will not be cumulative.

The Limit of Liability or any Sub-Limit of Liability will apply after you have borne any Deductible shown in your Schedule or this insurance Policy.

1.15 Money means

current coin, bank notes, currency notes, cheques, travellers' cheques, credit card sales and discount house vouchers, negotiable and non-negotiable securities, postal orders, money orders, unused postage and revenue stamps including the value of stamps contained in franking machines, public transport tickets, private transport tickets (excluding airline tickets), pre-paid travel passes, car wash tokens, instant lottery tickets (for their face value only), phone cards, cab charge vouchers, stored value or similar type cards, and includes cash boxes, alarm bags, or any other portable container used to convey Money.

1.16 Period of Insurance is

the period referred to in the Schedule or any further period for which renewal has been agreed.

1.17 Policy means

this document, the Schedule and any Endorsement(s).

1.18 Pollution or Contamination means

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

1.19 Premises means

the Situation described in the Schedule.

1.20 Property Insured means

all tangible property both real and personal of every kind and description belonging to you or for Damage to which property you are legally responsible or which you have assumed responsibility to insure prior to the occurrence of any Damage, and includes more specifically Money. Property Insured includes all such property acquired after the commencement of the Period of Insurance.

1.21 Schedule means

the schedule attached to this Policy or any later schedule issued on renewal or variation or by way of Endorsement.

1.22 Situation is

the Situation or Situations shown in the Schedule.

1.23 Software means

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

1.24 Specified Damage

for the purpose of any Limit or Sub-Limit of Liability or Deductible as shown in the Schedule or this insurance Policy, means physical loss, destruction of or damage to the Property Insured caused by any peril or circumstance not more specifically covered or excluded by this Policy other than fire, lightning, thunderbolt, earthquake, subterranean fire and/or volcanic eruption, aircraft and/or other aerial devices and/or articles dropped or falling from them and/or impact by space debris, sonic boom, explosion, implosion or collapse, smoke and/or steam, spontaneous fermentation or heating, spontaneous combustion, subsidence, earth movement or collapse resulting therefrom or landslip, flood, water from or action by the sea, tsunami, tidal wave or high water, storm, tempest, wind, hail and/or rainwater, water and/or other substance discharged, overflowing and/or leaking from apparatus, appliances, pipes, sprinkler and/or any other system(s), the acts of persons taking part in riots or civil commotions or the acts of strikers or locked out workers or persons taking part in labour disturbances, the acts of malicious persons, the acts of any lawfully constituted authority in connection with any of the foregoing acts or in connection with any conflagration or other catastrophe, impact by any waterborne craft, land vehicles or animals,

Section 1 Property Damage

burglary, theft, breakage of glass, loss of money, fraudulent or dishonest acts, fusion, or any other event or circumstance which is more specifically mentioned under any other Sub-Limit of Liability and/or Deductible.

1.25 Terrorism means

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

1.26 Theft means

physical loss, destruction of or damage to the Property Insured as the result of:

- 1.26.1 theft with or without actual forcible and violent entry;
- 1.26.2 theft by a person feloniously concealed on any Premises;
- 1.26.3 theft consequent upon threat of violence or violent intimidation.

1.27 We, Us, Our, Company, Insurer means

the insurance company or companies named in the Schedule.

1.28 You, Your, Insured means

the person(s) or entity named in the Schedule as the Insured.

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

2. Extent of cover

In return for you having paid or agreed to pay the premium to us, we will indemnify you against Damage occurring to Property Insured during the Period of Insurance and shall provide the Additional cover referred to in Clause 3 up to the value of the Limit(s) and Sub-Limit(s) of Liability referred to in the Schedule or as otherwise expressed in this Policy, but subject to:

2.1 The Property Insured being either:

- 2.1.1 At the Situation at the time that the Damage occurs; or
- 2.1.2 In the case of property other than Money, stock and merchandise, whilst in transit during temporary removal to any situation within Australia, but cover is limited to Damage caused directly by fire, lightning, explosion, earthquake, aircraft, riot, strikes, malicious damage and storm and tempest; or
- 2.1.3 In the case only of Money whilst at the following places within Australia; namely, at the Situation, while in the night safe of any bank or financial institution where you transact business or within your private residence or the private residence of any person authorised by you to have the personal custody of the Money or whilst in transit between any of these places.

2.2 The Limit(s) and Sub-Limit(s) referred to in the Schedule or this Policy.

2.3 The amount of the indemnity being calculated in accordance with the Basis of settlement clause 4.

2.4 The exclusion of any of the circumstances referred to in General exclusions 5.1 to 5.5.

2.5 The exclusion of certain items of property as referred to in clause 6.

2.6 The Damage not occurring in circumstances which are excluded from cover by clause 7.

2.7 The application of any Deductible referred to in the Policy wording and the Schedule.

2.8 The Conditions set out in clauses 8 and 15.

Limitations

The most we will pay for any of 2.9 to 2.14 below is the amount allowed under the clause, unless a set amount of cover is shown on your Schedule for any of the Incidents or covers described in these clauses. If no Sub-Limit of Liability is stated in your Schedule, the maximum amount we will pay on any claim is as described below.

2.9 Specified Damage as described in clause 1.24 of the Policy

The most we will pay on any claim is \$250,000.

2.10 Theft or attempted Theft of Property Insured (other than Money) inside a building

The most we will pay on any claim is \$50,000.

2.11 Money

The most we will pay on any claim is \$50,000.

2.12 Storm – textile blinds and awnings, shadesails, gates, fences, signs and retaining walls

If your textile blinds and awnings, shadesails, gates, fences, signs and retaining walls suffer Damage as a result of storm, wind, rainwater, hail or snow, we will pay up to \$25,000 for any one Incident.

2.13 Theft of Property Insured (other than Money) outside a building

If Property Insured outside a building but in the open air at your site suffers Damage as a result of Theft or attempted Theft, the most we will pay in relation to any one Incident is \$50,000.

2.14 Paintings, curios, works of art, tapestries, Persian and similar rugs or carpets

We will pay to an amount not exceeding 10 per cent (10%) of the Declared Values on Property Insured, subject to a maximum amount of \$50,000 for any one Incident. However, the Incident must have occurred at an insured Situation.

3. Additional cover

3.1 If Damage to Property Insured occurs in circumstances giving rise to indemnity under this Section 1, we will also pay the following additional costs where they are necessarily and reasonably incurred in respect of:

3.1.1 Architects', surveyors', consulting engineers', legal and other fees and clerks of works salaries for estimates, plans, specifications, quantities, tenders and supervision necessarily incurred as a result of any such Damage, but not costs, fees or other expenses for preparing any claim made under this Section 1. The maximum we will pay on any claim for this

Additional cover is 5.0% of the property values for all the sites for which you have sought cover.

3.1.2 Any fee, contribution or other impost payable to any government, local government or other statutory authority necessarily incurred by you because payment of such fee, contribution or impost is a condition precedent to the obtaining of consent to repair or replace any buildings insured under this Section 1, provided that we shall not be liable for payment of any fine or penalty imposed by any such authorities. The maximum we will pay on any claim for this Additional cover is 0.5% of the property values for all the sites for which you have sought cover.

3.1.3 The temporary protection and employment of security guards to safeguard the Property Insured pending repair or replacement as a result of Damage. The most we will pay for any claim under this Additional cover is \$25,000, unless you choose to increase this amount and we have agreed to it. This higher amount will then be noted on your Schedule.

3.1.4 The replacing of locks, keys and combinations as a result only of Damage caused by Theft or any attempt at Theft where the keys are stolen or combinations become known or if there are reasonable grounds to believe that the keys may have been duplicated. We will also pay the cost of opening safes and strongrooms as a result of Theft of keys and combinations forming part of Property Insured. The most we will pay for any claim under this Additional cover is \$5,000, unless you choose to increase this amount and we have agreed to it. This higher amount will then be noted on your Schedule.

3.1.5

3.1.5.1 The removal, storage and disposal of Debris and of any thing which caused the Damage from the Situation.

3.1.5.2 The removal, storage and disposal of Debris from premises, roadways, services, railways or waterways owned by any other person or entity (and despite exclusion 7.1.4) where you are liable at law to remove, store or dispose of such Debris as a result of the Damage, together with the cost of cleaning up,

- but provided that such liability has not arisen as a result of any agreement made by you after the commencement of the Period of Insurance unless liability would have attached in the absence of such agreement.
- 3.1.5.3 The demolition, dismantling, shoring up, propping or underpinning of the Property Insured or the carrying out of other temporary repairs to the Property Insured as a result of the Damage.
- 3.1.5.4 The demolition and removal of any Property Insured belonging to you which is necessary for the purpose of repair or replacement as a result of the Damage. We will also cover that part of your Property Insured that is demolished and removed for the purpose of repairing or replacing your Damaged Property Insured.
- 3.1.6 Customs, excise and other duties which you are liable to pay as a result of the Damage.
- 3.1.7 Identifying and locating the source of Damage, where such Damage is caused by the discharge, overflowing or leakage from fixed apparatus, fixed appliances, fixed pipes or other systems used to hold or carry liquid of any kind, but we will not pay for the repair or replacement of such apparatus, appliances, pipes or other systems which give rise to the Damage. The most we will pay for any claim under this Additional cover is \$25,000, unless you choose to increase this amount and we have agreed to it. This higher amount will then be noted on your Schedule.
- 3.1.8 Statutory liability associated with the cost of Fire Brigade Services because the Incident you are claiming does not exceed the Deductible specified in the Schedule or this Policy. However, we will apply the Deductible amount to the total cost of the claim.
- 3.1.9 Costs associated with immediate repair or replacement of your Property Insured - if we agree these costs are reasonable and appropriate for you. However, the most we will pay for any of these additional costs shall not exceed 50% of what we would have paid but for this Additional cover.
- 3.1.10 Costs associated with listing and valuing your items that sustained the loss or damage.
- 3.1.11 Costs associated with meeting the requirements of a statutory authority to announce and seek objections to the repairing or rebuilding of your Damaged Property Insured. The most we will pay for any claim under this Additional cover is \$50,000, unless you choose to increase this amount and we have agreed to it. This higher amount will then be noted on your Schedule.
- 3.1.12 Costs associated with clearing your blocked drains, drainpipes, gutters, sewers or any other fixed plumbing apparatus on the Situation. The maximum amount we will pay on any claim is \$10,000, unless a different amount is shown on your Schedule for this Additional cover.
- 3.1.13 Costs associated with the repair or replacement of your Property Insured in a manner that saves water or energy, or otherwise helps to protect the environment.
- We will pay under this Additional cover to an amount not exceeding 0.5% of the property values for the insured Situation, subject to a maximum amount of \$200,000 in relation to any one Incident. You cannot increase the cover for these additional costs.
- 3.2 We will also pay the following additional costs and expenses necessarily and reasonably incurred:
- 3.2.1 In the repair or replacement of personal effects (excluding Money) belonging to your directors and employees and the property of your welfare, sport and social clubs which are Damaged during the Period of Insurance, but only if they were at the Situation at that time, and limited to two thousand dollars (\$2,000.00) any one person or club. However, you can increase the cover for these personal or clubs' belongings, and this higher amount will be noted on your Schedule.
- 3.2.2
- 3.2.2.1 In extinguishing fire at or in the vicinity of, or threatening to involve; or
- 3.2.2.2 In preventing or diminishing imminent Damage to; or

3.2.2.3 In gaining access consequent upon Damage to, the Property Insured.

3.2.3 In the replenishment of fire fighting appliances and apparatus.

3.2.4 For the purpose of shutting off the supply of water or other substances which are accidentally discharged from any fire protective equipment or otherwise.

3.2.5 In the removal of Debris from the Situation by Fire Brigade Services.

We will pay for any of Additional covers 3.2.2 to 3.2.4 where there has been no Damage to Property Insured. But the Incidents described above must occur during the Period of Insurance.

3.3 Special benefits

We will provide indemnity for the following. The most we will pay for any of 3.3.1 to 3.3.4 below is the amount allowed under the Special benefit or any Sub-Limit of Liability shown on the Schedule, whichever is the higher of the two amounts. If no Sub-Limit of Liability is stated in the Schedule, the maximum amount we will pay on any claim is as described under the Special benefit.

3.3.1 Property in the open air at your site

If contents and stock that form part of the Property Insured suffer Damage in the open air at your Situation caused by wind, rainwater or hail, we will pay up to \$7,500 for any one Incident.

3.3.2 Property but not including stock – in transit

We will cover equipment, machinery or plant in transit, if the vehicle being used to transport them is:

3.3.2.1 damaged or destroyed by fire.

3.3.2.2 stolen.

3.3.2.3 involved in a collision.

However, we will not pay a claim under this Special benefit if any of the Incidents described above are covered under clause 2.1.2, otherwise we are insuring your things twice.

The most we will pay for any one Incident is \$25,000.

3.3.3 Landscaping

If your landscaping suffers Damage caused by fire, theft, vandalism or the impact of a vehicle, we will pay up to \$10,000 for any one Incident.

We will only cover plants, trees or shrubs growing in the ground, lawns, rocks and landscaping under this Special benefit.

3.3.4 Outdoor playing surfaces

Despite exclusion 6.8, we will cover Damage caused by fire or vandalism to outdoor playing surfaces. The maximum amount we will pay for any one Incident is \$10,000. If you make a claim under this Special benefit, you must pay a Deductible of 20% of the loss or damage sustained or \$5,000, whichever is the higher of the two Deductible amounts.

We will also provide indemnity for the following.

3.3.5 Property included in a project of construction, erection, renovation or demolition

We will pay for materials, equipment, supplies and temporary structures, on or within 30 metres of the described Situations, that are Damaged in circumstances for which a claim is payable under this Section.

However,

3.3.5.1 We will not consider sand, gravel or soil to be building materials.

3.3.5.2 We will not pay a claim under this Special benefit if the total value directly and specifically charged to a construction job exceeds 10 per cent (10%) of the Declared Value on Property Insured at the insured Situation or \$500,000, whichever is the lower of the two amounts.

4. Basis of settlement

For the purpose of this Clause 4:

4.1 Reinstatement Value is

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

4.2 Indemnity Value is

the cost necessary to replace, repair or rebuild the Property Insured to a condition substantially the same as but not better or more extensive than its condition at the time that the Damage occurred taking into consideration age, condition and remaining useful life.

However, if your buildings are declared a total loss, Indemnity Value means what the value of the land and your buildings was just before the Damage occurred, after deducting the amount we estimate as the value of your land and buildings after the Damage occurred.

- 4.3 On buildings, machinery, plant and all other property and contents other than those specified in 4.13 to 4.23 below, the Basis of settlement shall be the Reinstatement Value and the provisions of 4.4 to 4.10 shall apply.

Reinstatement Provisions applying to buildings, machinery and all other property other than property referred to in 4.13 to 4.23.

4.4

- 4.4.1 The replacement, repair or rebuilding may be carried out upon any other site(s) and in any manner suitable to your requirements, but we will not cover any increase in costs that these changes may cause.
- 4.4.2 Such work must be commenced and carried out with reasonable dispatch, failing which we shall not be liable to make any payment greater than the Indemnity Value.
- 4.4.3 Where any Property Insured is damaged in part only, our liability shall not exceed the sum representing the cost which we could have been called upon to pay by way of Reinstatement Value if such property had been totally destroyed.
- 4.4.4 We shall not be liable to make any payment beyond the Indemnity Value of the Property Insured until a sum equal to the Reinstatement Value has actually been incurred in the replacement, repair or rebuilding of the property, provided that where you repair or rebuild any Damaged Property Insured at a cost which is less than the cost of reinstatement but greater than the value of such property at the time of the Damage, then the cost so incurred shall be treated as the cost of reinstatement.
- 4.4.5 If you choose not to replace, repair or rebuild your property, we will, at our option:
- 4.4.5.1 cash-settle your claim based on the Reinstatement Value; or
- 4.4.5.2 pay your claim based on the Indemnity Value.

4.5 **Extra cost of reinstatement**

We will also pay the extra cost of reinstatement, including any demolition or dismantling, of Property Insured which has been Damaged necessarily incurred by you to comply with the requirements of any statute or regulation or of any municipal or statutory authority.

Conditions

- 4.5.1 The amount recoverable will not include any additional cost incurred in complying with any such requirement with which you had been required to comply prior to the happening of the event causing the Damage.
- 4.5.2 The Average/Underinsurance clause shall not apply to any amount recoverable under this clause 4.5 and any amount payable shall not be taken into account for the purpose of the application of the Average/ Underinsurance clause.
- 4.5.3 If the cost of reinstatement of Damaged Property Insured is less than 50 per cent of the cost of reinstatement if such property had been totally destroyed, the indemnity under this clause 4.5 shall be limited to the extra cost necessarily incurred in reinstating only that portion Damaged or the Sub-Limit of Liability stated in the Schedule, whichever is the greater. If no Sub-Limit of Liability is stated, our liability shall be limited to the extra cost necessarily incurred in reinstating only that portion Damaged.
- 4.5.4 The work of reinstatement (which may be carried out wholly or partially upon another site, but subject to our liability not being increased) must be commenced and carried out with due diligence, failing which we will not be liable to make any payment beyond the amount which would have been payable if this additional coverage had not been included.

4.6 **Additional extra cost of reinstatement**

We will also pay the additional extra cost of reinstatement including any demolition or dismantling of Property Insured , necessarily incurred to comply with the requirements of any statute or regulation or of any municipal or statutory authority.

Conditions

- 4.6.1 The amount recoverable will not include any additional cost incurred in complying with any such requirement with which you had been required to comply prior to the happening of the event causing the Damage.
- 4.6.2 The costs must not relate directly to the part of your Property Insured that suffered the loss or damage.
- 4.6.3 We will not cover these costs if we have already paid you under clause 4.5 for the Incident you are claiming.
- 4.6.4 The Average/Underinsurance clause shall not apply to any amount recoverable under this clause 4.6 and any amount payable shall not be taken into account for the purpose of the application of the Average/ Underinsurance clause.
- 4.6.5 The work of reinstatement (which may be carried out wholly or partially upon another site, but subject to our liability not being increased) must be commenced and carried out with due diligence, failing which we will not be liable to make any payment beyond the amount which would have been payable if this additional coverage had not been included.
- 4.6.6 The maximum amount we will pay on any claim under this clause 4.6 is \$200,000. You cannot increase the cover for these costs.

4.7 Output replacement

Where any Property Insured consists of equipment, machinery or plant having a measurable function, capability or output and if, by reason of the application of the Basis of settlement clause it is necessary to replace such property with a new item or items which perform a similar function or functions, then the Basis of settlement for such property shall be as follows.

- 4.7.1 Where any property is to be replaced by an item or items which have the same or a lesser total function, capability or output, then the Basis of settlement is the new installed cost of such replacement item or items as would give the same total function, capability or output as the property.
- 4.7.2 Where any 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 replacement value of that property, then the Basis of settlement is the new installed cost of the item or items so replaced.

- 4.7.3 Where any 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 value of the property, then the Basis of settlement is the lesser of the Reinstatement Value 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.

4.8 Floor Space Ratio Index (Plot Ratio)

If a building being Property Insured is Damaged and the cost of reinstatement is more than 50 per cent of the cost of reinstatement if the building had been totally destroyed and reinstatement is only legally permissible with a reduced floor space ratio index, we will pay in addition to any other amount payable on reinstatement of the building, the difference between the actual cost of reinstatement incurred in accordance with the reduced floor space ratio index and the cost of reinstatement which would have been incurred had a reduced floor space ratio index not been applicable. In calculating the amount payable under this clause 4.8, any payment made by us shall include the extra cost payable under clause 4.5 above. Any amount payable under this clause 4.8 shall be paid upon the completion of the rebuilding works as certified by the architect acting on your behalf in the reinstatement of the building.

4.9 Undamaged Foundations

Where any Property Insured being a building or an installation constructed on its own Foundations is Damaged but its Foundations are not destroyed and due to legal requirements, reinstatement of the building has been carried out upon another site, the abandoned Foundations shall be considered as having been destroyed.

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

4.10 Undamaged auxiliary items

If your equipment suffers Damage, but the auxiliary items used in connection with the Damaged equipment are not, we will treat the auxiliary items as being destroyed if they have no special value themselves or are less valuable because they are incomplete. Any proceeds of any

salvage sale becomes ours. The maximum amount we will pay on any claim is 5% of the value of the equipment that was Damaged. You cannot increase the cover for these undamaged items.

4.11 Land value

We will also pay for any loss of land value following your claim. This is as a result of government or local authority legislation that reduces the floor area of your buildings or does not permit you to repair or rebuild that part of the Property Insured which sustained Damage. Loss of land value is the difference between the value of the land just before the Damage occurred and the value of the land just after the Damage or loss occurred. We will reduce the amount we pay you for the loss of land value by any amount that you receive as compensation for this loss. The maximum we will pay on any claim for this additional coverage is 1.0% of the buildings value at the site that suffered Damage, unless a set amount of cover is shown on your Schedule for the cover described in this clause. If no Sub-Limit of Liability is stated in your Schedule, we will not pay any more than the amount described above.

4.12 Depreciation in the value of undamaged stock

If Property Insured belonging to you or used by you sustains Damage, and we have agreed to pay your claim, we will also pay for undamaged stock that is spoiled as a direct result of the Incident described above.

Provisions applying to specific items of property

- 4.13 In the case of raw materials, supplies and other merchandise not manufactured by you, the Basis of settlement shall be the replacement cost calculated at the time and place of replacement, provided that replacement shall have been carried out with reasonable dispatch, or if not replaced the original cost to you of such property or the Indemnity Value, whichever is the lesser.
- 4.14 In the case of materials in process of manufacture, the Basis of settlement shall be the replacement cost of the raw materials and the cost of labour and other manufacturing costs expended on them calculated at the time and the place of the Damage.
- 4.15 In the case of finished goods manufactured by you, the Basis of settlement shall be either the replacement cost of the raw materials and the cost of labour and other manufacturing costs expended on them without any allowance for profit calculated at the time and place of the Damage or the cost of restocking such goods within a reasonable time, whichever is the lesser.

- 4.16 In the case of Documents, the Basis of settlement shall be the reasonable costs associated with the rewriting, re-installing, replacement or restamping of them, including the information contained on or in them, but excluding the value to you of that information. If rewriting, re-installing, replacement or restamping is not required, the Basis of settlement shall be the replacement cost of the materials as blank stationery calculated at the time and place of the Damage, provided that replacement shall have been carried out with reasonable dispatch.
- 4.17 In the case of patterns, models, moulds, dies, jigs, templets or lasts, the Basis of settlement shall be the Reinstatement Value (if replaced with reasonable dispatch), otherwise the value of such property to you calculated at the time and place of the Damage, but not exceeding Reinstatement Value.
- 4.18 In the event of any claim, any salvage of branded goods or merchandise owned by you or held by you in trust or on commission and any goods sold but not delivered shall not be disposed of by sale without your consent. If such salvage is not disposed of by sale, then the value of the salvage shall be considered to be the market value of the goods after brands, labels or names have been removed by you or on your behalf.
- 4.19 Despite clauses 4.13 to 4.15, in the case of goods sold but not delivered, we will pay the contract price when any sale contract you enter into for them is cancelled under its conditions as a direct result of Damage to the goods.
- 4.20 In the case of glass, the Basis of settlement shall be the cost of repairing or replacing the broken glass, including the cost of temporary shuttering and hiring of security services pending replacement of the broken glass, the cost of sign-writing or ornamentation on the glass, the replacement cost of burglar alarm tape, wiring, security film or sensors on the glass, the removing and refixing of window and showcase frames and fittings and heat reflecting material or process on the glass.
- 4.21 In the case of personal effects (excluding Money) belonging to directors and employees, and in the case of the property of welfare, sport and social clubs, but only while at the Situation, the Basis of settlement shall be the Reinstatement Value.
- 4.22 In the case of paintings, curios and works of art, we will pay the costs of returning any item to its former state as far as reasonably possible, and also pay compensation if it is still less valuable because of the Damage. If we choose not to attempt to repair or restore an item, we will cash-settle your claim based on the value of the item itself.

4.23 In the case of empty Premises awaiting demolition, the Basis of settlement shall be the salvage value just before the Damage of the Damaged building materials and landlord's fixtures and fittings, after deducting an amount for any demolition costs.

4.24 Designation

For the purpose of ascertaining the classification under which any property is insured, we agree to accept the designation applied to such property by you in your records, provided that such property is not specifically excluded by this Policy.

Provisions applying to all property

4.25 We may, at our option, reimburse you for the cost of carrying out work or obtaining any item or items in accordance with this Basis of settlement clause, or may arrange for that work to be carried out or for the purchase of the item or items.

4.26 We shall not be bound to replace, repair or rebuild exactly or completely, but only as circumstances permit and in reasonably sufficient manner and shall not in any case be bound to expend more than the applicable Limit or Sub-Limit of Liability.

We will try to match any material used to replace or repair your Property Insured with the original materials. If we cannot, we will use the nearest equivalent available to the original materials. We will not pay any costs for replacing or repairing undamaged Property Insured unless otherwise expressly insured under this Policy.

4.27 Pairs, sets or collections

If a pair, set or collection suffers Damage other than a total loss, we will:

- 4.27.1 pay the reasonable cost of repairing or replacing the part, or
- 4.27.2 repair or replace the part, or
- 4.27.3 pay the value of that part based on the Declared Value. We calculate this value by taking the amount that the pair, set or collection is insured for, and dividing it by the total number of items in the set or collection.

However, we will only cover the part of the pair, set or collection that sustained the Damage.

5. General exclusions

Any cover we provide is subject to the following exclusions.

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

5.1.1 Any consequence of war, invasion, act of foreign enemy, hostilities or warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power.

5.1.2 Terrorism.

5.1.3 Confiscation or nationalisation, or requisition or destruction of or damage to property by or under the orders of any government or public or local authority other than loss, damage or destruction which occurs as a result of an order if it prevents or attempts to prevent fire or other Damage covered by this Policy. We will also cover Damage resulting from removal carried out in these circumstances.

5.1.4 Ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste.

5.1.5 Nuclear weapons or nuclear weapons material.

5.2 We will not cover any loss, damage or liability intentionally caused by you or a person acting with your consent.

5.3 Date recognition

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

5.3.1 electronic circuit, microchip, integrated circuit, microprocessor, embedded system, BIOS or other instruction set, hardware, software, firmware, program, computer, data processing equipment, telecommunication equipment or systems, or any similar device; or any

5.3.2 media or systems used in connection with any of the foregoing,

whether your property or not, at any time to achieve fully and successfully, any or all of the purposes and consequential effects intended by the use of any number, symbol or word to denote, represent or express a date including, but without being limited to, any failure or inability to recognise, capture, save, retain or restore and/or correctly to manipulate, interpret, transmit, return, calculate or process any date, data, information, command, logic or instruction as a result of or in connection with:

5.3.3 anything referred to in 5.3.1 or 5.3.2 recognising, using or adopting any date, day of the week or period of time, otherwise than as, or other than, the true

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

- 5.3.4 the operation of any command or logic that has been programmed or incorporated into anything referred to in 5.3.1 or 5.3.2 above.

Exception to Date recognition exclusion

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

Definition of 'defined contingency'

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

5.4 Electronic Data and/or Software

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

5.4.1

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

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

Exception to Electronic Data and/or Software exclusion

- 5.4.2 However, in the event that a peril listed below (being a peril insured by this Policy but for this exclusion) is caused by any of the matters described in clause 5.4.1 above, this Policy, subject to all its provisions, will insure:

5.4.2.1 physical loss or destruction of or damage to Property Insured directly caused by such listed peril; and/or

5.4.2.2 consequential loss insured by this Policy.

- 5.4.3 Further, this exclusion does not apply in the event that a peril listed below (being a peril insured by this Policy but for this exclusion) causes any of the matters described in clause 5.4.1 above:

fire, lightning, thunderbolt, aircraft or other aerial devices or articles dropped from them, earthquake, tsunami, subterranean fire, volcanic eruption, storm, tempest, rainwater, snow, sleet, wind, hail, water, liquids or substances discharged, overflowing or leaking from fixed apparatus, fixed appliances, fixed pipes or other systems, riots, civil commotions, strikes or locked out workers or persons taking part in labour disturbances, explosion, impact by vehicles, animals or trees or branches of trees, communication masts, towers, antennae, satellite dishes, meteorites, breakage of glass, or theft of Electronic Data and/or Software solely where such theft is accompanied by theft of the computer hardware, firmware, medium, microchip, integrated circuit or similar device containing such Electronic Data and/or Software.

- 5.5 We will not provide any cover, for a period of 48 hours from the time of the commencement of your insurance, for Damage or loss caused by:

5.5.1 bushfire or grassfire; or

5.5.2 a named cyclone.

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

See also clauses 6 and 7 for a list of other things that you are not covered for.

6. Property excluded

Section 1 of this Policy does not cover Damage to the following property in the circumstances set out.

6.1 Property (other than Money) whilst in transit except:

- 6.1.1 During the incidental movement of such property within Situations occupied by you.
- 6.1.2 As specifically provided in clauses 2.1.2 or 3.3.2.

This exclusion shall not apply during the temporary removal of property (other than stock and merchandise) and unregistered motor vehicles to any situation within Australia, but, while such property or unregistered motor vehicles are in transit, cover is limited to Damage caused directly by fire, lightning, explosion, earthquake, aircraft, riot, strikes, malicious damage and storm and tempest.

6.2 Money:

- 6.2.1 While being carried by professional money carriers, professional carriers or common carriers and on which insurance has been taken out by any person or entity other than you, except to the extent of any Damage in excess of the amount of that insurance.
- 6.2.2 Stolen from an unlocked and unattended vehicle.
- 6.2.3 Stolen from a safe or strongroom opened by a key or by use of details of a combination, either of which has been left at the Situation while your Premises are closed for business, unless such key or combination details have been properly secured.
- 6.2.4 Where the loss of the Money is not discovered within fifteen (15) working days of the loss occurring.
- 6.2.5 Where the loss arises out of a demand made for the payment of Money in connection with any kidnapping, bomb threat, hoax, extortion or an attempt at any of these.

6.3 Jewellery, furs, bullion, precious metals or precious stones other than where used as stock or merchandise of the Business.

6.4

- 6.4.1 Any locomotive or rolling stock or watercraft other than where used as stock or merchandise of the Business, provided always that no cover shall apply to any watercraft while in water.

- 6.4.2 Any aircraft (including its accessories and spare parts) other than where used as stock or merchandise of the Business, provided always that no cover shall apply to aircraft during taxiing, take-off, flight or landing.

- 6.5 Vehicles or trailers registered or licensed to travel on a public road, provided that this exclusion shall not apply to mobile plant and equipment which is so registered or licensed not being cars, sedans, panel vans and trucks while on any Premises occupied or used by you.
- 6.6 Live animals, birds or fish or any other living creature.
- 6.7 Standing timber, growing crops and pastures, unless you suffer loss or damage as a result of an Incident described under Special benefit 3.3.3.
- 6.8 Land, water, unmined or unrecovered oil, gas and mineral deposits, provided that this exclusion shall not apply to structural improvements on or in the land if they are not otherwise excluded in this Policy.
- 6.9
 - 6.9.1 Bridges, canals, roadways and tunnels, dams and reservoirs (other than tanks) and their contents. But this exclusion does not apply to walks, patios, paths, driveways, car parks, driveway aprons or other paved surfaces at an insured Situation.
 - 6.9.2 Railway tracks (other than on the Premises occupied or used by you for the purpose of your Business).
- 6.10 Docks, wharves and piers not forming part of any building, when caused by water pressure, ice or impact of watercraft.
- 6.11 Mining property and equipment located beneath the surface of the ground unless otherwise expressly insured under this Policy.
- 6.12 Property while and as the result of its being processed, manufactured, tested or otherwise being worked upon.
- 6.13
 - 6.13.1 Shade cloths, shade houses, plastic awnings and plastic blinds where caused by exposure to wind, rainwater, hail, sleet, snow, sand or dust.
 - 6.13.2 Property in the open air (unless such property is a permanent structure designed to function without the protection of walls and roof), where caused by exposure to wind, rainwater, hail, sleet, snow, sand or dust. However, we will cover contents and stock up to the set amount of extra cover as described under Special benefit 3.3.1.

6.13.3 The interior of any building or structure caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:

6.13.3.1 The building or structure first sustains Damage by a peril not otherwise excluded to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters;

6.13.3.2 The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure; or

6.13.3.3 The loss or damage is caused by or results from rainwater leaking or escaping from gutters or drainpipes as a direct result of a storm.

6.14

6.14.1 Property undergoing construction, erection, alteration or addition including the partial dismantlement of existing structures unless loss not otherwise excluded in this Policy ensues to other Property Insured, and then we shall be liable for only such ensuing loss.

However,

6.14.1.1 We will cover property included in a construction job as described under Special benefit 3.3.5.

6.14.2 Empty Premises undergoing demolition.

6.15 Oil and gas drilling and production rigs while offshore.

6.16 Contraband, or property in the course of illegal transportation or trade.

6.17 Swimming pools or similar structures as a result of hydrostatic pressure.

6.18 Off-premises overhead transmission lines and their structures not within 300 metres of an insured Situation, except for the cover you are entitled to under clause 10.1.1.8.

7. Circumstances where cover is excluded

7.1 Section 1 of this Policy does not cover Damage to any Property Insured caused directly or indirectly by, or as a consequence of, or in connection with:

7.1.1 Incorrect siting of buildings as a result of error in surveying, architectural design or specification, faulty workmanship or non-compliance with the requirements of any Government, Local Government or Statutory Authority.

7.1.2 Demolitions ordered by Government, Public or Local Authorities as a result of your failure or the failure of your agents to comply with any lawful requirement.

7.1.3

7.1.3.1 Clerical or accounting errors.

7.1.3.2 Unexplained or mysterious disappearance of any Property Insured.

7.1.3.3 Shortage in the supply or delivery of materials to or from you.

7.1.3.4 Other instances where there is no physical evidence to show what happened to the Property Insured.

7.1.4 Legal liability of any nature other than as provided for in this Policy.

7.1.5 Consequential or indirect loss of any kind, including, but without limiting the generality of this exclusion, loss due to delay, lack of performance, loss of contract or depreciation in the value of any undamaged property, except as provided for in this Policy.

7.1.6 Pollution or Contamination except where caused directly by fire, lightning, explosion, aircraft or other aerial devices or articles dropped from them, riots, civil commotions, persons taking part in an industrial dispute, persons acting maliciously, earthquake, storm, the bursting, overflowing and discharging of water tanks, apparatus or pipes, sprinkler leakage, impact by vehicles, animals or trees or branches of trees, communication masts, towers, antennae, satellite dishes, meteorites, or breakage of glass.

7.1.7 Any circumstances other than those referred to in exclusion 7.1.6 above which result directly or indirectly from Pollution or Contamination.

7.2 Section 1 of this Policy does not cover Damage to any Property Insured caused by, or as a consequence of, or occasioned through:

7.2.1 Action of the sea, tidal wave or high water, or spray from any of the foregoing, unless it happens immediately following and is as a result of an earthquake, earth tremor or seismological disturbance under the sea.

7.2.2 Storm surge – the increase in sea level that usually occurs with an intense storm or cyclone.

- 7.2.3 Flood.
- 7.2.4 Fraudulent misappropriation, embezzlement, fraud or dishonest acts committed by you or by any of your employees acting alone or in collusion with any other person or persons, forgery, erasure, counterfeiting.
- But this exclusion does not apply to:
- 7.2.4.1 Acts of theft by your employees consequent upon actual forcible and violent entry into your Premises or upon felonious concealment at those Premises; or
- 7.2.4.2 Theft of Money in transit.
- 7.2.5 Kidnapping, bomb threat, threat of contamination, hoax, extortion or any attempt at any of these.
- 7.2.6 Theft of property (other than Money in transit) whilst in the open air. However, we will cover your Property Insured up to the set amount of extra cover as described under clause 2.13.
- 7.2.7 Voluntary parting with any Property Insured by you or anyone else to whom you have entrusted the Property Insured if induced to do so by any fraudulent scheme, trick, device or false pretense.
- 7.2.8 The cessation of work whether total or partial or the cessation, interruption or retarding of any process or operation as a result of any industrial dispute.
- This exclusion 7.2.8 shall not apply to any Damage caused directly by persons participating in an industrial dispute.
- 7.2.9 Spontaneous combustion, spontaneous fermentation or heating or any process involving the direct application of heat.
- 7.2.10 Erosion, subsidence, landslide, mudslide, rockslide, collapse or any other earth movement unless it happens immediately following and is as a result of an earthquake, explosion or a storm, or water leaking or escaping from pipes, gutters, drainpipes or other fixed plumbing apparatus.
- 7.2.11 Mechanical, hydraulic, electrical or electronic breakdown, failure, malfunction or derangement of any instrument, machine, device, or temperature controlling equipment.
- 7.2.12 Electrical injury or disturbance to electrical appliances, devices, fixtures, wiring, or other electrical or electronic equipment caused by electrical currents artificially generated; except Damage by fire ensuing therefrom.
- 7.2.13 Moths, termites, other insects, vermin, rust or oxidation, mould, mildew, wet or dry rot, corrosion, dampness or dryness of atmosphere, extremes or changes of temperature, shrinkage, evaporation, disease, inherent vice or latent defect or any quality in property that causes it to damage or destroy itself, structural defect, loss of weight, change in flavour or colour or texture or finish, stain, smoke, vapour or dust discharged from industrial or agricultural operations.
- 7.2.14 Birds or animals that peck, bite, chew or scratch.
- 7.2.15 Wear and tear, fading, exposure to light, scratching, marring, gradual deterioration, depletion, decay, developing flaws, normal upkeep or making good.
- 7.2.16 Error or omission in design, plan or specification, or failure of design.
- 7.2.17 Normal settling, seepage, cracking, shrinkage, bulging or expansion of buildings or foundations, walls, floors, pavements, roads, and other structural improvements, creeping, heaving, vibration.
- 7.2.18 Tree roots.
- 7.2.19 Faulty, inadequate or defective materials, workmanship or maintenance.
- 7.2.20 The gaining of unauthorised access by any person, other than you or your directors, partners, employees, officers or any other person who has an interest in the Property Insured, to your computer via any communication system that is used by your computer system.
- 7.2.21 Computer Virus.
- 7.2.22 The explosion, implosion, rupture, collapse, bursting, cracking or overheating of any boiler (other than a boiler used for domestic purposes), economisers or other pressure equipment, including pipes, valves and other apparatus forming part of these, that are legally required to be tested, inspected or certified. But this exclusion does not apply to Section 2 of this Policy.
- However, we will indemnify you for any Damage to Property Insured caused directly by any circumstances not excluded under Section 1 of this Policy, even if:

7.2.23 These circumstances may in turn have been caused by any of the circumstances referred to in exclusions 7.2.8 to 7.2.22; or

7.2.24 These circumstances may in turn have been followed by any of the circumstances referred to in exclusions 7.2.8 to 7.2.22.

7.3 Section 1 of this Policy does not cover Damage to any Property Insured resulting from or happening through or in connection with:

7.3.1

7.3.1.1 Any changes made by or known to an officer responsible for your insurance in the trade or processes of manufacture carried on at the Situation,

7.3.1.2 any changes made by or known to an officer responsible for your insurance in the nature of the occupation or other circumstances affecting the Property Insured,

by which the risk of Damage shall have been materially increased, unless we shall have first been notified of any such changes and you shall have agreed to pay any additional premium required by us.

7.3.2 Any Premises being Property Insured or containing any Property Insured having become unoccupied and remaining unoccupied for a continuous period in excess of thirty (30) days unless we shall have been notified and shall have agreed to extend cover.

8. Conditions applying to Section 1

8.1 Interests of other parties

8.1.1 If any person or entity shall have any interest in the Property Insured, we shall protect that interest in the event of a claim, provided that interest is disclosed in your business records and you shall have disclosed the nature and extent of that interest to us at the time of notification of the claim.

8.1.2 Where the separate interests of more than one of you in the Property Insured are insured under this Policy, any act or neglect of one of you will not prejudice the rights of the remaining party or parties; provided that the remaining party or parties shall, within a reasonable time after becoming aware of any act or neglect by which the risk of Damage has increased, give notice in writing to us

and shall on demand pay such reasonable additional premium as we may require.

8.2 Average/Underinsurance

8.2.1 You are required to insure for full value calculated in accordance with the Basis of settlement clause as applicable, as at the commencement of the Period of Insurance and in relation to any Property Insured acquired after the commencement of the Period of Insurance as at the time of acquisition of that property.

8.2.2 In the event of a claim, the moneys otherwise payable under Section 1 of this Policy shall be the proportion that your declaration at the time of the commencement of the Period of Insurance of the value of all Property Insured at the Situation to which the Damaged item or items belong bears to 85 per cent of the value of all such property as at the time of the commencement of the Period of Insurance calculated in accordance with the Basis of settlement clause.

8.2.3 This condition 8.2 shall not apply if the amount of the Damage does not exceed 5 per cent of the amount of your declaration of value for that Situation.

8.2.4 When calculating how much to insure for, your declared values at any Situation do not require any allowance for the Extra cost of reinstatement referred to in clause 4.5 or for the costs and expenses referred to in the Additional cover provided in clauses 3.1.2, 3.1.3, 3.1.4, 3.1.7 to 3.1.13, 3.2 and 3.3.3 to 3.3.5.

8.2.5 We will pay the amount determined in clause 8.2.2 or the Limit or Sub-Limit of Liability, whichever is the lesser.

8.3 Sprinkler installations

8.3.1 This condition applies to any property being Property Insured in which an automatic sprinkler system is installed and which is owned by you or where you are responsible for the operation or maintenance of the automatic sprinkler system.

8.3.2 You shall ensure that the property is protected as required by law by an approved installation of automatic sprinklers, automatic external alarm signal and automatic alarm signal connected with a Fire Brigade Station or other legally approved monitoring organisation.

8.3.3 You shall exercise due diligence to ensure that any system and alarm signal are at all times maintained in good working order.

Section 2 Consequential Loss of Profits Insurance

8.3.4 It is a condition of this insurance that such system will be regularly maintained in accordance with Australian Standard AS1851 (Part 3) by the installing engineers or entity or by a person or entity approved by you to carry out such maintenance.

8.3.5 Any alterations or additions to the automatic sprinkler installation must be notified to us in writing as soon as reasonably practicable.

8.4 Damage over a period of time

All Damage which occurs during any period of seventy-two (72) consecutive hours and which is caused by an earthquake, volcanic eruption, subterranean fire or atmospheric disturbance shall be considered for the purpose of the application of any Limit and Sub-Limit of Liability and of the Deductible as resulting from the one original source or cause. Each period shall be considered to have commenced on the first happening of any such Damage which does not occur within any prior period of seventy-two (72) consecutive hours. This clause shall apply to any of these causes whether continuous or sporadic in their sweep or scope and providing the Damage was due to the same seismological conditions or atmospheric disturbance.

See also 'Conditions' on pages 30 to 33 that apply to all Sections.

9. Definitions

In this Section 2:

9.1 Annual Gross Rentals means

the Gross Rentals earned during the twelve (12) months immediately before the date of the Damage.

9.2 Annual Gross Revenue means

the Gross Revenue earned during the twelve (12) months immediately before the date of the Damage.

9.3 Annual Turnover means

the Turnover during the twelve (12) months immediately before the date of the Damage.

9.4 The Business means

the Business as described in the Schedule and no other carried on by you at the Premises at the commencement of the Period of Insurance or such other business or businesses as may be declared by you during the Period of Insurance and insurance for which has been accepted by us under Section 2 of this Policy.

9.5 Customers means

your customers and clients whom you depend on to accept your products and services.

9.6 Customers Accounts means

credit accounts of the Business.

9.7 Gross Profit means

the amount by which the sum of the Turnover and the amount of the closing stock and work in progress shall exceed the sum of the amount of the opening stock and work in progress and the amount of the Uninsured Working Expenses as set out in the Schedule.

The amounts of the opening and closing stocks and work in progress shall be arrived at in accordance with your normal accountancy methods, due provision being made for depreciation.

9.8 Gross Rentals means

the money paid or payable to you by tenants in respect of rental of the Premises and for services given by you or on your behalf. This includes the amount of all charges which are the legal obligation of the tenant(s) and which would otherwise be your obligations.

- 9.9 Gross Revenue** means the money paid or payable to you for services given (and goods sold, if any) in the course of the Business at the Premises.
- 9.10 Indemnity Period** means the period beginning with the occurrence of the Damage and then ending not later than the number of months specified in the Schedule during which the results of the Business shall have been affected in consequence of the Damage.
- 9.11 Items Insured** means those items described in clause 11 for which a Declared Value or Sub-Limit of Liability is shown in your Schedule or which are otherwise indicated in your Schedule as being operative.
- 9.12 Outstanding Debit Balances** means the total amount owed to the Business by Customers as at the month immediately prior to the date of the Damage, adjusted for:
- 9.12.1 bad debts;
- 9.12.2 amounts debited (or invoiced but not debited) and credited (including credit notes and cash not passed through the books at the time of the Damage) to Customers Accounts in the period between the date to which said last statement relates and the date of the Damage; and
- 9.12.3 any abnormal conditions of trade which had or could have had a material effect on the Business,
- so that the figures thus adjusted shall represent as nearly as reasonably practicable those which would have been obtained at the date of the Damage had the Damage not occurred.
- 9.13 Pandemic Disease** means Highly Pathogenic Avian Influenza in Humans or any other diseases declared to be quarantinable diseases under the Quarantine Act 1908.
- 9.14 Payroll** means the remuneration (including but not limited to payroll tax, commission, fringe benefits tax, bonuses, holiday pay, sick pay, workers' compensation insurance premiums, accident compensation levies, superannuation and pension fund contributions, long service leave pay, and the like) of all your employees.
- 9.15 Public Utility** means
- 9.15.1 power supply services, meaning the following types of property supplying electricity, gas or steam to the Premises:
- 9.15.1.1 utility generating plants;
- 9.15.1.2 switching stations;
- 9.15.1.3 substations;
- 9.15.1.4 transformers; and
- 9.15.1.5 transmission lines.
- It does not include off-shore property.
- 9.15.2 water supply services, meaning the following types of property supplying water to the Premises:
- 9.15.2.1 pumping stations; and
- 9.15.2.2 water mains.
- 9.15.3 sewerage services, meaning property supplying sewerage services.
- 9.15.4 communication supply services, meaning property supplying communication services. It does not include satellites.
- The Public Utility can be on or off the Premises but must be within Australia.
- 9.16 Rate of Gross Profit** means the proportion which the Gross Profit bears to the Turnover during the financial year immediately before the date of the Damage.
- 9.17 Rate of Payroll** means the proportion which the Payroll bears to the Turnover during the financial year immediately before the date of the Damage.
- 9.18 Severance Pay** means the expense of meeting:
- 9.18.1 industrial awards, determinations, decisions or agreements for severance pay; plus
- 9.18.2 pay in lieu of notice;
- in respect of employees whose services are ceased during the Indemnity Period in consequence of the Damage.
- 9.19 Shortage in Turnover** means the amount by which the Turnover during a period shall, in consequence of the Damage, fall short of the part of the Standard Turnover which relates to that period.
- 9.20 Standard Gross Rentals** means the Gross Rentals during that period in the twelve (12) months immediately before the date of the Damage which corresponds with the Indemnity Period (appropriately adjusted where the Indemnity Period exceeds twelve (12) months).
- 9.21 Standard Gross Revenue** means the Gross Revenue during that period in the twelve (12) months immediately before the date of the Damage which corresponds with the Indemnity Period (appropriately adjusted where the Indemnity Period exceeds twelve (12) months).

9.22 **Standard Turnover** means

the Turnover during that period in the twelve (12) months immediately before the date of the Damage which corresponds with the Indemnity Period (appropriately adjusted where the Indemnity Period exceeds twelve (12) months).

9.23 **Suppliers** means

your suppliers whom you depend on to deliver materials or services to you, or to process materials, components or goods for your account. Services does not mean water, sewerage, communication or power supply services.

9.24 **Turnover** means

the Money (less discounts, if any allowed) paid or payable to you for goods sold and delivered and for services given in the course of the Business conducted at the Premises.

9.25 **Uninsured Working Expenses** means

those expenses you chose not to insure as shown in your Schedule.

Calculation adjustment

Adjustments shall be made to the Annual Gross Rentals, Annual Gross Revenue, Annual Turnover, Rate of Gross Profit, Rate of Payroll, Standard Gross Rentals, Standard Gross Revenue and Standard Turnover as may be necessary to provide for the trend of the Business and for variations in or other circumstances affecting the Business either before or after the date of the Damage or which would have affected the Business had the Damage not occurred, so that the adjusted figures shall represent as nearly as may be reasonably practicable the results which but for the Damage would have been obtained during the relative period after the Damage.

10. Extent of cover

10.1 In return for you having paid or agreed to pay the premium to us, we will indemnify you in accordance with clause 11 (Basis of settlement) against loss resulting from the interruption of or interference with the Business, provided the interruption or interference:

10.1.1 is caused by Damage occurring during the Period of Insurance to:

10.1.1.1 Any building or any other property or any part of it used by you at the Premises for the purposes of the Business.

10.1.1.2 Any property belonging to you or for Damage to which you are responsible, while such property

is at any storage premises within Australia or at any situation within Australia where you have any work or process carried out by others.

10.1.1.3 Computer installations, including ancillary equipment and data processing media, used by you anywhere in Australia.

10.1.1.4 Property in the vicinity of the Premises which prevents or hinders the use of or access to the Premises, whether the Premises or your property shall suffer Damage or not.

10.1.1.5 Property in any commercial complex of which the Premises forms a part or in which the Premises are contained which prevents or hinders the use of or access to the Premises which results in stopping or lessening of trade, including any stopping or lessening of trade due to falling away of potential custom.

10.1.1.6 Property operated by others whom you depend on to attract Customers to your Business.

10.1.1.7 Property, not on the Premises but within 20 kilometres, which prevents or hinders the use of or access to the Premises which results in stopping or lessening of trade, including any stopping or lessening of trade due to falling away of potential custom. A civil authority must prohibit access to the Premises due to Damage to such property. Also the term "Damage" as used in this cover does not include Flood, even if this specific cause of loss is expressly insured under this Policy.

10.1.1.8 Property of a Public Utility from whom you directly obtain electricity, gas, steam, water, sewerage or communication services.

10.1.1.9 Property at or next to the premises of your Suppliers or Customers. But if the Supplier or Customer is outside Australia, earthquake, tsunami or windstorm are not to be considered as Damage.

10.1.1.10 Any registered vehicles or trailers which are owned or operated by you, while such vehicles or trailers are at the Premises, but not while any such vehicles or trailers are being used on any public highway or thoroughfare.

10.1.2 is in consequence of:

10.1.2.1 The outbreak of a human infectious or contagious disease other than a Pandemic Disease at the Premises. We will not cover you unless a government, public or statutory authority closes or evacuates your Premises as a direct result of the disease;

10.1.2.2 Murder or suicide at the Premises;

10.1.2.3 Defects in the drains or other sanitary arrangements at the Premises;

10.1.2.4 Injury, illness or disease arising from or likely to arise from or traceable to foreign or injurious matter in food or drink provided from or on the Premises;

10.1.2.5 Action of civil authority in extinguishing fire at or surrounding, and threatening to involve, the Premises;

occurring during the Period of Insurance.

But Exclusions 13 and 14 shall not apply to clauses 10.1.2.1 to 10.1.2.5 above.

10.2 If the building or other property which suffers Damage is owned by you, such Damage must be the subject of indemnity under a policy of insurance covering the circumstances in which it occurred (other than where caused by anything referred to in clause 7.2.22 and other than indemnity not applying only because of the application of a Deductible).

10.3 In the case of any other property which suffers Damage, that Damage must occur in circumstances in which indemnity would apply as if that property were insured under Section 1 of this Policy other than indemnity not applying only because of the application of a Deductible.

10.4 We will only indemnify you for Items Insured.

10.5 Indemnity under clause 10.1 is also subject to:

10.5.1 The Limits and Sub-Limits referred to in your Schedule or as otherwise expressed in this Section 2.

10.5.2 The loss being calculated in accordance with the Basis of settlement clause 11.

10.5.3 The Conditions set out in clauses 12 and 15.

10.5.4 The loss not being caused as a result of the operation of any of the circumstances referred to in clause 5.

10.5.5 The loss not being caused as a result of Damage to certain property as referred to in clause 13.

10.5.6 The loss not being caused as a result of Damage to property occurring in circumstances set out in clause 14.

10.6 Limitations

The most we will pay for any of 10.1.1.4 to 10.1.2.2 is the amount allowed under the clause as specified below, unless a set amount of cover is shown on your Schedule for any of the Incidents or covers described in these clauses. If no Sub-Limit of Liability is stated in your Schedule, the maximum amount we will pay on any claim is as described below.

Clause	The most we will pay for any claim
Any of 10.1.1.4 to 10.1.1.6	To an amount not exceeding five per cent (5.0%) of the Section 2 Declared Value, subject to a maximum amount of \$1,000,000.
10.1.1.7	\$200,000
10.1.1.8	To an amount not exceeding five per cent (5.0%) of the Section 2 Declared Value, subject to a maximum amount of \$1,000,000.
10.1.1.9	To an amount not exceeding five per cent (5.0%) of the Section 2 Declared Value, subject to a maximum amount of \$250,000.
10.1.1.10	\$1,000,000
10.1.2.1 or 10.1.2.2	To an amount not exceeding five per cent (5.0%) of the Section 2 Declared Value, subject to a maximum amount of \$200,000.

11. Basis of settlement

11.1 Item No. 1

(Actual loss of Gross Profit due to reduction in Turnover and increase in cost of working.)

We will indemnify you for actual loss of Gross Profit in the manner and to the extent as follows:

- 11.1.1 In respect of reduction in Turnover, the sum produced by applying the Rate of Gross Profit to the amount by which the Turnover during the Indemnity Period shall, in consequence of the Damage, fall short of the Standard Turnover.
- 11.1.2 In respect of increase in cost of working, the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in Turnover which, but for that expenditure, would have taken place during the Indemnity Period in consequence of the Damage, but not exceeding the sum produced by applying the Rate of Gross Profit to the amount of the reduction so avoided.
- 11.1.3 There shall be deducted from the amounts calculated in 11.1.1 and 11.1.2 any sum saved during the Indemnity Period in respect of such of the charges and expenses of the Business payable out of Gross Profit as may cease or be reduced as a consequence of the Damage.
- 11.1.4 Cover under this clause 11.1 shall be proportionately reduced if the Declared Value of Gross Profit stated in the Schedule is less than the sum produced by applying the Rate of Gross Profit to the Annual Turnover (appropriately increased if the Indemnity Period exceeds twelve (12) months).

This limitation shall not apply if the amount of the loss does not exceed 5 per cent of the Declared Value of Gross Profit under Section 2 of this Policy.

11.2 Item No. 2

(Actual loss of Gross Rentals due to reduction in Gross Rentals and increase in cost of working.)

We will indemnify you for actual loss of Gross Rentals in the manner and to the extent as follows:

- 11.2.1 In respect of loss of Gross Rentals, the amount by which the Gross Rentals during the Indemnity Period shall, in consequence of the Damage, fall short of the Standard Gross Rentals.
- 11.2.2 In respect of increase in cost of working, the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the loss of Gross Rentals which, but for that expenditure, would have taken place during the Indemnity Period in

consequence of the Damage, but not exceeding the amount of the reduction in Gross Rentals so avoided.

- 11.2.3 There shall be deducted from the amounts calculated in 11.2.1 and 11.2.2 any sum saved during the Indemnity Period in respect of such charges and expenses of the Business payable out of Gross Rentals as may cease or be reduced in consequence of the Damage.
- 11.2.4 Cover under this clause 11.2 shall be proportionately reduced if the Declared Value of Gross Rentals stated in the Schedule is less than the Annual Gross Rentals (appropriately increased if the Indemnity Period exceeds twelve (12) months).

This limitation shall not apply if the amount of the loss does not exceed 5 per cent of the Declared Value of Gross Rentals under Section 2 of this Policy.

11.3 Item No. 3

(Actual loss of Gross Revenue due to reduction in Gross Revenue and increase in cost of working.)

We will indemnify you for actual loss of Gross Revenue in the manner and to the extent as follows:

- 11.3.1 In respect of loss of Gross Revenue, the amount by which the Gross Revenue during the Indemnity Period shall, in consequence of the Damage, fall short of the Standard Gross Revenue.
- 11.3.2 In respect of increase in cost of working, the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the loss of Gross Revenue which, but for that expenditure, would have taken place during the Indemnity Period in consequence of the Damage, but not exceeding the amount of the reduction in Gross Revenue so avoided.
- 11.3.3 There shall be deducted from the amounts calculated in 11.3.1 and 11.3.2 any sum saved during the Indemnity Period in respect of such charges and expenses of the Business payable out of Gross Revenue as may cease or be reduced in consequence of the Damage.
- 11.3.4 Cover under this clause 11.3 shall be proportionately reduced if the Declared Value of Gross Revenue stated in the Schedule is less than the Annual Gross Revenue (appropriately increased if the Indemnity Period exceeds twelve (12) months).

This limitation shall not apply if the amount of the loss does not exceed 5 per cent of the Declared Value of Gross Revenue under Section 2 of this Policy.

11.4 Item No. 4

(Insured Payroll being loss in respect of Payroll calculated by reference to reduction of Turnover.)

11.4.1 We will indemnify you for loss of Payroll, limited to loss due to reduction in Turnover and increase in cost of working, and the amount payable as indemnity shall be calculated in the manner and to the extent as follows:

11.4.1.1 During the portion of the Indemnity Period beginning with the occurrence of the Damage and then ending not later than the number of weeks specified in the Schedule calculated by applying the Rate of Payroll to the Shortage in Turnover during that portion of the Indemnity Period, less any saving during that portion through reduction in the amount of Payroll paid in consequence of the Damage.

11.4.1.2 During the remaining portion of the Indemnity Period calculated by applying the Rate of Payroll to the Shortage in Turnover during the remaining portion of the Indemnity Period less any saving during that portion through reduction in the amount of Payroll paid in consequence of the Damage, but not exceeding the amount produced by applying the percentage of the Rate of Payroll specified in the Schedule to the Shortage in Turnover during that remaining portion of the Indemnity Period, increased by such amount as is deducted for savings under clause 11.4.1.1 above.

11.4.2 You may choose to increase the number of weeks referred in clause 11.4.1.1 to the number of weeks specified in the Schedule under the heading "Consolidated Period", provided that the amount payable under clause 11.4.1.2 shall not exceed such amount as is deducted under clause 11.4.1.1 for savings effected during the increased number of weeks.

11.4.3 We shall also indemnify you, in addition to the amount payable under clause 11.4.1, for so much of the additional expenditure described in clause 11.1.2 as exceeds the amount payable under that clause 11.1.2, but not more than the additional amount which would have been payable in respect of reduction in Turnover under clauses 11.4.1.1 and 11.4.1.2 had such expenditure not been incurred.

11.4.4 Cover under this clause 11.4 shall be proportionately reduced if the Declared Value of Payroll is less than the amount produced by applying the Payroll Limits set out in the Schedule to the amount produced by applying the Rate of Payroll to the Annual Turnover (or its appropriately increased multiple, where the Indemnity Period exceeds twelve (12) months). This clause 11.4.4 shall not apply if the amount of the loss does not exceed 5 per cent of the Declared Value of Insured Payroll under Section 2 of this Policy.

11.5 Item No. 5

(Severance pay)

We will indemnify you for Severance Pay. This cover is in addition to the cover you are entitled to under clauses 11.4.1 and 11.4.2.

11.6 Item No. 6

(Additional increased cost of working.)

We will indemnify you for any additional increased cost of working, not otherwise recoverable under this Section 2, necessarily and reasonably incurred during the Indemnity Period in consequence of the Damage for the sole purpose of avoiding or diminishing reduction in Turnover, Gross Rentals or Gross Revenue or resuming and maintaining normal Business operations or administrative and research facilities.

11.7 Item No. 7

(Cover we provide for fines and damages)

We will indemnify you for fines or damages for breach of contract. We will cover you for such sum(s) as you shall be legally liable to pay and shall pay in discharge of fines or damages incurred in consequence of the Damage, for non completion or late completion of orders, inability to meet contractual specifications or cancellation of orders. We will not pay for exemplary, punitive or aggravated damages.

11.8 Item No. 8

(Cover we provide for contracted purchases)

We will indemnify you for breach of contracts for the purchase of goods or services. We will cover you for such sum(s) as you shall be legally liable to pay and shall pay under contracts for the purchase of goods or services you cannot use during the Indemnity Period in consequence of the Damage. But we will deduct from the total claim the value of these goods and services to you or the amount received for their sale.

11.9 Item No. 9

(Cover we provide for outstanding accounts receivable)

We will indemnify you for all Outstanding Debit Balances that you are unable to collect in consequence of Damage to records of accounts receivable. We will pay to you the amount of your resultant loss in the manner and to the extent as follows:

11.9.1 in respect to Outstanding Debit Balances:

The difference between the Outstanding Debit Balances and all amounts that you are able to collect in respect of them.

11.9.2 in respect to additional expenditure:

Collection expenses in excess of normal collection costs made necessary because of the Damage.

11.9.3 in respect to interest charges:

Interest charges at the ruling rate of your bank on any loan to offset impaired collections pending repayment of Outstanding Debit Balances made uncollectible because of the Damage.

11.10 Item No. 10

(Claims preparation costs.)

The reasonable costs incurred with our consent for the preparation of a claim under Sections 1 and 2 of this Policy.

12. Conditions applying to Section 2

12.1 Turnover or Gross Revenue elsewhere after Damage

If during the Indemnity Period goods shall be sold or services shall be provided elsewhere than at the Premises for the benefit of the Business either by you or by others on your behalf, moneys paid or payable in respect of such sales or services shall be brought into account in arriving at the Turnover or Gross Revenue during the Indemnity Period.

12.2 Departmental clause

If the Business is conducted in departments or business units and their trading results can be determined independently, then clauses 11.1.1, 11.1.2, 11.4.1.1, 11.4.1.2, 11.4.2 and 11.4.3 shall apply separately to each department or unit affected by the Damage.

12.3 New Business

If Damage occurs at the Premises before the completion of the first year's trading of the Business, then the Definitions in clause 9 for:

12.3.1 Annual Gross Rentals, Annual Gross Revenue and Annual Turnover;

12.3.2 Rate of Gross Profit and Rate of Payroll; and

12.3.3 Standard Gross Rentals, Standard Gross Revenue and Standard Turnover;

will be adjusted to reflect the proportional equivalent of the respective periods.

12.4 Accumulated stocks

We will make a fair and reasonable allowance in adjusting any loss if any Shortage in Turnover resulting from the Damage is postponed by reason of the Turnover being temporarily maintained from accumulated stocks of finished goods.

12.5 Government incentives

In calculating any Shortage in Turnover, we will include the loss of any Government approved incentives, subsidies, or market development allowances to which you may have been entitled.

12.6 Books of account

12.6.1 Any particulars or details contained in your books of account or other business books or documents that may be required by us for investigating or verifying any claim made under this Section 2 may be produced and certified by your auditors and their certificate shall be prima facie evidence of the particulars and details to which the certificate relates.

12.6.2 The words and expressions used in this Section 2 shall have the meanings usually attached to them in your books and accounts unless otherwise defined in this Policy.

12.7 Turnover/Output alternative

If selected by you, the word 'Output' may be used instead of 'Turnover' and, in this Section 2, Output shall mean the sale value of goods manufactured or processed by you in the course of the Business at the Premises.

If this Output option is selected:

12.7.1 Clause 12.1 (Turnover elsewhere after Damage) shall read as follows:

If during the Indemnity Period goods shall be manufactured or processed other than at the Premises for the benefit of the Business either by you or by others on your behalf, the sale value of the goods so manufactured or processed shall be brought into account in arriving at the Output during the Indemnity Period.

12.7.2 The definition of Gross Profit shall read as follows:

The difference between sale value of production and the amount of the Uninsured Working Expenses.

12.7.3 Only one meaning may be operative in connection with any one occurrence of Damage.

12.8 Salvage sale

If following Damage giving rise to a claim under this Section 2 you hold a salvage sale during the Indemnity Period:

12.8.1 Clause 11.1 shall be varied so that the amount of the indemnity shall be calculated by reference to the sum produced by applying the Rate of Gross Profit to the amount by which the Turnover during the Indemnity Period (less the Turnover for the period of the salvage sale) shall, in consequence of the Damage, fall short of the Standard Turnover, from which shall be deducted the Gross Profit actually earned during the period of the salvage sale.

12.8.2 For the purposes of clause 11.4:

12.8.2.1 A Shortage in Turnover means the amount by which the Turnover during a period (less the Turnover for the period of the salvage sale) shall, in consequence of the Damage, fall short of the part of the Standard Turnover which relates to that period.

12.8.2.2 The amount of Insured Payroll recovered from Turnover during the period of the salvage sale shall be deducted from the amount otherwise payable under clause 11.4.

12.9 Circumstances where cover may end

Despite anything else in this Policy, if during the term of this Policy:

12.9.1 you form the intention of ceasing the Business or any part of the Business, or any part of the Business is sold or wound up;

12.9.2 you cease to have any proprietary interest in the Business other than by death;

12.9.3 you (being a corporation) are placed in liquidation or provisional liquidation or under official management;

12.9.4 you (being a corporation) enter into a scheme of arrangement or have receivers or managers appointed over your assets or undertakings;

12.9.5 you (being a natural person) become a bankrupt or enter into a scheme of arrangement or compromise or composition with creditors;

then the insurance cover provided under this Section 2 for such Business or part of the Business (as the case may be) shall cease at once unless we agree in writing to cover the altered risk. In the event of the Indemnity Period having begun to run in respect of any claim relating to such Business or part of the Business, the Indemnity Period shall immediately end unless agreed otherwise in writing by us.

12.10 Mitigation of loss

12.10.1 You shall use due diligence and do and concur in doing all things reasonably practicable to minimise any interruption of or interference with the Business or to avoid or diminish the loss.

12.10.2 You shall also deliver to us a statement in writing of any claim certified by your auditors or accountants with all particulars and details reasonably practicable as to the loss and shall produce and furnish all books of account and other business books, invoices, vouchers and all other documents, proofs, information, explanations and other evidence and facilities as may reasonably be required to enable us to investigate and verify the claim and such information or documentation shall be verified on oath if required by us.

See also 'Conditions' on pages 30 to 33 that apply to all Sections.

13. Property excluded

This Section 2 does not cover any loss resulting from Damage to any property described in clause 6 of Section 1 of this Policy in the circumstances set out in that clause other than Damage to property the subject of indemnity as described in clause 10.1.1.10.

14. Circumstances where cover is excluded

14.1 This Section 2 does not cover any loss resulting from any Damage to any property in the circumstances described in clauses 5 and 7 of Section 1 of this Policy. But this exclusion does not apply to loss excluded in clause 7.2.22.

14.2 This Section 2 does not cover any interruption to or interference with the Business caused by or happening through:

14.2.1 The stranding or sinking of any vessel in any canal, waterway or port.

14.2.2 The impact by any vessel to any wharf, dock or pier.

Sections 1 and 2

15. Conditions applying to Sections 1 and 2

15.1 Your duty

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

15.1.1 Payment of the premium

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

15.1.2 Notification of changes

Despite clause 7.3, you must notify us as soon as possible of any change materially varying any of the facts or circumstances existing at the commencement of this Policy or following any renewal of this Policy.

15.1.3 Reasonable precautions

You must take all reasonable precautions to prevent destruction, loss or damage to Property Insured and must comply (and take steps to ensure that your employees, servants and agents comply) with all statutory obligations and bylaws or regulations imposed by any public authority for the safety of property or person.

15.1.4 Observance of Policy terms

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

15.2 Transfer of interest

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

15.3 Our rights of conduct and recovery

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

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

If we make any recovery as a result of such action, you may only recover from us any amount by which the amount recovered by us exceeds the amount paid to you by us in relation to the loss.

15.4 Jurisdiction

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

15.5 Cancellation

15.5.1 Under Section 60 of the *Insurance Contracts Act 1984*, we may cancel this Policy or any section at any time, by giving notice in writing to you of the date from which cancellation is to take effect, where you have:

- 15.5.1.1 Failed to comply with your duty of utmost good faith.
- 15.5.1.2 Failed to comply with your duty of disclosure at the time when this Policy or any section of the Policy was entered into, varied, altered, or renewed.
- 15.5.1.3 Made a misrepresentation to us during the negotiations for this Policy, but before we agreed to issue this Policy.
- 15.5.1.4 Failed to comply with a provision of the Policy.
- 15.5.1.5 Failed to pay the premium for this Policy.
- 15.5.1.6 Made a fraudulent claim under this Policy, or any other contract of insurance (whether with us or another insurer) that provided cover during any part of the Period of Insurance of this Policy.
- 15.5.1.7 Failed to comply with a requirement in this Policy that you notify us of an act or omission which occurred after this Policy was entered into.
- 15.5.1.8 Failed to notify us of any specific act or omission or such a notification as is required under the terms of this insurance Policy.

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

15.5.2 Under Section 60 of the *Insurance Contracts Act 1984*, we may cancel this Policy at any time where:

- 15.5.2.1 it is in force by virtue of Section 58 of the *Insurance Contracts Act 1984*; or
- 15.5.2.2 it is an interim contract of general insurance.

15.5.3 If you cancel your Policy before it ends, we will retain our customary short-period rate for the time this Policy has been in force.

15.5.4 If we cancel, we will refund the premium for the time remaining on the Policy, less any non-refundable duties, unless you have made a fraudulent claim.

15.6 Inspections

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

15.7 What you must do when you make a claim

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

15.7.2 You must also:

- 15.7.2.1 Take all reasonable steps to minimise the loss, damage or liability and to prevent any further loss, damage or liability. We will not be liable for any further Damage arising out of the continued use of Damaged property, until such property is repaired to our satisfaction.
- 15.7.2.2 Try to preserve any damaged or defective appliances, plant or things which might prove necessary or useful as evidence in connection with any claim.
- 15.7.2.3 As far as possible, and with due regard for safety, make no alteration or repair without our consent.
- 15.7.2.4 Keep all Damaged property for inspection by us.
- 15.7.2.5 Advise the nearest Police Station in the case of property lost, stolen, or vandalised, and obtain a written Police report if requested by us.
- 15.7.2.6 Tell us of any prosecution or inquest that may be held and send to us any document relating to your claim within 72 hours of you receiving the document.
- 15.7.2.7 At your own expense, provide us with all records, vouchers, invoices, plans and other documents, information,

explanations and other evidence together with a statutory declaration, as we may require for the purpose of investigating or verifying a claim under this Policy. You must cooperate fully in this regard.

- 15.7.2.8 Provide us with a statement detailing other insurances which may also provide cover on any property or loss we have insured.

15.8 What you must not do in the event of a claim

You must not:

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

15.9 If you advise us of loss or Damage to Property Insured, as set out in these Conditions, we may, or anybody we appoint may:

- 15.9.1 Enter, take or keep possession of the buildings where destruction or Damage has happened;
- 15.9.2 Take or keep possession of such of the Property Insured as we may reasonably require for the purposes of our investigations; and
- 15.9.3 If we accept liability for the loss, sell such Property Insured or dispose of it in a reasonable manner.
- 15.9.4 But if we enter, take or keep possession of the buildings or the Property Insured, it will not be an admission of liability nor will it affect any of your obligations under this Policy.

15.10 If we agree to pay a claim under this Policy, we will make progress payments to you on account of that claim at such intervals, and for such amounts as may be mutually agreed. Any such payment shall be deducted from the amount finally determined upon adjustment of the claim.

15.11 Reinstatement of insurance after loss

Following a claim under this Policy other than a claim for total loss, whether actual or constructive, we will reinstate the insurance and the Limit of Liability from the date of loss, provided you pay or agree to pay any additional premium that may be required by us.

15.12 Acquired companies

15.12.1 This Policy extends to include:

15.12.1.1 Property located in Australia belonging to companies and other organisations a controlling interest in which is acquired by you during the Period of Insurance.

15.12.1.2 Property located in Australia for Damage to which such companies or other organisations are legally responsible or for which they have assumed responsibility to insure prior to the occurrence of any Damage.

15.12.1.3 Any loss suffered by any such companies or organisations which is the subject of indemnity under Section 2 of this Policy.

15.12.2 You must, within one (1) month of acquisition, make known in writing to us:

15.12.2.1 the name of the company or other organisation and the nature of its business,

15.12.2.2 the nature and extent of the property to be insured,

15.12.2.3 the value of the indemnity provided calculated in accordance with the applicable Basis of settlement clauses 4 and 11, and must pay any additional premium required and comply with any reasonable directions of ours with respect to the security or safety of that property.

15.12.3 The business of the acquired company or other organisation must be similar to the Business stated in the Schedule.

15.12.4 Within this Condition, a controlling interest shall, in the case of a company, mean the acquisition of shares carrying more than 50 per cent of votes capable of being cast at a general meeting of all shareholders in the company.

15.12.5 All such property shall be Property Insured for the purpose of the Adjustment of premium clause and you shall make declarations with respect to it accordingly and with respect to the indemnity provided under Section 2.

15.13 Adjustment of premium

15.13.1 The premium shown is provisional and is calculated on the Declared Values of:

15.13.1.1 The Property Insured; and

15.13.1.2 The annual Gross Profit, Gross Rentals or Gross Revenue, and Insured Payroll (or appropriately increased if the Indemnity Period exceeds twelve (12) months) estimated to apply during the period referred to in clause 15.13.2.2 below;

on the day of commencement of each Period of Insurance.

15.13.2 You agree to declare to us within a reasonable time after the expiry of the Period of Insurance:

15.13.2.1 The value of Property Insured on the day of expiry of the Period of Insurance calculated in accordance with the Basis of settlement clauses. For the purpose of this declaration, stock in trade and merchandise shall be taken at their average monthly value during the Period of Insurance.

15.13.2.2 The amount of the Gross Profit, Gross Rentals or Gross Revenue earned, and Payroll paid, in accordance with the indemnity given in respect of Items of Section 2, in the course of the Business during the accounting period of twelve (12) months most nearly concurrent with the Period of Insurance (or appropriately increased if the Indemnity Period exceeds twelve (12) months).

15.13.3 The provisional premium shall be adjusted by payment to us of an additional premium or by allowance to you of a return premium, as the case may be, calculated at the agreed rate on 50 per cent of the difference between property declared in accordance with clauses 15.13.1.1 and 15.13.2.1 and the full agreed rate on the difference between the amounts declared under clauses 15.13.1.2 and 15.13.2.2.

15.13.4 You agree to pay to us an additional premium proportionate to any abnormal rise in values and the risk insured by us.

15.13.5 The Declared Values made at the expiry of the Period of Insurance in accordance with this Condition 15.13 shall not be reduced as a result of any loss, damage or destruction in respect of which a claim has been paid or is payable under this Policy.

15.14 Waiver of subrogation

15.14.1 We shall waive any rights and remedies or relief to which we are or may become entitled by subrogation against:

15.14.1.1 Any co-insured (including its directors, officers and employees);

15.14.1.2 Any corporation or entity (including its directors, officers and employees) owned or controlled by any insured party or against any co-owner of the Property Insured.

15.14.2 You may without prejudicing your position under this Policy:

15.14.2.1 Release any statutory governmental, semi-governmental or municipal authority from any liability if required by any contract to do so;

15.14.2.2 Agree to enter into a contract for storage of goods or merchandise if the terms of the contract include a disclaimer clause;

15.14.2.3 Agree to enter into a lease for occupancy of any building or part of a building or a lease or hiring of property where the terms of the lease or hiring include a disclaimer clause in favour of the lessor or the owner;

15.14.2.4 Waive in writing prior to a loss any or all right of recovery against money carriers for Damage occurring to Money.

15.15 Headings

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

See also 'Conditions' in each Section of the Policy.

16. Endorsements

The Schedule issued by us which forms part of this Policy will record any special terms, limits, conditions, exclusions, or Endorsements.



Insurer
CGU Insurance Limited
ABN 27 004 478 371

Your insurance adviser is