

Vero Austbrokers SME Business Insurance

Product Disclosure Statement
and Policy Wording



Claims made and notified basis of cover

This notice is in relation to the Management Liability cover section only and does not form part of the PDS or policy.

The Management Liability cover section (excluding Optional Extension Of Cover 1 – Employee Dishonesty) is issued on a “claims made and notified” basis. This means that the Management Liability cover section (excluding Optional Extension of Cover 1 – Employee Dishonesty) responds to claims first made against you during the period of insurance and notified to us during the period of insurance, provided that you were not aware, or did not notify us, at any time prior to the policy inception of circumstances which would have put a reasonable person in your position on notice that a claim may be made against them.

Section 40(3) of the Insurance Contracts Act 1984 (Cth) may apply to any written notification of facts. The facts that you may decide to notify within the period of insurance are those which might give rise to a claim against you. Such notification must be given as soon as reasonably practicable after you become aware of the facts and prior to the time at which your policy expires. If you give written notification of facts your policy may respond even though a claim arising from those facts is made against you after your policy has expired.

When the period of insurance expires, no new notification of facts that may give rise to a claim against you can be made under the Management Liability cover section of the expired policy, even though the facts giving rise to the claim against you may have occurred during the period of insurance.

If you notify a claim first made against you during the period of insurance under this cover section, after the period of insurance expires, our liability may be reduced by an amount that fairly represents the extent to which our interests were prejudiced as a result of your delay in notifying us of the claim as soon as reasonably practicable within the period of insurance.

Exceptions to this are Extension of Cover 12 – Retired directors and officers and Extension of Cover 13 – Automatic Discovery Period of the Management Liability cover section, under which some cover for new notification of claims or facts is available. Please refer to page 102 for details of these Extensions of Cover and when they apply.

Vero Austbrokers SME Business Insurance Product Disclosure Statement and Policy Wording

Introduction to business insurance	2
Welcome to Vero Insurance	2
About Austbrokers	2
Important Information	2
About your insurance policy	2
About this Product Disclosure Statement and Policy Wording	3
Your rights and responsibilities	3
Your duty of disclosure	3
Cooling off period	3
The amount of your premium	4
Paying your premium	4
Cancellations	4
Retroactive date and exclusions of prior acts	4
Fraudulent claims	5
Privacy statement	5
Complaints resolution	7
Financial Claims Scheme	8
General Insurance Code of Practice	8
Terrorism and Cyclone Insurance Act 2003	8
Updating information	8
Information for some policyholders	8
The amount you pay for the Property Damage, Theft and Glass cover section (for a home building)	8
How various factors may affect your premium	9
Why the cost of insurance can change	9
Excess	9
Property Damage, Theft and Glass cover section: Excess	9
Your policy terms and conditions	10
Important information about your insurance policy	10
Other information	11
General policy conditions	11
General claims conditions	14
When we may refuse a claim/reduce what we pay/recover costs or monies/cancel your policy	17
General Definitions	18
Our Agreement	24
Limitations of cover	24
General Exclusions	24
Individual cover sections	31
Property Damage, Theft and Glass	31
Section 1. Property Damage	31
Section 2. Theft	47
Section 3. Glass	52
Business Interruption	55
Legal Liability	61
Money	71
Portable and valuable items	76
Breakdown of machinery and electronic equipment	78
Goods in transit	86
Management Liability	90
Tax probe®	104

Introduction to business insurance

Welcome to Vero Insurance

Vero is a specialist provider of quality business insurance products and packages in Australia. Our mission is help to ensure your business' success – whether you run a small business or a large corporation.

With over 180 years of experience providing quality insurance products in Australia, we're experts at helping business owners cover their risks and helping to secure the future of their business.

We offer our products exclusively through insurance brokers and authorised agents. Vero has a great reputation in the industry, and we work closely with insurance brokers and authorised agents to help ensure we meet the unique needs of our many, varied clients.

Help protect your business, and your future, with an insurer that understands business.

Vero is a member of the Suncorp Group.

Who is the insurer?

This insurance is issued by AAI Limited ABN 48 005 297 807, AFS Licence No. 230859 trading as Vero Insurance.

How to contact us

You may contact us by:

- ▼ Online Claims Lodgment: via www.vero.com.au/claims
- ▼ Email: via the "Contact Us" page on our website www.vero.com.au
- ▼ Mail: Vero Insurance
GPO Box 3999
Sydney NSW 2001

About Austbrokers

The **PDS** is distributed by insurance brokers from the Austbrokers Network who are licensed Partners of AUB Group Limited ABN 60 000 000 715.

The Austbrokers Network was established in 1985 to give individual insurance brokers the opportunity to enjoy the benefits of a larger group, yet still maintain that all important feel of independence. With a total turnover of over \$3.4 billion in general insurance premiums the Austbrokers Network ranks within the top general insurance broking groups in Australia.

AUB Group Limited ("Austbrokers") has entered into an arrangement with Vero to develop financial products and services that are distributed by Austbrokers Partners.

Important Information

This **PDS** is distributed by Austbrokers and does not take into account any of **your** particular objectives, financial situation or needs. Before **you** make any decisions about whether to purchase this insurance, **we** recommend **you** read this **PDS** and obtain advice from **your** Austbrokers Partner or authorised representative. Austbrokers is not the issuer of this insurance.

About your insurance policy

Your policy is a legal contract between **you** and **us**. The contract is based on the information **you** gave **us** when **you** applied for the insurance and any subsequent information which **you** have supplied.

Your policy is made up of the **Product Disclosure Statement (PDS)** and Policy Wording, any **Supplementary PDS (SPDS)** **we** may send **you**, any **endorsements** and the **policy schedule**. **You** should read all these documents together to tell **you** what **we** cover, what **we** exclude, what **we** pay to settle claims and other important information.

We will provide cover under those **cover sections** shown on the **policy schedule** and for those Optional Extensions of Cover shown on the **policy schedule** for the **period of insurance**. The commencement date and expiry date of the **period insurance** is shown on **your policy schedule**.

You must pay the premium by the due date and comply with all of the **policy** conditions.

The General Policy Conditions listed on pages 11 to 13, General Claims Conditions listed on pages 14 to 17 and General Exclusions listed on pages 24 to 30 apply to the whole **policy**. Unless otherwise expressly stated these apply to each of the **cover sections**, including any Extensions of Cover or Optional Extensions of Cover in those **cover sections**. Specific conditions, definitions and exclusions also apply to individual **cover sections** and any Extensions of Cover or Optional Extensions of Cover in those **cover sections**.

Some of the words used in this **PDS** have a special defined meaning. These words are in **bold** in this **PDS** and Policy Wording. Most of the words **we** have defined are listed in the General Definitions on pages 18 to 23 or the Definitions of the applicable **cover section**. The words may appear without bold type in **endorsements**.

About this Product Disclosure Statement and Policy Wording

We are required to give **you** a **Product Disclosure Statement (PDS)** if the **building you** are insuring under the Property Damage, Theft and Glass **cover section** is a **home building** and **you** are:

- ▼ an individual; or
- ▼ a small business, having:
 - ▼ in the case of a non-manufacturing business, less than 20 employees; or
 - ▼ in the case of a manufacturing business, less than 100 employees.

This **PDS** and Policy Wording consists of the following:

- ▼ "Your rights and responsibilities" on page 3 – this contains information about **your** rights and responsibilities, **our** Privacy statement and how to contact **us** if **you** have a question or complaint. This applies to all persons who take out this insurance.
- ▼ "Information for some policyholders" on page 8 – this only applies to **you** if **you** are insuring a **home building** under the Property Damage, Theft and Glass **cover section** and **you** are an individual or small business as described above.
- ▼ "Your policy terms and conditions" on pages 10 to 108 – this applies to all persons who take out this insurance.

To understand the full terms and conditions of **your policy**, **you** must read all parts of the **PDS** and Policy Wording together with any **Supplementary PDS** we may give **you**, any **endorsements** and **your policy schedule**.

Not all covers are available on their own and some are dependent on **you** taking out another cover as well.

Optional Extensions of Cover

This **PDS** has a number of Optional Extensions of Cover which, for an additional premium and subject to any conditions that apply, **you** can choose to include in **your policy**. If included these will be shown on **your policy schedule**.

When **we** send **your** renewal offer, it will usually include **your** previously selected Optional Extensions of Cover. Contact **us** to remove or add any Optional Extension of Cover.

Your rights and responsibilities

This part applies to all **cover sections** of **your PDS** and Policy Wording. All **policyholders** need to read this Part.

Your duty of disclosure

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

You have this duty until **we** agree to insure **you**.

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

You do not need to tell **us** anything that:

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

If you do not tell us something

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

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

Cooling off period

You have the right to return the **policy** or a **cover section** of the **policy** by notifying **us** in writing within thirty (30) days of the date it was issued to **you** ("cooling off period"), unless **you** have a claim under the **policy** or that **cover section** within the cooling off period. If **you** return **your policy** or remove a **cover section** of the **policy** during the cooling off period, **we** will return the amount **you** have paid and **you** will have no cover for the **policy** or that **cover section** of the **policy**.

In addition, if **you** vary **your policy** and add a **cover section**, **you** have the right to remove that **cover section** within thirty (30) days of the date it was added by notifying **us** in writing ("additional cooling off period") unless **you** make a claim under that **cover section** within the additional cooling off period. If **you** remove the added **cover section** during the additional cooling off period, **we** will return the amount **you** have paid for that **cover section**.

To cancel at other times, (including when a claim has been made during the cooling off period) please see "Cancellations" on page 4.

The amount of your premium

The amount **you** pay for this insurance is called the premium. **Your** premium includes any applicable GST, stamp duty, other government charges and any levies that apply.

The premium will be shown on **your policy schedule** as the 'Total Premium'.

In addition to the factors **we** use to calculate **your premium**, the discounts **you** qualify for also affect **your premium**. **Your premium** includes any discounts **you** qualify for and these are applied before adding applicable government charges. **We** can vary or withdraw a discount at any time, however changes will not affect the premium for an existing policy during its current **period of insurance**. The **premium** does not include any service or administration fee charged to **you** by **your** insurance intermediary.

Paying your premium

We will tell **you** how much **you** have to pay and how much time **you** have for payment.

You must pay **your premium** by the due date. For the first **period of insurance**, if **you** do not pay the **premium** owing by the due date, **we** can cancel **your policy**.

For renewals, if **you** do not pay **your** premium by the due date, then **you** have no cover from the due date.

If **you** change **your policy**, **you** may be entitled to a partial refund of premium or be required to pay an additional premium.

Cancellations

How you may cancel this policy

You can cancel **your policy** at any time by telling **us** **you** want to cancel it. **You** can do this by giving notice to **your** Austbroker broker. **You** can specify a future date from which **you** would like to cancel **your policy**. If **you** do not specify a date then the cancellation takes effect on the date **we** receive **your** request. If **you** cancel **your policy**, **we** will refund the proportion of **your** premium for the unexpired **period of insurance** (including GST if applicable) less any non-refundable government charges, provided the refund is more than \$10 (GST inclusive).

How we may cancel this policy

We can cancel **your policy** when the law allows **us** to. **We** will cancel **your policy** by telling **you** so in writing, either in person or by post to **your** last known address. If **we** cancel **your policy** **we** will refund the proportion of **your** premium for the unexpired **period of insurance** (including GST if applicable) less any non-refundable government charges, provided the refund is more than \$10 (GST inclusive). If **we** cancel **your policy** due to fraud, **we** will not refund any money to **you**.

Such cancellation shall take effect at the earlier of the following times:

- (a) the time when another policy of insurance between **you** and **us** or some other insurer, being a policy that is intended by **you** to replace this **policy**, is entered into; or
- (b) at 4.00 pm on the thirtieth (30th) business day after the day on which notification was given by **us**.

If **we** pay out a claim for the full **insured amount** on **your building**, whether by reinstatement or replacement or by a payment to **you**, that cover ends. Any **cover section**, Extension of Cover or Optional Extension of Cover for that cover also ends.

When **your policy** ends as a result of **us** paying out a claim for the full **insured amount** on **your building**, **we** will not refund any premium for an unexpired **period of insurance**.

Premium funders

If the **premium** has been funded by a **premium** funding company which holds a legal right over **your policy** by virtue of a notice of assignment and irrevocable power of attorney, the return of **premium** calculated on the basis set out above will be made to the **premium** funding company.

Retroactive date and exclusions of prior acts

A retroactive date applies to the Management Liability **cover section**. This means that it does not cover loss resulting from any wrongful act occurring or committed prior to the retroactive date specified in **your policy schedule**. The Management Liability **cover section** also excludes cover for any wrongful act occurring or committed by a subsidiary or its directors, officers or employees prior to its acquisition or creation by **you**.

Fraudulent claims

If **you** or anyone acting on **your** behalf or with **your** knowledge or consent makes a claim that is false or causes loss or damage deliberately, **we** may do one or more of the following:

- ▼ refuse to pay a claim;
- ▼ cancel **your policy**; or
- ▼ take legal action against **you**.

Privacy statement

AAI Limited trading as Vero Insurance is the insurer and issuer of this product and is a member of the Suncorp Group (the Group).

Why do we collect personal information?

Personal information is information or an opinion about an identified individual, or an individual who is reasonably identifiable.

We collect personal information so that **we** can:

- ▼ identify **you** and conduct appropriate checks;
- ▼ understand **your** requirements and provide **you** with a product or service;
- ▼ set up, administer and manage **our** products and services and systems, including the management and administration of underwriting and claims;
- ▼ assess and investigate any claims **you** make under one or more of **our** products;
- ▼ manage, train and develop **our** employees and representatives;
- ▼ manage complaints and disputes, and report to dispute resolution bodies; and
- ▼ get a better understanding of **you**, **your** needs, **your** behaviours and how **you** interact with **us**, so **we** can engage in product and service research, development and business strategy including managing the delivery of **our** services and products via the ways **we** communicate with **you**.

What happens if you don't give us your personal information?

If **we** ask for **your** personal information and **you** don't give it to **us**, **we** may not be able to provide **you** with any, some, or all of the features of **our** products or services.

How we handle your personal information

We collect **your** personal information directly from **you** and, in some cases, from other people or organisations. **We** also provide **your** personal information to other related companies in the Group, and they may disclose or use **your** personal information for the purposes described in "Why do we collect personal information?" in relation to products and services they may provide to **you**. They may also use **your** personal information to help them provide products and services to other customers, but they'll never disclose **your** personal information to another customer without **your** consent.

Under various laws **we** will be (or may be) authorised or required to collect **your** personal information. These laws include the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth), Personal Property Securities Act 2009 (Cth), Corporations Act 2001 (Cth), Autonomous Sanctions Act 2011 (Cth), Income Tax Assessment 1936 Act (Cth), Income Tax Assessment 1997 Act (Cth), Taxation Administration Act 1953 (Cth), A New Tax System (Goods and Services Tax) Act 1999 (Cth) and the Australian Securities and Investments Commission Act 2001 (Cth), as those laws are amended and includes any associated regulations.

We will use and disclose **your** personal information for the purposes **we** collected it as well as purposes that are related, where **you** would reasonably expect **us** to. **We** may disclose **your** personal information to and/or collect **your** personal information from:

- ▼ other companies within the Group and other trading divisions or departments within the same company (please see **our** Group Privacy Policy for a list of brands/companies);
- ▼ any of **our** Group joint ventures where authorised or required;
- ▼ customer, product, business or strategic research and development organisations;
- ▼ data warehouse, strategic learning organisations, data partners, analytic consultants;
- ▼ social media and other virtual communities and networks where people create, share or exchange information;
- ▼ publicly available sources of information;
- ▼ clubs, associations, member loyalty or rewards programs and other industry relevant organisations;
- ▼ a third party that **we've** contracted to provide financial services, financial products or administrative services – for example:
 - ▼ information technology providers,

- ▼ administration or business management services, consultancy firms, auditors and business management consultants,
- ▼ marketing agencies and other marketing service providers,
- ▼ claims management service providers,
- ▼ print/mail/digital service providers, and
- ▼ imaging and document management services;
- ▼ any intermediaries, including **your** agent, adviser, a broker, representative or person acting on **your** behalf, other Australian Financial Services Licensee or **our** authorised representatives, advisers and **our** agents;
- ▼ a third-party claimant or witnesses in a claim;
- ▼ accounting or finance professionals and advisers;
- ▼ government, statutory, or regulatory bodies and enforcement bodies;
- ▼ policy or product holders or others who are authorised or noted on the policy as having a legal interest, including where **you** are an insured person but not the policy or product holder;
- ▼ in the case of a relationship with a corporate partner such as a bank or a credit union, the corporate partner and any new incoming insurer;
- ▼ the Australian Financial Complaints Authority or any other external dispute resolution body;
- ▼ credit reporting agencies;
- ▼ other insurers, reinsurers, insurance investigators and claims or insurance reference services, loss assessors, financiers;
- ▼ legal and any other professional advisers or consultants;
- ▼ hospitals and, medical, health or wellbeing professionals;
- ▼ debt collection agencies;
- ▼ any other organisation or person, where **you've** asked them to provide **your** personal information to **us** or asked **us** to obtain personal information from them, e.g. **your** mother.

We'll use a variety of methods to collect **your** personal information from, and disclose **your** personal information to, these persons or organisations, including written forms, telephone calls and via electronic delivery. **We** may collect and disclose **your** personal information to these persons and organisations during the information life cycle, regularly, or on an ad hoc basis, depending on the purpose of collection.

Overseas disclosure

Sometimes, **we** need to provide **your** personal information to – or get personal information about **you** from – persons or organisations located overseas, for the same purposes as in "Why do we collect personal information?"

The complete list of countries is contained in **our** Group Privacy Policy, which can be accessed at www.vero.com.au/privacy or **you** can contact **us** for a copy.

From time to time, **we** may need to disclose **your** personal information to, and collect **your** personal information from, other countries not on this list. Nevertheless, **we** will always disclose and collect **your** personal information in accordance with privacy laws.

Your personal information and our marketing practices

Every now and then, **we** and any related companies that use the Vero brand might let **you** know – including via mail, SMS, email, telephone or online – about news, special offers, products and services that **you** might be interested in. **We** will engage in marketing unless **you** tell **us** otherwise. **You** can contact **us** to update **your** marketing preferences at any time.

In order to carry out **our** direct marketing **we** collect **your** personal information from and disclose it to others that provide **us** with specialised data matching, trending or analytical services, as well as general marketing services (**you** can see the full list of persons and organisations under "How we handle your personal information"). **We** may also collect **your** personal information for marketing through competitions and by purchasing contact lists.

We, and other people who provide **us** with services, may combine the personal information collected from **you** or others, with the information **we**, or companies in **our** Group, or **our** service providers already hold about **you**. **We** may also use online targeted marketing, data and audience matching and market segmentation to improve advertising relevance to **you**.

How to access and correct your personal information or make a complaint

You have the right to access and correct **your** personal information held by **us** and **you** can find information about how to do this in the Suncorp Group Privacy Policy.

The Suncorp Group Privacy Policy also includes information about how **you** can complain about a breach of the Australian Privacy Principles and how **we'll** deal with such a complaint. **You** can get a copy of the Suncorp Group Privacy Policy. Please use the contact details in "Contact us".

Contact us

For more information about **our** privacy practices including accessing or correcting **your** personal information, making a complaint, obtaining a list of overseas countries, or giving **us** **your** marketing preferences **you** can:

- ▼ Visit **www.vero.com.au/privacy**.
- ▼ Speak to **us** directly by phoning one of **our** Sales & Service Consultants on: 1300 888 073
- ▼ Email **us** at **privacyaccessrequests@vero.com.au**

Complaints resolution

We are committed to:

- ▼ listening to what **you** tell **us**;
- ▼ being accurate and honest in telling **you** about **our** products and services;
- ▼ communicating with **you** clearly; and
- ▼ resolving any complaints or concerns **you** have in a fair, transparent and timely manner.

How to contact us with a complaint

If **you** experience a problem, are not satisfied with **our** products or services or a decision **we** have made, please let **us** know so that **we** can help. Contact **us**:

- ▼ By phone: 1300 888 073
- ▼ By email: **claims@vero.com.au**

If **we** are not able to resolve **your** complaint or **you** would prefer not to contact the people who provided **your** initial service, **our** Customer Relations team can assist:

- ▼ By Phone: 1300 264 470
- ▼ By Email: **idr@vero.com.au**
- ▼ In writing: Vero Customer Relations, PO BOX 14180 Melbourne City Mail Centre VIC 8001

Customer Relations will contact **you** if they require additional information or if they have reached a decision. When responding to **your** complaint **you** will be informed of the progress and the timeframe for responding to **your** complaint.

Seek review by an external service

We expect **our** procedures will deal fairly and promptly with **your** complaint. However, if **you** remain dissatisfied, **you** may be able to access the services of the Australian Financial Complaints Authority (AFCA). AFCA provides fair and independent financial services complaint resolution that is free to consumers. Any determination AFCA makes is binding on **us**, provided **you** also accept the determination. **You** do not have to accept their determination and **you** have the option of seeking remedies elsewhere.

AFCA has authority to hear certain complaints. Contact AFCA to confirm if they can assist **you**. **You** can contact AFCA:

You can contact AFCA:

- ▼ By phone: 1800 931 678
- ▼ By email: **info@afca.org.au**
- ▼ In writing: Australian Financial Complaints Authority, GPO Box 3, Melbourne VIC 3001
- ▼ By visiting: **www.afca.org.au**

Financial Claims Scheme

In the unlikely event of an insurer becoming insolvent, a person entitled to claim under protected policies may be entitled to payment under the Financial Claims Scheme (FCS). Access to the scheme is subject to eligibility criteria.

Information about the FCS can be obtained from the APRA website at www.fcs.gov.au.

General Insurance Code of Practice

We are a signatory to the General Insurance Code of Practice. **You** can get a copy of the Code from the Insurance Council of Australia website (www.insurancecouncil.com.au) or by phoning (02) 9253 5100 or 1300 728 228. The Code Governance Committee is an independent body which monitors and enforces the Code and has powers to impose sanctions on Code subscribers for non-compliance.

Terrorism and Cyclone Insurance Act 2003

Some sections of this **policy** exclude cover for loss or damage as a result of terrorism.

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

A more detailed explanation of the operation of the Terrorism and Cyclone Insurance Act 2003 (Cth) can be obtained at www.arpc.gov.au.

Updating information

The information in this **PDS** and Policy Wording was current at the date of preparation. **We** may update some of the information in the **PDS** and Policy Wording that is not materially adverse from time to time without needing to notify **you**. **You** can obtain a copy of updated information by contacting **us**.

We will give **you** a free paper copy of any updates if **you** request them. If it becomes necessary, **we** will issue a supplementary or replacement **PDS** which **we** will give **you**.

Information for some policyholders

This information applies to **you** if **you** chose cover for a **home building** under the Property Damage, Theft and Glass **cover section** and **you** are an individual or a small business as explained on page 3.

You need to read this part if it applies to **you**.

Home building means a **building** which is used or intended to be used principally and primarily as a place of residence.

An example of what is considered a **home building** is where the **building** is a commercial premises, but **you** may also live in the **building**, and **you** rent part of the **building** for residential use.

The amount you pay for the Property Damage, Theft and Glass cover section (for a home building)

The **premium** is the amount **you** pay **us** for this insurance. The **premium** payable by **you** will be shown on **your policy schedule**. It includes applicable Commonwealth and State taxes, charges and levies. The amount of these taxes, charges and levies will be shown on **your policy schedule**.

If **you** change **your policy** **you** may be entitled to a partial refund of **premium** or be required to pay an additional premium.

How various factors may affect your premium

The following table is a guide to the significant factors which impact generally on **your premium** in relation to the Property Damage, Theft and Glass **cover section** (for **home building**).

Factor	Lower premium	Increases premium
Insured amount	Lower insured amount	Higher insured amount
Address and/or postcode	Low risk address and/or postcode	High risk address and/or postcode
Optional insurance	None taken	One or more taken
Claims experience	Low claims experience	High claims experience
Voluntary excess	Higher excess	Lower excess
Occupation	Low risk occupation	High risk occupation
Location	Low risk location	High risk location
Number of premises	Fewer premises	More premises
Building materials	More fire-resistant materials	Less fire-resistant materials
Security	High security	Low security
Age of building	Newer building	Older building
Endorsements	Reduces our risk or your cover	Increases our risk or your cover
Our expenses of doing business including payments we make to intermediaries	Low expenses	High expenses

Why the cost of insurance can change

Your insurance **premium** can change during **your period of insurance** if the circumstances or risks covered by **your policy** change. For example, **your premium** will change if **you** change the use of **your premises** or add new **cover sections** to **your policy**. Also, each time **you** renew **your insurance** **your premium** is likely to change, even if **your circumstances** or the **property insured** covered by **your policy** have not changed.

This is because **premiums** are affected by:

- ▼ the total cost of current and future claims;
- ▼ any changes in government taxes or charges;
- ▼ **our** expenses of doing business; and
- ▼ whether indexation is shown on **your policy schedule**.

At renewal, **we** might decide to pass on all, or part of, any premium increase or decrease.

Excess

This is the amount **you** have to pay each time **you** make a claim under **your policy**.

The amount and type of **excess** that applies to **your policy** is shown either in the applicable **cover section** or on **your policy schedule**.

For some types of cover, Extension of Cover or Optional Extension of Cover, the **excess** that applies may be higher than, or in addition to, the one shown in **your policy schedule**. If this is the case this will be stated in the applicable **cover section**.

If **you** claim under more than one section of **your policy** for one incident or event, then **you** only pay the highest **excess** that applies unless expressly stated otherwise in the **policy** that another **excess** applies. **You** may be required to pay one or more **excesses**.

Property Damage, Theft and Glass cover section: Excess

The amount of **excess** applying to each section of the Property Damage, Theft and Glass **cover section** is shown in **your policy schedule**. **We** take into consideration a number of factors when setting the amount of **your excess**, such as:

- ▼ **your** occupation;
- ▼ any voluntary **excess** that **we** may allow **you** to choose;
- ▼ **your** claims history; and
- ▼ any additional risk factors that are unusual or unique to **your business** circumstances.

Your policy terms and conditions

Important information about your insurance policy

1. Your policy

Your policy is a legal contract between **you** and **us**. The contract is based on the information **you** gave **us** when **you** applied for the insurance and any subsequent information which **you** have supplied. Based upon the information provided by **you** and subject to the premium being paid, **we** agree to insure **you** during the **period of insurance**.

Your period of insurance starts on the date shown on **your policy schedule** and finishes at 4:00 pm on the expiry date shown on **your policy schedule**.

Your policy is made up of this **PDS** and Policy Wording, any applicable **SPDS**, the **policy schedule** and any **endorsements**. These should be read and kept together. **We** will provide cover under those **cover sections** that are shown on **your policy schedule** and for those Optional Extensions of Cover that are shown on **your policy schedule**.

2. Who is insured?

The **policy** provides insurance only for the parties specified in **your policy schedule** unless otherwise stated in the **policy**.

3. Policy limits

We will not pay any more than the **insured amount** or **limit of liability** or sub-limit for each **cover section**, part of a **cover section** or individual item or cover that is specified in **your policy schedule**, unless **we** specifically state otherwise in **your policy**.

You should ensure that the **insured amount**, **limits of liability** and sub-limits that apply to this **policy** are adequate for **your** needs. If **you** do not select adequate amounts to insure then **you** may have to bear any uninsured losses **yourself**.

Limits of certain Extensions of Cover and Optional Extensions of Cover

The sub-limits of some of the Extensions of Cover and Optional Extensions of Cover in this **policy** are expressed as a percentage of an **insured amount**. This means that if the underlying **insured amount** is inadequate then the amount of cover provided under the Extensions of Cover and Optional Extensions of Cover may also be inadequate for **your** needs.

Underinsurance

In addition, an underinsurance condition applies to Section 1 - Property Damage in the Property Damage, Theft and Glass **cover section** and the Business Interruption **cover section** that can result in the amount **we** pay **you** being reduced because **you** did not adequately insure.

4. General Provision

The General Policy Conditions, General Definitions, General Claims Conditions, and General Exclusions form part of this **policy**. Unless otherwise expressly stated these apply to each of the **cover sections**, including any Extensions of Cover and Optional Extensions of Cover in those **cover sections**.

Specific conditions, definitions and exclusions also apply to individual **cover sections** and any Extensions of Cover and Optional Extensions of Cover in those **cover sections**.

If **you** do not comply with the General Policy Conditions, General Claims Conditions or another condition in this **policy**, **we** may:

- ▼ refuse to pay a claim or reduce the amount **we** pay (to the extent to which **we** are prejudiced in respect of the claim as a result of **your** non-compliance); and/or
- ▼ recover from **you** any costs and/or any monies **we** have paid; and/or
- ▼ cancel **your policy**.

A reference to days in the **policy** means calendar days unless otherwise specified.

Some words used in this **policy** have special meanings. These words are in bold. The words **we** have defined are listed in either the General Definitions on pages 18 to 23 or the Definitions in the applicable **cover sections**.

The headings in each **cover section** are not part of the **policy** itself. Their purpose is to provide **you** with a general guide about the content of the text.

5. References to legislation and Australian Standards

A reference to any legislation or legislative provision (including but not limited to Acts, regulations, ordinances, by-laws) in this **policy** includes any statutory modification, amendment, replacement or re-enactment or successor of, or legislative provision substituted for, that legislation or legislative provision (whether in the Commonwealth of Australia or internationally).

A reference to an Act includes subordinate legislation issued under that Act (whether in the Commonwealth of Australia or internationally).

A reference to any Australian Standard (AS) in this **policy** includes any amendment to or replacement of that Australian Standard.

Other information

The Goods and Services Tax (GST) and your insured amount

The premium will include an amount of GST.

You must tell **us** about the input tax credit (ITC) **you** are entitled to for **your** premium and **your** claim, each time **you** make a claim. If **you** do not give **us** this information or if **you** tell **us** an incorrect ITC, **we** will not pay any GST liability **you** incur.

Our liability to **you** will be calculated taking into account any ITC to which **you** are entitled for any acquisition which is relevant to **your** claim, or to which **you** would have been entitled had **you** made a relevant acquisition.

In respect of **your policy**, where **you** are registered for GST purposes **you** should calculate the **insured amount**, **limit of liability**, any sub-limit or any amount payable under any additional or optional benefit having regard to **your** entitlement to **input tax credits**. **You** should, therefore, consider the net amount (after all **input tax credits**) which is to be insured and determine an **insured amount**, **limit of liability**, any sub-limit or any amount payable under any Extension of Cover or Optional Extension of Cover on a GST exclusive basis.

Where **you** are registered for GST, payment to **you** in respect of any Extension of Cover or Optional Extension of Cover entitlement in addition to the **insured amount** or **limit of liability** will be made having regard to **your** entitlement to **input tax credits**.

This outline of the effect of the GST on **your policy** is for general information only. **You** should not rely on this information without first seeking expert advice on the application of the GST to **your** circumstances.

"GST", "input tax credit", "acquisition" and "supply" have the meaning given in A New Tax System (Goods and Services Tax) Act 1999 (Cth).

General policy conditions

These conditions apply to all **cover sections** unless **we** state in a General Policy Condition that it only applies, or does not apply, to certain **cover sections**.

If **you** do not comply with these General Policy Conditions, **we** may:

- (a) refuse to pay a claim or reduce the amount **we** pay (to the extent to which **we** are prejudiced in respect of the claim as a result of **your** non-compliance; and/or
- (b) recover from **you** any costs and/or any monies **we** have paid; and/or
- (c) cancel **your policy**.

1. Change to risk

Our decision to insure **you**, and the **premium** that **we** charge **you**, is based on information provided by **you** about **your business**, and **property insured**. **Your** insurance, including the amount of **premium**, may be affected if any of the facts or circumstances that existed at the start of **your policy** change during the **period of insurance**, including, for example:

- (a) the nature of or type of **business** carried on by **you** or **your** tenants;
- (b) the occupation and activities carried on by the **tenants** of **your buildings**;
- (c) **you** undertake construction works or alterations;
- (d) as property owner **you** intend to either redevelop or demolish **your property insured**, have lodged an application to do this, or a government authority has issued a demolition order;
- (e) **your** interest in the **policy** ceases, including by operation of law;
- (f) **you** are declared bankrupt or the **business** is wound up or carried on by an insolvency practitioner or permanently discontinued;
- (g) **you** are convicted of a criminal offence; and
- (h) any detail on **your policy schedule** is no longer accurate, such as a change of **your premises** address or the **business** description.

You must immediately notify **us** as soon as possible of any of the above changes.

If **you** have not told **us** about any of the above matters having occurred in any other **period of insurance** **you** held this **policy** with **us**, **you** must also tell **us** as soon as possible.

If **you** are a property owner insuring **buildings** that **you** lease, **our** decision to insure **you** and the **premium** **we** charge **you** will take into account information about **your** tenants and how the **building** is used that **you** tell **us** when **you** apply for a policy with **us**, during the **period of insurance** and at each renewal. For this reason it is important that **you** tell **us** as soon as possible when these things change.

For example, if **your building** has three tenants (an accountant's office, a jeans retailer and a sandwich bar) **we** will calculate **your** fire premium on the sandwich bar, as it is more hazardous than either of the other two occupations. If during the **period of insurance** the sandwich bar closes down and a menswear shop open, then **you** must notify **us** of the change and **we** will calculate **your** fire premium either using the jeans retailer or menswear shop, whichever is the most hazardous occupation.

If **you** do not notify **us** when **you** need to **we** may refuse to pay a claim or reduce the amount **we** pay (to the extent to which **we** are prejudiced in respect of the claim as a result of **your** delay in notifying **us**).

If **we** agree to the changes **you** tell **us** about, **we** will confirm this in writing. When **you** contact **us** to inform **us** of any of these above matters occurring or having occurred, **we** may need to agree with **you** that one of the following changes is made in order to continue **your** cover:

- ▼ impose an additional **excess**,
- ▼ charge extra premium; or
- ▼ apply a special condition to **your policy**.

In some cases, it may lead **us** to reduce or refuse to pay a claim or mean **we** can no longer insure **you** and **we** will cancel **your policy**.

2. The amount of cover

If **you** are not entitled to an **input tax credit** on **your policy** premium, all **insured amounts, limits of liability**, any sub-limit, and any amount payable under any Extensions of Cover or Optional Extensions of Cover stated in **your policy** are GST inclusive (unless **your policy** states otherwise).

If **you** are entitled to an **input tax credit** on any part of the **policy** premium or claim, the **insured amounts, limits of liability**, any sub-limit, and any amount payable under any Extensions of Cover or Optional Extensions of Cover stated in **your policy** are exclusive of any **input tax credit** which **you** are entitled to claim (unless **your policy** states otherwise).

3. Take steps to reduce risk

You must take steps to ensure that **you** prevent or minimise loss, damage or liability by:

- (a) maintaining **buildings**, structures, fixtures, fittings, furnishings, appliances, **machinery**, implements and plant in sound condition to minimise or avoid theft, loss or damage;
- (b) ensuring that only competent employees are employed;
- (c) avoiding or minimising **loss** of, or **damage** to, **property insured** or other people's property or injury to other people;
- (d) complying with all laws, statutory obligations, by-laws, regulations and public authority requirements that concern the safety of persons or property, for example workplace health and safety laws;
- (e) obtaining certificates of inspection for all equipment required by any statute or regulations to be certified; and
- (f) complying, at **your** expense, with all **our** recommendations to prevent or minimise theft, loss or damage.

If the **premises** are occupied by **your** tenants **you** must ensure that regular and routine inspections of the condition of the **premises** (including at tenant entry and exit) are undertaken and a record of those inspections kept (including photographs).

If **you** do not comply with this condition, **we** may refuse to pay a claim or reduce the amount **we** pay (to the extent to which **we** are prejudiced in respect of the claim as a result of **your** non-compliance).

4. Hazardous or dangerous goods

When hazardous or dangerous goods are used by the **business** or stored at any **premises** shown on the **policy schedule** (either by **you** or by **your** tenants with **your** knowledge or consent), then such goods must be stored and used in accordance with workplace health and safety laws and regulations applicable to the use and storage of hazardous or dangerous goods, of which **you** should have reasonably been aware.

You can obtain information about these laws and regulations from the workplace health and safety regulator in **your** State or Territory, for example, Worksafe or Workcover.

If **you** do not comply with this condition, **we** may refuse to pay a claim or reduce the amount **we** pay (to the extent to which **we** are prejudiced in respect of the claim as a result of **your** non-compliance).

This General Policy Condition is not applicable to the Theft, Money, Glass, Breakdown of machinery and electronic equipment, Goods in Transit and Tax Probe **cover sections**.

5. Unoccupancy

You must ensure that any **building** at the **premises** does not stay unoccupied, or if **you** are the **building** owner, untenanted, for a continuous period of 90 days or more. To have been occupied, the **premises** must have been used for **business** purposes for at least two consecutive days.

You are not insured while the **building** is unoccupied for a period of 90 days or more, unless **we** agree to insure **you**. If any **building** will or is likely to be unoccupied or untenanted for such a period, **you** must notify **us** as soon as possible. If **you** notify **us** that the **premises** will be unoccupied or untenanted for a continuous period of 90 days or more and **we** agree to continue to insure **you** under this **policy** during the period where the **building** is unoccupied or untenanted, **we** will tell **you** in writing. **You** may be required to pay an additional premium and **we** may apply different conditions and impose a higher **excess** if **we** agree to this.

This General Policy Condition is not applicable to the Management Liability, Goods in Transit and Tax Probe **cover sections**.

6. Changes in or waivers of the policy

No changes in the **policy** will be valid unless agreed in writing by **us**.

No waiver of any requirements of any **cover section** shall be valid unless it is given to **you** in writing.

7. Other persons or organisations

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

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

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

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

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

8. Multiple insured parties

Except as otherwise expressly provided in the Legal Liability **cover section**, Management Liability **cover section** and Tax Probe **cover section**, where there is more than one person or organisation insured under this **policy**:

- ▼ any notice given by **us** under this **policy** to any one of **you** specified in the **policy schedule** will be deemed to be notice given to all of **you**;
- ▼ any misrepresentation or fraudulent actions or statements made by any person or organisation will be deemed to be made by all of **you**; and
- ▼ any claim made by any person or organisation will be deemed to be a claim made by all of **you**.

9. Governing law

The construction, interpretation and meaning of the terms of this **policy** will be determined in accordance with the laws of Australia and the State or Territory where the **policy** was issued. Any disputes relating to the construction, interpretation and meaning of the terms of this **policy** will be submitted to the exclusive jurisdiction of the courts of Australia.

10. If your contact details change

You must keep **your** contact details, including **your** Australian mobile number, postal address and email address up to date. If **we** do not have up to date contact details **you** might not receive **your** important policy documents which could impact whether **you** have cover in place.

General claims conditions

These conditions apply to all **cover sections** unless **we** state in a General Claims Condition that it only applies, or does not apply, to certain **cover sections**.

You must comply with these conditions if an **event** occurs which may lead to or results in a claim.

If **you** do not comply with these General Claims Conditions, **we** may:

- (a) refuse to pay a claim or reduce the amount **we** pay (to the extent to which **we** are prejudiced in respect of the claim as a result of **your** non-compliance); and/or
- (b) recover from **you** any costs and/or any monies **we** have paid; and/or
- (c) cancel **your policy**.

1. Cooperation

You must co-operate and provide **us** with all reasonable assistance in connection with any investigation, negotiation, recovery, defence, legal proceeding or settlement of any claim including:

- ▼ doing all things necessary to allow **us** to take over legal proceedings in the circumstances discussed in General Claims Condition 14 – Rights of Recovery; and
- ▼ attending an interview or giving evidence in court as **we** may reasonably require.

2. Minimise loss

You must:

- ▼ take all reasonable precautions to minimise or prevent further **loss, damage**, liability, injury or illness. For example, if there is a hole in the roof, arrange for it to be covered to prevent further water damage from the rain;
- ▼ take all reasonable steps to recover **lost** or stolen **property insured**; and
- ▼ if **you** make a claim, also do everything to mitigate the **loss, damage**, liability, injury or illness that **we** ask **you** to do.

If **you** are unsure about what precautions to take to minimise or prevent further **loss, damage**, liability, injury or illness, please contact **our** claims services on 1300 888 073.

3. Notify claim

You must:

- ▼ notify the police as soon as possible following a theft or attempted theft of any **property insured** or if any **property insured** is misappropriated, **lost** or maliciously damaged. If **we** ask **you**, give the Police a list of all stolen or damaged items that **you** are able to identify at the time of the theft or attempted theft and provide an update of this list to police once **you** have identified a complete list of stolen or damaged items;
- ▼ notify **us** as soon as possible and give **us** all the known details of the event;
- ▼ as soon as possible provide **us** with any legal document or other communication **you** receive about the claim, including any legal proceedings brought against **you**; and
- ▼ provide **us** with all reasonable information and documentation to enable **us** to substantiate and investigate the claim that **we** request (including attending an interview or giving evidence in court as **we** may reasonably require). If **we** ask **you** for a statutory declaration verifying the details of **your** claim and any other matters connected with the claim, **you** must provide it.

Where possible, after notifying the police, keep details of the date reported, name of police officer, police station reported to and the report number.

This General Claims Condition does not apply to the notification of claims made against **you** or facts or circumstances that could give rise to a **claim** against **you**, **financial loss** or **business crisis events** under the Management Liability **cover section**.

For the condition applicable to the notification of these matters under the Management Liability **cover section**, refer to the Notification Limitation of cover in that **cover section**.

4. Retain all damaged property

You must:

- ▼ retain and preserve all **damaged** property for inspection by **us** or **our** agent (including a loss adjuster) prior to authorisation of repairs unless alterations and repairs are immediately necessary, for safety reasons or to minimise or prevent further **loss, damage**, legal liability or injury. If repairs are necessarily carried out without **our** prior approval, **you** are still required where reasonably practical in the circumstances, to retain and preserve all damaged property for **our** inspection unless it is unsafe to do so, in which case **you** must provide **us** with photographic evidence of the **damaged** property recording its condition prior to disposal or destruction; and
- ▼ retain and preserve all property, products, plant and all other things that may assist **us** in investigating or defending a claim against **you**, including assisting in determining if there are rights of recovery against another entity or person.

5. Our rights of possession

Where **loss** or **damage** has occurred, **we**, **our** employees or **our** agents have the right to be given reasonable access to inspect **property insured** and, where reasonably necessary, to take possession of **property insured** or arrange for it to be delivered to **us**. The reasons when **we** need to do this include assessing or preventing further **loss** or **damage**, dealing with salvage and obtaining evidence to enable **us** to exercise **our** rights of recovery. **We** will deal with this property in a reasonable manner.

6. Proof of ownership

If **you** make a claim for **property insured** that is **lost**, stolen or **damaged**, **you** must provide reasonable proof of **your** ownership or legal responsibility for such **property insured** and evidence of its value, if **we** ask for it. This may include proof of purchase such as sales receipts, tax invoices, accounts and bank or credit card statements or a certificate of authenticity, manufacturer's box or original operating manual that provide a description of the **property insured** and show the purchase price, date and location. **We** will take into account what **property insured** **you** are claiming for, how old the item is and its residual value when considering what **you** provide as proof of ownership and evidence of value.

We understand **you** may not keep such information for every business item **you** own, especially if items are recorded in **your** books of account. **You** or **your** accountant may have records for tax purposes and these may be sufficient to prove ownership and value of the **property insured**.

7. Proof of fraud or dishonesty

If **your** claim is in respect of loss due to fraud or dishonesty, **you** must supply **us** with all records and documents reasonably accessible to **you** that **we** ask for that may assist **us** in substantiating and investigating any act of fraud or dishonesty and **your** rights of recovery. This includes but is not limited to all records (including computer, electronic, physical, accounting and audit records), video and audio recordings, working papers, internal memoranda and police reports.

8. Notification of other insurance

In the event of a claim **you** must provide **us** with the details of any other insurance that provides cover for the claim to enable **us** to exercise **our** right to seek contribution from the insurer of that other insurance.

9. Admitting liability

You must not admit liability for any loss, damage or injury, or settle or attempt to settle or defend any claim without **our** written consent.

This General Claims Condition does not apply to claims against **you** under the Management Liability **cover section**. Such claims are subject to the Settlement Limitation of cover in the Management Liability **cover section**.

10. Repair or replacement

You must not authorise the repair or replacement of any insured item without **our** agreement except when reasonably necessary to prevent further loss, damage or injury.

11. Conduct of claims

We may engage legal or other representatives to assist in the conduct of a claim. At all times **we** reserve the right to negotiate and settle a claim on terms **we** consider appropriate. **You** must allow **us** to make admissions, settle or defend claims made against **you** on **your** behalf.

This General Claims Condition does not apply to claims against **you** under the Management Liability **cover section**. Such claims are subject to the Claims Conduct and Settlement Limitation of cover in that **cover section**.

12. Paying your Excess

You must pay the **excess** that applies to a claim under this **policy**. Any **excess** that is applied to **your** claim must be paid in full prior to final settlement of that claim.

The **excess** that applies will depend on the circumstances of the claim. Some Extensions of Cover and Optional Extensions of Cover have their own **excess** which is in addition to any other **excess** that may apply to a claim. When multiple **excesses** apply, **you** might have to pay more than one type of **excess** when **you** make a claim.

The amount of the **excesses** and the circumstances that each **excess** applies to are specified in **your policy schedule** or set out in the applicable **cover sections**. **We** will tell **you** how to pay **your excess** and who to pay it to.

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

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

When **you** make a claim there are three options for paying **your excess**:

- ▼ the applicable **excesses** may be deducted from the amount **we** pay **you** under **your** claim;
- ▼ the **excess** may be paid in some instances to the appointed repairer or supplier; or
- ▼ **you** may pay the **excess** directly to **us**.

13. Claims settlements

(a) Input Tax Credits entitlement

If any **event** occurs which gives or may give rise to a claim **you** must tell **us** **your** entitlement to **input tax credits** (ITC) for **your** insurance premium and claim if **you** are registered, or are required to be registered for GST purposes. If **you** do not inform **us** of **your** entitlement, or the information **you** give **us** is incorrect, **we** will not cover **you** for any resulting fines, penalties or tax liability **you** incur. When **we** calculate a payment to **you** for **your** claim, **we** can reduce it by any **input tax credit** **you** are, or would be, entitled to receive.

(b) Cash payments

Unless **your policy** states otherwise, any cash payments made to **you** under this **policy** will be based on costs including GST. However, if **you** are, or would be, entitled to claim any **input tax credits** for the repair or replacement of the **property insured** or for other things insured by the **policy**, **we** will reduce **our** payment to **you** by the amount of **your input tax credit** entitlement.

(c) Discharge of our liabilities

If, at any time, **we** pay **you** the **insured amount** or **limit of liability** for any claim under this **policy**, **we** do not have any further liability to **you**. But **we** will also pay any Extension of Cover or Optional Extension of Cover that are expressed to be in addition to the **insured amount** or **limit of liability**.

An exception to this is in the Legal Liability **cover section** where:

- (i) **we** will only pay those legal costs and expenses and other expenses and amounts covered under the Additional payments clause of the Legal Liability **cover section** incurred by **us**, or by **you** with **our** written consent, prior to the date of payment of the **limit of liability** or **insured amount**; and:
- (ii) if a payment for such legal costs and expenses has to be made to dispose of a claim or legal action against **you** under the Legal Liability **cover section** and that payment exceeds the **limit of liability** or **insured amount**, **our** liability to pay those legal costs and expenses and other expenses and amounts covered under the Additional payments clause, with respect to the **occurrence**, will be limited to that proportion of those legal costs and expenses and other expenses and amounts as the **limit of liability** or **insured amount** bears to the amount paid to dispose of the claim or legal action.

Please refer to the Additional payments clause in the Legal Liability **cover section** for details of these provisions including an example of how the provision described in (ii) above would apply.

(d) Salvage

After settling a claim by replacing any damaged or lost **property insured**, if **we** so elect, that damaged or lost **property insured** (other than a **building**) becomes **ours** and **we** are entitled to receive the proceeds of any salvage, except to the extent **you** are not fully indemnified.

14. Rights of recovery

If **you** have suffered loss or damage or incurred a legal liability and **you** make a claim under this **policy** with **us** for that loss, damage or liability, then **we** have the right and **you** have permitted **us** to take action or start legal proceedings against any person or entity liable or, who would be liable to **you** for the recovery of **your** loss.

"**Your loss**" means **your** insured, underinsured or uninsured loss or damage or legal liability, costs, payments made and expenses in relation to respect to which **you** have claimed under **your policy**. Any action or legal proceeding **we** take will be commenced either in **your** name, or in the name of any other person or entity that suffered **your** loss. **We** have full discretion over the conduct and any settlement of the recovery action.

If **you** make a claim with **us** for **your** loss and **you** have already started action or legal proceedings against any person or entity liable or, who would be liable to **you** for **your** loss, then **we** have the right and **you** have permitted **us** to take over and continue that action or legal proceeding.

Where **your** loss forms part of any class or representative action which has not been started under **our** instructions, **we** have the right and **you** permit **us** to exclude **your** loss from that class or representative action for the purpose of **us** including it in any separate legal proceedings which are or will be started under **our** instructions.

You must provide **us** with all reasonable assistance, co-operation and information in the recovery of **your** loss. This assistance may include:

- ▼ providing a more detailed version of events, which may include completing a diagram or statement/affidavit;
- ▼ providing **us** with any documents required to prove **your** loss;
- ▼ providing copies of any available photographs or footage of the incident available;
- ▼ lodging a police report or obtaining relevant documents, such as completing and lodging an application form to obtain records from the police, fire and rescue, councils and other entities (when **we** cannot lodge one);
- ▼ attending court or meetings with **our** legal/other experts (only if required);
- ▼ providing evidence and documentation relevant to **your** claim and executing such documents, including signed statements which **we** reasonably request.

We will pay for the cost of filing the police report and relevant searches to locate the third party. **We** will cover the costs **you** incur when having to attend court up to a limit of \$250 in total per claim.

You must not enter into any agreement, make any admissions or take any action or step that has the effect of limiting or excluding **your** rights and **our** rights to recover **your** loss, including opting out of any class or representative action, unless **we** have given **you** **our** prior written agreement. If **you** do, **we** may not cover **you** under this **policy** for **your** loss.

Recoveries do not include any amount recovered from insurance, surety, reinsurance, security or indemnity taken for the benefit of **us**.

15. Waiver of subrogation rights

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

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

16. Allocation of subrogation proceedings

Notwithstanding section 67 of the Insurance Contracts Act 1984 (Cth), monies recovered in subrogation proceedings will be applied, net of the expense of such recovery:

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

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

Nothing in this Condition 16. shall prevent **you** and **us** entering into a "Subrogation Agreement" following a loss agreeing to a different basis of sharing costs and expenses and the allocation of monies recovered.

17. Subrogation agreements

If another person, corporation or organisation is, or could have been, liable to compensate **you** for any loss, damage or legal liability otherwise covered by the **policy**, but **you** have agreed with that person, corporation or organisation either before or after the loss, damage or legal liability occurred that **you** would not seek to recover any money from them, **we** will not cover **you** under the **policy** for any such loss, damage or legal liability.

18. Conduct towards us

You must not behave in a way that is abusive, dangerous, hostile, improper or threatening when engaging with **us** and **our** service providers.

When we may refuse a claim/reduce what we pay/recover costs or monies/cancel your policy

We may refuse to pay a claim or **we** may reduce the amount **we** pay **you** (to the extent to which **we** are prejudiced as a result of **your** non-compliance) and/or recover from **you** any costs and/or any monies **we** have paid and/or **cancel your policy** if:

- (a) **you** do not do what **your** duty of disclosure requires **you** to;
- (b) **you**:
 - ▼ are not truthful;
 - ▼ have not given **us** full and complete details; or
 - ▼ have not told **us** something when **you** should have, when applying for the insurance, or when making a claim.
- (c) **you** have **not** complied with any of the conditions of **your policy**;

- (d) **you** do any of the following without **us** agreeing to it first:
 - ▼ make or accept any offer or payment or in any other way admit **you** are liable for loss or damage;
 - ▼ settle or attempt to settle any claim; or
 - ▼ defend any claim;
- (e) cover is **excluded** by the **policy**; or
- (f) **you** are in breach of any other conditions of **your policy**.

If **you** prevent **our** right to recover from someone else or if **you** have entered into a contract or agreement which excludes or limits **your** right to recover compensation from another person who is liable to compensate **you** for any loss, damage or legal liability which is covered by this **policy**, **we** will not cover **you** under this **policy** for that loss, damage or legal liability.

General Definitions

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

Aircraft

Any craft or machine made or intended to fly or move in or through the air or space other than a model aircraft or unmanned inflatable balloons used for advertising or promotional purposes. Aircraft includes remote control devices or **hovercraft** and air cushioned vehicles.

Act of terrorism

An act, including but not limited to the use of force or violence (or threat of force or violence) by any person or group 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 are done for, or in connection with, political, religious, ideological, ethnic or similar purposes or reasons, including the intention to influence any government or put the public, or any section of the public, in fear.

Advertising (or identification) signs

Signs made from glass, plastic or Perspex or electrical illuminated signs permanently fitted to the **building** or within the boundaries of the **premises**.

Animal or Animals

Any living creature other than humans, including but not limited to, livestock, birds, fish, vermin or rodents, or insects

Australia

The Commonwealth of Australia and all of its States and Territories including all external Territories.

Automatic Teller Machine (ATM)

An electronic machine, connected to a data system that enables customers of a financial institution to perform financial transactions and may incorporate a range of antifraud and physical security solutions.

Breakage or Broken

A fracture extending through the entire thickness of the **glass** or in the case of laminated **glass** or plastic or Perspex, the entire thickness of the laminate, plastic or Perspex.

Building or Buildings

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

- (a) carports, pergolas and canopies;
- (b) barns, outbuildings and tanks;
- (c) storage sheds, shipping containers or transportable buildings permanently located at the **premises** used for additional accommodation for the storage of **stock** or **contents** or for any other general business use or amenity provided the container doors are secured and locked when unattended and the locked container is fully enclosed by a cyclone fence with locked gates at the **premises** after hours;
- (d) walls, fences, gates and letterboxes;
- (e) all permanent fittings and fixtures to any **building**;
- (f) external fixed items:
 - (i) swimming pools, saunas and spas;
 - (ii) gangways between **buildings**;
 - (iii) lights and signs; and
 - (iv) air conditioning units and associated piping and wiring;
- (g) flag poles;

- (h) communications masts, aerials, antennae and dishes;
- (i) fixed floor coverings;
- (j) bitumen, concrete or **sealed surface**:
 - (i) driveways;
 - (ii) roadways; and
 - (iii) car parks;
- (k) foundations of any **building**;
- (l) structural improvements to any **building**;
- (m) underground and above ground services, for which **you** are responsible, that are connected to any **building**;
- (n) piers, jetties, wharves and docks; and
- (o) bridges and tunnels.

Building does not include land, including topsoil and fill and dams, landscaping, reservoirs or canals.

Business or Businesses

Your business, occupation, trade or profession shown and described in **your policy schedule**.

Communicable Disease

- (a) Any disease which can be transmitted by means of any substance or agent from any organism to another organism where:
 - (i) the substance or agent can be of any kind and includes, but is not limited to, respiratory droplet, saliva, bodily waste, blood, a virus, bacterium, parasite, other organism, or any variation thereof, whether deemed living or not; and
 - (ii) the method of transmission, whether direct or indirect, includes but is not limited to, airborne transmission, bodily fluid transmission, transmission from or to any surface or object, solid, liquid or gas or between organisms; and
 - (iii) the disease, substance or agent can cause or threaten harm to human health or human welfare or can cause or threaten damage to, deterioration of, loss of value of, marketability of or loss of use of property.
- (b) Any disease determined by the World Health Organisation to be a Public Health Emergency of International Concern (PHEIC) including any amendment, replacement, re-enactment, successor, equivalent or similar declaration.

Computer system

Any computer, hardware, software, communications system, electronic device, (including, but not limited to, any smart phone, laptop, tablet, wearable device), server, cloud or microcontroller including any similar system or any configuration of the aforementioned and including any associated input, output or data storage device, networking equipment or back up facility.

Consequential loss

Loss of profit or income, loss of use, loss of earning capacity, loss caused by delay, lack of performance, loss of contract, or depreciation in value or any other loss or damage that is not covered under a **cover section**.

Contents

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

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

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

Cover section

The individual coverage that **we** give **you** that attaches to and forms part of **your policy** when this is shown in **your policy schedule**, for example Property Damage, Theft and Glass.

Customers' goods

Goods that do not belong to **you**, but:

- ▼ belong to **your** customers and are in **your** physical or legal control because the **business** repairs, services, maintains, or stores those goods before or after it repairs, services or maintains the goods;
- ▼ have been purchased by **your** customers and are in **your** physical or legal control awaiting delivery; or
- ▼ are items at **your premises** that **you** have accepted responsibility to insure under a written "sale or return" consignment agreement under which **you** agree to purchase the customers' goods or items of property for an agreed price when **you** find a buyer.

Customers' goods do not include items at your **premises** under an "agency" consignment agreement under which **you** agree to sell the items on behalf of the customer as agent and where **you** make a commission on the sale.

Cyber act

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

Cyber incident

- (a) any error or omission or series of related errors or omissions involving access to, processing of, use of or operation of any **computer system**; or
- (b) any partial or total unavailability or failure or series of related partial or total unavailability or failures to access, process, use or operate any **computer system**.

Damage or Damaged

Physical loss, destruction or damage.

Electronic data or data

Information, facts, concepts, code or any other information of any kind that is converted, recorded or transmitted in a form to be accessed, communicated, displayed, distributed, interpreted, processed, transmitted or stored or used in or by a **computer system**.

Employee

Any person while employed by **you** in the **business** whom **you** compensate by salary, wages, or commission and have the right at all times to govern, control and direct in the performance of their work.

However, an **employee** does not include:

- (a) any broker, factor, consignee or contractor;
- (b) any member of **your family** unless that person is also **your employee**;
- (c) any partner, director or trustee unless that person is also **your employee**; or
- (d) any volunteer.

Endorsement or Endorsements

An individual endorsement document that **we** give **you** that attaches to and forms part of **your policy** and will be shown in **your policy schedule**. This document varies the terms and conditions of **your policy**.

Event or Events

One incident or all incidents of a series consequent on, or attributable to, one source or original cause.

Excess or Excesses

The first amount which is payable by **you** for each claim under this **policy**. The amount of the **excess** is shown in **your policy schedule**.

External glass

Glass or plastic material used as glass fixed in external windows, doors, showcases or skylights and any ceramic tiled shop fronts, forming part of the **premises**.

Family

Any person who is:

- (a) **your** spouse, **your** partner or **your** de facto and who lives with **you**;
- (b) **your** parent (including legal guardians) or parent-in-law or grandparents;
- (c) **your** children, grandchildren, brothers and sisters, including their respective spouse, partner or de facto; or
- (d) the children, parents, parents-in-law, grandparents, grandchildren, brothers and sisters of **your** spouse, partner or de facto.

Flood

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

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

Glass

Glass which **you** own or are legally responsible for which is **external glass**, **internal glass** and **sanitary fittings**.

Glass does not include **your** business **stock**.

Home building

A **building** which is used or intended to be used principally and primarily as a place of residence.

Hovercraft

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

Input tax credit

The amount **you** are entitled to claim as a credit against GST that **you** have paid.

Insured amount

The amount shown as the Insured Amount in **your policy schedule** for a **cover section**, part of a **cover section** or individual item or cover.

Internal glass

Glass or plastic material used as glass in internal partitions, windows and doors, glass in counters, glass forming shelves and/or stock restraints, interior showcases, fixed mirrors and other fixed internal glass, forming part of the **premises**.

Limit of liability

The amount shown as the Limit of Liability in **your policy schedule** for a **cover section**, part of a **cover section** or individual item or cover.

Machinery

Any mechanical or electrical equipment that generates, transmits or utilises mechanical or electrical power, any electronic machine, device or instrument, but not including:

- (a) any **vehicle** or mobile equipment;
- (b) any **watercraft** or **aircraft**;
- (c) any elevator or escalator (excluding any electrical or electronic equipment used with such apparatus); or
- (d) any buried piping, any drainage piping, any sprinkler piping and its accessory equipment.

Malware or similar mechanism

Any program code, programming instruction or other set of instructions intentionally constructed with the ability to damage, interfere with or otherwise adversely affect computer programmes, data files or operations (whether involving self-replication or not), including but not limited to 'virus', 'Trojan horses', 'worms', 'logic bombs' or 'denial of service attack'.

Media

Tangible material on which **data** is recorded or stored, such as magnetic tapes, hard drives, cartridges, dongles, CDs, DVDs, USBs, flash drives, memory cards or floppy disks. **Media** does not include paper records.

Money

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

Money does not include collectable items (for example coin or stamp collections) or anticipated revenue or any kind of crypto-currency.

North America

- (a) the United States of America and the Dominion of Canada;

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

Obsolete stock

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

Period of insurance

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

Personal effects

Clothing and personal belongings normally worn or carried.

Personal information

Any information from which an individual may be reasonably identified or contacted, including an individual's name, telephone number, email address, tax file number, Medicare number, credit card details or any other non-public personal information as defined in the Privacy Act 1988 (Cth) or in any subsequent legislation that alters, repeals or replaces such legislation.

Policy

Your insurance contract. It consists of this **PDS**, any **Supplementary PDS** **we** may give **you**, any **endorsements** and **your policy schedule**.

Policyholder

The person or entity named as such in **your policy schedule**.

Pollutants

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

Premises

The places listed in **your policy schedule** at which and from which **you** operate **your business**.

Premium

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

Private and confidential information

Any information (including **data**) other than **personal information** that is not publicly available and where disclosure may affect the economic, competitive or commercial interests of the owner of the information including trade secrets, computer programs, customer information, patents, trademarks, copyrights or processing methods.

Product Disclosure Statement (PDS)

PDS is the name of this document and it contains the terms and conditions of **your** insurance cover. It tells **you** what cover **we** provide, details of costs and **excesses** and other important information. It should be read together with **your policy schedule**, any **endorsements** and any **Supplementary PDS** that **we** may give **you**.

Property insured

The property as described in **your policy schedule** in respect of each **cover section**.

Proposal

The proposal document **you** complete for this insurance.

Safe or strongroom

A safe is a fire and burglary rated lockable container specifically designed for the safe storage of money, documents or valuables and is designed to resist unauthorised opening by hand-held or power operated tools.

A strongroom is a room-sized vault structure and is an integral part of the building within which they are built.

A safe is not:

- (a) a petty cash box;
- (b) locked drawer in any type of filing cabinet or desk;
- (c) burglary resistant container weighing less than 20 kilograms that is not fixed to the wall or floor of the **premises** by anchoring it using mechanical bolting; e.g Dynabolts.
- (d) an ATM.

Sanitary fittings

Baths, sinks, lavatory bowls and vitreous china cisterns, urinals, toilet pans, washbasins and pedestal, all of which are permanent fixtures at the **premises**.

Schedule or your policy schedule

The record of the particulars of **your** insurance which forms part of this **policy**. **Your policy schedule** is issued when **we** have accepted **your** insurance.

At each renewal of **your policy**, the renewal policy schedule becomes **your** current **policy schedule**. Updated **policy schedules** or **endorsements** may also be sent to **you** showing alterations to **your policy**.

Sealed surface

Ground surface areas that are packed or plugged to prevent percolation or the passage of fluids.

Seasonal increase periods

For seasonal or festive increase under Section 1 – Property Damage and Section 2 – Theft of the Property Damage, Theft and Glass **cover section**, any period of time during the **period of insurance** that has turnover, sales or level of **stock** at least 20% higher than the average turnover, sales or level of **stock** at other times during the **period of insurance**.

For seasonal or festive increase under the Money **cover section**, any period of time during the **period of insurance** when the amount of **your business's money** increases by at least 20% compared to other times during the **period of insurance**.

The total number of days **we** will allow as seasonal increase periods is 126 days in total during any one (1) **period of insurance**.

You do not have to tell **us** what the dates of the periods are, but if **you** claim under a **cover section** which has the seasonal increase cover, then **your** financial records over at least the previous 2 years must substantiate the period as a seasonal increase period. If the **business** is less than 2 years old, **we** will use the financial records of **your business** from the date of commencement until the date of the **loss** or **damage** to substantiate **your** claim.

Stock

All stock at the **premises**, including work in progress and property of others held on consignment, and when the word **stock** is used in **your policy schedule** it is agreed that **we** accept the designations used in **your** books and records.

Stock also includes **customers' goods** and items of property at **your premises** under a written "sale or return" consignment agreement under which **you** agree to purchase the **customers' goods** or items of property for an agreed price when **you** find a buyer.

Stock does not include **customers' goods** or items of property at **your premises** under an "agency" consignment agreement under which **you** agree to sell the **customers' goods** or items of property on behalf of the customer or owner as agent and where **you** make a commission on the sale.

Supplementary PDS (SPDS)

A document that updates or adds to the information in the **PDS**.

Vehicle

Any type of machine on wheels or on caterpillar tracks (including any trailer, caravan or other apparatus attached to the machine) made or intended to be propelled other than by manual or animal power which is designed to travel primarily on land.

Watercraft

Any vessel, craft or machine made or intended to float or travel on or through water other than model boats. Watercraft includes air cushioned vehicles.

We/us/our

AAI Limited ABN 48 005 297 807 trading as Vero Insurance.

You or your

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

For the purposes of this definition "you" and "your" refers to the directors, owners and officers of the company or legal entity shown in **your policy schedule** as the Policyholder.

Our Agreement

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

1. Approved claims preparation costs

In addition to the amount of cover provided by each **cover section**, **we** will pay up to \$25,000 for costs necessarily and reasonably incurred for the preparation and negotiation of a claim under a **cover section**, for which **we** agree to indemnify **you** under this **policy**.

This benefit does not apply to "Taxation audit costs" provided under Extensions of Cover C in Section 1 - Property Damage of the Property Damage, Theft and Glass **cover section**. This benefit does not apply to the Management Liability **cover section**, or the Tax Audit **cover section**.

2. Emergency mitigation costs

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

3. Payment of rewards

In addition to the amount of cover provided, and to the extent permitted by law, **we** will pay up to \$5,000 for any one (1) insured **event** for the reasonable cost of any reward paid by **you** for information which results in the:

- (a) apprehension; and
- (b) entry of judgment against, or conviction of,

the person(s) responsible for the **loss** or **damage** covered under the Property Damage, Theft and Glass or Money **cover sections**.

However, **you** must provide reasonable evidence that demonstrates that the reward has been paid.

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

We will not pay for any reward paid by **you**:

- (a) to an **employee**, director or partner of **your business**, **your** tenant, or **your family**; or
- (b) for information which **you** knew was already held by or provided to **us** or any law enforcement authority.

4. Repairs to damage by you

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

Limitations of cover

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

General Exclusions

The following General Exclusions apply to **your policy**:

1. Acquisition of companies

Your policy does not cover:

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

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

Our liability shall not exceed the **limit of liability**, **insured amount** or any sub-limit of liability applicable under the relevant **cover sections** making up **your policy** for each **category** of **property insured**.

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

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

3. Sanctions

We will not provide any cover, pay any claim, make any payment (including any refund), or provide any benefit under this **policy**, if doing so will expose **us** to, or contravene or violate any sanction, prohibition, restriction, proscription or prevention under any sanctions, laws or regulations, including but not limited to sanctions, laws or regulations of Australia, New Zealand, the European Union, the United Kingdom or the United States of America or those set out in any United Nations resolutions.

4. Cyber incidents and cyber acts

(a) This **policy** does not insure any loss, damage, liability, claim, cost or expense of whatsoever nature directly or indirectly caused by, contributed to by, resulting from, arising out of or in connection with any **cyber act** or **cyber incident** or **malware or similar mechanism** including, but not limited to, any action taken in controlling, preventing, suppressing or remediating any **cyber act** or **cyber incident** or **malware or similar mechanism**, subject to 4(b), (c) and (d) below and 5(f) of General Exclusion 5 “Data Loss” below.

(b) Paragraph 4(a) above does not apply where:

- (i) **loss** of, or **damage** to, **property insured** is caused by an event covered under the **Applicable Cover Sections**; or
- (ii) business interruption loss covered under the Cover clause or the “Explosion of Boilers and Pressure vessels” Extension of cover or the “Landlord’s property and Other non-owned property used by you at the premises” Extension of cover of the Business Interruption **cover section** (where the Business Interruption **cover section** is specified in **your policy schedule**) directly results from **loss** of, or **damage** to, **property insured** or **applicable business interruption insured event property** caused by such event occurring at the **premises**,

where such event causes the **cyber incident**, unless such event is caused by, contributed to by, resulting from, arising out of or in connection with a **cyber act** or **malware or similar mechanism** or action taken in controlling, preventing, suppressing or remediating any **cyber act** or **malware or similar mechanism**.

(c) Notwithstanding paragraph 4(a) above, if one of the events listed below (being an event covered under the **Applicable Cover Sections**) directly results from a **cyber incident** or **cyber act**, we will cover:

- (i) **loss** of, or **damage** to, **property insured** under the **Applicable Cover Sections** (other than the Breakdown of machinery and electronic equipment **cover section**) caused by such event; and
- (ii) business interruption loss covered under the Cover clause or the “Explosion of Boilers and Pressure vessels” Extension of cover or the “Landlord’s property and Other non-owned property used by you at the premises” Extension of cover of the Business Interruption **cover section** (where the Business Interruption **cover section** is specified in **your policy schedule**) directly resulting from **loss** of, or **damage** to, **property insured** or **applicable business interruption insured event property** caused by such event occurring at the **premises**.

Event

- ▼ Fire;
- ▼ Lightning or thunderbolt;
- ▼ Explosion or implosion;
- ▼ Storm, wind, rainwater, cyclones or tornadoes, snow or sleet, hail and run-off of rainwater;
- ▼ **Flood**;
- ▼ Water damage;
- ▼ **Aircraft** or **vehicle** impact;
- ▼ Falling objects;
- ▼ Earthquake, tsunami, subterranean fire, or volcanic eruption, or fire resulting from any of these;
- ▼ Riot and civil commotion;
- ▼ Theft or attempted theft of tangible property.

(d) Paragraph 4(a) will not apply to **loss** or **damage** covered under the Cover clause of the Breakdown of machinery and electronic equipment **cover section** provided:

- (i) the **breakdown** of **machinery** or **electronic equipment** directly results from a **cyber incident**; and
- (ii) such **cyber incident** is not caused by, contributed to by, resulting from, arising out of or in connection with a **cyber act** or **malware or similar mechanism** or action taken in controlling, preventing, suppressing or remediating any **cyber act** or **malware or similar mechanism**.

(e) The cover written back by paragraphs 4(c) and (d) above applies notwithstanding sub-paragraph 5(a)(i) of General Exclusion 5 – “Data Loss”.

For General Exclusion 4., **property insured**, **machinery**, **computer equipment** and **electronic equipment** do not include **data**.

Loss of, or damage to, **data** is not **loss** or **damage**.

General Exclusion 4. only applies to the Property Damage, Theft and Glass, Money, Portable and valuable items, Breakdown of machinery and electronic equipment and Goods in transit **cover sections** ("**the Applicable Cover Sections**") and to the Business Interruption **cover section**.

In paragraphs 4(b) and (c) above **applicable business interruption insured event property** means:

- (i) the **building** at the **premises** if **you** are a strata owner or a tenant of the **building** and do not insure the **building**, for the purpose of the "Landlord's property and Other non-owned property used by you at the premises" Extension of cover of the Business Interruption **cover section**; and
- (ii) any boiler or pressure vessel at the **premises**, for the purpose of the "Explosion of Boilers and Pressure vessels" Extension of cover of the Business Interruption **cover section**.

In paragraph (d) of General Exclusion 4. "**breakdown**", "**machinery**", "**computer equipment**" and "**electronic equipment**" have the meaning given in the Definitions of the Breakdown of machinery and electronic equipment **cover section**.

For the purpose of General Exclusion 4.:

- (i) **loss** of, or **damage** to, **property insured**;
- (ii) **loss** of, or **damage** to, **applicable business interruption insured event property**; and
- (iii) **loss** or **damage** covered under the Cover clause of the Breakdown of machinery and electronic equipment **cover section**,

must involve physical loss or physical damage to tangible property.

For the purpose of General Exclusion 4., any loss, damage, deletion, unavailability, inaccessibility, corruption or deformation of **data** shall not be considered physical loss or physical damage.

5. Data Loss

(a) This **policy** does not insure:

- (i) any loss, damage, liability, cost or expense of whatsoever nature directly or indirectly caused by, contributed to by, resulting from, arising out of or in connection with:
 - 1. total or partial destruction, distortion, erasure, corruption, alteration, misinterpretation or misappropriation of **data**;
 - 2. error or omission in creating, amending, entering, deleting or using **data**;
 - 3. total or partial inability or failure to receive, send, access or use **data** for any time or at all; or
 - 4. any loss of use, reduction in functionality, repair, replacement, restoration or reproduction of any **data**; or
- (ii) the value of any **data**,

subject to 5(b), (c), (d) and (e) below and 4(e) of General Exclusion 4 "Cyber incidents and cyber acts" above.

(b) Sub-paragraph 5(a)(i) above does not apply if:

- (i) **loss** of, or **damage** to, **property insured** is caused by one of the events listed below (being an event covered under the **Applicable Cover Sections**); or
- (ii) business interruption loss covered under the Cover clause or the "Explosion of Boilers and Pressure vessels" Extension of cover or the "Landlord's property and Other non-owned property used by you at the premises" Extension of cover of the Business Interruption **cover section** (where the Business Interruption **cover section** is specified in **your policy schedule**) directly results from **loss** of, or **damage** to, **property insured** or **applicable business interruption insured event property** caused by such event occurring at the **premises**,

where such event causes any of the matters described in sub-paragraphs 5(a)(i) 1 to 4 above.

Event

- ▼ Fire;
- ▼ Lightning or thunderbolt;
- ▼ Explosion or implosion;
- ▼ Storm, wind, rainwater, cyclones or tornadoes, snow or sleet, hail and run-off of rainwater;
- ▼ **Flood**;
- ▼ Water damage;
- ▼ **Aircraft** or **vehicle** impact;
- ▼ Falling objects;
- ▼ Earthquake, tsunami, subterranean fire, or volcanic eruption, or fire resulting from any of these;
- ▼ Riot and civil commotion;

▼ Theft or attempted theft of tangible property.

- (c) If one of the events listed below (being an event covered under the **Applicable Cover Sections**) is directly caused by any of the matters described in sub-paragraphs 5(a)(i) 1 to 4 above, **we** will cover:
- (i) **loss of, or damage to, property insured** under the **Applicable Cover Sections** caused by such event; and
 - (ii) business interruption loss covered under the Cover clause or the “Explosion of Boilers and Pressure vessels” Extension of cover or the “Landlord’s property and Other non-owned property used by you at the premises” Extension of cover of the Business Interruption **cover section** (where the Business Interruption **cover section** is specified in **your policy schedule**) directly resulting from **loss of, or damage to, property insured** or **applicable business interruption insured event property** caused by such event occurring at the **premises**.

Event

- ▼ Fire;
- ▼ Explosion or implosion;
- ▼ **Flood**;
- ▼ Water damage;
- ▼ **Aircraft** or **vehicle** impact;
- ▼ Falling objects;
- ▼ Riot and civil commotion;
- ▼ Theft or attempted theft of tangible property.

- (d) Sub-paragraph 5(a)(i) will not apply to **loss or damage** covered under the Cover clause of the Breakdown of machinery and electronic equipment **cover section**, provided the **breakdown of machinery or electronic equipment** directly results from any of the matters described in sub-paragraphs 5(a)(i) 1 to 4 above.
- (e) Provided that:
- (i) where **loss of, or damage to, media** is covered under Section 1 - Property Damage of the Property Damage, Theft and Glass **cover section**, subparagraph 5(a)(i) above does not apply to costs of restoring **data** covered under Extension of Cover – B8. “Restoration of data” in Section 1 - Property Damage of the Property Damage, Theft and Glass **cover section**; or
 - (ii) where **loss or damage** as a result of **breakdown to computer equipment** is covered under the Breakdown of machinery and electronic equipment **cover section**, and if Optional Extension of Cover 1 – “Restoration of computer data” is specified in **your policy schedule**, subparagraph 5(a)(i) above does not apply to the costs of restoring **data** stored on **media** covered by that Optional Extension of Cover 1, but loss of, or damage to, **data** is not **loss or damage**.
- (f) The cover written back by paragraph 5(c) and sub-paragraph 5(e)(i) above applies notwithstanding paragraph 4(a) of General Exclusion 4 “Cyber incidents and cyber acts” if the **loss or damage** is covered under paragraph 4(c) of General Exclusion 4 “Cyber incidents and cyber acts”.
- The cover written back by paragraph 5(d) and sub-paragraph 5(e)(ii) above applies notwithstanding paragraph 4(a) of General Exclusion 4 “Cyber incidents and cyber acts” provided;
- (i) the **loss or damage** directly results from a **cyber incident**; and
 - (ii) such **cyber incident** is not caused by, contributed to by, resulting from, arising out of or in connection with a **cyber act** or **malware or similar mechanism** or action taken in controlling, preventing, suppressing or remediating any **cyber act** or **malware or similar mechanism**.

For General Exclusion 5. **property insured, machinery, computer equipment** and **electronic equipment** do not include **data**.

Paragraphs 5(b) and (c) only apply to the Property Damage, Theft and Glass, Money, Portable and valuable items and Goods in transit **cover sections** (“**the Applicable Cover sections**”) and the Business Interruption **cover section**.

In paragraphs 5(b) and (c) above **applicable business interruption insured event property** means:

- (i) the **building** at the **premises** if **you** are a strata owner or a tenant of the **building** and do not insure the **building**, for the purpose of the “Landlord’s property and Other non-owned property used by **you** at the premises” Extension of cover of the Business Interruption **cover section**; and
- (ii) any boiler or pressure vessel at the **premises**, for the purpose of the “Explosion of Boilers and Pressure vessels” Extension of cover of the Business Interruption **cover section**.

In paragraphs 5(d) and (e) above, “**breakdown**”, “**machinery**”, “**computer equipment**” and “**electronic equipment**” have the meaning given in the Definitions of the Breakdown of machinery and electronic equipment **cover section**.

For the purpose of General Exclusion 5.:

- (i) **loss of, or damage to, property insured;**
- (ii) **loss of, or damage to, applicable business interruption insured event property;** and
- (iii) **loss or damage covered under the Cover clause of the Breakdown of machinery and electronic equipment cover section,**

must involve physical loss or physical damage to tangible property.

For the purpose of General Exclusion 5., any loss, damage, deletion, unavailability, inaccessibility, corruption or deformation of **data** shall not be considered physical loss or physical damage.

However, General Exclusion 8. does not apply to:

- ▼ The Legal Liability **cover section**; and
- ▼ The Management Liability **cover section**.

6. Obsolete or Redundant plant and Equipment

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

7. Unoccupied buildings and premises

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

- (a) lightning, earthquake and subterranean fire; or
- (b) impact by any road vehicle or their loads, animals, trees or branches, meteorite, aircraft or other aerial devices or articles dropped from them, sonic boom or space debris, falling communication masts, towers, antennae or dishes, falling buildings or structures or their parts which do not belong to **you**,

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

Provided that:

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

8. Conflict and confiscation

This **policy** does not insure loss, damage or legal liability directly or indirectly caused by, or arising from, occasioned by or through, happening through, or in consequence of, or contributed to by:

- (a) war, invasion, act of foreign enemy, hostilities (whether war be declared or not) or civil war;
- (b) rebellion, revolution, insurrection or military or usurped power;
- (c) confiscation, nationalization, compulsory acquisition, requisition or damage to property by or under the order of any government or public or local authority; or
- (d) any looting or rioting following any of the events stated above.

This exclusion does not apply to the Management Liability **cover section**.

9. Terrorism

This **policy** does not insure:

- (a) personal injury, damage to property, legal liability, loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any **act of terrorism** regardless of any other cause or event contributing concurrently or in any other sequence to the personal injury, damage to property, legal liability, loss, damage, cost or expense; or
- (b) personal injury, damage to property, legal liability, loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to any **act of terrorism**.

10. Nuclear

This **policy** does not insure any loss, damage, liability or expense directly or indirectly caused by, contributed to, or arising from or in connection with:

- (a) ionising radiation or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel;
- (b) any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter, and/or any nuclear weapons material;
- (c) all property on the site of a nuclear power station, any other nuclear reactor installation or any site used, or having been used, for the generation of nuclear energy or the production, manufacture, enrichment, conditioning, processing, reprocessing, use, storage, handling and disposal of nuclear material and/or radioactive material;

- (d) nuclear explosion and/or the radioactive, toxic, explosive, or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof;
- (e) the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter;
- (f) the use of any nuclear reactor, atomic piles, particle accelerators, generators or similar devices; or
- (g) the use, handling, transportation of any radioactive material.

For the purpose of sub-paragraph (a) above, combustion includes any self-sustaining process of nuclear fission and/or fusion.

For the Property Damage, Theft and Glass, Business Interruption, Money, Portable and valuable items, Breakdown of machinery and electronic equipment and Goods in transit **cover sections**, the exclusion in sub-paragraphs (c) and (e) above does not apply to radioactive isotopes which have reached the final stage of fabrication, other than nuclear fuel or nuclear waste, when such isotopes are in or on the **property insured**, and are being prepared, stored, transported or used in the normal course of operations by **you** for the commercial, agricultural, medical, scientific or other similar peaceful purposes for which they were intended.

For the Legal Liability **cover section**, the exclusion in sub-paragraphs (c), (f) and (g) above does not apply to insurances of occupational risks arising from radioactive isotopes, radium or radium compounds which have reached the final stage of fabrication, when used away from the place where such are made or produced and when used exclusively incidental to ordinary industrial, educational, medical or research pursuits.

11. Non-compliance

This **policy** does not insure **loss** or **damage** or liability caused by or as a result of **your** wilful or reckless failure to comply with any statutory obligations, by-laws, regulations or public authority requirements that concern the safety of persons or property and that apply to **your business**, for example workplace health and safety law.

However, this exclusion does not apply to the extent that **your** wilful or reckless failure to comply did not contribute to the **loss** or **damage** or liability.

This exclusion does not apply to the Management Liability **cover section**, to the extent of any inconsistency.

12. GST, fines or penalties

This **policy** does not insure any GST, fine, penalty or charge that **you** are liable for because **you** did not tell **us** **your** entitlement to **input tax credits** on the premium for this **policy**, or the entitlement **you** told **us** was incorrect.

13. Intentional acts

This **policy** does not insure:

- ▼ any intentional or wilful act or omission by **you**, **your family** or **your employees** with **your** knowledge or consent; or
- ▼ fraudulent or dishonest acts committed by **you**, **your family** or **your employees** acting alone or in collusion with others.

However, this exclusion does not apply to the extent that **your** or their act or omission did not contribute to the **loss**, **damage** or liability.

This exclusion does not apply to the Management Liability **cover section**, to the extent of any inconsistency.

14. Communicable Diseases

Notwithstanding any other provision of this **policy** to the contrary (except as provided under sub-paragraphs (a) and (c) of Extension of Cover 4 - 'Murder, Suicide and Infectious Disease' of the Business Interruption **cover section**, if cover under that **cover section** is provided), this **policy** does not insure any loss, damage, liability, claim, cost, expense or other sum of whatsoever nature, directly or indirectly caused by, contributed to by, resulting from, arising out of, in connection with, or attributable to, a **communicable disease** or the fear or threat (whether actual or perceived) of a **communicable disease** regardless of any other cause or event contributing concurrently or in any other sequence thereto.

The phrase 'any loss, damage, liability, claim, cost, expense or other sum of whatsoever nature' above includes, but is not limited to, any:

- (a) cost to clean-up, detoxify, remove, monitor or test for a **communicable disease**; or
- (b) cost to clean-up, detoxify or remove any **property insured** that is affected by a **communicable disease**.

However, this exclusion does not apply to:

- ▼ the Legal Liability **cover section**;
- ▼ the Management Liability **cover section**; and
- ▼ the Tax Probe **cover section**.

15. Transmission and distribution lines

This **policy** does not cover physical **loss**, destruction of or **damage** to, overhead transmission and distribution lines and their supporting structures, or loss under the Business Interruption **cover section** resulting therefrom.

However, this exclusion does not apply to:

- (i) overhead transmission and distribution lines and their supporting structures that extend from the **premises** to the public highway and are **your** responsibility; or
- (ii) interruption or interference to **your business** covered under the following Extensions of Cover of the Business Interruption **cover section**:
 - ▼ Extension of Cover 7 - Other premises and Property (a) 'Unspecified suppliers' and (b) 'Unspecified customers', (f) 'Roads, Bridges and Railway lines' and (g) 'Computers and electronic data processing media';
 - ▼ Extension of Cover 8 – 'Prevention of access';
 - ▼ Extension of Cover 9 – 'Prevention of access by a public authority'; or
 - ▼ Extension of Cover 10 – 'Public Utilities,provided that this **policy** is not a transmitters', distributors' or generators' policy.

This General Exclusion only applies to:

- ▼ Section 1 - Property Damage of the Property Damage, Theft and Glass **cover section**;
- ▼ the Business Interruption **cover section**; and
- ▼ the Breakdown of Machinery and Electronic Equipment **cover section**.

Individual cover sections

Property Damage, Theft and Glass

Introduction

This **cover section** only forms part of **your policy** when Property Damage, Theft and Glass is shown in **your policy schedule**.

This **cover section** comprises Section 1 - Property Damage, Section 2 - Theft and Section 3 - Glass.

Section 1. Property Damage

Definitions

The following defined words in this Section 1 - Property Damage have the meanings given to them as set out below. These meanings only apply to this Section 1 - Property Damage and the terms and conditions of this **PDS** as they apply to this Section 1 - Property Damage and prevail over any other meaning given to them in other parts of the **PDS** and Policy Wording (including in the General Definitions).

Breakdown

A sudden, accidental and unforeseen failure (including but not limited to breaking, seizing, deformation, melting or burning out) of **property** that is caused by mechanical, electrical or electronic defect, which is evidence of physical damage to the whole or any part of the **property**, that results in loss of operation and that requires repair or replacement before the **property** can continue operating normally.

Category or Categories

The category into which **property** can be designated, from the following:

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

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

Contamination

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

Debris

The residue of **damaged property**. **Debris** does not include any material which is itself a **pollutant** or contaminant and which is deposited beyond the boundaries of the **premises**.

Declared value

The individual Declared Value or **insured amount** shown in **your policy schedule** calculated in accordance with the Basis of Settlement that applies to each specific **category** of **property** at specific **premises**.

Excluded property

The following items unless they are shown in **your policy schedule** as being covered:

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

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

4. **property** in transit outside of the **premises** other than **property** that is covered by Extensions of Cover A 8 - "Floating stock and contents off the premises" and C 7 – "Restricted transit";

5. (a) **aircraft**;
(b) locomotives;
(c) rolling stock; or
(d) **watercraft** whilst in water
6. motor vehicles or trailers, caravans or motorcycles all while registered or licensed to travel on a public road, provided that this does not apply to:
 - (a) mobile plant and equipment (excluding cars, sedans, panel vans, and trucks);
 - (b) motor vehicles or trailers, caravans or motorcycles that are **stock** in trade of **your business**;
7. animals, other than animals contained within a **building** and owned as **stock** or **contents** if **damaged** by a peril or event covered by this Section 1 - Property Damage;
8. canals, dams, reservoirs other than tanks and their contents;
9. standing timber, growing crops, plants, potted plants, land including top soil and fill, landscaping, gardens and pastures, provided that:
 - (a) when reinstating **damage** to a **building**, landscaping, plants and gardens are not **excluded property**; or
 - (b) potted plants are not **excluded property** when insured as **contents**;

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

Indemnity

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

Limit of liability

Limit of liability means the lesser of 120% of the **insured amount** for each **category** of **property**, or 120% of the total of the **insured amounts**, shown in your **policy schedule** for a specific **premises**. Provided the **limit of liability** is the maximum amount that **we** will pay for all **damage** that arises out of any one source or original cause at such **premises** unless it is specifically stated in this Section 1 - Property Damage that payments are made in addition to this amount. (For example, if for a specific **premises** the **building insured amount** is \$1,000,000, the **contents insured amount** is \$100,000 and the **stock insured amount** is \$400,000 [as shown on **your policy schedule**] the sum total is \$1,500,000 and therefore the **limit of liability** for that **premises** is \$1,800,000 [120% of \$1,500,000].

For a claim for **damage** to **stock** only at the specific **premises** in the example above, the **limit of liability** for **stock** at that **premises** is \$480,000 [120% of \$400,000].)

Occurrence

An **event**, including continuous or repeated exposure to substantially the same general conditions.

Pre-damage value

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

Property

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

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

Reinstatement

To restore that part of the **property**:

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

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

Replacement cost

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

Specified item(s)

Each item of **property** that is specifically listed as a Specified Item in **your policy schedule** for this Section 1 - Property Damage.

Cover

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

Basis of Settlement

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

The maximum **we** will pay for any one (1) claim from any one **occurrence**, other than a claim for a **specified item** or **contents** that are works of art, antiques or curios, under this Section 1 - Property Damage is the amount shown on **your policy schedule**, plus amounts payable under the Extensions of Cover of this Section 1 - Property Damage.

The maximum **we** will pay **you** for each **specified item** is the **insured amount** shown in **your policy schedule** for that item.

Except as detailed below in regard to how **we** settle claims for **damage to buildings**, **we** will settle any claim by paying **you**. This means that **we** will not repair or replace or arrange for a service. **We** will pay **you** by direct deposit into **your** bank account.

1. Categories of property

(a) Branded goods

Any salvage of branded goods and/or merchandise owned by **you** or for which **you** are legally liable and/or goods sold but not delivered shall not be disposed of by sale without **your** consent. If such salvage is not disposed of by sale, the goods may be retained by **you** and disposed of as **you** see fit provided a reasonable salvage allowance is agreed with **us** for the value of the goods.

(b) Business records

- (i) For **damage** to tangible business books, plans, patterns, and other tangible business records, **we** will pay **you** the cost of re-creating the documents that are **damaged**; and
- (ii) For **damage** to tangible business records of **your** customers at the **premises** or **your** tangible business records stored offsite, **we** will pay **you** up to a maximum of \$50,000 for any one loss.

(c) Building(s)

Unless the **policy schedule** shows **you** are insured for "Indemnity" then, when **buildings** are **damaged**:

- (i) if the reasonable cost to repair, rebuild or replace the **buildings** is less than or equal to the **insured amount** and **you** wish to repair, rebuild or replace the **buildings**, **we** will, at **our** option (acting reasonably) and in consultation with **you**, either:
 - ▼ repair, rebuild or replace the **buildings** at the **premises** specified in the **policy schedule** or at another site (subject to Limitation of Cover 9 – "Underinsurance") to a condition equal to, but not better or more extensive than, its condition when new; or
 - ▼ pay **you** the reasonable costs to repair, rebuild or replace the **buildings** at the **premises** specified in **your policy schedule** or at another site where **you** control, undertake or arrange others to undertake the agreed work of rebuilding, replacing or repairing (subject to Limitation of Cover 9 – "Underinsurance") to a condition equal to, but not better or more extensive than, its condition when new;
- (ii) if **you** do not wish to repair, rebuild or replace the **buildings**, **we** will pay **you** (subject to Limitation of Cover 9 – "Underinsurance") the lesser of the reasonable cost of repair, rebuilding or replacement or the market value of the **buildings**, but **we** will exclude any professional fees as well as additional extra

local authority requirements or other regulations included in the cost for its rebuilding, repair or reinstatement that **you** do not incur;

- (iii) if the reasonable costs to repair, rebuild or replace the **buildings** to a condition equal to, but not better or more extensive than, its condition when new is greater, or likely to be greater, than the **insured amount**, **we** will pay **you** (subject to Limitation of Cover 9 – "Underinsurance") the **insured amount** instead of repairing, rebuilding or replacing.

When **we** settle claims for **buildings**, **we** will not pay more than the **insured amount** for **buildings**, plus amounts payable under the Extensions of Cover of this Section 1 - Property Damage.

(d) **Contents or specified items (other than stock)**

For **contents** or **specified items** (other than **stock**):

- (i) if the reasonable cost to repair or replace **contents** or **specified items** with similar property is less than or equal to the **insured amount**, and **you** wish to repair or replace the **property**, **we** will pay **you** the reasonable costs to repair or replace the **contents** or **specified items** with similar property of equal quality, standard and specification (subject to Limitation of Cover 9 – "Underinsurance"); or
- (ii) if the reasonable cost to repair or replace **contents** or **specified items** with similar property is greater or likely to be greater than the **insured amount**, or **you** do not wish to repair or replace the **contents** or **specified item**, or if the **contents** or **specified item** cannot be repaired or replaced, **we** will pay **you** the market value of the **contents** or **specified items** at the time of the **damage** taking into account the proof of purchase, estimates and valuations obtained or provided, (subject to Limitation of Cover 9 – "Underinsurance").

When **we** settle claims for **contents** and **specified items**, **we** will not pay more than the relevant **insured amount** for **contents** or **specified items**, plus amounts payable under the Extensions of Cover of this Section 1 - Property Damage.

For any item of **contents** or for any **specified item** that is part of a pair or set, the limit applies to the pair or set even if only part of the pair or set is lost or destroyed.

(e) **Stock and customers' goods**

If **stock** or **customers' goods** are **damaged**, **we** will:

- (i) if the **stock** or **customers' goods** can be repaired or replaced, pay **you** to replace or repair the **damaged stock** or **customers' goods** with property or materials of equal quality, standard and specification unless (in the case of **stock**) the **stock** has become **obsolete stock** (subject to Limitation of Cover 9 – "Underinsurance");
- (ii) if the **stock** or **customers' goods** cannot be repaired or replaced, **we** will pay **you** the original cost to **you** of the **stock** plus an amount commensurate with the cost of repairing **damaged stock**, but not exceeding its **pre-damage value** at the time of the **damage** unless (in the case of **stock**) the **stock** has become **obsolete stock** (subject to Limitation of Cover 9 – "Underinsurance");
- (iii) where the **stock** is **obsolete stock**, **we** will pay **you** its reasonable value as **obsolete stock** at the time of the **damage** but no more than its original cost to **you** (subject to Limitation of Cover 9 – "Underinsurance").

(f) **Old Plant and Equipment**

Unless specifically insured otherwise:

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

(g) **Output replacement**

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

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

(h) **Works of Art, Antiques and Curios**

For all works of art, antiques and curios, none of which form part of the stock in trade or merchandise of the **business**, **we** will pay **you**:

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

(i) **All other property that is damaged**

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

2. Reinstatement or replacement is subject to the following conditions:

- (i) Where **you** control, undertake or arrange for others to undertake the work of rebuilding, replacing or repairing, work must be commenced and completed by **you** within a reasonable time, **we** may reduce **our** liability to the extent **we** are prejudiced by any unnecessary delay within **your** control;
- (ii) when rebuilding at another site, **we** will not pay more than **we** would pay to rebuild at the **premises**;
- (iii) when any insured **property** is **damaged**, but not destroyed, **we** will not pay more than the amount that **we** would have been required to pay if that insured **property** had been destroyed;
- (iv) **we** will only pay to return the insured **property** to a condition substantially the same as, but not better or more extensive than, its condition when new, using building materials readily available and in common use in Australia; and
- (v) **we** will only pay to return **contents** or **specified items** to a condition substantially the same as, but not better or more extensive than, their condition when new.

3. Indemnity (Optional reduction in cover)

If **your policy schedule** shows **you** are insured for "Indemnity" then, for any **damage** to **buildings** or **contents** (apart from **customers' goods**) **we** will at **our** option (acting reasonably) and in consultation with **you**, either:

- (i) pay **you** the market value of the **buildings** or **contents** at the time of its **damage**; or
- (ii) pay **you** the cost of repair, rebuilding or replacement up to the market value of the **buildings** or **contents**, but **we** will reduce the amount **we** pay **you** to take into account age, wear, tear and depreciation (subject to Limitation of Cover 9 – "Underinsurance").

4. Factors we take into account in settling your claim

Under both "Reinstatement or replacement" and "Indemnity (Optional reduction in cover)" **we** will consider the below factors when considering how to settle **your** claim (including but not limited to):

- ▼ the circumstances of the **damage**,
- ▼ **your** willingness to rebuild at the **premises**,
- ▼ the adequacy of the **insured amount**,
- ▼ **your** intent to improve or enhance the **buildings**,
- ▼ the potential of underinsurance or unexpected costs or delay in rebuilding, replacing or repairing insured **property**,
- ▼ **your** intent to undertake rebuilding, replacement or repair yourself or for **you** to arrange for such work to be done,
- ▼ the time it may take for **you** to resume normal business operations,
- ▼ the imposition of any government, local authority and other requirements affecting or influencing the repair, rebuild, replacement or use of **buildings** or **contents**; and
- ▼ **our** or **your** ability to repair, rebuild or replace the insured **property** or rebuild a **building** at the **premises**.

5. Rebuilding at another location

Following **damage** to a **building** that is insured by this Section 1 - Property Damage, **you** have the option of rebuilding at the location where the **damage** happened or at any other location in **Australia**.

Provided that:

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

6. Undamaged portions of buildings

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

Provided that, if the presence of such undamaged portion of the **building** increases the value of the original site, the increased sale value shall be regarded as salvage and that amount shall be payable to **us** by **you** upon completion of the sale of the site or shall be deducted from the total amount otherwise payable by **us** under this Section 1 - Property Damage, whichever shall first occur.

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

Limitations of cover

1. Cash settlement

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

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

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

2. Categories of property

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

3. Delay in reinstatement or Re-creation of documents

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

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

4. Directors and Employees property

Cover for **damage** to the personal property of directors, partners and **employees** of **your business** that is on the **premises** is limited to a maximum of \$5,000 any one person.

5. Earthquake, tsunami, subterranean fire or volcanic eruption

If **you** are making a claim for **damage** as a result of earthquake, tsunami, subterranean fire or volcanic eruption, or fire resulting from any of these during any period of 72 consecutive hours, the **excess** for each claim is the lesser of:

- (a) \$10,000; or
- (b) 1% of the total **insured amount** specified in **your policy schedule** that relates to the **damaged property** at the **premises**.

You will only be required to pay one (1) **excess** for **damage** that results from earthquake, tsunami, subterranean fire or volcanic eruption, or fire resulting from any of these during any period of 72 consecutive hours. **Damage** arising from any of these that occurs more than 72 hours after the event will be considered to be a separate **event** in which case **you** will be required to pay an additional **excess**.

6. Excess

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

7. Limit of liability

We will not pay more than the **limit of liability** that applies to the specific **premises** where the **damage** happens unless **we** have stated otherwise elsewhere in this Section 1 - Property Damage. The **limit of liability** for specific **premises** will be reduced by any payment made or due to be made by **us** following **damage** covered by this Section 1 - Property Damage at that **premises**.

8. Storm, Rainwater, Wind, Hail or Snow

Cover for **damage** to:

- (a) gates, fences, signs, retaining walls; or

- (b) shade sails, shade-cloth, hail nets, exterior textile awnings or blinds, shade houses, fibreglass houses, glass houses, green houses, hot houses or any shade or weather protection structure wholly or partly made of textile, fabric, material including but not limited to extruded polymer, advanced polymer fabric, polyethylene fabric cover, or polyvinyl chloride otherwise known as "PVC regardless of name or description by which the structure is identified (including but not limited to igloos, arch shelters, domes, domes shelters, fabric structures, equipment or storage structures and eco shelters) including the frames of such houses or structures,

caused by or arising from storm, rainwater, wind, hail or snow is limited to a maximum of \$25,000 in total, any one **event**.

9. Underinsurance

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

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

An example of how underinsurance is calculated is shown on page 46.

However, this limitation of cover does not apply:

- (i) if the amount of any **damage** (net of any **input tax credit** that **you** could claim) is less than 10% of the **limit of liability** applicable for the **premises**;
- (ii) to **property** forming part of the **property insured** which has been insured under this **policy** for the full value stated in a valuation prepared by an **approved valuer** not less than three years before the commencement of the **period of insurance**, and which an **approved valuer** has updated not more than 12 months prior to the commencement of the **period of insurance**.

Approved valuer: means a Certified Practising Valuer registered with the Australian Property Institute within the relevant property discipline.

Exclusions

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

- (a) **breakdown;**
- (b) gradually operating causes such as, but not limited to, wear and tear, mildew, mould, corrosion, disease, oxidation, fading, tree roots, evaporation, change in flavour, colour, temperature or texture;
- (c) corrosion, rust, oxidation, any form of fungus, wet or dry rot, dampness of atmosphere, variation in temperature, evaporation, disease, shrinkage;
- (d) change in colour, flavour, texture or finish unless caused by a peril covered by Section 1 - Property Damage;
- (e) loss of weight or exposure to light;
- (f) vermin, insects, termites;
- (g) latent defects, inherent defects, inherent vice, faulty workmanship, faulty material, structural defects or faulty design;
- (h) faults or defects known to **you** or any **employee** whose knowledge at law would be deemed to be **your** knowledge and not disclosed to **us** at the time this insurance was arranged, extended, varied or renewed;
- (i) the cessation of work whether total or partial or cessation, interruption or retarding of any process or operation as a result of any industrial dispute. Provided that Exclusion 5(j) shall not apply in respect of **damage to property** directly caused by strikers, locked out workers or other persons engaged in supporting such activities;
- (j) fraud or dishonesty by **you** or **your** directors, partners, **employees**, officers or any other persons who have an interest in the **property**;
- (k) explosion or implosion of any pressure vessels (including any boilers) where:
 - (i) the load on the safety valve upon the particular pressure equipment was in excess of the manufacturer's specification at the time of any **damage**; or
 - (ii) any safety valve limiting pressure was removed or rendered inoperative; or
- (l) scratching, denting, chipping or defacing, except when caused directly by fire, lightning, explosion, impact by any road vehicle or animal, aircraft or other aerial devices or articles dropped from them, falling communication masts, towers, antennae or dishes, falling buildings or structures or their parts, meteorite, riot, civil commotion, persons taking part in an industrial dispute, persons acting maliciously, earthquake, **flood** (when **flood** is shown as covered on the **policy schedule**), storm, the bursting, overflowing or discharging of tanks, apparatus or pipes containing water or liquid of any kind, or sprinkler leakage.

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

6. **We** will not pay for **damage** occurring within 72 hours from the commencement of this **policy** caused by or arising from:
- (a) Bushfire or grass fire;
 - (b) **flood**; or
 - (c) a cyclone named by the Bureau of Meteorology,
- unless this **policy** commenced:
- (i) immediately after another insurance policy, covering the same risk expired (the policy did not expire if it was cancelled without a break in cover; or
 - (ii) the day **you** entered into a contract of sale to purchase the **property**; or
 - (iii) the day **you** entered into a contract to lease the **property**.

Extensions of cover – A

When **damage to property** at specific **premises** is covered by this Section 1 - Property Damage, then provided that **we** do not pay more in the aggregate than the **limit of liability** for that **premises**, in addition to any allowance for any increase provided under Extensions of Cover – B, 2. "Catastrophe cover", **we** will pay for the following costs that are incurred as a result of that **damage**.

If **we** pay a claim under an Extension of Cover, **we** will settle that Extension of Cover by paying **you** by direct deposit into **your** bank account. This means that **we** will not repair or replace or arrange for a service. An exception to this is where **we** arrange the repair, rebuilding or replacement (including temporary repairs and removal of **debris**) of **buildings**. In that case, for those Extensions of Cover that form part of the repair, rebuilding or replacement of **buildings**, **we** will arrange for the Extension of Cover to be provided.

1. Demolition and Debris removal

The reasonable costs incurred for:

- (a) the demolition, removal, clean up, storage and disposal of **debris** or any thing that caused the **damage**, from the **premises**;

- (b) the demolition and removal of any **property** that is necessary to allow **reinstatement** of **property** that has been **damaged**; and
- (c) the clean-up, removal, storage and disposal of **debris** from premises, roadways, services, railways or waterways owned by any other person or entity where **you** are liable at law to clean-up, remove, store or dispose of such **debris** as a result of the **damage**.

We will not pay for:

- (i) the costs of cleaning-up, removing, storing or disposing of **debris** if the liability to clean-up, remove, store or dispose of **debris** has arisen as a result of any agreement made by **you**, unless **you** would have been liable in the absence of such agreement; or
- (ii) the costs of cleaning-up, removing, storing or disposing of any contaminant or **pollutant** from outside the boundaries of the **premises** that does not form part of the construction material of the **building**.

2. Expediting Expenses

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

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

3. Exploratory costs

The reasonable cost incurred by **you** to detect the point of bursting, leaking, discharging or overflowing of fixed apparatus, fixed tanks, fixed appliances, fixed pipes or other systems, during the **period of insurance**, at the **premises** used to hold or carry liquid or gas provided that the bursting, leaking, discharging or overflowing has caused or may reasonably be expected to cause **damage to property**.

We will not cover the repair or replacement of such apparatus, appliances, tanks, pipes or other systems, unless **damaged** by a peril or **event** insured under this Section 1 - Property Damage.

4. Extra costs of reinstatement or replacement: Building is not a heritage building

If **you** are insured under this Section 1 - Property Damage on a reinstatement or replacement basis, **we** will also pay the extra cost of reinstatement or replacement of **buildings** which are necessarily incurred to comply with the requirements of any Act of Parliament or any by-law or regulation of any Municipal or other statutory authority, other than those relating to heritage status of the **building**.

The extra costs of reinstatement or replacement is subject to the following conditions:

- (a) the work of reinstatement must be commenced and completed within a reasonable time;
- (b) the amount payable will not include any additional costs in complying with any requirement that **you** were required to comply with before the **damage** occurred; and
- (c) if the cost of reinstatement of the **building** is less than 50% of what would have been the cost of reinstatement if that **building** had been totally destroyed, then the amount **we** will pay will:
 - (i) be limited to the extra cost necessarily incurred in reinstating the **damaged** portion of the **building** only;
 - (ii) not include any extra cost in relation to any portion of the **building** which is not **damaged**, other than undamaged foundations as provided for in Basis of settlement clause 6 – "Undamaged portions of buildings"; and
 - (iii) not exceed, in any event, the amount that **we** would have paid if that **building** had been totally destroyed.

5. Extra costs of reinstatement or replacement: Heritage building

If **you** are insured under this Section 1 - Property Damage on a reinstatement or replacement basis for **damage** to any **building** that is subject to any heritage listing or protection and **you** choose to rebuild, replace or repair the **building** at the same location, **we** will pay the extra cost of repairing, replacing, or reinstating the **building**, that are related to obtaining special materials or employing specialised labour to match up or reproduce unique or distinctive ornamental or architectural features of the **building** to comply with standards imposed by a lawful heritage protection authority.

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

The extra costs of reinstatement or replacement of a heritage building is subject to the following conditions:

- (a) the work of reinstatement must be commenced and completed within a reasonable time; and
- (b) the amount payable will not include any additional costs in complying with any requirement that **you** were required to comply with before the **damage** occurred.

6. Fees and Costs

Fees and costs such as, but not limited to, local authority permit and approval charges, architects, engineers and other consultants, including those involving inquiries, necessarily and reasonably incurred in **reinstatement** of **property** that is **damaged**.

7. Floating stock

Where this Section 1 - Property Damage covers **stock** located at more than one **premises** and the transfer of **stock** between **premises** is a usual business practice, in the event of **damage** covered by this Section 1 - Property Damage at an insured **premises** where an inwards transfer of **stock** from another insured **premises** has occurred, the **declared values** and specified **limit of liability** at the **premises** where the **damage** occurred will be increased to take into account the temporary transfer of **stock** between the **premises**. Provided that:

- (a) the increase in the **declared value** of **stock** at the **premises** receiving the inwards transfer will be:
 - (i) the value of **stock** transferred which remains immediately prior to the **damage** occurring; or
 - (ii) if the **declared value** of **stock** at the other **premises** at the commencement date of the **period of insurance** was less than 80% of its value on that date calculated in accordance with the Basis of Settlement, the amount of increase in (i) above will be proportionately reduced to reflect the degree of underinsurance below 80% of the value;
- (b) the **limit of liability** at the **premises** subject to the inwards transfer will be increased by an amount representing 120% of the amount calculated under (a) above;
- (c) the period in which the **limit of liability** for the specified **premises** is being exceeded in consequence of the transfer does not extend beyond 90 days, unless **we** have agreed in writing to an extended period, during the **period of insurance**.

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

8. Floating stock and contents off the premises

Where this Section 1 – Property Damage covers **stock** and **contents** **we** will pay for accidental **damage** to **stock** and **contents**:

- (a) while temporarily removed from the insured premises to another **premises**;
- (b) while in transit; or
- (c) in **your** custody or the custody of any of **your** officers, **employees** or volunteers, anywhere in Australia.

The most **we** will pay under this Extension of Cover is \$25,000 for any one **event** and for all claims during any one (1) **period of insurance**.

The following Exclusions apply to this Extension of Cover.

We will not cover:

- (a) contractor's stock, equipment and tools;
- (b) **watercraft** or **money**;
- (c) **stock** that is **customers' goods** or **stock** on consignment to other parties unless it is owned by **you** or is **customers' goods** or **stock** on consignment for which **you** are responsible; or
- (d) **stock** or **contents** which has been removed from the insured **premises** for a period greater than 90 days, without **our** prior written consent.

Coverage under this Extension of Cover is not available in conjunction with Extension of Cover B 7 – 'Temporary removal to other premises', Extension of Cover C 6 – 'New Premises – Temporary cover' or Extension of Cover C 7 – 'Restricted Transit' of this Section 1 - Property Damage.

9. Floor space ratio or Index

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

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

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

10. Loss of land value

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

Provided that:

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

11. Make safe and Temporary Repair Expenses

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

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

12. Playing surfaces

We will pay, up to \$50,000 for playing surfaces, for the cost of repairing **damage** to outdoor playing surfaces at the **premises**, caused by:

- (a) vandals or malicious persons, other than **you** or **your** guests, director's partners, officers, **employees** or members, or their guests;
- (b) fire occurring to **property** at the **premises** for which **we** have admitted liability under this Section 1 - Property Damage; or
- (c) the action of the fire fighting services, police or other emergency services in attending to their duties at the **premises**.

13. Removal of Trees and Branches

We will pay the reasonable costs incurred by **you** to remove and dispose of any branch or tree that has fallen causing impact **damage** to **property**. **We** will also pay the cost of stump removal when required.

14. Unpacking expenses

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

15. Water Authority Charges

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

Provided that the total costs levied for any one loss does not exceed seven (7) days or \$15,000, whichever is the lesser. If **you** are also insured under Section 2 - Theft of the Property Damage, Theft and Glass **cover section**, the benefits payable under Extension of Cover 16. "Water authority charges" shall not be cumulative.

Extensions of cover – B

Following **damage** covered by this Section 1 - Property Damage to **property** at specific **premises**, **we** will pay in addition to the **limit of liability** for that **premises**, the following costs that result from the cause of that **damage**.

If **we** pay a claim under an Extension of Cover, **we** will settle that Extension of Cover by paying **you** by direct deposit into **your** bank account. This means that **we** will not repair or replace or arrange for a service. An exception to this is where **we** arrange the repair, rebuilding or replacement (including temporary repairs and removal of **debris**) of **buildings**. In that case, for those Extensions of Cover that form part of the repair, rebuilding or replacement of **buildings**, **we** will arrange for the Extension of Cover to be provided.

1. Capital additions

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

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

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

Provided that this Extension of Cover does not apply to:

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

2. Catastrophe cover

If **your building** suffers **damage** from an **event** covered by this Section 1 - Property Damage and **we** classify the **damage** as a **major loss** and the **event** giving rise to the **damage** has led to the declaration by the relevant authority of a state of emergency affecting the area in which **your building** is situated, **we** will:

- (a) increase the **limit of liability** under this Section 1 - Property Damage by up to 20% of the **declared value** for the **building** if **your building** is rebuilt; and
- (b) increase the limits on the amounts **we** will pay under Extension of Cover B for, 1. "Capital additions" and 5. "Prevention of imminent damage" by 20%,

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

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

We will not pay any amount under this Extension of Cover until **you** have incurred costs exceeding the **limit of liability** under this Section 1 - Property Damage.

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

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

Major loss

A major loss will be deemed to have occurred when the cost of reinstating **your building** in accordance with the Basis of Settlement provisions of this Section 1 - Property Damage exceeds 70% of the **replacement of your building** immediately prior to the **event**.

Increased building costs

The difference between the cost of **reinstatement** actually incurred in accordance with the Basis of Settlement provisions of this Section 1 - Property Damage and the cost of **reinstatement** that would have applied had the **major loss** not occurred.

3. Discharge of mortgage cost

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

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

4. Fire fighting and Authority costs

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

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

5. Prevention of imminent damage

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

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

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

6. Stock seasonal or festive increase

The **limit of liability** is increased by 50% of the **declared value** of **stock** for losses occurring during the **seasonal increase periods**, up to a maximum of 126 days.

If **your insured amount** on **stock** is included in another item on **your policy schedule**, we will calculate the increased **limit of liability** using the portion of the **insured amount** for that item that relates to **stock**.

This Extension of Cover will not extend the insurance beyond the **period of insurance** noted in **your policy schedule**.

You can nominate different **stock** increase period(s) or a higher percentage of the **declared value** of **stock**. If **you** do they will be shown on **your policy schedule** by **endorsement** and **you** must pay any additional premium that applies.

7. Temporary removal to other premises

We will extend the cover provided by this Section 1 - Property Damage to **property** while it is temporarily removed from any **premises** shown in **your policy schedule** to some other premises in **Australia** for any period up to ninety (90) days.

Provided that:

- (a) this Extension of Cover is not provided to **property** in transit;
- (b) this Extension of Cover is only available to **property** that can be correctly designated to a **category** that has a **declared value** shown for the **premises** at which this **property** is normally located;
- (c) if **property** comprising parts of the **building** or the landlord's premises is temporarily removed for service or repair, Exclusion 3(a) of this Section 1 - Property Damage does not apply for that item or items whilst at the other premises for this purpose;
- (d) the most we will pay under this Extension of Cover is 20% of the **declared value** that applies to this **property** at the **premises** at which the **property** is normally located.

Coverage under this Extension of Cover is not available in conjunction with Extension of Cover A 8 – 'Floating stock and contents off the premises' or Extension of Cover C 6 – 'New Premises – Temporary cover'.

8. Restoration of data

If **media** is **damaged**, **we** will pay the reasonable and necessary costs incurred in restoring the **business's data** stored on that **media**.

We will pay up to:

- (i) \$50,000; or
- (ii) that portion of **your contents insured amount** not paid out or payable in respect of the claim, whichever is the greater, for any one (1) **event**, under this Extension of Cover.

We will not pay:

- (a) costs to restore **data** where the **media** it was stored on has not been **damaged**; or
- (b) for the value of any **data**.

Extensions of cover – C

We will also provide the following Extensions of Cover subject to the General Exclusions and all of the terms, conditions and exclusions applicable to this Section 1 - Property Damage.

If **we** pay a claim under an Extension of Cover, **we** will settle that Extension of Cover by paying **you** by direct deposit into **your** bank account. This means that **we** will not repair or replace or arrange for a service. An exception to this is where **we** arrange the repair, rebuilding or replacement (including temporary repairs and removal of **debris**) of **buildings**. In that case, for those Extensions of Cover that form part of the repair, rebuilding or replacement of **buildings**, **we** will arrange for the Extension of Cover to be provided.

1. Automatic reinstatement

At each **premises**, when the **limit of liability** is reduced following **damage** covered by this Section 1 - Property Damage, **we** will automatically increase this reduced limit to its value immediately before the **damage**.

You will not have to pay any additional premium.

This Extension of Cover does not apply if **we** pay the full "Buildings" **insured amount** under this Section 1 - Property Damage in respect of a single claim.

2. Costs related to glass in vacant buildings

We will extend the cover provided by this Section 1 - Property Damage if **you** own but do not occupy any **buildings** at the **premises**, for the following costs directly related to the **breakage of glass** in the **period of insurance** in a rentable area of the **building** that is vacant at the time of the **breakage**:

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

Provided that this Extension of Cover only applies to the extent that **you** are not indemnified under Section 2 – Glass of the Property Damage, Theft and Glass **cover section**.

This Extension of Cover for costs does not apply:

- (i) where the **breakage of glass** is caused by **damage** covered under this Section 1 - Property Damage;
- (ii) to **glass** in light fittings;
- (iii) to **glass** that is cracked or imperfect prior to **breakage**;
- (iv) to **glass** that is in a fibreglass houses and glass houses;
- (v) to **advertising (or identification) signs**;
- (vi) where a tenant is liable for these costs under a current lease agreement; or
- (vii) if the **building** has remained unoccupied or untenanted for a continuous period longer than ninety (90) days and **we** have not agreed to an extended period in writing.

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

3. Disposal of salvage

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

4. Indexation protection at renewal

If **your policy schedule** specifies that this Section 1 - Property Damage is "Index Linked", **we** will automatically adjust the **insured amounts** specified for this Section 1 - Property Damage in **your policy schedule**, each year according to the most appropriate price index (as determined by **us**) and any other relevant indices published by the Australian Bureau of Statistics.

The premium **you** pay will be based on the adjusted **insured amounts** for this Section 1 - Property Damage as specified in **your policy schedule**.

If the **insured amount** increases because of index linking, the new **premium** and relevant government charges will be based on the new **insured amount** shown in the **policy schedule**.

The **insured amounts** **you** nominate under this Section 1 - Property Damage must accurately reflect the full **replacement cost** of **your property**.

5. Minimisation of damage

We will pay for the reasonable cost of removing **property** from the **premises**, and any **damage** resulting from the removal, if the **premises** are threatened by an **event** insured by this Section 1 - Property Damage and the purpose of the removal was to prevent or minimise **damage** insured under this Section 1 - Property Damage.

6. New Premises – Temporary cover

We will temporarily extend the cover provided under this Section 1 - Property Damage to **property** at any premises that is occupied by **your business** for the first time during the **period of insurance**.

Provided that:

- (a) this temporary cover is limited to a period of ninety (90) consecutive days from the day that **you** first use the newly occupied location;
- (b) this temporary cover is not available to **property** that cannot be correctly designated to one of the **categories of property** that has a **declared value** shown in **your policy schedule**;
- (c) this temporary cover is only available to **property** that is of a similar type to that insured by this Section 1 - Property Damage;
- (d) for each specific **category of property** shown in **your policy schedule** this temporary cover is limited to 50% of the **declared value** for that **category**, or if more than one **premises** is shown in **your policy schedule**, then this 50% limitation will apply to the lowest **declared value** that applies to a specific **category of property**;
- (e) the newly occupied location have **building**, fire protection and security features that are similar to those at one of the **premises** shown in **your policy schedule**;
- (f) **you** provide **us** with full details of the newly occupied location within sixty (60) days of **you** first using the new premises; and
- (g) Limitations of cover – 9. "Underinsurance" does not apply to this Extension of Cover.

Coverage under this Extension of Cover is not available in conjunction with Extension of Cover A 8 – 'Floating stock and contents off the premises' or Extension of Cover B 7 – 'Temporary removal to other premises'.

7. Restricted transit

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

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

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

We will not cover **you** for any claims under this Extension of Cover if **you** have selected the Goods in Transit **cover section**.

Coverage under this Extension of Cover is not available in conjunction with Extension of Cover A 8 – 'Floating stock and contents off the premises'.

8. Taxation audit costs

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

In this Extension of Cover only "**costs**" means professional fees paid to accountants or registered tax agents who are not **your employees**, for work undertaken in connection with the audit or investigation.

Taxation audit costs – Exclusions

We shall not be liable under this Extension of Cover:

- (a) for the imposition of any tax, fines, penalties, court costs, penalty tax or interest;

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

Taxation audit costs – Special conditions

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

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

In the event of a claim arising:

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

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

We will not cover **you** for any claims under this Extension of Cover if **you** are insured under the Tax Probe **cover section**.

Optional extension of cover

The following Extension of Cover is optional and is available if **you** choose it and pay an additional premium. If shown in **your policy schedule** the following Optional Extension of Cover shall apply.

If **we** pay a claim under an Optional Extension of Cover, **we** will settle that Optional Extension of Cover by paying **you** by direct deposit into **your** bank account. This means that **we** will not repair or replace or arrange for a service. An exception to this is where **we** arrange the repair, rebuilding or replacement (including temporary repairs) of **buildings**. In that case, for those Optional Extensions of Cover that form part of the repair, rebuilding or replacement of **buildings** **we** will arrange for the Optional Extension of Cover to be provided.

1. Flood

When **flood** is shown in **your policy schedule** **we** will cover **you** up to the **insured amount** shown in **your policy schedule** as the **insured amount** for **flood**.

Specific exclusion "3(g) flood"; applicable to this **cover section** is deleted from the **policy**.

Worked dollar example 1

The following worked dollar claim examples are designed to assist **you** in understanding some of the benefits in this Section 1 - Property Damage and how claims are calculated. The examples do not cover all scenarios or all benefits and do not form part of **your policy** terms and conditions. The following examples should be used for general guidance only.

You have cover for a **building** that is used as both an accountant's office and **your** residence. For this reason it is a **home building**. **You** have checked **your policy schedule** and, because "Indemnity" is not shown, **you** are insured for "Reinstatement or Replacement". The total of all **insured amounts** of **property** in **your policy schedule** is shown as \$400,000 (the total of the **insured amount** shown on **your policy schedule** for the **building** of \$380,000 and **contents** of \$20,000) and the **excess** shown on **your policy schedule** is \$250.

When setting the "Buildings" **insured amount** **you** must consider the costs to remove debris and payment of any architect fees.

The **building** is **damaged** in a storm and the cost of repairs is \$200,000.

How much we pay		Further information
Cost of repairing the storm damage to your building	\$200,000	Usually the building is repairable if the cost of repairing the building is less than the insured amount (in this example the insured amount is \$380,000).
Removal of debris	+\$30,000	In addition to the damage to the building , the storm has created building debris that requires cleaning up and removal.
Less excess	- \$250	We deduct this from the amount we pay. We may ask you to pay this amount directly to the repairer.
Total claim	\$229,750	We normally pay this amount directly to you or, if we are arranging the repairs through a member of our repair network, directly to the repairer.

Underinsurance on a partial loss

In the above example, if the actual replacement value of all **property** at the **premises** at the time the **policy** was entered into was \$580,000 but **you** had only insured all of the **property** for an **insured amount** of \$400,000 the amount **we** pay will be reduced in accordance with Limitation of Cover 9 – "Underinsurance" in this Section 1 - Property Damage.

The amount **we** would pay to replace **buildings, contents** and **stock** before **we** deduct the **excess** will be calculated as follows:

$$\text{Total claim of } \$200,000 \times \frac{\$400,000}{(80\% \times \$580,000)} = \$172,414$$

As the removal of **debris** amount of \$30,000 is paid under Extension of Cover A – 1 "Demolition and Debris removal", underinsurance does not apply to this amount.

Worked dollar example 2

You have cover for a **building** that is used as both an architect's office and **your** residence. For this reason it is a **home building**. **You** have checked **your policy schedule** and, because "Indemnity" is not shown, **you** are insured for "Reinstatement or Replacement". The **insured amount** on **your policy schedule** is shown as \$2,500,000 and the **excess** shown on **your policy schedule** is \$250. The **building** is **damaged** in an earthquake and the cost of repairs is \$1,000,000.

How much we pay		Further information
Cost of repairing the earthquake damage to your building	\$1,000,000	Usually the building is repairable if the cost of repairing the building is less than the insured amount (in this example the insured amount is \$2,500,000).
Less excess	- \$10,000	We deduct this from the amount we pay. We may ask you to pay this amount directly to the repairer. The excess is \$10,000 pursuant to Limitation of Cover 5. – "Earthquake, tsunami, subterranean fire or volcanic eruption".
Total claim	\$980,000	We normally pay this amount directly to you or, if we are arranging the repairs through a member of our repair network, directly to the repairer.

Section 2. Theft

Definitions

The following defined words in this Section 2 - Theft have the meanings given to them as set out below. These meanings only apply to this Section 2 - Theft and the terms and conditions of this **PDS** as they apply to this Section 2 - Theft and prevail over any other meaning given to them in other parts of the **PDS** and Policy Wording (including in the General Definitions).

Category and Categories

The category into which **property** can be designated from the following:

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

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

Property

The Property shown in **your policy schedule** as property insured.

Safe

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

Specified item(s)

Each item of **property** that is specifically listed as a Specified Item in **your policy schedule** for this Section 2 - Theft.

Strongroom

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

Theft

theft, attempted theft, armed hold up or an actual or threatened assault.

Cover

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

1. visible forcible and violent entry into or exit from **buildings** at the **premises** where such force and violence has resulted in physical damage to property;
2. a person hiding on the **premises** during normal operating hours until the **premises** are closed and locked up and, who after hours, breaks out of the **building**, using violence or force that results in physical damage to property;
3. an actual, attempted or threatened armed hold up;
4. an actual, attempted or threatened assault or violent act; or
5. a visible, forcible and violent entry into any locked cabinet, counter or showcase where such force and violence has resulted in physical damage to property.

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

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

Basis of Settlement

We will:

- (a) with respect to **stock**:
 - (i) pay **you** the cost to replace or repair the **stock** with property of equal quality, standard and specification at the time of **damage**, unless the **stock** has become **obsolete stock**; or
 - (ii) pay **you** the market value, at the time of the **damage**, of **obsolete stock** or its purchase price, whichever is the lesser, but no more than the original cost to **you**.
- (b) with respect to **contents** pay **you** the cost of repair or replacement of the **contents**.
- (c) with respect to **specified items**, pay **you** the **insured amount** for a **specified item**.

We will settle any **claim** by paying **you**. This means that **we** will not repair or replace or arrange for a service. **We** will pay **you** by direct deposit into **your** bank account.

Limitations of cover

1. Categories of property

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

2. Excess

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

3. Insured amount and reinstatement of insured amount

- (a) For each specific **category** of **property**, **we** will only pay up to the **insured amount** that applies to that specific **category** of **property**.
- (b) Following **damage** covered by this Section 2 - Theft, **we** will reduce the **insured amount** for those **categories** that are affected by the **damage** by an amount equal to any payments made or due to be made by **us**.
- (c) When an **insured amount** is reduced following a **theft**, **we** will automatically increase this reduced **insured amount** to its value immediately before the **theft**.

Provided that the maximum amount **we** will pay in any one (1) **period of insurance** is limited to twice the **insured amount**.

Exclusions

We will not pay for:

- (a) **theft** of **property** in the open air or from any open-sided structure such as, but not limited to, verandas and pergolas, whether they are partially or fully enclosed by a building or not;
- (b) **theft** when entry has been made using keys or security codes;
- (c) **theft** of **money** or tickets of any kind exceeding \$500 in total;
- (d) **theft** of motorised vehicles (other than ride-on mowers or forklifts or similar mobile lifting plant) and/or watercraft, unless motorised vehicles and/or watercraft are specifically shown as insured under this Section 2 - Theft in **your policy schedule** by **endorsement**;
- (e) unexplained disappearances or unexplained shortages whether resulting from clerical or accounting errors or shortages in the supply of materials to or by **you**;
- (f) Loss of profit or income, loss of use, loss of earning capacity, loss caused by delay, lack of performance, loss of contract, or depreciation in value or any other loss or damage that is not covered under this Section 2 - Theft; or
- (g) the dishonest manipulation of any database or computer system.

Extensions of cover

If a claim for **damage** caused by **theft** is covered by this Section 2 - Theft, **we** will also pay or provide the Extensions of Cover set out below.

If **we** pay a claim under an Extension of Cover, **we** will settle that Extension of Cover by paying **you** by direct deposit into **your** bank account. This means that **we** will not repair or replace or arrange for a service.

1. Business records

Following a **theft** which is covered by this Section 2 - Theft, **we** will pay in addition to the **insured amount** the costs necessarily incurred by **you** to re-create tangible business books, plans, patterns and other tangible business records.

Provided the maximum amount that **we** will pay during the **period of insurance** is limited to \$50,000.

2. Clothing and Personal effects

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

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

3. Damage to premises

We will pay in addition to the **insured amount** the cost of repairing **buildings** that are physically damaged during a **theft** at that **premises**. Provided that the most **we** will pay is limited to \$10,000 in total any one **event**.

4. Death following assault

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

5. Disposal of damaged property

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

Provided the most **we** will pay is limited to \$5,000 in total any one (1) **event**.

6. Employee dishonesty

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

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

We will not cover any claims under this Extension of Cover if **you** are insured under Optional cover – "Employee Dishonesty" in the Management Liability **cover section**.

7. Illegal use of corporate financial transaction card

If Section 1 - Property Damage of the Property Damage, Theft and Glass **cover section** covers **your contents**, and any corporate credit card used by the **business** is lost or stolen during the **period of insurance**, **we** will pay any financial loss sustained by **you** arising from the illegal use of the card by an un-authorised person.

Provided that **we** will not pay:

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

8. Locks and Keys

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

- (a) the cost incurred to replace the locks, keys, magnetic keys or cards or similar devices;
- (b) the cost incurred to replace the sequence of numbers of letters become known by any unauthorised person;
- (c) the cost incurred to replace the unauthorised duplication of keys, magnetic keys or cards or similar devices;
- (d) other costs that are necessarily incurred to restore the security of the **premises** to the same level of security that existed prior to the loss of these keys.

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

9. New premises – Temporary cover

We will temporarily extend the cover provided by this Section 2 - Theft to **property** at any premises that is occupied by **your business** for the first time during the **period of insurance**.

Provided that:

- (a) this temporary cover is limited to a period of sixty (60) consecutive days from the day that **you** first use the newly occupied location;
- (b) this temporary cover is not available to **property** that cannot be correctly designated to one of the **categories** that are shown as insured under this Section 2 - Theft in **your policy schedule**;
- (c) this temporary cover is only available to **property** that is of a similar type to that insured by this Section 2 - Theft;
- (d) for each specific **category** of **property** shown in **your policy schedule** this temporary cover is limited to 50% of the **insured amount** for that **category**; or
- (e) if more than one **premises** is shown in **your policy schedule** then this 50% limitation will apply to the lowest **insured amount** that applies to a specific **category** of **property**;
- (f) the newly occupied location have building and security features that are similar to those at one of the **premises** shown in **your policy schedule**, having the same occupation.

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

If **we** agree to cover the **property** at the new **premises** beyond the 60 consecutive day period, **we** will let **you** know if payment of an additional premium is required.

Coverage under this Extension of Cover is not available in conjunction with Extension of Cover 10 – 'Property temporarily removed'.

10. Property temporarily removed

We will extend the cover provided by Section 2 – Theft of this **cover section** to **property**:

- (a) while temporarily removed from the insured **premises** to another premises; or
- (b) while in transit; or
- (c) in **your** custody or the custody of any of **your** officers, **employees** or volunteers, anywhere in Australia.

The most **we** will pay under this this Extension of Cover for any one **event** and for all claims during any one (1) **period of insurance** is the greater of \$25,000 or 20% of the **insured amount** for that **property**.

The following Exclusions apply to this Extension of Cover.

We will not cover:

- (i) tobacco, tobacco products (e.g. cigars and cigarettes), alcoholic beverages or **money** or **watercraft**;
- (ii) **stock** that is **customers' goods** or **stock** on consignment to other parties unless it is owned by **you** or is **customers' goods** or **stock** on consignment for which **you** are responsible;
- (iii) contractor's stock, equipment and tools; or
- (iv) **property** which has been removed from the insured **premises** for a period greater than 90 days, without **our** prior written consent.

Coverage under this Extension of Cover is not available in conjunction with Extension of Cover 9 – 'New premises - Temporary cover'.

11. Stock seasonal or festive increase

The **insured amount** for **stock** excluding any cigarettes or tobacco goods, is increased by 50% for losses occurring during the **seasonal increase periods**, up to a maximum of 126 days.

This Extension of Cover will not extend the insurance beyond the **period of insurance** noted in your **policy schedule**.

You can nominate different **stock** increase period(s) or a higher percentage of the **insured amount** for **stock**. If **you** do they will be shown on **your policy schedule** by **endorsement** and **you** must pay any additional premium that applies.

12. Security

We will pay in addition to the **insured amount** the costs necessarily incurred by **you** to replace and develop security film and restore the security system to its former functionality following a **theft** or attempted **theft** that is covered by this Section 2 - Theft.

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

13. Temporary protection and Watchmen

Following a **theft** that is covered by this Section 2 - Theft **we** will pay in addition to the **insured amount**, the costs necessarily incurred by **you** to safeguard the **premises**, such as temporary repairs and the employment of watchmen or guards.

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

14. Tenanted premises

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

Provided that the most **we** will pay is limited to \$10,000 in total any one (1) **event**.

15. Theft without forcible and violent entry

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

Provided that **we** will not pay for:

- (a) **theft** involving shoplifting;
- (b) **theft** by **you** or any of **your employees**; or
- (c) Loss of profit or income, loss of use, loss of earning capacity, loss caused by delay, lack of performance, loss of contract, or depreciation in value or any other loss or damage that is not covered under this Section 2 - Theft.

Exclusion 1 (a) of this Section 2 - Theft, **theft** of **property** in the open air or from any open-sided structure, does not apply to this Extension of Cover.

The maximum amount that **we** will pay in total for any one (1) **event** is \$20,000, unless noted otherwise in **your policy schedule**.

16. Water Authority Charges

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

Provided that the most **we** will pay is limited to \$10,000 in total any one (1) **event**. If **you** are also insured under Section 1 - Property Damage, the benefits payable under Extension of Cover A – 15. "Water authority charges" in Section 1 - Property Damage shall not be cumulative.

Optional extensions of cover

We will provide the following Optional Extensions of Cover when requested by **you**, when **you** pay any additional premium required and when shown as insured on **your policy schedule**.

These Optional Extensions of Cover are provided subject to the General Exclusions and all the terms, conditions and exclusions that apply to this Section 2 - Theft, unless stated otherwise.

Any amount payable under these Optional Extensions of Cover applies in addition to the **insured amount**.

If **we** pay a claim under an Optional Extension of Cover, **we** will settle **your** claim in accordance with that Optional Extension of Cover. For all Optional Extensions of Cover **we** will only settle the claim by paying **you** by direct deposit into **your** bank account. This means that **we** will not repair or replace or arrange for a service.

1. Additional Damage to premises cover

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

2. Additional Theft without forcible and violent entry cover

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

Section 3. Glass

Cover

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

We will pay for the cost of replacement of, **broken glass** with **glass** of similar manufacture and quality including the reasonable costs for after-hours service by repairers, express delivery and overtime charges to repair or replace **broken glass**. **We** will also pay the extra cost necessarily incurred to comply with the requirements of Standards Australia, any statute or regulation or the minimum requirements of any statutory authority when replacing the **glass**.

If it is not practical or possible for **us** to arrange for the replacement of **damaged glass** by a member of **our** repair network, **we** will settle any claim by paying **you**. This means that **we** will not repair or replace or arrange for a service. **We** will pay **you** by direct deposit into your bank account.

Limitations of cover

1. Excess

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

Exclusions

We will not pay for **damage** to or **breakage** of:

1. property during installation or removal of **glass**;
2. **glass** that is stock in trade or merchandise;
3. **glass** that is only scratched, chipped or discoloured;
4. **glass** when in transit or whilst being fitted into position or removed from its fitting;
5. **glass** in light fittings;
6. **glass** that is cracked or imperfect prior to **breakage**;
7. **glass** that is not fit for the purpose intended;
8. **glass** that is in a glasshouse or conservatory; or
9. **glass** that is in a television, computer screen or any domestic item such as a vase, china ware or glass in a photo frame.

We will not pay any additional costs to comply with any requirements that **you** were required to comply with before the **damage** to **glass** occurred.

We will not pay for loss of profit or income, loss of use, loss of earning capacity, loss caused by delay, lack of performance, loss of contract, or depreciation in value or any other loss or damage that is not covered under this Section 3 - Glass.

Extensions of cover

If **we** pay a claim under these Extensions of Cover, **we** will settle **your** claim in accordance with that Extension of Cover.

We will settle these Extensions of Cover by paying **you** or the repairer. For Extensions of Cover: '2. Advertising (or identification) signs' and '3. Damaged stock', **we** will not repair or replace or arrange for a service. **We** will pay **you** by direct deposit into **your** bank account.

1. Additional benefits

If **glass** is **broken** during the **period of insurance**, then **we** will pay the costs that are necessarily incurred by **you** to:

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

Provided that the total of all payments under this Extension of Cover is limited to \$10,000 during any one (1) **period of insurance**.

2. Advertising (or identification) signs

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

Provided that the total of all payments under this Extension of Cover is limited to \$10,000 during any one (1) **period of insurance**.

3. Damaged stock

If **glass is broken** during the **period of insurance**, then **we** will pay to repair or replace **stock** that is **damaged by broken glass**.

Provided this Extension of Cover is limited to \$10,000 during any one (1) **period of insurance**.

4. Malicious damage

Where **you** are a tenant of leased **premises**, and **you** are required by the terms of **your** lease to insure **external glass**, **we** will also cover **you** for the cost of replacing **damaged external glass** which **you** are required to replace where the **damage** during the **period of insurance** has arisen from the acts of malicious persons and has not resulted in the **external glass** being **broken** through the entire thickness.

Provided that this Extension of Cover is limited to \$10,000 during any one (1) **period of insurance**.

5. Reinstatement of Additional benefits

Following a claim under Extensions of Cover 1 – "Additional benefits", if **you** pay or agree to pay an additional premium, **we** will return the limit to the full \$10,000 for the remaining **period of insurance**.

Optional extensions of cover

We will provide the following Optional Extensions of Cover when requested by **you**, when **you** pay any additional premium required and when shown as insured on **your policy schedule**.

These Optional Extensions of Cover are provided subject to the General Exclusions and all the terms, conditions and exclusions that apply to this Section 3 - Glass unless stated otherwise.

1. Increased Additional benefits

If "Increased Additional benefits" is shown in **your policy schedule** then the total for all payments provided under Extensions of Cover 1 – "Additional benefits" is increased to the limit shown in **your policy schedule**.

2. Additional cover on Advertising (or identification) signs

If "Additional cover on Advertising (or identification) signs" is shown in **your policy schedule** then **we** will pay the limit shown in **your policy schedule** in addition to the limit under Extension of Cover 2 – "Advertising (or identification) signs" for claims covered under that Extension of Cover.

3. Increased cover on Damaged stock

If "Increased cover on Damaged stock" is shown in **your policy schedule** then the total for all payments provided under Extensions of Cover 3 – "Damaged stock" is increased to the limit shown in **your policy schedule**.

Worked dollar example

The following worked dollar claim example is designed to assist **you** in understanding some of the benefits in this **cover section** and how claims are calculated. The example does not cover all scenarios or all benefits and does not form part of **your policy** terms and conditions. The following example should be used for general guidance only. **We** always determine real claim payments on an individual basis, after **we** have assessed each claim.

All amounts are shown in Australian dollars and are GST inclusive unless indicated otherwise. **You** should read the **PDS** and Policy Wording and **your policy schedule** for full details of what **we** cover as well as what **policy** limits, conditions and exclusions apply.

You have cover for a building that is used as both a café and residence. For this reason, it is a home building . The excess is \$250. The window glass in the café and the Perspex sign out on the front are broken after rocks are thrown at them. The cost of replacing the glass is \$1,500, the cost of replacing the damaged sign writing is \$500 and the cost of replacing the damaged Perspex sign is \$1,000.		
How much we pay		Further information
Cost of replacing the glass	\$1,500	We pay the cost of replacing the glass .
Cost of re-applying the sign writing	\$500	The damaged window has signage painted on it. The cost of re-painting the signage is \$500.
Cost of replacing the damaged Perspex sign	\$1,000	The cost to replace the damaged sign is covered under Extension of Cover – "2. Advertising (or identification) signs" and costs \$1,000.
Less excess	- \$250	We deduct this from the amount we pay. We may ask you to pay this amount directly to the glass repairer.
Total claim	\$2,750	We normally pay this amount to you or, if we are arranging the replacement through a member of our repair network, directly to the repairer.

Business Interruption

Introduction

This **cover section** only forms part of **your policy** when Business Interruption is shown in **your policy schedule**.

Definitions

The following defined words in this **cover section** have the meanings given to them as set out below. These meanings only apply to this **cover section** and the terms and conditions of this **PDS** as they apply to this **cover section** and prevail over any other meaning given to them in other parts of the **PDS** and Policy Wording (including in the General Definitions).

Critical infrastructure

Electricity, oil, gas, coal, water, sewage, renewable energy, internet or cloud services or telecommunications services.

Damage or Damaged

Physical damage, destruction or loss. **Damaged** has a corresponding meaning to **damage**.

Income

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

Indemnity period

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

Insured damage

1. In relation to **your property insured**, **insured damage** means **damage** to **your property insured** when both the property that is **damaged** and the cause of the **damage** is covered by:
 - (a) **your policy** under one or more of the following **cover sections**:
 - (i) Property Damage, Theft and Glass;
 - (ii) Money; or
 - (iii) Portable and valuable items; or
 - (b) another insurance policy that insures **your** property and names **you** as the Insured.Provided that:
 - (i) **we** receive written confirmation of the extent of cover from the insurer who issued this other policy; and
 - (ii) cover for both the property that is **damaged** and the cause of the **damage** would have been covered under one of the **cover sections** shown in 1(a) above had that **cover section** formed part of **your policy**.

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

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

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

Interruption

Interruption or interference.

Loss of income

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

Cover

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

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

Exclusions

1. We do not cover **you**, or **your** cover may be reduced, if, during the **period of insurance** or **indemnity period**, any of the following occur:
 - (a) **you** form the intention of ceasing the **business** or a part of it;
 - (b) the proprietary interest in the **business** or a part of it changes;
 - (c) **you** dispose of or permanently discontinue the **business** or a part of it;
 - (d) **you** become a bankrupt, or enter into a scheme of arrangement or compromise or composition with creditors;
 - (e) **you** are placed in liquidation or provisional liquidation, or under official management or administration, or enter into a scheme of arrangement; or
 - (f) a receiver, or a receiver and manager, is appointed to any of **your** assets.
2. This **cover section** does not cover **interruption** of **your business** resulting from full or partial outage of **critical infrastructure**.

Provided that this exclusion does not apply to **interruption** of **your business**:

- (a) resulting from **damage** to any tangible property (including tangible property of a **critical infrastructure** provider); and
- (b) where such **damage** results from an **event** that would be covered under the Property Damage, Theft and Glass, Money or Portable and valuable items **cover sections** if such **damage** had been to **property insured** under those **cover sections**.

For the avoidance of doubt, "**damage** to any tangible property" in paragraph (a) above refers to actual **damage** to any tangible property, and not (i) something that is deemed to be **damage** for the purposes of your cover under this **cover section**, or (ii) a threat of **damage** to any tangible property.

Basis of Settlement

1. Accumulated stock clause

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

2. Additional expenditure

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

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

3. Auditors and Accountants

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

4. Departmental clause

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

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

5. Loss of income

Loss of income will be calculated by subtracting the **income** earned during the **indemnity period** from the **income** **you** would have earned during the **indemnity period** had the **damage** not occurred. The settlement paid to **you** may be subject to applicable withholding taxes.

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

- (a) will be calculated by reference to the **income** for:

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

Limitations of cover

1. Closure of your business

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

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

2. Excess

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

3. Insured amount

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

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

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

4. Underinsurance

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

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

- (b) Provided that 4 (a) will not apply, if:

- (i) **your** projected **income** which the **business** would have earned in the **indemnity period** stated in **your policy schedule** if the **damage** had not occurred, is less than the **insured amount**;
- (ii) **your** claim is less than 10% of the **insured amount**;
- (iii) **your insured amount** shown in **your policy schedule** has been calculated using a Business Interruption Calculator approved by **us**;
- (iv) the calculation has been completed using **your** GST exclusive sales figures from **your** most recent 12 months Business Activity Statements;
- (v) a copy of the data used, and the calculations are held on file;
- (vi) the calculation is completed within 2 months of inception or renewal and the outputs of the calculations are used as the **insured amount**; and
- (vii) calculations are completed annually.

We reserve the right to review the data and the outputs from the calculations utilized in setting the **insured amounts** under (iii) to (vii) above in the event of a claim.

Extensions of cover

The following Extensions of Cover apply, provided that the total **insured amount** shown in **your policy schedule** for this **cover section** is not exceeded:

1. Automatic reinstatement

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

You will not have to pay any additional premium.

We will not reinstate the **insured amount** if **we** pay the full **insured amount** in respect of a single claim under this **cover section**.

2. Catastrophe cover

When Extension of Cover – B2 - "Catastrophe cover" under Section 1 - Property Damage of the Property Damage, Theft and Glass **cover section** only applies, and the **indemnity period** stated on **your policy schedule** is 12 months or more, **we** will increase the **indemnity period** by a further 3 months, providing that **you** undertake the reinstatement of **your business** at the existing or an alternative **premises**.

This increase in **your indemnity period** is in recognition of the delays and difficulties experienced in the aftermath of such an event and which extend the normal period in which the results of any **business** are affected in consequence of the **damage**. This Extension of Cover does not increase the **insured amount** for **income** shown in **your policy schedule**.

3. Explosion of Boilers and Pressure vessels

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

4. Fines, Damages and Penalties

We will also pay up to 20% of the **insured amount** for:

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

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

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

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

6. Murder, Suicide and Infectious disease

We will pay for **loss of income** that results from an **interruption** of **your business** that is caused by the closure or evacuation of the whole or part of the **premises** by order of a competent government, public or statutory authority as a result of:

- (a) the occurrence of, or the discovery of any legionella species likely to result in legionellosis at the **premises**;
- (b) vermin or pests or defects in the drains or other sanitary arrangements at the **premises**;
- (c) injury or illness of customers arising from salmonella, campylobacter, staphylococcus aureus, bacillus cereus, clostridium, shigella, escherichia coli, listeria species or toxins present in shellfish only, directly caused by the consumption of food or drink provided on the **premises**;
- (d) murder or suicide occurring at the **premises**; or
- (e) shark or crocodile attack occurring within a twenty (20) kilometre radius of the **premises**.

For the purpose of this Extension of Cover only, the General Exclusion 15. "Communicable Disease" does not apply to those substances or agents specified in (a) or (c) above of this Extension of Cover.

The most **we** will pay in respect of this Extension of Cover is 20% of the **insured amount** shown in **your policy schedule** for this **cover section**, up to a maximum of \$250,000, for any one (1) **period of insurance**.

We will not cover **your loss of income** arising from the **interruption** of **your business** during the first 48 hours of any closure or evacuation of the whole or part of the **premises** by order of a competent government, public or statutory authority.

We will not pay for:

- (a) cleaning, repairing or checking at **your premises**; or
- (b) forensic cleaning of the **premises** following an act of violence which occurs at **your premises**.

7. Other premises and Property

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

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

8. Prevention of access

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

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

9. Prevention of access by a public authority

We will pay for **loss of income** that results from an **interruption** of **your business** that is caused by any competent government, public or statutory authority that prevents the use of or access to **your premises** or ordering the evacuation of the public as a result of **damage** to or threat of **damage** to property only within a 50-kilometre radius of **your premises** occurring during the **period of insurance**.

10. Public utilities

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

Provided that where the property of the supplier is not at or immediately adjacent to **your premises**, the **interruption** of the supply must extend for greater than forty-eight (48) hours.

11. Registered motor vehicles

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

- (i) the **damage** happens at **your premises**; and
- (ii) the **damage** would have been covered under Section 1 - Property Damage or Section 2 - Theft of the Property Damage, Theft and Glass **cover section** when the **damage** happened.

For the purpose determining if the **damage** would have been covered under Section 1 - Property Damage or Section 2 - Theft of the Property Damage, Theft and Glass **cover section** for the purpose of this Extension of Cover, such registered motor vehicles are deemed to be **property** covered under Section 1 - Property Damage or Section 2 - Theft of the Property Damage, Theft and Glass **cover section**, notwithstanding the definition of **excluded property** applicable to Section 1 - Property Damage of the Property Damage, Theft and Glass **cover section** or any exclusion of theft of motorised vehicles in Section 2 - Theft of the Property Damage, Theft and Glass **cover section**.

Optional extensions of cover

The following Optional Extensions of Cover are available if **you** choose them and pay any additional premium.

1. Accounts receivable (book debts)

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

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

Provided that **we** will not pay for:

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

2. Additional claims preparation costs

If "Additional Claims Preparation Costs" is shown in **your policy schedule** then **we** will pay for costs incurred that are not otherwise recoverable for processing and certifying details of claims under Section 1 - Property Damage of the Property Damage, Theft and Glass **cover section** and Business Interruption **cover section** up to an amount equal to the **insured amount** for Additional Claims Preparation Costs shown in **your policy schedule**.

3. Additional increase in cost of working

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

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

Legal Liability

Introduction

This **cover section** only forms part of **your policy** when Legal Liability is shown in **your policy schedule**.

Definitions

The following defined words in this **cover section** have the meanings given to them as set out below. These meanings only apply to this **cover section** and the terms and conditions of this **PDS** as they apply to this **cover section** and prevail over any other meaning given to them in other parts of the **PDS** and Policy Wording (including in the General Definitions).

Advertising liability

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

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

Aircraft

Any vessel, craft or machine made or intended to fly or move through the atmosphere or space.

Bodily injury

Death, bodily injury, sickness or disease sustained by a person. **Bodily injury** does not include mental impairment, mental injury, mental anguish, shock, fright, mental illness, humiliation, discrimination or any injury arising out of invasion of privacy, breach of confidentiality, defamation and/or loss of consortium.

Business

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

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

Computer virus

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

Excess

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

Hovercraft

Any vessel, craft or **machine** made or intended to transport persons or property over land or water supported on a cushion of air.

Incidental contracts

- (a) any written rental agreement and/or lease of real and/or personal property other than with respect to any term or condition contained in such rental lease and/or hiring agreement that requires **you** to insure such property;
- (b) any written contract with any authority or entity responsible for the supply of electricity, fuel, gas, natural gas, air, steam, water, sewerage reticulation control systems, waste disposal facilities, telephone or communication services or other essential services, except those contracts in connection with work performed by **you** or on **your** behalf for such authorities or entities; or
- (c) any written contract with any railway authority for the loading, unloading and/or transport of **products**, including contracts relating to the operation of railway sidings.

Insured person/Policyholder

You and the parties described under the heading "Cover for others".

Internet operations

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

Legal liability

You are legally liable to pay compensation for:

- (a) **property damage** in respect of property owned or controlled by someone else; or
- (b) **personal injury** to another person (other than employees); or
- (c) **advertising liability**,

which:

- (i) occurs during the **period of insurance**;
- (ii) is caused by an **occurrence** in connection with the **business**;
- (iii) occurs within the **territorial limits**; and
- (iv) was not intended or expected by **you**.

Loss of use

The inability to obtain the intended benefit which is not resulting from damage to tangible property.

Medical persons

Qualified medical practitioners, registered nurses, dentists and first aid attendants.

Occurrence

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

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

Personal injury

- (a) bodily injury, death, sickness, disease, shock, fright, mental anguish, mental injury or loss of consortium;
- (b) false arrest, false detention, wrongful imprisonment, malicious prosecution or malicious humiliation;
- (c) discrimination as a result of race, religion, sex, marital status, age, intellectual impairment, disability or otherwise (unless insurance of such is prohibited by law) not committed by **you** or at **your** direction;
- (d) wrongful entry or wrongful eviction or other invasion of privacy;
- (e) defamation or invasion of right of privacy; and
- (f) assault and/or battery not committed by **you** or at **your** direction unless committed for the purpose of preventing or eliminating danger to persons or property.

Products

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

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

- (a) supplied by **you** or on **your** behalf primarily to **your employees** as a staff benefit;
- (b) served in any dining room or at any function to **employees** or guests for consumption at **your premises**; or
- (c) supplied from any vending machine or any other **property** rented to or located for use of others but not sold by **you**,

and any claims for compensation against **you** arising out of supply or service as described in (a), (b) or (c) above shall be deemed to be a **public liability or general liability** claim to which the Public Liability **limit of liability** or **insured amount** specified in **your policy schedule** shall apply.

Property damage

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

Public liability or general liability

Your legal liability covered by this policy but not arising out of **your products**.

Territorial limits

Anywhere in the world (subject to the limitations set out in Exclusion 1. "Advertising liability", 15. "Pollution" and 21. "Territorial limits" of this **cover section**).

Tool of trade

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

You or Your

For the purpose of this **cover section** only, **you** or **your** means the **policy's** General Definition of **you** or **your** and includes any of **your** subsidiary companies now or hereinafter formed or constituted.

Provided that:

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

Cover

Subject to the **limits of liability** or **insured amounts** stated in **your policy schedule** and the terms and conditions of this **cover section**, **we** will pay all sums that the **insured person** shall become legally liable to pay for compensation in respect of:

- ▼ **personal injury** to another person (other than **employees**); or
- ▼ **property damage** in respect of property owned or controlled by someone else; or
- ▼ **advertising liability**,

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

Extension of cover

1. Cover for others

This **cover section** is extended to the following:

- (a) any of **your** directors, executive officers, **employees** or voluntary unpaid workers, but only whilst acting within the scope of their duties in such capacity;
- (b) any office bearer or member of the canteen, social, or sports organisations for **your employees** and internal first aid given by **your medical persons**, fire or ambulance services formed with **your** consent, but only whilst acting within the scope of their activities in such capacity;
- (c) any of **your** directors or senior executives in respect of private work undertaken by **your employees** for such director or senior executive, but only after they have obtained **your** prior consent to this private work to be undertaken;
- (d) any **employee** superannuation fund or pension scheme managed by **you** or on **your** behalf and the trustees and the directors of the trustee of any such employee superannuation fund or pension scheme which is not administered by corporate fund managers;
- (e) the estates, legal representatives, heirs or assigns of:
 - (i) any deceased or insolvent persons; or
 - (ii) persons who are unable to manage their own affairs by reason of mental disorder or incapacity, who would otherwise be indemnified by this **policy**, but only in respect of liability incurred by such persons as described in clauses (a) to (d) above;
- (f) any principal, but only for their liability for **personal injury** or **property damage** that is directly caused by **your** performance of the work for that principal and only to the extent that **we** would cover **you** under this **cover section** for **your** liability to that principal had the principal made a claim against **you** in respect of the circumstances giving rise to the principal's liability.

Provided that:

- (i) the work was carried out by **you** in an attempt to comply with a contract to perform work that was made between **you** and the principal; and
- (ii) **our** liability shall not exceed the lesser of the minimum amount of liability insurance cover required by the contract to perform the work or the **limit of liability** or **insured amount** shown in **your policy schedule**; and
- (iii) for avoidance of doubt, it is further provided that where a principal makes a claim under this clause, Exclusion 9. "Employer's liability" shall apply so that **we** will not pay for that principal's liability for **personal injury** to any person in the service of either **you** or that principal.

Limit of Liability

Our liability to pay compensation as a result of an **occurrence** shall not exceed the Public Liability **limit of liability** or **insured amount** stated in **your policy schedule**.

Our total aggregate liability to pay compensation in respect of or in any way related to **your products** during any one (1) **period of insurance** shall not exceed the Products Liability **limit of liability** or **insured amount** stated in **your policy schedule**.

Additional payments

In addition to the **limit of liability** or **insured amount** stated in **your policy schedule**, **we** will pay as additional payments all:

- (a) reasonable legal costs and expenses (including the costs of representation at any coronial hearing or other official investigation into the circumstances) incurred by the **insured person** with **our** written consent in the defence of any claim;
- (b) premiums payable for:
 - (i) bonds to release attachments for amounts not exceeding the applicable **limit of liability** or **insured amount**, but **we** shall have no obligation to apply for or furnish any such bond;
 - (ii) appeal bonds and/or security for costs required in any suit, but **we** shall have no obligation to apply for or furnish such bonds and/or security for costs;
- (c) expenses incurred by the **insured person** for first aid to others (other than medical expenses prohibited by Section 126 of the Health Insurance Act 1973 (Cth));
- (d) reasonable expenses incurred by the **insured person** for the temporary repair or shoring up or preservation of property which has been damaged; and

- (e) interest accruing after entry of judgment against the **insured person** until **we** have paid, tendered or deposited in court such part of the judgment as does not exceed the **limit of liability** or **insured amount** stated in **your policy schedule**,

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

- (i) if **we** pay the **limit of liability** or **insured amount** in respect of any **occurrence** **we** will not be obliged to defend any legal action against **you**. **We** will have no further liability under this **cover section** with respect to the **occurrence**, except for those legal costs and expenses and other expenses and amounts covered under this Additional payments clause that were incurred with respect to the **occurrence** by **you** with **our** permission prior to the date of payment of the **limit of liability** or **insured amount**.
- (ii) in the event of a claim covered by this **cover section** being made against an **insured person** in any Court or before any other legally instituted body in **North America**, the **limit of liability** or **insured amount** stated in **your policy schedule** shall apply to such claim inclusive of all additional payments; and
- (iii) if a payment exceeding the **limit of liability** or **insured amount** has to be made to dispose of a claim, or legal action against **you**, **our** liability to pay legal costs and expenses and other expenses and amounts covered under this Additional payments clause, with respect to the **occurrence**, will be limited to that proportion of those legal costs and expenses and other expenses and amounts as the **limit of liability** or **insured amount** bears to the amount paid to dispose of the claim or legal action.

Example:

Limit of liability or insured amount = \$10,000,000.

Payment to dispose of the claim = \$20,000,000.

Legal costs incurred under the Additional payments clause = \$100,000.

Limit of liability or insured amount is 50% of amount paid to dispose of the claim.

Our liability for legal costs is limited to 50% of \$100,000 = \$50,000 (less any applicable **excess**)

Excess

The **excesses** that are specified in **your policy schedule** for this **cover section** apply. Other **excesses** set out in this **cover section** or any **endorsement** may also apply. Please refer to General Claims Condition 12 – "Paying your Excess" for information about the options for paying the **excess**.

Exclusions

We will not pay anything in respect of:

1. Advertising liability

advertising liability for:

- (a) statements made at the direction of an **insured person** with the knowledge of their illegality or falsity;
- (b) breach of contract, other than misappropriation of advertising ideas contrary to an implied contract;
- (c) infringement or passing off of a trade mark, service mark or trade name on any **products**, goods or services sold, offered for sale or advertised. This does not apply to infringement of titles or slogans;
- (d) matters arising from the export of the **products** to, or **business** visits by directors, executives and **employees to North America**, notwithstanding the terms of sub paragraphs (i) and (ii) of Exclusion 21. - "Territorial limits";
- (e) any **insured person** whose **business** is advertising, broadcasting, publishing or telecasting;
- (f) incorrect description of the price of **products**, goods or services;
- (g) failure of **your products**, goods or services to conform with advertised performance, quality, fitness or durability; or
- (h) acts, errors or omissions committed prior to the inception date of this **cover section**.

2. Asbestos

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

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

3. Assault and Battery

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

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

4. Contract works

liability arising directly or indirectly out of, or caused by, through, or in connection with, or for the erection, construction, demolition of or alteration or addition to buildings or structures, or installation work, except where the contract value of such work does not exceed \$500,000.

5. Contractual liability

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

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

6. Damage to products

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

Exclusion 6. is restricted to the defective or harmful or unsuitable part of such damaged **product** and does not apply to any resultant damage caused to the remainder of the **product**.

7. Data, cyber, privacy breach, confidential or personal information breach and internet and computer operations

- (a) any access to or disclosure of any **private and confidential information** or **personal information**;
- (b) (i) total or partial destruction, distortion, erasure, corruption, theft, misappropriation, misuse or alteration of **data**;
- (ii) total or partial inability or failure to receive, send, access, manipulate or use **data** for any time or at all; or
- (iii) any **loss of use**, reduction in functionality, restriction of access or inability to manipulate, repair, replacement, restoration or reproduction of any **data**;
- (c) any corruption, **loss of use** or misuse of or inability to access, process, use or operate any **computer system**;
- (d) **your internet operations**. However, this exclusion (d) does not apply to:
 - (i) **legal liability** covered by this **cover section** for **personal injury**, **property damage** or **advertising liability** arising out of the use of any material which is already in print by the manufacturer in support of its products, including but not limited to product use and safety instructions or warnings, and which is also reproduced on **your** website; or
 - (ii) liability which arises irrespective of the involvement of **your internet operations**; or
- (e) any liability for **property damage to media** arising directly or indirectly out of or caused by, through or in connection with the provision of computer or telecommunications services by **you** or on **your** behalf.

This exclusion does not apply to:

- (i) **property damage, bodily injury** or **advertising liability** arising out of the circumstances described in sub-paragraphs (a), (b) or (c) above; or
- (ii) mental anguish, mental injury, shock, fright or loss of consortium arising out of the circumstances described in sub-paragraph (c) above. For avoidance of doubt, the exclusion continues to apply to mental anguish, mental injury, shock, fright or loss of consortium arising out of the circumstances described in sub-paragraphs (a) and (b) above.

For the purposes of this exclusion only, **property damage** means loss of, physical damage to or destruction of tangible property including the loss of use thereof resulting therefrom. Tangible property does not include **data**.

8. Defamation (Libel and Slander)

the publication or utterance of a defamation:

- (a) made prior to the commencement of the **period of insurance**;
- (b) made by an **insured person** at **your** direction or with **your** authority with the knowledge that it is false; or
- (c) related to advertising, broadcasting, publishing or telecasting activities conducted by **you** or on **your** behalf, excepting where cover is provided by **us** as **advertising liability**.

9. Employer's liability

- (a) **personal injury** to any person arising out of, or sustained in the course of, the employment of such person in the service of any **insured person** or through the breach of any duty owed to that person, where any **insured person**:
- (i) is indemnified or entitled to be indemnified (either in whole or in part) in respect of claims for compensation under a policy of insurance (which expression includes arrangements made by any **insured person** to provide accident insurance for any **insured person's** workers under a licence to self-insure) arranged (whether by law or not) in accordance with any workers compensation legislation or accident compensation legislation; or
 - (ii) would have been indemnified or entitled to be indemnified (either in whole or in part) had any **insured person** arranged a policy of insurance as required by such legislation.
- (b) **personal injury** to any person arising out of, or sustained in the course of the employment of such person in any **insured person's** service in Western Australia, other than a person of whom any **insured person** is deemed to be an employer by reason only of Section 175 of the Workers' Compensation and Injury Management Act 1981 (WA).
- (c) mental anguish, shock or fright suffered by any person arising out of, or in the course of, that person's employment by, or service to, any **insured person**.
- (d) **personal injury** arising out of the wrongful or unfair dismissal, denial of natural justice, harassment, libel, slander, defamation, misleading representation, misleading advertising or humiliation of, or discrimination against, any person while in any **insured person's** service, prospective employment or while employed by any **insured person**.
- (e) an indemnity which previously was provided in whole or in part under a policy of insurance arranged in accordance with any workers compensation legislation or accident compensation legislation, but in respect of which indemnity has been withdrawn or reduced as a consequence of a change to the scope, terms, provisions, or requirements of such legislation made after the commencement of the current **period of insurance** of this **cover section**.
- (f) the imposition of any liability by the provisions of any workers compensation legislation or accident compensation legislation or any industrial award, agreement or determination.

10. Faulty workmanship

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

11. Hot work

liability arising directly or indirectly out of, or caused by, through, or in connection with, or for flame cutting, flame heating, arc or gas welding, metal grinding or any similar operation in which welding, metal grinding or cutting equipment is used, unless such use is carried out in strict compliance with all relevant workplace health and safety law and Australian Standards AS 1674.1 – 1997 Safety in welding and allied processes – Fire precautions and AS 1674.2-2007 Safety in welding and allied processes – Electrical, available from www.standards.org.au.

12. Intentional conduct

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

13. Loss of use

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

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

Exclusion 13. (b) does not apply to loss of use of other tangible property resulting from the sudden and accidental physical damage to or destruction of the **products** after such **products** have been put to use by any person or organisation other than **you**.

14. Molestation

liability arising directly or indirectly out of, or caused by, through, or in connection with, or for the molestation of, the interference with, the mental abuse or the physical abuse of any person by:

- (a) **you**;
- (b) any **employee**; or
- (c) any person performing any voluntary work or service for **you** or on **your** behalf.

15. Pollution

any liability for:

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

Exclusion 15. (a) and (c) shall not apply where the claim arises from a sudden identifiable, unintended and unexpected event which takes place in its entirety at a specific time and place and occurs outside of **North America**, however, the total aggregate **limit of liability** or **insured amount** during any one (1) **period of insurance** shall not exceed the **limit of liability** or **insured amount** stated in **your policy schedule**.

16. Products guarantee

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

Exclusion 16. shall not apply to the requirements of any Federal or State legislation as to product safety.

17. Professional liability

liability caused by the rendering of or failure to render professional advice or service.

Exclusion 17. shall not apply in respect of:

- (a) **personal injury** or **property damage** arising therefrom when such professional advice or service is not given for a fee;
- (b) the rendering of or the failure to render first aid by persons employed by **you** to provide first aid on **your premises**;
- (c) free advice provided by **you** in the course of the **business**; or
- (d) advice given in respect of the use or storage of **your products**.

18. Property in physical or legal control

property damage to property owned by or in the physical or legal control of an **insured person**. Exclusion 18. does not apply to **property damage** to:

- (a) **premises** leased or rented to **you**, but no cover is provided by this **policy** if **you** have assumed the responsibility to insure such **premises**;
- (b) personal effects of **your** directors, **employees** and visitors;
- (c) other premises (and their contents) where those premises are temporarily occupied by an **insured person** to carry out work;
- (d) any **vehicle** (including its contents, spare parts and accessories while they are in or on such **vehicle**) in a carpark unless:
 - (i) the **vehicle** is used by or on behalf of an **insured person**; or
 - (ii) the carpark is occupied or operated by an **insured person** for reward;
- (e) other property, not owned by **you**, but in **your** physical or legal control subject to the Property in Your Custody or Control **insured amount** specified in **your policy schedule** for any one **occurrence** and in the aggregate during any one **period of insurance**.

19. Recall of products

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

20. Silicosis

personal injury caused by or arising directly or indirectly out of or in connection with the actual, alleged, threatened or suspected presence, ingestion, inhalation or absorption of silicon dioxide (occurring in crystalline, amorphous/non-crystalline and impure forms), silica particles, silica dust or silica compounds or any mixture or combination of silica and other dust or particles.

21. Territorial limits

any liability:

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

Exclusion 21. shall not apply to:

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

22. Vehicles

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

- (a) which is registered or which is required under any legislation to be registered;
- (b) in respect of which compulsory liability insurance or statutory indemnity is required by virtue of any legislation (whether or not that insurance is effected); or
- (c) which was being driven by, or is in the charge of, someone:
 - (i) who was under the influence of any alcohol, drug or medication;
 - (ii) in whose blood the level of alcohol or drugs, as shown by analysis of the person's breath or blood, is equal to or in excess of that level at which it is an offence to drive or be in charge of a motor vehicle under the relevant law in which the analysis is conducted; or
 - (iii) who fails or refuses to provide a specimen or sample of their breath, blood or urine for the purpose of analysis when required by police or any other authorised person; or
 - (iv) who was not licenced, not correctly licenced or not complying with the conditions of their licence.

However, sub-paragraphs '(i)', '(ii)' and '(iii)' of this exclusion will not apply if and to the extent it can be demonstrated that the alcohol, drug or medication intake did not contribute to the **occurrence**. **We** will also not refuse **your** claim if the **policyholder** can satisfy **us** that they did not know, and could not have reasonably known that the driver or person in charge of the **vehicle** was affected by alcohol, drugs or medication.

Exclusion 22. (a) and (b) do not apply to claims:

- (i) for **personal injury** where that compulsory liability insurance or statutory indemnity does not provide indemnity and/or the reason or reasons why that compulsory liability insurance or statutory indemnity does not provide indemnity do not involve a breach by **you** of legislation relating to **vehicles**;
- (ii) arising out of and during the loading or unloading of goods to or from any **vehicle**;
- (iii) caused by or arising from the operation or use of any **vehicle** which is designed primarily for lifting, lowering, loading, unloading, while being operated or used by **you** or on **your** behalf within the confines of **your premises**;
- (iv) arising from the use of any **tool of trade** other than whilst in transit or whilst being used for transport or haulage;
- (v) for **property damage** arising out of the movement by **you** or by any **employee** of **yours** of any **vehicle** or trailer not belonging to **you** which is interfering with access to or from **your premises** or any site where **you** are carrying out work; or
- (vi) for **property damage** caused by or arising out of the movement of any **vehicle** (which is required to be conditionally registered in accordance with the law of any State or Territory in **Australia**) in the event of **your** inadvertent and unintentional failure to effect conditional registration.

23. Watercraft, Aircraft, Hovercraft

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

- (a) the operation, ownership, possession or use by **you** of any **watercraft** or **hovercraft** exceeding ten (10) metres in length, while such **watercraft** or **hovercraft** is on, in or under water.

Provided that 19(a) shall not apply to claims arising out of:

- (i) **watercraft** used in operations carried out by any independent contractors for whose conduct **you** may be held liable;
 - (ii) **watercraft** or **hovercraft** owned and operated by others and used by **you** for business entertainment;
 - (b) the ownership, maintenance, operation, possession, or use by **you** of any **aircraft**, including any **property** used for the purpose of an airport or any **aircraft** landing strip.
- Provided that 19(b) shall not apply to claims arising out of any model aircraft or tethered inflatable balloons used for advertising or promotional purposes;

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

24. Weakening of support to property

liability arising directly or indirectly out of, or caused by, through, or in connection with, or for

- (a) the vibration of, the removal of, or the weakening of or interference with, any structural support of land or buildings not owned by or occupied by **you**;
- (b) piling, underpinning, restumping, shoring, drilling, dewatering, soil or rock anchoring; or
- (c) the demolition of any building or structure.

Special Conditions

These conditions apply to all covers and claims under this **cover section** in addition to the General Policy Conditions that apply to this **cover section**.

If **you** do not comply with these Special Conditions, **we** may:

- (a) refuse to pay a claim or reduce the amount **we** pay (to the extent to which **we** are prejudiced in respect of the claim as a result of **your** non-compliance); and/or
- (b) recover from **you** any costs and/or any monies **we** have paid; and/or
- (c) cancel **your policy**.

1. Additions and/or Alterations to buildings and plant

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

Provided also that nothing in this clause will result in an increase in the **limit of liability** or **insured amount** stated in **your policy schedule** in respect of any **occurrence** or **period of insurance**.

2. Cross liability

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

Provided that the **limit of liability** or **insured amount** stated in **your policy schedule** and the Additional Payments clause in this **cover section** will apply as though there were not separate policies issued to each party.

3. Liability not to be admitted

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

4. Exercise care and take action

Notwithstanding General Policy Condition 3 – "Take steps to reduce risk", the following is applicable for this **cover section**.

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

Money

Introduction

This **cover section** only forms part of **your policy** when Money is shown in **your policy schedule**.

Definitions

The following defined words in this **cover section** have the meanings given to them as set out below. These meanings only apply to this **cover section** and the terms and conditions of this **PDS** as they apply to this **cover section** and prevail over any other meaning given to them in other parts of the **PDS** and Policy Wording (including in the General Definitions).

Business hours

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

Financial service provider

A bank, building society or credit union or an agency for any of these, that is in the business of providing banking services to the public.

Locked

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

Loss or lost

Physical loss, damage or destruction.

Money

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

Money includes **money** in tangible form held in trust or for which **you** are responsible and which is not otherwise insured under another policy of insurance not entered into by **you** and shall also include any cash carrying bag used with the **transit**.

Money does not include collectable items (for example coin or stamp collections), or anticipated revenue or any kind of crypto-currency.

Safe or strongroom

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

A safe is not:

- (a) a petty cash box;
- (b) locked drawer in any type of filing cabinet or desk;
- (c) burglary resistant container weighing less than 20 kilograms that is not fixed to the wall or floor of the **premises** by anchoring it using mechanical bolting: e.g. Dynabolts; or
- (d) an ATM

Transit

Money in **your** personal custody or in the custody of persons authorised by **you** whilst in transit within **Australia**.

The **transit** shall be deemed to have commenced immediately after the **safe or strongroom** is unlocked for the purpose of removing and immediately transporting the **money** from the **premises**.

Money in **transit** includes **money** while contained in the night safe, night depository chute or automatic teller machine of any **financial service provider**. **Our** liability ceases at the time **your financial service provider** has recorded the **money into your** account or ceases trading on the next business day following the deposit therein.

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

You or Your

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

Cover

We cover **loss** of the following categories of **money** occurring during the **period of insurance**:

- ▼ **Money** in transit
- ▼ **Money** on the **premises**
- ▼ **Money** on the **premises** in a securely **locked safe or strongroom**
- ▼ **Money** in **your** custody.

Basis of Settlement

The most **we** will pay for:

- (a) **money** in **transit** at the time of the **loss** is the "Money in transit" **insured amount**;
- (b) **money** on the **premises** during **business hours** at the time of the **loss** is the "Money on the premises during business hours" **insured amount**. The maximum **we** will pay for **money** on the **premises** outside **business hours** is \$3,000, unless the **money** is contained in accordance with (c) below;
- (c) **money** on the **premises** in a securely **locked safe or strongroom** at the time of the **loss** is the "Money in a locked safe or strongroom" **insured amount**; or
- (d) **money** in **your** personal custody or the personal custody of an authorised person while in a private residence at the time of the **loss** is \$3,000.

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

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

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

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

Losses sustained in currencies other than Australian dollars will be calculated by converting the amount of **loss** to Australian dollars at the market buy rate at the time of the **loss** or such other rates as may have been expressly agreed with **us**. If there is no market price or value on the relevant day, then the value shall be agreed with **us**.

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

When Extension of Cover 1 (a) "Damage to safes or strong rooms "applies, **we** will

- (a) if the **loss** is confined to part of the **safe or strongroom**, pay **you** the cost of repair of that part plus the cost of any necessary dismantling and reassembling; or
- (b) pay **you** the cost of repairing or replacing the **safe or strongroom**.

We will not pay costs of alterations, improvements or overhauls carried out when the **safe or strongroom** is being repaired or replaced. **We** will settle any claim by paying **you**. This means that **we** will not repair or replace or arrange for a service. **We** will pay **you** by direct deposit into **your** bank account.

Limitation of Cover

1. Excess

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

Exclusions

We will not pay for:

1. theft from an unattended **vehicle** that is not **locked**;
2. theft from a **safe or strongroom** when the locking device is opened by:
 - (a) a key, a magnetic key or card, or similar device;
 - (b) a sequence of numbers or letters, or numbers and letters; or
 - (c) any combination of the security devices described in 2(a) and 2(b) above,when these security devices are left unsecured on the **premises**;
3. theft from a **safe or strongroom** that is not **locked** during non-business hours;
4. shortage of any **money** due to error or omission;
5. **loss** due to fraudulent or dishonest acts by **you**.
Provided that this does not apply to theft by **your employees** following visible, forcible and violent entry;
6. **loss** due to the dishonest manipulation of any database or computer system;
7. **loss of money** while professional money carriers, professional carriers or common carriers are carrying it; or
8. Loss of profit or income, loss of use, loss of earning capacity, loss caused by delay, lack of performance, loss of contract, or depreciation in value or any other loss or damage that is not covered under this **cover section**.

Extensions of cover

If a claim for **loss of money** is covered by this **cover section**, **we** will also pay or provide the Extensions of Cover set out below.

If **we** pay a claim under an Extension of Cover, **we** will settle that Extension of Cover by paying **you** by direct deposit into **your** bank account. This means that **we** will not repair or replace or arrange for a service.

1. Additional covers

In addition to the **insured amount**:

(a) Damage to safes or strongrooms

If "Money in a locked safe or strongroom" is shown in **your policy schedule**, then **we** will pay up to \$10,000 for **damage to your safe or strongroom** following theft or an attempted theft of **money** covered by this **cover section**.

(b) Clothing and Personal Effects

If during a theft or attempted theft of **money** covered by this **cover section**, clothing and personal effects are **lost**, then **we** will pay **you** to repair or replace those items.

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

(c) Keys, locks and combinations

If "Money in a locked safe or strongroom" is shown in **your policy schedule** and Exclusion 2(a), (b) or (c) does not apply, then:

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

- (ii) **we** will also pay **you** the cost of opening **your safe or strongroom** following **loss** of keys, magnetic keys or cards or similar devices.

Provided that the total amount payable under this Extension of Cover is limited to \$10,000 in total, any one **event**. If **you** are also insured under Section 2 - Theft of the Property Damage, Theft and Glass **cover section**, the benefits payable under Extension of Cover 8. "Locks and Keys" of Section 2 - Theft shall not be cumulative.

- (d) Travellers' money

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

Provided that the total amount payable under this Extension of Cover is limited to \$10,000 (Australian dollars) in total, any one (1) **event**.

- (e) Death following assault

If any director, officer or **employee** of **your business** is injured while protecting or attempting to protect **money** from theft or attempted theft and death results from this injury within twelve (12) months, **we** will pay \$10,000 to the estate of that person. If **you** are also insured under Section 2 - Theft of the Property Damage, Theft and Glass **cover section**, the benefits payable under Extension of Cover 4. "Death following assault" of Section 2 - Theft shall not be cumulative.

- (f) Temporary protection and Watchmen

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

Provided that the total amount payable under this Extension of Cover is limited to \$10,000 in total, any one (1) **event**. If **you** are also insured under Section 2 - Theft of the Property Damage, Theft and Glass **cover section**, the benefits payable under Extension of Cover 13. "Temporary protection and Watchmen" of Section 2 - Theft shall not be cumulative.

- (g) Security

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

Provided that the maximum amount **we** will pay is limited to \$10,000 in total, any one (1) **event**. If **you** are also insured under the Section 2 - Theft of the Property Damage, Theft and Glass **cover section**, the benefits payable under Extension of Cover 12. "Security" of Section 2 - Theft shall not be cumulative.

2. Bank or Public holiday increase

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

Provided that this Extension of Cover does not apply to:

- (a) **damage to your safe or strongroom;**
- (b) **money on premises outside business hours;** and
- (c) is not cumulative with Extension of Cover 7. – "Seasonal or Festive increase" of this **cover section**.

3. Counterfeit currency

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

Provided that the total amount payable under this Extension of Cover is limited to \$750 in total any one (1) **period of insurance**.

4. Employee dishonesty

We will pay **you** for **loss of money** caused by theft or dishonesty by any of **your employees** occurring during the **period of insurance**, which is discovered within forty five (45) days of its occurrence. Exclusions 5 and 6 of this **cover section**, so far as they relate to **loss** due to fraudulent or dishonest acts by **you** and **loss** due to the dishonest manipulation of any database or computer system, do not apply to this Extension of Cover.

Provided **our** liability under this Extension of Cover is limited to \$5,000 for any one (1) **event**. If **you** are also insured under Section 2 - Theft of the Property Damage, Theft and Glass **cover section**, the benefits payable for **employee** dishonesty shall not be cumulative.

We will not pay any claims under this Extension of Cover if **you** are insured under Optional cover – "Employee Dishonesty" in the Management Liability **cover section**.

5. New Premises – Temporary cover

We will cover **you** for **loss of money** as insured by this **cover section** for a period of sixty (60) days from the date **you** first occupy new premises.

Provided that:

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

If **we** agree to cover the **money** at the new premises beyond the sixty (60) consecutive day period, **you** must pay any additional premium **we** ask for. If **we** agree to cover **money** at the new premises beyond this sixty (60) consecutive day period, **we** may require payment of an additional premium. The amount of any additional premium will be based on **our** underwriting guidelines.

6. Reinstatement of insured amount

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

You will not have to pay any additional premium, provided that the maximum amount **we** will pay during the **period of insurance** is limited to twice the **insured amount**.

7. Seasonal or Festive increase

The **insured amount** for **money** is increased by 50% for **losses** occurring during the **seasonal increase periods**, up to a maximum of 126 days.

This Extension of Cover:

- (a) will not extend the insurance beyond the **period of insurance** noted in **your policy schedule**;
- (b) does not apply to **money** on **premises** outside **business hours**; and
- (c) will not apply to the individual days mentioned under Extension of Cover 2 – "Bank or Public holiday increase" of this **cover section**.

You can nominate different **money** increase period(s) or a higher percentage of the **insured amount** for **money**. If **you** do they will be shown on **your policy schedule** by **endorsement** and **you** must pay any additional premium that applies.

Optional extension of cover

We will provide the following Optional Extension of Cover when requested by **you**, when **you** pay any additional premium required and when shown as insured on **your policy schedule**.

This Optional Extension of Cover is provided subject to the General Exclusions and all the terms, conditions and exclusions that apply to this **cover section**, unless stated otherwise.

1. Increased damage to safes and strongrooms

When "Increased damage to safes and strongrooms" is shown in **your policy schedule** then the \$10,000 limit for Extension of Cover 1 (a) – "Damage to safes or strongrooms" of this **cover section** is increased to the limit shown in **your policy schedule**.

Portable and valuable items

Introduction

This **cover section** only forms part of **your policy** when Portable and Valuable Items is shown in **your policy schedule**.

Definitions

The following defined words in this **cover section** have the meanings given to them as set out below. These meanings only apply to this **cover section** and the terms and conditions of this **PDS** as they apply to this **cover section** and prevail over any other meaning given to them in other parts of the **PDS** and Policy Wording (including in the General Definitions).

Item or Items

An item or items which is part of a group or class of property that are shown in **your policy schedule**.

Stock

For the purpose of this **cover section** only, the General Definition of **stock** is extended to include any materials owned by **you** and stored on **your premises**, at contract sites, or during **transit**.

Cover

We will pay **you** up to the **insured amount** for the cost of repairing or replacing **items** that are accidentally **damaged** during the **period of insurance**.

We will settle any claim by paying **you**. This means that **we** will not repair or replace or arrange for a service. **We** will pay **you** by direct deposit into your **bank** account.

Limitations of cover

1. Excess

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

2. Geographical limits

Cover applies to **damage** that occurs anywhere in the world, unless cover is limited by **endorsement** to the **premises** shown in **your policy schedule**.

3. Obsolete items or improvements

If an **item** cannot be purchased as a new **item** or if an **item** cannot be repaired or replaced without improving the output, capacity or efficiency of that **item** then, **we** will only pay the cost of replacing or repairing that **item**, less an amount equal to the value of any such improvement(s).

4. Reduced insured amount

The **insured amount** for the **period of insurance** will be reduced by any payment made or due to be made under this **cover section**.

5. Stock

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

6. Unspecified items

When cover is shown in **your policy schedule** for Unspecified Items, cover is limited to a maximum amount of \$2,500 for any one **item**.

Provided that **we** will not pay for Excluded Items (see below).

Exclusions

1. **We** will not pay for loss of profit or income, loss of use, loss of earning capacity, loss caused by delay, lack of performance, loss of contract, or depreciation in value or any other loss or damage that is not covered under this **cover section**.
2. **We** will not pay for **damage** to any **item** which is not part of a group or class of property that is shown on **your policy schedule** unless **your policy schedule** shows that **you** have cover for Unspecified Items.
3. Excluded causes

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

- (a) scratching, biting or chewing by any animal;
- (b) mechanical, hydraulic, electrical or electronic breakdown, burn-out, failure, malfunction or derangement of any equipment or device;
- (c) smut or smoke from industrial operations (other than sudden and unforeseen resultant **damage**);

- (d) any faults or defects in any **item** of insured property that **you** or any of **your employees** knew or should reasonably have known about before taking out this **cover section**;
- (e) the breaking, seizing, deformation or melting of any part of any **item** while that **item** is in use that is caused by mechanical, electrical or electronic defect within the **item** that causes sudden failure or malfunction that requires repair or replacement before the **item** can resume normal operation;
- (f) moths, termites or other insects or vermin;
- (g) scratching, denting, chipping or other aesthetic defects that do not materially affect the operation or function of the **item**;
- (h) gradually operating causes such as, but not limited to, wear and tear, gradual deterioration or developing flaws, atmospheric conditions, variations or extremes of temperature, mildew, corrosion, disease, fading, rusting or other forms of oxidation; or
- (i) faulty materials, faulty workmanship or latent defects.

Exclusions 2 (e), (f), (g) and (i) shall apply only to the part of the **item** immediately affected and **we** will pay for any **damage** to any **item** that is not otherwise excluded that results from **damage** caused by or arising directly from any of these causes.

4. Excluded items

We will not pay for the following **items**:

- (a) mobile plant, motorised vehicles, **watercraft**, aerial devices, sporting equipment, firearms;
- (b) **stock** including consumable items;
- (c) **money** or documents of any kind.

Extensions of cover

We will also pay or provide the Extensions of Cover set out below.

If **we** pay a claim under an Extension of Cover, **we** will settle that Extension of Cover by paying **you** by direct deposit into **your** bank account. This means that **we** will not repair or replace or arrange for a service.

1. Automatic reinstatement

If **we** pay a claim under this **cover section** **we** will automatically reinstate the **insured amount** to the amount shown in **your policy schedule**, provided that **you** pay or agree to pay the additional premium that **we** require.

2. Theft of property of others

We will cover **you** for theft of any **item** not belonging to **you** but in **your** physical or legal control for the purposes of **your business** occurring during the **period of insurance**, anywhere in the world.

We will only cover **you** under this Extension of Cover if the **item** or **items** were:

- (a) in a securely locked **vehicle** and the theft was consequent upon forcible and violent entry to the **vehicle**;
- (b) securely and permanently affixed to a building or **vehicle** and theft is consequent upon forcible and violent removal of the **item** or **items**;
- (c) secured to a **vehicle** by a chain or cable and a padlock (all of which are specifically designed to prevent theft) and that have been broken or **damaged** to enable the theft;
- (d) in **your** private residence or the private residence of **your employee** who has been authorised by **you** to have the custody and control of the item. However **we** will not cover any theft by a tenant;
- (e) securely locked in a building or any part of the building and the theft is consequent upon forcible and violent entry to the building or that part of the building; or
- (f) stolen as a consequence of armed hold-up or the threat of physical violence.

We will not cover any theft:

- (i) committed by **you** or any of **your employees**;
- (ii) committed by any person while lawfully at **your premises** who has with **your** consent entered **your premises** or the **building**; or
- (iii) of any **item** which is in an unattended area of the **building**.

We will not cover **you** for more than \$2,500 in any one (1) **period of insurance** under this Extension of Cover.

Breakdown of machinery and electronic equipment

Introduction

This **cover section** only forms part of **your policy** when either Machinery Breakdown or Electronic Equipment Breakdown is shown in **your policy schedule**.

Definitions

The following defined words in this **cover section** have the meanings given to them as set out below. These meanings only apply to this **cover section** and the terms and conditions of this **PDS** as they apply to this **cover section** and prevail over any other meaning given to them in other parts of the **PDS** and Policy Wording (including in the General Definitions).

Air conditioner

An appliance, system, or mechanism designed to extract heat from an area via a refrigeration cycle. Its purpose in a building is to provide comfort during either hot or cold weather.

Boilers and pressure plant

Those parts of the permanent structure of the **machinery** owned by **you** or for which **you** are legally responsible which are subject to internal steam gas or fluid pressure (other than atmospheric pressure) including:

- (a) fittings and direct attachments which are connected to the permanent structure without intervening valve or cock;
- (b) supporting structures of the **machinery** described above (other than foundations, masonry or brickwork) such as furnace doors, access doors, external combustion chambers smoke boxes and casings; and
- (c) metal parts of pressure and water gauges and their connections to the permanent structure.

Breakdown

A sudden, accidental and unforeseen failure of **machinery** or **electronic equipment** resulting in physical damage to such **machinery** or **electronic equipment** which requires the repair or replacement of all or part of the **machinery** or **electronic equipment** before normal operation of it can be resumed and may include, but is not limited to the actual breaking, seizing, deformation or burning out sufficient to prevent the item undertaking its normal operation and necessitating repair or replacement.

Breakdown does not mean:

- (a) depletion, deterioration, corrosion or erosion of material;
- (b) wear and tear;
- (c) vibration or misalignment;
- (d) the functioning of any safety device or protective device; or
- (e) the failure of a structure or foundation supporting the **machinery** or **electronic equipment** or a part of the **machinery** or **electronic equipment**.

Computer equipment

General purpose machine, commonly consisting of digital circuitry, that accepts (inputs), stores, manipulates, and generates (outputs) **electronic data** as numbers, text, graphics, voice, video files, or electrical signals, in accordance with instructions called a program including but not limited to **electronic data** processing equipment comprising a central processing unit, video display units, printers, hard disks, floppy disk drives, micro diskettes including read and write heads, electro or mechanical motors and passive components but does not include software.

Computer virus

A corrupting, harmful, or otherwise unauthorised piece of code that infiltrates **your electronic equipment**, including a set of unauthorised instructions, programmatic or otherwise, that propagates itself through **your electronic equipment**. **Computer virus** includes "trojan horses", "worms" and "time or logic bombs".

Consequential loss

Loss of use, loss of earning capacity and any other consequential loss of any kind, including loss, damage, cost or expense caused directly or indirectly by or resulting from:

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

Domestic type hot water systems

Any heating or hot water system of any kind used for domestic purposes not exceeding 500 litres and normally operating at a temperature not exceeding ninety nine degrees Celsius (99°C).

Electronic equipment

Any electronic equipment including, but not limited to **computer equipment**, mobile phones, laptops, portable and hand held electronic devices and tablets, scanners, printers, word processors, electronic processing systems, photocopiers, facsimile machines, electronic cash registers, electronic scales and electronic testing or analysing equipment used by **you** in the **business**.

Electronic equipment does not include electronic equipment that is **stock**.

Expendable items

- (a) electrical and electronic glass bulbs, tubes, x-ray tubes, contacts, fuses and heating elements; or
- (b) tracks, rails, wear plates, cutting edges, tools, dies, engraved cylinders, moulds, patterns, shear pins, filters, chains, belts, tyres, tracks or conveyor belts and any other part or parts which require periodic replacement.

Hazardous substance

Any:

- (a) **pollutant**, contaminant or other substance declared by a government authority to be hazardous to health or the environment; or
- (b) form of fungus including any spores or toxins created or produced by or emanating from such fungus, whether or not allergic, pathogenic or toxigenic.

Machinery

Any item or component of an item that is owned by **you** or for which **you** are legally responsible including electronic and other integral parts which generates, contains, controls, transmits, receives, transforms, or utilises mechanical or electrical power, any electronic machine, device or instrument.

Machinery includes **boilers and pressure plant**. **Machinery** includes **air conditioners** only when "Air Conditioning" is shown as insured in **your policy schedule**.

Machinery does not include:

- (a) any **electronic equipment** or coin/card operated machines;
- (b) any **watercraft** or **aircraft**;
- (c) any elevator or escalator but not excluding any electrical or **electronic equipment** used with such apparatus;
- (d) any storage tanks and vats, stationary and mobile pressure vessels containing explosive gases, **domestic type hot water systems**;
- (e) any **vehicle** or mobile equipment;
- (f) any ducting, reticulating electrical wiring, water and gas piping and any other **machinery** not installed or used; or
- (g) any buried piping, any drainage piping, any sprinkler piping and its accessory equipment.

Obsolescence

Obsolescence occurs when equipment is no longer wanted even though it may still be in good working order. Obsolescence frequently occurs because a replacement has become available that has, in total, more advantages than the inconvenience related to repurchasing the replacement. **Obsolescence** will be taken into account on any claim for **machinery** and **electronic equipment** covered under this **cover section**.

Pressure pipe systems

In respect of **boilers and pressure plant** any pressure pipe systems with valves, fittings, traps and separators which contain steam condensate, gas or fluids under pressure (other than atmospheric pressure) and which is generated in whole or in part within **machinery**, including any feed water piping between such boiler and its feed pump or injector, but not including any such pipe systems which form part of any other vessel or apparatus. In respect of refrigeration and air-conditioning **machinery** shown as insured in **your policy schedule**, the interconnecting coils and pipework containing transfer **media**.

Cover

We will cover **you** for **damage** as a result of a **breakdown** at **your premises** to an item of:

- (a) **machinery**, if "Machinery Breakdown" is shown in **your policy schedule**; or
- (b) **electronic equipment**, if "Electronic Equipment Breakdown" is shown in **your policy schedule**,

which requires repair or replacement before it can continue operating normally and provided the **damage** occurs during the **period of insurance**.

Special conditions

These conditions apply to all covers and claims under this **cover section** in addition to the General Policy Conditions.

If **you** do not comply with these Special Conditions, **we** may:

- (a) refuse to pay a claim or reduce the amount **we** pay (to the extent to which **we** are prejudiced in respect of the claim as a result of **your** non-compliance); and/or
- (b) recover from **you** any costs and/or any monies **we** have paid; and/or
- (c) cancel **your policy**.

1. Adherence to statutory requirements

If **machinery** or **electronic equipment** must be licensed under statutory obligations, by-laws, regulations, public authority requirements or safety requirements, **you** must obtain any licenses as required and use such **machinery** and **electronic equipment** as specified in the licence.

2. Inspection

We or **our** authorised representatives have the right to make inspections of **machinery** or **electronic equipment** at any reasonable time. Neither this right to make inspections nor making them is an undertaking to **you** or others that the **machinery** or **electronic equipment** is safe and not hazardous or injurious to health.

3. One breakdown

If either:

- (a) a **breakdown** of **machinery** or **electronic equipment** causes the **breakdown** of other **machinery** or **electronic equipment**; or
- (b) a series of **breakdowns** occur at the same time as a result of the same cause,

they will all be considered as one **breakdown** for the purpose of applying the **excess**, the **insured amounts** and any other limit or sub-limit in this **cover section**.

Basis of Settlement

If **we** pay a claim for **breakdown** of **machinery** or **electronic equipment** **we** will pay for the cost of repairing, rebuilding or replacing any **damaged** item.

We will settle any claim by paying **you**. This means that **we** will not repair or replace or arrange for a service. **We** will **pay** you by direct deposit into **your** bank account.

If **we** pay to replace the **damaged** item, **we** will pay to replace the **damaged** item with similar property of a like kind, capacity, size, quality and function.

If **you** can carry out the repairs at the **premises** or at a workshop **you** own, **we** will pay the actual costs of materials and wages incurred plus a reasonable overhead mark-up, provided that a qualified person carries out the repairs.

If it is necessary to replace parts that are unavailable, **we** will not pay more than the estimated cost of similar parts currently available. If similar parts are unavailable, **we** will not pay more than the manufacturers', or suppliers', latest list price.

We will not pay any cost of repairing or replacing any part or parts of a piece of **machinery** or **electronic equipment** which is greater than the cost of repairing or replacing the entire piece of such **machinery** or **electronic equipment**.

If the work of repairing, rebuilding or replacing the item is not commenced and carried out within a reasonable time period after the **breakdown**, **we** will not be liable to pay more than the cost necessary to repair, rebuild or replace the item at the time the **breakdown** occurred.

Where the **breakdown** is confined to a part of a machine or structure, **we** will not pay more than the cost of repairing or replacing that part plus the cost of dismantling and erecting the structure.

Depreciation applied for replacement of computers

If **we** pay **you** the cost to replace a laptop computer, notebook or desktop computer, **we** will apply depreciation based on the age of the computer, but not as a result of improvements in technology or functionality.

We will apply depreciation at the rate of 10% per annum for each year from the date of manufacture, subject to a maximum reduction of 80% of the installed current replacement cost.

Limitations of cover

1. Insured amount

The most **we** will pay for **breakdown** of:

- (a) **machinery** is the "Machinery Breakdown" **insured amount**;
- (b) **electronic equipment**, including **computer equipment**, is the "Electronic Equipment Breakdown" **insured amount**.

2. Excess

Without limiting Special Condition – 3. "One breakdown" above, **you** must pay the amount of any **excess** shown in **your policy schedule** for each claim **you** make.

Exclusions

We will not cover **you** for:

- 1. The cost of repair or replacement of **expendable items**.
- 2. **Breakdown** or any loss or damage caused by any crack, fracture, blister, lamination, flaw or grooving which has not penetrated completely through the entire thickness of the material of the **machinery**.
- 3. The costs incurred in repairing wear and tear or gradual deterioration including:
 - (a) wear and tear due to normal operation;
 - (b) depletion, deterioration, wearing or wasting away of material caused by normal operation or resulting from atmospheric conditions, rust, corrosion, erosion, or oxidation;
 - (c) damage to a safety or protective device caused by its own operation;
 - (d) the chipping or scratching of painted or polished surfaces; or
 - (e) slowly developing deformation or distortion.
- 4. The cost of carrying out of normal maintenance, such as the tightening of loose parts, recalibration or adjustments.
- 5. **Breakdown** of **machinery** or **electronic equipment** which **you** knew or reasonably should have known to be defective before the **breakdown** occurred.
- 6. Loss of profit or income, loss of use, loss of earning capacity, loss caused by delay, lack of performance, loss of contract, or depreciation in value or any other loss or damage that is not covered under this **cover section**.
- 7. Any loss or damage caused by or arising out of the following events:
 - (a) fire;
 - (b) escape of molten material from its intended confines at the **premises**;
 - (c) lightning or thunderbolt;
 - (d) earthquake, tsunami, subterranean fire or volcanic eruption, or fire resulting from any of these, during any period of 72 consecutive hours;
 - (e) impact;
 - (f) riot, civil commotion or labour disturbances;
 - (g) storm, wind and rain (including snow, sleet or hail) including **flood**;
 - (h) water damage other than as a result of a **breakdown** covered by this **cover section**; or
 - (i) malicious acts (including by vandals and thieves).
- 8. **Breakdown**, loss or damage caused by explosion or implosion, other than:
 - (a) the sudden and violent rending of any **boilers and pressure plant** or **pressure pipe systems** by force of internal fluid pressure of ignited flue gases, but excluding other chemical action; or
 - (b) the bursting or disruption of turbines, compressors, engine cylinders, hydraulic cylinders, flywheels or other parts subject to centrifugal force, transformers, switches or oil immersed switch gear.
- 9. **Breakdown**, loss or damage caused during the course of maintenance, inspection, repair, alteration, modification or overhaul.
- 10. **Breakdown**, loss or damage caused during installation, erection or relocation.
- 11. **Breakdown**, loss or damage caused by a deliberate act, neglect or omission on **your** part.
- 12. **Breakdown**, loss or damage deliberately, recklessly or negligently caused by **you** (by an act or omission).

13. **Breakdown**, loss or damage for which the manufacturer or supplier or other parties are responsible under a maintenance or warranty agreement.
14. The cost of alterations, improvements or overhauls unless it is required for the repair or replacement.
15. The costs associated with modifying the **machinery** so that it operates with a more ozone friendly refrigerant gas as required by the United Nations Environmental Programme Montreal Protocol with respect to substances which deplete the ozone layer ("UNEP").
16. **Breakdown**, loss or damage as a result of dual lifting.
17. **Breakdown** of **air conditioners** unless "Air Conditioning" is shown as insured in **your policy schedule**.
18. **Breakdown** of **machinery** or **electronic equipment** which is useless or obsolete to **your business**.
19. Loss or damage caused by or arising out of pollution, contamination or a **hazardous substance**, however caused, except as provided for in Extension of Cover – A 4. "Hazardous substances".

Extensions of cover – A

If **we** pay a claim for **breakdown** covered by this **cover section** **we** will pay **you** for the following costs that are incurred as a result of that **breakdown**.

If **we** pay a claim under an Extension of Cover, **we** will settle your claim in accordance with the Extension of Cover.

We will settle **your** claim for these Extensions of Cover by paying **you** by direct deposit into **your** bank account. This means that **we** will not repair or replace or arrange for a service.

Extensions of Cover 1, 2 and 4 are included in, and shall not be in addition to, the **insured amount** for the **breakdown** of **machinery** or **electronic equipment**.

1. Damage to property caused by flying fragments

Damage to other property that results from flying fragments from the broken **machinery** or **electronic equipment**.

2. Costs of joints, gaskets, drive belts

The reasonable costs of replacing joints, gaskets, seams, drive belts, filters, chains, brickwork, foundation or refractories, seals, shaft seals, flexible drives or flexible pipes, soft rollers, refrigerant, brine or other transfer **media** which are necessary for the repair.

3. Additional costs

The reasonable costs of:

- (a) hiring temporary replacement **machinery** or **electronic equipment** but no other associated costs such as, but not limited to, installation and storage costs;
- (b) effecting temporary repairs;
- (c) overtime work required for carrying out the repairs;
- (d) express freight services; and
- (e) consultants fees.

We will pay **you** up to \$25,000 in total for these additional costs for each **event**. This Extension of Cover 3 is in addition to the **insured amount** for **breakdown** of **machinery** or **electronic equipment**.

4. Hazardous substances

If a **hazardous substance** is involved in or released by a **breakdown** of **machinery** or **electronic equipment** which is covered by this **cover section**, **we** will pay the increase in cost to repair, replace, clean up or dispose of, the **machinery** or **electronic equipment** suffering **breakdown** covered under this **cover section**.

The most **we** will pay **you** under this Extension of Cover is \$25,000 for each claim.

Extensions of cover – B

The cover provided for **breakdown of machinery** and **electronic equipment** is extended to cover the following **breakdown** occurring during the **period of insurance**.

If **we** pay a claim under an Extension of Cover, **we** will settle **your** claim in accordance with the Extension of Cover.

We will settle **your** claim for this Extension of Cover by paying **you** by direct deposit into **your** bank account. This means that **we** will not repair or replace or arrange for a service.

1. Laptop computers, notebooks, or mobile electronic equipment away from premises

Breakdown of **your** laptop computer equipment or mobile **electronic equipment** anywhere in **Australia** if "Electronic Equipment Breakdown" is shown in **your policy schedule** and the laptop computer equipment or mobile **electronic equipment** is also specified in **your policy schedule** under the Portable and Valuable Items cover section.

Optional extensions of cover

The following Extensions of Cover are optional and available if **you** choose them and pay any additional premium.

If **we** pay a claim under these Optional Extensions of Cover, **we** will settle **your** claim in accordance with that Optional Extension of Cover.

We will settle any claim under these Optional Extensions of Cover by paying **you** by direct deposit into **your** bank account. This means that **we** will not repair or replace or arrange for a service.

1. Restoration of computer data

If Optional Extension of Cover "Restoration of computer data" is shown in **your policy schedule**, then **we** will pay **you** for the costs of restoring **data** stored on **media** if:

- (a) **we** pay a claim under this cover section for repair or replacement of the **electronic equipment** as a result of a **breakdown**;
- (b) the **data** is lost or distorted during the **period of insurance** as a direct result of the **breakdown**; and
- (c) the **media** which contains the **data** is at the **premises**, is at a location away from the **premises** where copies of **media** are stored, is temporarily at an alternative location for processing purposes or is in **transit** between any of these locations.

Basis of Settlement

Under this Optional Extension of Cover, **we** will pay **you** the costs incurred in restoring the lost or distorted **data** to a condition equivalent to that existing prior to the **breakdown**. **Data** may be reproduced in an updated form if the cost of doing so is no greater than that of reinstatement in its original form.

Provided that the most **we** will pay under this Optional Extension of Cover 1 is the **insured amount** shown in **your policy schedule** for "Restoration of computer data".

Exclusions

This Optional Extension of Cover 1 does not cover:

- (a) loss or distortion of **data** due to defects in the **media**.
- (b) any **consequential loss**.
- (c) restoration of **data** other than that which is lost or distorted after the most recent functional back-up.
- (d) expenses or costs incurred in connection with the loss or distortion of **data** if they are not incurred within twelve (12) months of the **breakdown**.
- (e) loss or damage of, or distortion to, **data** caused by a **computer virus**.
- (f) loss or damage of, or distortion to, **data** caused by or resulting from the partial or total failure, malfunction or loss of use of any **electronic equipment**, computer system, information repository, microchip, integrated circuit or other similar device due to:
 - (i) the erasure, destruction, corruption, misappropriation or misinterpretation of **data**;
 - (ii) any error in creating, amending, entering, deleting or using **data**;
 - (iii) the inability to receive, transmit or use **data**; or
 - (iv) the functioning or malfunctioning of the internet, intranet, local area networks, virtual private networks or similar facility, or of any internet address, website or similar facility, except to the extent that such loss, damage or distortion results solely from the **breakdown** of **electronic equipment**.

2. Electronic equipment – Increased costs of working

If Optional Extension of Cover "Electronic equipment - Increased costs of working" is shown in **your policy schedule**, then **we** will pay **you** the increased costs of operating **your business**, including hiring **electronic equipment**, transport costs, additional personnel and working at an off-site back up facility following the **breakdown** of **electronic equipment** if:

- (a) **we** have agreed to pay a claim for repair or replacement of the **electronic equipment**;
- (b) the increased costs of working occur during the **period of insurance** and are a direct result of the **breakdown**; and
- (c) **we** agree in advance to pay the increased costs of working.

Basis of Settlement

Under this Optional Extension of Cover, **we** will pay **you** the actual amount of the increased costs of working, less the charges and expenses of the **business** that cease or are reduced as a consequence of the **breakdown**.

Provided that the most **we** will pay under this Optional Extension of Cover 2 is the **insured amount** for "Electronic equipment - Increased costs of working" shown in **your policy schedule**.

Exclusions

This Optional Extension of Cover 2 does not cover:

- (a) costs incurred in respect of the first 2 working days following the **breakdown** of **your electronic equipment**;
- (b) fines or liability incurred for breach of contract or for late or incomplete orders or for any loss of bonus or any kind of penalties;
- (c) any increased costs that are not necessary and reasonable to minimise any interruption to the **business**;
- (d) any **consequential loss**;
- (e) costs incurred after ninety (90) days from the date of loss or damage;
- (f) expenses that are incurred in the replacement of the **media**; or
- (g) the cost of reinstating the **data** contained on the **media**.

3. Deterioration of stock

If Optional Extension of Cover "Deterioration of Stock" is shown in **your policy schedule** then **we** will cover the deterioration of chilled, refrigerated or frozen **stock** occurring during the **period of insurance** at **your premises**.

Provided that the deterioration of **stock** is caused by one or more of the following events:

- 1. A change in temperature of the refrigeration or freezer unit in which the chilled, refrigerated or frozen **stock** is kept as a result of:
 - (a) **breakdown** of such **machinery** for which **we** have agreed to pay a claim under this **cover section**;
 - (b) **breakdown** of temporary plant which has been at the **premises** for more than 60 days;
 - (c) malfunctioning or failed thermostats, pressure controls, or limiting, controlling or protection devices of the refrigeration or freezer unit;
 - (d) accidental failure of supply services which directly affects the refrigeration or freezer unit;
 - (e) a supply authority intentionally interfering with a public service but only to the extent that this is necessary to safeguard life or any part of the public supply and the supply authority's interference is not caused directly or indirectly by fire, **flood**, storm or any other natural cause; or
 - (f) sudden leakage of refrigerant from the **machinery** or **pressure pipe systems**.
- 2. Contamination of the chilled, refrigerated or frozen **stock** by leakage of refrigerant.

If deterioration occurs or is likely to occur to **stock** by any of the above **events**, **we** will also pay **you** the reasonable costs **you** incur to prevent or minimise the deterioration of **stock**.

Definitions

The following defined words in this Optional Extension of Cover have the meanings given to them as set out below. These meanings only apply to this Optional Extension of Cover and the terms and conditions of this **PDS** as they apply to this Optional Extension of Cover and prevail over any other meaning given to them in other parts of the **PDS** and Policy Wording (including in the General Definitions).

Controlled atmospheric conditions

An atmosphere in which oxygen, carbon dioxide and nitrogen concentrations are regulated.

Stock

The General Definition of **stock** is extended to include **stock in trade** and cigarettes and liquor.

Stock also includes items of property at **your premises** under a "sales or return" consignment agreement.

Stock does not include consigned items of property under an agency arrangement where **you** make a commission on a sale.

Stock in trade

Merchandise and customers' goods for which **you** are legally responsible including the value of the work done and containers or packaging materials used in connection with **your business**.

Special condition

This Special Condition applies to this Optional Extension of Cover in addition to the General Policy Conditions that apply to this Optional Extension of Cover.

If **you** do not comply with this Special Condition, **we** may:

- (a) refuse to pay a claim or reduce the amount **we** pay (to the extent to which **we** are prejudiced in respect of the claim as a result of **your** non-compliance); and/or
- (b) recover from **you** any costs and/or any monies **we** have paid; and/or
- (c) cancel **your policy**.

In respect of **stock** that is kept in cold storage under **controlled atmospheric conditions**, **you** must keep adequate records, for each chamber, of the temperature, humidity and gas concentrations, as well as the time(s) and date(s) when each chamber is opened. **You** must provide **us** with those records upon request.

Basis of Settlement

Under this Optional Extension of Cover **we** will pay **you** the cost of replacing the chilled, refrigerated or frozen **stock**.

We are not liable to pay more than the purchase price **you** paid for the **stock**, or for any handling costs **you** incurred.

If deterioration occurs or is likely to occur to **stock** by any of the events covered in this Optional Extension of Cover 3, **we** will also pay the reasonable costs incurred by **you** to prevent or minimise the deterioration of **stock**.

Limitations of cover

1. Insured amount

The most **we** will pay under this Optional Extension of Cover 3 is the **insured amount** for "Deterioration of Stock" shown in **your policy schedule**.

2. Excess

If **we** pay for a claim for deterioration of **stock** under this Optional Extension of Cover 3 caused by:

- (a) a **breakdown** of the refrigeration or freezer unit in which the chilled, refrigerated or frozen **stock** is kept where **we** have agreed to pay a claim for the **breakdown** of such **machinery**; or
- (b) a supply authority intentionally interfering with a public service in order to safeguard life or any part of the public supply,

then **you** must pay the "Machinery Breakdown" **excess** shown in **your policy schedule** for each claim **you** make and not the "Deterioration of Stock" **excess**.

In all other instances, **you** must pay the amount of the "Deterioration of Stock" **excess** shown in the **schedule** for each claim **you** make.

Exclusions

This Optional Extension of Cover 3 does not cover:

- 1. Loss of profit or income, loss of use, loss of earning capacity, loss caused by delay, lack of performance, loss of contract, or depreciation in value or any other loss or damage.
- 2. Damage resulting from a supply authority intentionally interfering with the public supply service, unless this is done to safeguard life or any part of the public supply and the supply authority's interference is not caused directly or indirectly by fire, **flood**, storm or any other natural cause.
- 3. Damage resulting from any scheme of rationing which is not necessitated solely by damage to the generating or supply equipment of a supply authority.
- 4. Damage caused by disease, improper or inappropriate storage, damaged packaging material or inadequate ventilation or air circulation.
- 5. Damage to chilled, refrigerated or frozen **stock** that is alive or of a bacterial nature.
- 6. Loss of or damage to chilled, refrigerated or frozen **stock** stored in mobile **machinery or pressure pipe systems**.
- 7. Loss of or damage to chilled, refrigerated or frozen **stock** which has exceeded its use by date, nor will **we** pay for the disposal costs of such **stock**.
- 8. Loss or damage due to the manual operation or setting of switches.

Goods in transit

Introduction

This **cover section** only forms part of **your policy** when Goods in Transit is shown in **your policy schedule**.

Definitions

The following defined words in this **cover section** have the meanings given to them as set out below. These meanings only apply to this **cover section** and the terms and conditions of this **PDS** as they apply to this **cover section** and prevail over any other meaning given to them in other parts of the **PDS** and Policy Wording (including in the General Definitions).

Conveyance

Any ship, vessel, aircraft, postal service (except in the case of **temperature controlled goods**), rail and road **vehicle** used to transport the **goods**.

Damage or Damaged

means physical damage, destruction or physical loss

Goods

Your goods that **you** sell, buy or use in **your business** being the following:

- (a) merchandise;
- (b) **non-temperature controlled goods**;
- (c) **temperature controlled goods**;
- (d) trade samples;
- (e) returned **goods**;
- (f) **stock** transfers;
- (g) retail and sales packaging;
- (h) customer goods **your business** intends to or has repaired, serviced or maintained; and
- (i) shipping containers in **your** care, custody or control.

Loss/losses/lost

physical loss.

Non-temperature controlled goods

Goods belonging to **you** which are not **temperature controlled goods**.

Temperature controlled goods

Goods belonging to **you** that require a controlled temperature environment for **transit**.

Transit

The transportation of **goods** by a **conveyance** within **Australia**.

Transit includes:

- (a) any period where the **goods** are “shut out” from the **conveyance** or intended destination;
- (b) for **non-temperature controlled goods** while in any packer’s or unpacker’s premises for a period of up to three months for the purpose of packing or unpacking.

Transit does not include any period of storage other than in the ordinary course of **transit**.

Each insured **transit** commences in respect of each item of **goods** when the item is first moved for the purpose of loading on to the conveying vehicle for **transit** to a destination outside the **premises**.

For **non-temperature controlled goods**, the **transit** terminates:

- (a) when each item of **goods** are delivered to the intended destination either in the receiver’s premises or such other place as the receiver may instruct, or
 - (b) seventy two (72) hours after unloading from the final conveying vehicle,
- whichever occurs first.

For **temperature controlled goods**, the **transit** terminates when each item of **goods** is delivered to the intended destination either in the receiver’s premises or such other place as the receiver may instruct, whichever occurs first.

Cover

We will cover **loss** of or **damage** to the **goods in transit**, including loading and unloading, directly caused by any of the following insured events occurring during the **period of insurance**:

1. accidental **loss** of or **damage** to the **goods** during the **transit**;
2. acts of strikers, locked-out workers or persons taking part in labour disturbances, riots or civil commotions;
3. malicious acts of persons, unless caused or directed by **you**;
4. insufficiency or unsuitability of packing or preparation of the **goods**, unless such was caused, directed or agreed by **you**;
5. unexpected deterioration of **temperature controlled goods**.

We will also cover **loss** or **damage** caused by any of the above insured events while at any exhibition or display (other than in **your** owned or controlled **premises**), limited to a maximum of fourteen days. **We** will not pay more than \$20,000 for **goods** at any one exhibition or display.

If the **transit** is interrupted or terminated due to the insolvency or financial default of the carrier, whether or not **loss** or **damage** is caused to the **goods**, **we** will pay the extra costs of freight or storage to forward the **goods** to their intended destination, or to return the **goods** to the place from which they were dispatched, up to a maximum of 10% of the **insured amount** of the **goods**.

Basis of Settlement

Plant, machinery, and computers up to five years old

For **loss** of or, **damage** to, **goods** that are plant, machinery, and computers up to five years old **we** will pay **you**:

- (a) the cost of repairing or reinstating such **goods** to a condition equal to but no better or more extensive than that when new (including the reasonable costs of any necessary overtime);
- (b) in the case of such **goods** that are for purchase or sale, the purchase or sale price plus the cost of packing and transport; or
- (c) in the case of movement of such **goods** that are returns (inwards or outwards) or **stock** transfers and the movement of such **goods** other than for the reason of purchase or sale, the new replacement cost or, if not available, the cost to replace as near as possible to the same make, model and specifications as is available.

Plant, machinery, and computers more than five years old

For **loss** of or, **damage** to, **goods** that are plant, machinery, and computers more than five years old **we** will pay **you**:

- (a) the cost of repairing or reinstating such **goods** to a condition equal to but no better or more extensive than their condition immediately prior to the **loss** or **damage** (including the reasonable cost of any necessary overtime);
- (b) in the case of such **goods** that are for purchase or sale, the purchase or sale price plus the cost of packing and transport; or
- (c) In the case of movement of **goods** that are returns (inwards or outwards) or **stock** transfers and the movement of such **goods** other than for the reason of purchase or sale, **we** will pay the greater of the written down book value in **your** books of account or the current market value whichever is the lesser.

Non-temperature controlled goods other than plant, machinery, and computers

For **loss** of, or **damage** to, **non-temperature controlled goods** other than plant, machinery, and computers **we** will pay **you** the lesser of:

- (a) the cost of repairing or reinstating such **goods** to a condition equal to but no better or more extensive than their condition immediately prior to the **loss** or **damage** (including the reasonable cost of any necessary overtime); or
- (b) the invoice value covering such **goods** while in **transit** (including freight if separately invoiced to the receiver of such **goods**), or if there is no invoice value, the cost of replacing such **goods** with similar **goods** of the same age and condition or as near as possible to that age and condition.

Temperature controlled goods other than plant, machinery, and computers

For **loss** of, or **damage** to, **temperature controlled goods** other than plant, machinery, and computers **we** will pay **you** the lesser of:

- (a) the cost to re-condition such **goods** (including the reasonable costs of any necessary overtime); or
- (b) the invoice value covering such **goods** while in **transit** (including freight if separately invoiced to the receiver of such **goods**), or if there is no invoice value, the cost of replacing such **goods** with similar **goods** of the same quality or as near as possible to that quality, whichever is the lesser.

Brands and labels

For any **damaged goods** bearing identifying brands or labels or other permanent markings, the **goods** may be retained by **you** to dispose of as **you** see fit. **We** will deduct an amount for the value of the **goods** and **you** retain from the amount of the claim settlement. Where only the labels or packaging are affected, **we** will pay **you** only the cost to recondition or replace those labels or packaging.

Limits to what we will pay

The most **we** will pay for all **goods** in any one (1) **conveyance** is the **insured amount** shown in **your policy schedule** provided that:

- (a) the most **we** will pay under this **cover section** for trade samples in **transit** in **your** or **your employee's** care, custody and control, is \$10,000 for any one (1) claim or series of claims arising from any one (1) **event**; and;
- (b) the most **we** will pay under this **cover section** for shipping containers in **your** care, custody or control, to the extent that **you** are legally liable to pay for any **loss** of or **damage** to them is \$20,000.

The **insured amount** shown in **your policy schedule** and the limits or **insured amount** referred to in this **cover section** apply to any one (1) claim or series of claims arising from any one (1) **event**.

We will settle any claim by paying **you**. This means that **we** will not repair or replace or arrange for a service. **We** will pay **you** by direct deposit into **your** bank account.

Excess

You must pay the amount of any **excess** shown in **your policy schedule** for each claim **you** make.

Exclusions

We will not pay for:

1. **loss** or **damage** that existed or occurred prior to the commencement of the **transit**;
2. **loss** or **damage** caused by dismantling, erection, commissioning, testing or storage other than in the ordinary course of **transit**;
3. **loss** of or **damage** to **non-temperature controlled goods** directly or indirectly as a result of mechanical, electrical or electronic breakdown or malfunction where there is no external evidence of **damage in transit** from an insured event specified under the applicable of Accidental Damage cover or Limited Conditions cover;
4. loss of profit or income, loss of use, loss of earning capacity, loss caused by delay, lack of performance, loss of contract, or depreciation in value or any other loss or damage not covered under this **cover section**;
5. **loss** of or **damage** to livestock; or
6. **loss** or **damage** caused directly or indirectly because **you** do not comply with the Australian Code for the Transport of Dangerous Goods by Road and Rail or the Australian Code for the Transport of Explosives by Road or Rail current at the time of the **loss** or **damage**.

Extensions of cover – A

If **we** pay a claim for **loss** or **damage** for **goods** in **transit** under this **cover section** **we** will also provide the following Extensions of Cover.

Unless stated otherwise below, these Extensions of Cover will not be in addition to the **insured amount**.

If **we** pay a claim under an Extension of Cover **we** will settle **your** claim in accordance with that Extension of Cover.

We will settle the Extension of Cover by paying **you**. This means that **we** will not repair or replace or arrange for a service. **We** will pay **you** by direct deposit into **your** bank account.

1. Air freight of replacement parts

We will pay the cost of air freighting replacement parts for the parts that were lost or **damaged** in **transit** from suppliers to the original destination, even if the original **transit** was not by air freight.

Any amount **we** pay under this **cover section** will be in addition to the **insured amount**. **We** will pay up to \$10,000 for each **event**.

2. General average and salvage contribution

We will pay the general average and or salvage contribution that **you** are required to pay under any Bill of Lading or similar document if the insured **transit** is by sea only.

3. Clean up costs

We will pay the clean up and disposal costs necessarily incurred as a result of an **accident** at any site, where the **accident** results from an insured event covered by this **cover section** and where **you** are legally or contractually obliged to pay those costs. Any amount **we** pay under this **cover section** will be in addition to the **insured amount**.

We will pay up to \$25,000 for each **event**.

4. Transport and disposal costs

We will pay the reasonable costs and expenses incurred in cleaning up or decontaminating **your premises** following the delivery or return of salvaged **goods**, plus the cost of transport and disposal costs to remove those **goods**. Any amount **we** pay under this **cover section** will be in addition to the **insured amount**.

We will pay up to than \$25,000 for each **event**. The most **we** will pay under this Extension of Cover for any one (1) claim is \$25,000.

5. Freight and salvage charges

We will pay any additional freight or salvage charges that **you** are required to pay to remove **your goods** from any accident site, including the cost of transport to forward the **goods** to their intended destination or to return the **goods** to the place from which they were dispatched.

6. Minimisation costs

We will pay the reasonable costs incurred to avoid or minimise any further **loss** of or **damage** to the **goods**.

7. Buyer and seller protection

If, as a buyer or seller, **you** retain a contingent financial interest in the **goods in transit**, to the extent that:

- (a) the **goods** are **lost** or **damaged**, and the **loss** or **damage** would be covered under this **transit** cover;
- (b) the other party under the terms of sale is legally liable to pay **you** for the **goods** or for the **loss** or **damage**, but fails to pay **you** for the **loss** or **damage**;
- (c) **you** have taken all steps to safeguard the **goods** and to recover payment from the other party; and
- (d) **you** have not disclosed to any party interested in the **goods** the existence of this cover,

then provided that this **cover section** is limited to the **insured amount** shown in **your policy schedule** for **transit** **we** will insure the **goods** for **loss** or **damage** covered by the insured events detailed in this **cover section**.

Management Liability

Introduction

This **cover section** only forms part of **your policy** when Management Liability is shown in **your policy schedule**.

This **cover section** covers the management liability of **you, your directors, officers and employees**. The cover in this **cover section** (apart from the Optional Extension of Cover – 1. "Employee dishonesty") is issued on a "claims made and notified" basis, which is discussed on page ii.

You can also choose to purchase Optional Extension of Cover – 1. "Employee dishonesty" which will cover **you** for theft of **your covered property or money** by any of **your employees** which occurs during the **period of insurance**.

Definitions

The following defined words in this **cover section** have the meanings given to them as set out below. These meanings only apply to this **cover section** and the terms and conditions of this **PDS** as they apply to this **cover section** and prevail over any other meaning given to them in other parts of the **PDS** and Policy Wording (including in the General Definitions).

Benefits

- (a) fringe benefits and perquisites; or
- (b) amounts due or payments made in connection with superannuation or an employee benefit plan or pension scheme; or
- (c) share or stock options or any other right to purchase, acquire or sell shares or stock; or
- (d) bonuses, or employee or management incentive schemes or similar.

Business crisis consultant fees

The reasonable costs, charges, fees or expenses of an independent management consultant engaged to minimise the effect of the **business crisis event**, but only during the first thirty (30) days immediately following the **business crisis event**.

Business crisis event

Any one of the following unforeseen events which, in the reasonable opinion of the Managing Director (or equivalent) of the **company**, if left unmanaged has the potential to lead to an imminent decrease of 30% or more of the **company's** consolidated revenues:

- (a) the loss of a major customer or contract of the **company**; or
- (b) the sudden and unexpected death or injury of any **insured person**; or
- (c) the unexpected imposition of a tax bill; or
- (d) the unexpected recall of any product manufactured, distributed or sold by the **company**; or
- (e) the illegal tampering with or contamination of any product manufactured, distributed or sold by the **company**.

Claim

- (a) a written communication, including electronic communications, to **you**, containing a demand for compensation or damages, alleging an act, error, omission, conduct, facts or circumstances that may constitute a **wrongful act**; or
- (b) a civil proceeding commenced against **you** by the service of a written complaint, summons, statement of claim, writ or similar pleading or an arbitral process, cross-claim, or counter claim against **you** alleging an act, error, omission, conduct, facts or circumstances that may constitute a **wrongful act**; or
- (c) any criminal proceeding commenced against **you** by a summons or charge arising from a **wrongful act**; or
- (d) any **official investigation**.

Company

- (a) the **policyholder**; and
- (b) a **subsidiary** of the **policyholder** prior to or as at the commencement of the **period of insurance**.

Covered property

Tangible property other than **money**.

Covered property does not include **data**.

Defence costs

Reasonable costs, fees and expenses incurred by **you** in defending, investigating or settling **claims**.

Director

Any natural person who prior to, during or after the **period of insurance**, is a validly appointed director (as defined in the Corporations Act 2001 (Cth) or any equivalent provision in the jurisdiction in which the **company** is incorporated) of the **company**.

Discovered / Discovery

When **you** first become aware of facts which would cause a reasonable person in the circumstances to believe that **fidelity loss** has occurred, or is likely to occur, regardless of when the act or acts causing or contributing to such **fidelity loss** occurred and even though the exact amount or details of the **fidelity loss** may not then be known.

When **you** are a company, “you” means any past, present or future chief executive officer, chief operating officer, chief financial officer, chief legal officer (or similar positions) or chairman of the board of directors of the **company**.

Discovery period

A period of time immediately following the expiry of the **period of insurance** during which written notice may be given to **us** of a **claim** first made after the expiry of the **period of insurance**, and based on **wrongful acts** occurring prior to the expiry of the **period of insurance**.

Employee

Any natural person who was prior to, or is during or after the **period of insurance** an employee of the **company** (which includes trainees, casual, part-time, seasonal, temporary, voluntary and work experience personnel) acting in such capacity, but excludes **directors** and independent contractors.

Employment wrongful acts

Any employment related act, error, omission or conduct, constituting actual, constructive or alleged:

- (a) wrongful dismissal, discharge or termination of employment;
- (b) wrongful failure to employ or promote;
- (c) wrongful deprivation of career opportunity;
- (d) misleading representation or advertising in respect of employment;
- (e) wrongful disciplinary action;
- (f) negligent employee evaluation;
- (g) wrongful demotion;
- (h) breach of employment contract;
- (i) sexual or workplace harassment (including the creation of a workplace environment conducive to such harassment);
- (j) wrongful discrimination;
- (k) failure to grant tenure; or
- (l) invasion of privacy or defamation,

committed by **you** in respect of **employees** or prospective employees of the **company**.

Fidelity loss

Direct financial or physical loss of **money** or **covered property** belonging to **you**, or leased by **you** or in **your** care, custody or control, and caused by any dishonest or fraudulent act committed by an **employee** (whether acting alone or in collusion with any other person) while working for **you** in connection with the **business**.

Fidelity loss does not mean:

- (a) injury to, loss or destruction of or loss of use of **data**;
- (b) regular or overtime wages, salaries, fees or **benefits** earned in the normal course of employment;
- (c) damages of any type, including but not limited to punitive, exemplary or aggravated damages;
- (d) securities; or
- (e) shares, stocks, bearer instruments, derivatives, bonds, warrants, debentures, units in shares, units in trusts (including any evidence of indebtedness or other equity or debt security), rights under a depositary receipt or other securities (or interests therein) of whatever nature.

Financial loss

- (a) any amount, whether determined by judgment, verdict or award for which **you** are legally liable to pay including compensation orders, pre- and post-judgment interest, awards of costs or settlements including claimant's costs;
- (b) **defence costs**;
- (c) **representation expenses**;
- (d) reasonable expenses **we** have first agreed to pay, incurred by **you** solely to investigate, prove and substantiate the amount of the **claim**;

- (e) fines or penalties, to the extent allowed by law; and
- (f) with respect to any **claim** for an **employment wrongful act** in the event of an order to reinstate or re-employ an **employee**, the cost to **you** of complying with any order to pay salary or wages, or damages calculated by reference to salary or wages, to an **employee** for the period from the date of the purported dismissal or termination to the date on which the court, tribunal or similar body delivered its judgment to the parties but does not mean employee entitlements or **benefits**.

Financial loss does not mean:

- (a) any amount that **we** are prohibited from paying under the laws applicable to this **policy**;
- (b) any amount representing a profit or advantage to which **you** are not legally entitled; or
- (c) with respect to any **claim** for an **employment wrongful act**;
 - (i) any amounts payable in respect of a specified contractual obligation;
 - (ii) compensation payable in respect of contractual or statutory notice periods;
 - (iii) future salary or wages if the **company** was ordered to reinstate an **employee** but does not;
 - (iv) salary or wages earned prior to the date of termination; or
 - (v) **benefits**.

Insured person

Any natural person who was prior to, during or after the **period of insurance**, is:

- (a) a **director** or **officer** but only in his or her capacity as such; or
- (b) a member of a committee established by or approved by the **company** whether by statute or otherwise but only in his or her capacity as such; or
- (c) an **employee** (whether salaried or not) of the **company**:
 - (i) to the extent that such **employee** is acting in a managerial or supervisory capacity; or
 - (ii) with respect to any **claim** alleging an **employment wrongful act**; or
 - (iii) in connection with an **official investigation**; or
 - (iv) to the extent that such **employee** is implicated in a **claim** along with a **director** or **officer**; or
- (d) acting on behalf of the **company** at the direction of an **officer** or board or committee of management of the **company** but only in his or her capacity as such.

Management wrongful acts

Any act, error, omission, conduct, misstatement, misleading statement, neglect or breach of duty, trust, contract, warranty of authority, statute or confidentiality, actually or allegedly committed by:

- (a) the **company**; or
- (b) a **director** or **officer** of the **company**, or as the holder of a position of equivalent status in any **non-profit outside entity** or **outside entity**, in that capacity; or
- (c) a **trustee** of a **superannuation fund** in that capacity,
- (d) but does not include an **employee wrongful act**.

Merger or acquisition

- (a) the **policyholder** or the **company** consolidating with, merging into or selling all or substantially all of its assets such that the **policyholder** or the **company** is not the surviving entity; or
- (b) any entity obtaining control of the **policyholder** or the **company**.

Money

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

Any **superannuation fund** or pension fund formed by **you** exclusively for the benefit of **employees** but does not include any scheme that is administered by a professional funds manager.

Money does not include collectable items (for example coin or stamp collections), or anticipated revenue or any kind of crypto-currency.

Non-Profit outside entity

Any non-profit organisation of any kind that is exempt from the payment of income tax, other than a **subsidiary**.

Officer

Any natural person who was prior to the **period of insurance**, or is during or after the **period of insurance**:

- (a) a company secretary of the **company**; or
 - (b) a person:
 - (i) who makes, or participates in making, decisions that affect the whole, or a substantial part, of the **business** of the **company**; or
 - (ii) who has the capacity to affect significantly the **company's** financial standing; or
 - (iii) in accordance with whose instructions or wishes the **directors** of the **company** are accustomed to act (excluding advice given by the person in the proper performance of functions attaching to the person's professional capacity or their business relationship with the **directors** or the **company**),
- other than:
- ▼ a receiver, or receiver and manager; or
 - ▼ an administrator or an administrator of a deed of company arrangement; or
 - ▼ a liquidator; or
 - ▼ a trustee or other person administering a compromise or arrangement made between the **company** and someone else.

Official investigation

Any formal investigation, examination, inquiry, or other formal proceeding into the affairs of the **company** or the conduct of **directors**, **officers**, **employees** or **trustees** in that capacity, as ordered or commissioned by any authoritative or governmental body that has legal authority to conduct such a proceeding, and in which the **company** or its **directors** or **officers** or **employees** in that capacity, are required or requested to attend or produce documents.

An **official investigation** is deemed to have started when **you** or any of the above named persons or entities are first required or requested to attend a proceeding or produce documents.

Outside entity

Any company, other than a **subsidiary**, that:

- (a) is not domiciled or incorporated in **North America**;
- (b) is not a bank, building society, credit union, stockbroker, venture capital company, private equity company, insurance or reinsurance company, investment manager, fund manager or similar entity; and
- (c) does not have any of its securities listed on an exchange.

Policy committee

A prescribed policy committee for the purposes of Part 9 of the Superannuation Industry (Supervision) Act 1993 (Cth).

Policyholder

The person or entity named as the Policyholder or the Insured in **your policy schedule**.

Pollution

- (a) the actual, alleged or threatened discharge, release, escape, seepage, migration or disposal of **pollutants** into or on real or personal property, water or the atmosphere; or
- (b) any direction or request to test for, monitor, clean up, treat, detoxify or neutralise **pollutants**.

Privacy or confidential information breach

An incident involving the unauthorised interference with or disclosure, loss, modification, misuse or access of:

- (a) **private and confidential information**; or
- (b) **personal information**.

Related claims

All **claims** arising directly or indirectly from or in respect of the same or causally related or continuous or repeated **wrongful acts** whether committed by one or more of **you** and whether directed to or affecting one or more than one person or legal entity.

Representation expenses

Reasonable costs, fees and expenses of preparing for, attending, cooperating with, or being represented at an **official investigation**.

Retroactive date

The date specified as such in **your policy schedule**.

Spouse

A lawful spouse, domestic partner (including same sex partner) or any person deriving similar status by reason of the common law or statute.

Subsidiary

- (a) a subsidiary of the **policyholder** as defined in the Corporations Act 2001 (Cth); or
- (b) any body corporate in which the **policyholder**:
 - (i) control the composition of the board of the body corporate; or
 - (ii) is in a position to cast, or control the casting of, more than one-half of the maximum number of votes that might be cast at a general meeting of the body corporate; or
 - (iii) holds more than one-half of the issued share capital of the first body (excluding any part of that issued share capital that carries no right to participate beyond a specified amount in a distribution of either profits or capital); or
- (c) any body corporate which is a subsidiary of a body corporate described in (a) or (b) above; or
- (d) any other body corporate whose accounts are consolidated into those of the **policyholder** in accordance with the relevant Australian Accounting Standard.

Superannuation fund

A corporate superannuation fund established for the benefit of **employees** of the **company**, but excludes any industry, master or self managed **superannuation fund**.

Trustee

Any **insured person** who:

- (a) was prior to the **period of insurance**, or is during or after the **period of insurance**:
 - (i) duly appointed trustee of the **superannuation fund**; or
 - (ii) member of the **policy committee** of the **superannuation fund**, to the extent that such person's activities concern the administration of that **superannuation fund** as is contemplated under the Superannuation Industry (Supervision) Act 1993 (Cth); or
- (b) was prior to or at the commencement of the **period of insurance**, a trustee of the **superannuation fund** duly appointed by a court or regulatory body or pursuant to statute.

Wrongful act

Management wrongful acts or **employment wrongful acts**.

You/ your/insured

- (a) the **company**;
- (b) an **insured person**; and/or
- (c) a **trustee**.

Cover

We will insure **you** for **financial loss** above the **excess** resulting from **claims** first made against **you** and notified to **us** during the **period of insurance** (or **discovery period**, if applicable).

The titles and headings to the various parts of this **cover section** are included solely for ease of reference and do not in any way limit or expand or otherwise affect the terms of such parts.

Basis of Settlement

Our liability to **you** under this **cover section** in respect of **financial loss** resulting from **claims** first made against **you** and notified to **us** during the **period of insurance** (or **discovery period**, if applicable) will not exceed the "Management liability" **insured amount** in the aggregate for all **financial loss** covered under the **cover section** during the **period of insurance**.

Except as provided by the Optional Extension of Cover – 1. "Employee dishonesty", **we** have no liability for any amount above the "Management liability" **insured amount**.

Any **discovery period** will not increase or reinstate the "Management liability" **insured amount** or any sub-limit, which will be **our** maximum liability for the **period of insurance** and **discovery period**, combined.

In respect of the Optional Extension of Cover – 1. "Employee dishonesty", **we** will:

- (a) pay **you** the amount of lost **money**; or
- (b) replace lost **covered property** or pay the market value of the **covered property** if the item is unable to be replaced.

Notwithstanding that the act of fraud or dishonesty may have been committed during more than one **period of insurance**, the maximum amount **we** will pay for all **claims** under Optional Extension of Cover – 1. "Employee dishonesty", in the **period of insurance**, is the "Employee dishonesty" **insured amount**.

Limitations of cover

These conditions apply to all covers and claims under this **cover section** in addition to the General Policy Conditions that apply to this **cover section**.

If **you** do not comply with these conditions, **we** may:

- (a) refuse to pay a claim or reduce the amount **we** pay (to the extent to which **we** are prejudiced in respect of the claim as a result of **your** non-compliance); and/or
- (b) recover from **you** any costs and/or any monies **we** have paid; and/or
- (c) cancel **your policy**.

1. Acquisition, merger or winding up of policyholder

If, during the **period of insurance**, any of the following events occur:

- (a) a **merger or acquisition** of the **policyholder**; or
- (b) the appointment of a receiver, controller, administrator or liquidator to the **policyholder** or the commencement of a scheme of arrangement or compromise or a winding up process in respect of the **policyholder**,

then this **cover section** will remain in force until the expiry of the **period of insurance**, but only in respect of **financial loss** resulting from **claims** based on **wrongful acts** committed or alleged to have been committed prior to the events described in (a) or (b) above.

2. Severability and imputation

For the purposes of this **cover section**, any knowledge or information possessed by any past, present or future chief executive officer, chief operating officer, chief financial officer, chief legal officer (or similar positions) or chairman of the board of **directors** shall be imputed to the **company**.

The **proposal** made to **us** prior to entering into this **policy** shall be construed as separate applications for cover by each of **you** and, except as provided for above, no information provided by or representation made by one, will be imputed to another.

A breach of this **cover section** or knowledge or information possessed by one of **you** will not be imputed to another except as provided for above.

3. Related claims

For the purpose of the calculation of the **insured amount**, any sub-limit or **excess**, all **related claims** will be deemed to be one (1) **claim** and cover for all **related claims** will be provided as follows:

- (a) if the first **related claim** is first made during the current **period of insurance** and notified to **us** during the current **period of insurance** or any applicable **discovery period**, then cover for all subsequent **related claims** will only be provided under this **policy**; and
- (b) if the first **related claim** was first made and notified to **us** during a period prior to the current **period of insurance**, during which **you** had cover with **us**, then cover for all **related claims** will only be provided under that earlier policy with **us**, subject to the terms, **excess** and **insured amount** of that earlier policy; and
- (c) if the first **related claim** was first made during a period prior to the current **period of insurance**, during which **you** did not have cover with **us**, then no cover for any **related claim** will be provided under this **policy**.

This Limitation of cover does not apply to Optional Extension of Cover 1 – Employee Dishonesty.

4. Notification

The **policyholder** must give **us** notification of any **claim** made against **you**, or any **financial loss**, as soon as reasonably practicable within the **period of insurance**.

Each notification of a **claim** must include so far as is practicable:

- (a) the identity of the claimant or potential claimant; and
- (b) the nature of the **claim**; and
- (c) the likely quantum of the **claim**.

The **policyholder** must provide **us** notification of any **business crisis event** as soon as reasonably practicable and during the **period of insurance**. Each notification of a **business crisis event** must include a full description of the event.

The **policyholder** must provide **us** with such further information and documentation as **we** may reasonably require.

If the **policyholder** does not notify **claims, financial loss or business crisis events** as soon as reasonably practicable within the **period of insurance**, **our** liability may be reduced by an amount that fairly represents the extent to which **our** interests were prejudiced as a result of **your** delay in notifying **us** of the **claim, financial loss or business crisis event**.

5. Claims conduct

In relation to **claims** against **you**, **we** have the right and full discretion to conduct **claims**. **We** may engage legal or other representatives to assist in the conduct of a **claim**. At all times **we** reserve the right to negotiate and settle a **claim** on terms **we** consider appropriate. **You** must allow **us** to make admissions, settle or defend **claims** made against **you** on **your** behalf.

We reserve entirely **our** rights under this **policy**, including **our** right to agree or deny cover while **we** assess a **claim** or conduct a defence. **Our** rights under this **policy** are not affected if **we** do not conduct the defence.

Neither **you** nor **we** will be required to contest or litigate any **claim** if, in the opinion of Senior Counsel (or equivalent), reasonable attempts should be made to settle the **claim**. The Senior Counsel (or equivalent) shall be mutually agreed upon, or in the absence of such agreement, as nominated by the President of the Bar Association of the relevant State or Territory jurisdiction. The cost to obtain the opinion will be paid by **us** and treated as **defence costs**.

Senior Counsel (or equivalent) shall provide the opinion in writing. In formulating the opinion Senior Counsel (or equivalent) shall consider commercial matters including the amount of the **claim**, the actual and potential **financial loss** (including **defence costs**) that may reasonably be incurred in contesting the **claim**, the liability prospects and the prospect of recovering costs against the claimant in the event that the defence is successful. Senior Counsel (or equivalent) will also provide a settlement range within which reasonable attempts should be made to settle the **claim**.

If it is the opinion of Senior Counsel (or equivalent) that reasonable attempts should be made to settle the **claim**, **you** will not object to **our** attempt to do so.

6. Settlement

You must not settle or offer to settle any **claim**, incur any **defence costs** or **representation expenses** or otherwise assume any contractual obligation or admit any liability in respect of any **claim** without **our** prior written consent.

If **you** object to a proposal by **us** to settle or compromise any **claim** payable under this **cover section** and wish to contest or litigate the matter, then **you** may so elect, but **our** liability in respect of any such **claim** so contested or litigated will not exceed the amount for which, but for such election, it could have been settled or compromised by **us**, together with **defence costs** payable in accordance with the terms of this **cover section** and incurred up to the time of such election.

7. Allocation of loss

When allocation of loss applies

In the event that:

- (a) a **claim** against **you** results in:
 - (i) **financial loss** which is partly covered and partly not covered by this **cover section**; or
 - (ii) **financial loss** for which some of **you** are covered and some of **you** are not covered by this **cover section** (whether the **claim** is made against **you** jointly or severally); or
- (b) a **claim** is made against **you** and also against other persons not covered by this **cover section** which results in **financial loss**, some of which is covered and some of which is not covered by this **cover section** (whether the **claim** is made against **you** jointly or severally),

(together "Loss to be Allocated"), then **we** must decide a fair and reasonable allocation between the covered and uncovered **financial loss** and/or the covered and uncovered persons.

This fair and reasonable allocation of the covered part of the Loss to be Allocated among the relevant insureds and **us** will have regard to the extent of each insured's comparative responsibility for the Loss to be Allocated.

What we must take into account of when deciding allocation

Our consideration of what is fair and reasonable will include without limitation, the following factors:

- (a) the nature of the **claim** against each **insured**;
- (b) the issues of fact and law in relation to each **insured**;
- (c) the content and the manner of the conduct of any defence of the **claim**;
- (d) the relative degree of personal responsibility for the **financial loss**;
- (e) the extent to which the **insured's** responsibility for the **financial loss** is joint, several or shared;
- (f) the extent to which any person or entity, other than that **insured**, would obtain a benefit from the payment by **us**;
- (g) the extent to which the **financial loss** is solely of that **insured**;

- (h) the extent to which the issues in the **claim** against that **insured** are in common with the issues in the **claim** against any other person or entity;
- (i) the extent to which the **financial loss** is partly covered and partly not covered under this **cover section**; and
- (j) in the event of a settlement, the likely comparative responsibility had the settlement not occurred.

If you do not agree with our allocation decision

If **you** wish to dispute **our** decision in respect of the allocation, each party agrees that the dispute must be referred for expert determination in accordance with the Australian Disputes Centre ("ADC") current Rules for Expert Determination (the Rules), available from www.disputescentre.com.au, to an expert agreed by the parties, or if the parties do not agree on an expert, an expert nominated by ADC in accordance with the Rules.

Each party agrees to sign an agreement with the expert that confirms the following matters, unless contrary to the Rules or the requirements of the ADC:

- (a) the payment of fees for the appointed expert (Note: refer to "Cost of the Expert Determination" below for more information); and
- (b) the expert may:
 - (i) consider relevant industry practice;
 - (ii) consider all information presented to the expert by either party;
 - (iii) request more information from either party;
 - (iv) request a meeting with the parties to which they may bring their legal representatives or other persons with information or knowledge relevant to the determination of the allocation (in accordance with the Rules, the meeting is not a hearing); and
- (c) the expert must provide a determination, subject to receiving all information required, within thirty (30) days after the agreement is signed, unless:
 - (i) another time is agreed between the parties, in which case the agreement will provide for this timeframe; or
 - (ii) the expert must comply with a timeframe as set by the ADC, in which case the agreement will provide for this timeframe; and
- (d) the expert must provide written reasons for the determination; and
- (e) the expert's decision will be binding on the parties and final; and
- (f) all liability of the expert to either party will be excluded (including liability for negligence) to the full extent permitted by law.

This allocation applies for all purposes under this **cover section** including Extension of Cover – 1. "Advancement of defence costs and representation expenses" and Limitation of cover 8. – "Recoveries" and General Claims Condition 14 Rights of recovery.

Any allocation of **financial loss** will not apply to or create a presumption with respect to the allocation of other **financial loss** on account of such **claim**.

Cost of the Expert Determination

We will pay for the cost of the Expert Determination above, including **your** share of the costs.

The ADC may require each party to bear the cost of the Expert Determination in equal proportions and require each party to individually pay their share of any cost required directly (including any fee, deposit or other amount charged). Where this is required, **you** must pay the costs accordingly and **we** will separately reimburse **you** for the cost of the Expert Determination.

Example of allocation:

A **claim** is made against both the **directors** and the **company** for breach of a third party's intellectual property rights. The **claim** against the **company** is excluded by Exclusion 7 – Intellectual property rights but this exclusion does not apply to the **claim** against the **directors**. The **claim** is settled for \$10,000,000 and legal costs of \$2,000,000 are incurred on behalf of both the **company** (not covered) and the **directors** (covered). **We** decide in settling the **claim** that 40% of the legal costs and 40% of the compensation component relates to the insured directors' liability for the loss.

We pay \$800,000 of legal costs and \$4,000,000 of compensation and claimant's costs.

8. Recoveries

All money recovered from other parties before settlement of any **claim** under this **cover section** will be held for the benefit of **us** and applied as stated immediately above after settlement, if any is made.

Recoveries do not include any amount recovered from insurance, surety, reinsurance, security or indemnity taken for the benefit of **us**.

9. Authorisation

The **policyholder** is the agent for each of **you** and each of **you** is bound by any statement, act or omission of the **policyholder** for all purposes under this **cover section**, subject to the Limitation of cover – 2. "Severability and imputation" and Limitation of cover – 5. "Claims conduct".

If the **policyholder** is more than one entity, then the first entity listed as the "Insured" in **your policy schedule** will be deemed to be the **policyholder**.

10. Confidentiality

You must not disclose the existence or terms of this **cover section**, including without limitation the **insured amount**, the nature of the insurance or the **premium** payable to any person who is not insured except where:

- (a) **you** are required by law or stock exchange rules to do so; or
- (b) **we** provide **our** prior written consent to such disclosure.

If **you** disclose the existence or terms of this **cover section** without obtaining **our** prior written consent, unless **you** are required by law or stock exchange rules to do so, **we** may refuse to pay **your** claim or reduce the amount **we** pay (to the extent to which **we** are prejudiced in respect of the claim as a result of **your** disclosure).

Excess

The **excess** that applies to Management liability only is specifically shown on **your policy schedule** and applies to each **claim** for **financial loss**, under this **cover section**.

Please refer to General Claims Condition 12 – Paying your excess for information about the options for paying the **excess**.

If a **claim** is covered under Extension of Cover 2 – Continuity then a higher **excess** will apply if the **excess** applicable to the Management Liability **cover section** in force at the time when **you** first became aware of such fact, event, circumstance or **wrongful act** is higher than the **excess** specified in **your policy schedule**.

If **you** also select Optional Extension of Cover – 1. "Employee dishonesty" the **excess** that applies to "Employee dishonesty" will apply in addition to any **excess** applicable to Management liability.

You are liable for the amount of **financial loss** or **fidelity loss** up to the **excess** for each **claim** under this **cover section**. The **excess** is deducted from the **financial loss** payable before the application of the "Management liability" **insured amount** or, in respect of Optional Extension of Cover – 1. "Employee dishonesty", from **fidelity loss** payable before the application of the "Employee dishonesty" **insured amount**.

Exclusions

This **cover section** does not cover:

Exclusion 1. Bodily injury and property damage

Financial loss resulting from **claims**:

- (a) for bodily injury, any form of psychiatric, psychological or mental injury, illness, disease or death of any person;
- (b) for damage to or destruction of any tangible property including any resulting consequent loss of use.

This exclusion will not apply to any actual or alleged psychiatric, psychological or mental injury alleged in any **claim** by any **insured person** resulting from any **employment wrongful act**.

Exclusion 2. Dishonest or criminal intent or improper conduct

Financial loss resulting from **claims** against **you** arising directly or indirectly from or in respect of:

- (a) any **wrongful act** committed by **you** with wilful, reckless, dishonest, fraudulent, malicious or criminal intent; or
- (b) an **insured person** or **trustee** improperly using their position to gain an advantage for themselves or someone else or to cause a detriment to the **company** or the **superannuation fund**; or
- (c) an **insured person** or **trustee** improperly using information obtained as a result of their position to gain an advantage for themselves or someone else or to cause a detriment to the **company** or the **superannuation fund**,

in each case only if established by formal written admission by **you** or final adjudication of a judicial or arbitral tribunal.

For the purpose of this exclusion, the fact that one of **you** has committed or is alleged to have committed the conduct described in (a), (b) or (c) above will not be imputed to any other of **you**.

This exclusion does not apply to Optional Extension of Cover – 1. "Employee dishonesty".

Exclusion 3. Known claims and circumstances

Financial loss resulting from **claims** arising directly or indirectly from or in respect of any fact, event, circumstance or **wrongful act**:

- (a) known to **you** at the inception of this **policy** and which a reasonable person in the circumstances might reasonably expect to give rise to a **claim**;
- (b) which has been or should reasonably have been the subject of any written notice given under any policy of which this **policy** is a direct or indirect renewal or replacement; or
- (c) alleged in, discovered in, relating to or underlying any **claim** made against **you** prior to the commencement of the **period of insurance**.

Exclusion 4. Certain company losses

Financial loss, other than **defence costs**, resulting from any **claim** brought by or on behalf of the **company** except for any **claim**:

- (a) brought as a statutory derivative action, under section 236 of the Corporations Act 2001 (Cth), but not voluntarily solicited or assisted by the **company**;
- (b) by or at the direction of any liquidator, administrator or receiver or equivalent in any jurisdiction; or
- (c) by the **company** pursuant to section 50 of the Australian Securities and Investments Commission Act 2001 (Cth).

This exclusion does not apply to Optional Extension of Cover – 1. "Employee dishonesty".

Exclusion 5. Contractual liability

Financial loss resulting from **claims** against the **company** arising directly or indirectly from or in respect of the **company's** liability under any contract or agreement, other than liability that would have attached in the absence of such contract or agreement, except that this exclusion will not apply in respect of a **claim** for an **employment wrongful act** or liability that would have attached in the absence of such contract or agreement.

Exclusion 6. Pollution

Financial loss resulting from **claims** arising directly or indirectly from or in respect of **pollution**.

Exclusion 7. Intellectual property rights

Financial loss resulting from **claims** against the **company** arising directly or indirectly from or in respect of any alleged or actual breach of any other party's intellectual property rights, or infringement or violation of any trade secret.

Exclusion 8. Restrictive trade practices

Financial loss resulting from **claims** against the **company** arising directly or indirectly from or in respect of any alleged or actual restrictive trade practices including but not limited to, Part IV of the Competition and Consumer Act 2010 (Commonwealth) or similar legislation in other jurisdictions, or tortious interference with any other party's business or contractual relationships.

Exclusion 9. Professional services

Financial loss resulting from **claims** arising directly or indirectly from or in respect of:

- (a) any breach of duty in respect of any professional services or professional advice by **you**; or
- (b) any breach of any contract for the provision of professional services or professional advice by **you**,

except that this exclusion will not apply in respect of any actual or alleged professional services or professional advice which is provided by an **insured person** when acting solely in their capacity as an **insured person**, or in circumstances where such professional services or professional advice is provided to **you** and not to third parties in the course of the **company's business**.

Exclusion 10. Public capital raisings

Financial loss resulting from **claims** arising directly or indirectly from or in respect of any public offer for the raising of capital by debt or equity, including but not limited to any prospectus.

Exclusion 11. Jurisdiction limits

- (a) **Financial loss** resulting from any action brought or instituted against **you** or any judgment obtained against **you** (whether or not such judgment is enforced by the courts of **Australia** or New Zealand) in any country other than **Australia** or New Zealand, regardless of whether **you** are represented by a branch or by an **employee** domiciled in that country or by a company, firm or individual holding **your** power of attorney.

However, this exclusion does not apply to actions and judgments arising from business visits (but not **manual labour** or supervision of **manual labour**) by travelling **directors** and **employees** of the **company** normally resident in **Australia** or New Zealand, to any country other than **North America**; or

- (b) **Financial loss** resulting from any actions brought or instituted against **you** or any judgment obtained against **you** (whether or not such judgment is enforced by the courts of **Australia** or New Zealand) within **North America**.

However, this exclusion does not apply to any recognition or enforcement action brought or instituted within **Australia** or New Zealand relating to a judgment obtained against **you** within **North America** arising from business visits (but not **manual labour** or supervision of **manual labour**) by travelling **directors** and **employees** of the **company** normally resident in **Australia** or New Zealand.

Exclusion 12. Retroactive date

Financial loss resulting from any **wrongful act** occurring or committed prior to the **retroactive date**.

Exclusion 13. Subrogation waiver

Any liability incurred solely by reason of **you** entering into a deed or agreement excluding, limiting or delaying their legal rights of recovery against another.

Exclusion 14. Workplace health and safety law

Financial loss resulting from **claims** arising directly or indirectly from or in respect of any breach of workplace health and safety law.

Exclusion 15. Subsidiaries

Financial loss resulting from any **wrongful act** committed or alleged to have been committed by a **subsidiary** or its directors, officers or employees prior to its acquisition or creation by **you**.

Exclusion 16. Cyber act or malware or similar mechanism

Financial loss resulting from **claims** against the **company** arising out of, in connection with or in respect of any **cyber act or malware or similar mechanism**.

Exclusion 17. Privacy or confidential information breach

Financial loss resulting from **claims** against the **company** arising out of, in connection with or in respect of any alleged or actual **privacy or confidential information breach**.

Extensions of cover

We will also extend this **cover section** to include the following Extensions of Cover, subject to the General Exclusions and all of the exclusions in this **cover section**, unless provided otherwise.

Any amounts payable under these Extensions of Cover do not apply in addition to the **insured amount** shown in **your policy schedule**.

1. Advancement of defence costs and representation expenses

We will advance **defence costs and representation expenses** covered under this **cover section** including under Extension of Cover – 5. "Workplace health and safety expenses" and Extension of Cover – 6. "Pollution expenses".

However, if and to the extent that **you** are not entitled to cover for **financial loss** under the terms of this **cover section**, then **we** will cease to advance **defence costs** and **representation expenses** and any amounts previously advanced shall be repaid to **us** by **you**.

If a **claim** alleges a **wrongful act** or illegal or improper conduct as described in Exclusion – 2. "Dishonest or criminal intent or improper conduct", then **we** will advance **defence costs and representation expenses** in respect of such **claim**.

Provided that if it is found by way of a formal written admission by **you** or final decision of a court or tribunal, judgment or adjudication that **you** did commit such **wrongful act** or engage in such illegal or improper conduct, then any amounts previously advanced shall be repaid to **us** by **you**.

2. Continuity

In the absence of fraudulent non-disclosure or fraudulent misrepresentation, where a **claim** that would otherwise be covered by this **cover section** is excluded by Exclusion – 3. "Known claims and circumstances", then cover is provided under this **cover section**, provided that:

- (a) **you** were insured against the **wrongful act by us** at the time when **you** first became aware of such fact, event, circumstance or **wrongful act** and have since been insured continuously by **us**, under a policy of which this **cover section** is a replacement; and
- (b) no related **claim** has been made against **you** prior to the **period of insurance**.

The cover provided under this Extension of Cover will be in accordance with this **cover section**, except that:

- (i) if the **excess** applicable to this **cover section** was in force at the time when **you** first became aware of such fact, event, circumstance or **wrongful act** is higher than the **excess** specified in **your policy schedule**, then that higher amount will be deemed to be the **excess** specified in **your policy schedule** in respect of such **claim**; and
- (ii) if the **insured amount** applicable to this **cover section** was in force at the time when **you** became aware of such fact, event, circumstance or **wrongful act** is lower than the **insured amount** specified in **your policy schedule**, then that lower amount will be deemed to be the **insured amount** in respect of such **claim**.

3. Acquisition or creation of new subsidiaries

If, during the **period of insurance**, the **policyholder** acquires or creates a new **subsidiary** that has total assets (by reference to the new **subsidiary's** most recent financial statements as at the time of acquisition or creation) that are no greater than the total assets of the **policyholder** (by reference to the **policyholder's** most recent financial statements as at the time of acquisition or creation), then the definition of **company** will be extended to include the new **subsidiary** with effect from the date of acquisition or creation of such **subsidiary** by the **policyholder**.

Provided that the definition of **company** will not be extended to include any new **subsidiary** acquired or created by the **policyholder** that:

- (a) has any of its securities listed on any exchange in **North America**; or
- (b) is domiciled or incorporated in **North America**.

4. Outside directorships

This **cover section** is extended to include as an **insured person** a person who, at the written request of the **company** was prior to the **period of insurance**, or is during or after the **period of insurance** a **director** or **officer** of, or occupies a position of equivalent status in, any **non-profit outside entity** or **outside entity**.

Any cover provided under this Extension of Cover will be specifically in excess of:

- (a) any indemnity; or
- (b) to the extent permitted by law any insurance contract specified by **endorsement**, available from or through the **non-profit outside entity** or **outside entity**.

5. Workplace health and safety expenses

Subject to the provisions of Extension of Cover – 1. "Advancement of defence costs and representation expenses" and notwithstanding Exclusion – 1. "Bodily injury and property damage", Exclusion – 14. "Workplace health and safety law", paragraph (d) of General Policy Condition 3 – "Take steps to reduce risk" and General Exclusion 9 – Non-Compliance, **we** will:

- (a) pay on **your** behalf:
 - (i) **defence costs** incurred in defending **claims** (other than a civil claim for compensation or damages) first made against **you** and notified to **us** during the **period of insurance**, based upon workplace health and safety law which results from an alleged **wrongful act**; and
 - (ii) **representation expenses** where the subject matter of the **official investigation**, examination, inquiry or other proceedings is workplace health and safety law; and
- (b) cover **you** for fines or penalties to the extent permitted by law imposed upon **you** resulting from **claims** first made against **you** and notified to **us** during the **period of insurance** based upon workplace health and safety law.

For the purposes of this Extension of Cover 5, **representation expenses** also includes necessary and reasonable costs, charges and expenses (other than regular or overtime wages, salaries, fees or **benefits** of an **insured person**) **we** have first agreed to pay, in representing and assisting **you** at a visit from an inspector of a workplace health and safety authority in connection with and following a workplace safety incident, provided that notice of the visit is given to **you** and is notified to **us** during the **period of insurance**.

The cover provided under this Extension of Cover will only apply to **claims** made in jurisdictions within **Australia** and New Zealand, and pursuant to the relevant laws of **Australia** or New Zealand.

If there is an entitlement to payment under Extension of Cover – 6. "Pollution expenses", then there is no entitlement to payment under this Extension of Cover.

6. Pollution expenses

Subject to the provisions of Extension of Cover – 1. "Advancement of defence costs and representation expenses", and notwithstanding Exclusion – 1. "Bodily injury and property damage", Exclusion – 6. "Pollution" and General Exclusion 9 – Non-Compliance, **we** will pay on **your** behalf:

- (a) **defence costs** incurred in defending **claims** (other than a civil claim for compensation or damages) first made against **you** and notified to **us** during the **period of insurance**, based on **pollution** which results from an alleged **wrongful act**; and
- (b) **representation expenses**, where the subject matter of the **official investigation** is **pollution**.

The cover provided under this Extension of Cover will only apply to **claims** made within the jurisdiction of **Australia** and of New Zealand, and pursuant to the relevant laws of **Australia** or New Zealand.

7. Emergency costs

If, due to an emergency, **you** are unable to request **our** agreement to the incurring of **defence costs** or **representation expenses** in respect of **claims** covered under the terms of this **cover section**, then **you** may incur reasonable **defence costs** and **representation expenses** without first obtaining **our** agreement until such time as **you** contact or reasonably could have contacted **us**.

8. Personal tax liability

The definition of **financial loss** is extended to include personal liability an **insured person** incurs with respect to unpaid taxes if the **company** becomes insolvent.

The most **we** will pay for all **claims** covered under this Extension of Cover in total is \$25,000 for any one (1) **period of insurance**.

9. Public relations expenses

The definition of **financial loss** is extended to include the reasonable costs, charges, fees and expenses **we** have first agreed to pay, of a public relations firm or consultant which **you** engage to prevent or limit the adverse effects or negative publicity that results from or is anticipated to result from a **claim**.

The most **we** will pay under this Extension of Cover in total is \$25,000 for any one (1) **period of insurance**.

10. Business crisis consultant fees

We will pay on behalf of the **company**, **business crisis consultant fees** incurred by the **company** in responding to a **business crisis event** that first occurs during the **period of insurance**.

The most **we** will pay under this Extension of Cover for any one (1) **business crisis event** is \$25,000.

11. Spouses and legal representatives

If an **insured person** dies or becomes legally incapable, insolvent or bankrupt, then this **cover section** will cover **financial loss** resulting from **claims** first made against the **insured person's** estate, heirs, executors or other legal representatives during the **period of insurance**, provided that the estate, heirs, executors or other legal representatives must comply with the terms of this **cover section**.

If a **claim** against an **insured person** includes a **claim** against that **insured person's spouse** solely by reason of:

- (a) the **spouse's** legal status as a **spouse** of the **insured person**; or
- (b) the **spouse's** ownership interest in property which the claimant seeks as recovery for **claims** made against the **insured person**,

then all **financial loss** for which the **spouse** becomes legally liable that would otherwise be covered by this **cover section** will be treated for the purposes of this **cover section** as **financial loss**, except to the extent the **claim** alleges any act, error or omission by the **insured person's spouse**.

12. Retired directors and officers

In the event that this **cover section** is neither renewed nor replaced with or by **us** or another insurer, for any reason other than for non-payment of **premium**, then any **director** or **officer** who retires from all paid employment with a **company** during the **period of insurance**, but prior to any **merger or acquisition**, shall be entitled to an automatic **discovery period** of eighty-four (84) months following expiry of the **period of insurance**.

13. Automatic discovery period

In the event that this **cover section** is neither renewed nor replaced for any reason other than for non-payment of **premium**, and provided that no **merger or acquisition** has occurred, **you** will be entitled to a **discovery period** of ninety (90) days at no additional premium.

Discovery periods are non-cancellable, and any **claim** made during a **discovery period** will be deemed to have been first made during the immediately preceding period of insurance.

The entitlement to a **discovery period** will not increase or reinstate the **insured amount** shown on **your policy schedule**.

Optional extension of cover

The following Optional Extension of Cover is optional and is available if **you** choose it and pay an additional premium. Any amounts payable under this Optional Extension of Cover are in addition to the "Management Liability" **insured amount**. If shown in **your policy schedule** the following Optional Extension of Cover shall apply:

1. Employee dishonesty

Cover

Provided "Employee Dishonesty" is shown in **your policy schedule**, **we** will cover **you** for **fidelity loss** that occurs during the **period of insurance** and is **discovered** within twelve (12) months of the expiry of the **period of insurance** in which it occurred.

A series of related, continuous or repeated acts of fraud or dishonesty (whether by any one **employee** or any number of **employees** in collusion) will be treated as a single act of fraud or dishonesty even if committed during more than one (1) period of insurance insured with **us**.

However, if the act of fraud or dishonesty is committed during more than one (1) period of insurance insured with **us**, **you** shall be entitled to elect in which of these periods of insurance the act of fraud or dishonesty will be deemed to have occurred. The most **we** will pay will be determined by the **insured amount** that applied in the elected period of insurance.

Exclusions

We will not cover **you** for any **fidelity loss** arising from any act of dishonesty committed more than twelve (12) months before the inception of this **cover section**.

We will not cover **you** for more than the lesser of the:

- (a) **insured amount** shown in **your policy schedule**; or

- (b) the amount that would have been paid under any previous policy had it continued in force until the **discovery** of the **fidelity loss**.

This Optional Extension of Cover does not cover **you** for:

1. any **fidelity loss** arising from the conduct of an **employee**, **discovered** later than:
 - (a) twelve (12) months after the expiry of the **period of insurance**; or
 - (b) twelve (12) months after the termination of employment of the relevant **employee(s)**,
whichever occurs first; or
2. any **fidelity loss** arising from the conduct of an **employee** after **you** were aware that the **employee** had previously committed an act of fraud or dishonesty before or after the date of commencement of employment by **you**;
3. **fidelity loss** arising from the conduct of an **employee** outside of **Australia** or New Zealand;
4. **fidelity loss** or part of a **fidelity loss** where the proof of the **fidelity loss** is solely dependent upon an inventory stock take or a profit and loss calculation;
5. fraud or dishonesty by any of **your employees** committed with **your** knowledge or consent ;
6. loss of profit or income, loss of use, loss of earning capacity or any other loss or damage including but not limited to that caused by delay, lack of performance, loss of contract or depreciation in value that is not insured **fidelity loss**;
7. **fidelity loss** arising directly or indirectly from or in respect of the actual or alleged theft of confidential information or intellectual property;
8. **fidelity loss** arising directly or indirectly from or in respect of access to or disclosure of any confidential information, including but not limited to trade secret information, computer programs, confidential processing methods or other confidential information of any kind except where such access to or disclosure enables the commission of any act otherwise covered under "Cover" in this Optional Extension of Cover; or
9. loss of or damage to records, manuscripts, accounts, microfilms, tapes or other records or the cost of reproducing any information contained in such lost or damaged records.

Optional Extension of Cover Extra Covers

If a claim is covered under Optional Extension of Cover – 1. "Employee dishonesty", **we** will also pay or provide the Extra Covers set out as follows:

1. Claims preparation costs

We will pay for the reasonable cost of auditors' fees and other reasonable expenses **we** have first agreed to pay, for the preparation of claims under this Optional Extension of Cover.

The most **we** will pay for all claims preparation costs covered under this Extra Cover in total is \$25,000 for any one (1) **period of insurance**. Any amounts payable for claims preparation costs do not apply in addition to the **insured amount** applicable to this Optional Extension of Cover.

2. Retroactive Cover

If Optional Extension of Cover – 1. "Employee dishonesty" replaces any previous fraud and dishonesty policy held by **you** that is terminated, cancelled or allowed to expire at the time of the replacement, **we** will cover any **fidelity loss** that is within the period of cover of the consecutive previous policy provided that:

- (a) the **fidelity loss** would have been recoverable by **you** under the consecutive previous policy except for the fact that the time within which to **discover** any **fidelity loss** had expired; and
- (b) the **fidelity loss** would have been covered under this **cover section** if this **cover section** had been in force when the acts or defaults causing the **fidelity loss** were committed.

3. Welfare, social or sporting club cover

The term "**you**" is extended to include any welfare, social or sporting club formed with **your** knowledge or consent which is exclusively for the benefit of **employees** and their **families**.

Unless stated otherwise below, any amounts payable in respect of this extension of the term "**you**" do not apply in addition to the **insured amount** applicable to this Optional Extension of Cover or Extra Covers.

Tax probe[®]

Introduction

This **cover section** only forms part of **your policy** when Tax Probe is shown in **your policy schedule**. This **cover section** covers **professional fees** (such as accountant's fees) incurred by **you** in connection with a **tax audit** by the Australian Taxation Office, or by a Commonwealth, State or Territory department, body or agency.

You can claim for **professional fees** as described under "Cover" if:

- ▼ the **tax audit** was commenced and is notified to **us** during the **period of insurance**;
- ▼ the claim is not excluded under "Exclusions"; and
- ▼ the claim is not excluded under the General Exclusions.

Definitions

The following defined words in this **cover section** have the meanings given to them as set out below. These meanings only apply to this **cover section** and the terms and conditions of this **PDS** as they apply to this **cover section** and prevail over any other meaning given to them in other parts of the **PDS** and Policy Wording (including in the General Definitions).

Authority

The Australian Taxation Office, a revenue office of an Australian State or Territory; a Commonwealth, State or Territory government department, body or agency which is duly authorised to conduct a **tax audit**.

Designated tax

Any tax assessable in accordance with the provisions, as those laws are amended, and includes any associated regulations, of the following legislation:

- (a) Income Tax Assessment Act 1936 (Cth);
- (b) Income Tax Assessment Act 1997 (Cth);
- (c) Taxation Administration Act 1953 (Cth);
- (d) Fringe Benefits Tax Assessment Act 1986 (Cth);
- (e) A New Tax System (Goods and Services Tax) Act 1999 (Cth);
- (f) Superannuation Guarantee (Administration) Act 1992 (Cth); or
- (g) any legislation of an Australian State or Territory relating to payroll tax and mental health levies.

Intentional disregard

Means **you** are fully aware of a clear tax obligation and **you** disregard the obligation with the intention of bringing about certain results (e.g. underpaying tax or over-claiming an entitlement).

Professional fees

Fees, costs and disbursements payable to a **tax agent** or professional person (other than **you** or **your employee**) in connection with a **tax audit by an authority**.

Professional fees does not mean any fees, costs or disbursements:

- (a) charged by a tax agent for administrative services;
- (b) that relate to any subsequent objection lodged with an **authority** in respect of a **tax audit**;
- (c) that relate to, or are associated with the preparation of any accounts, financial statements or documents which would or should have been ordinarily or prudently prepared prior to or at the time that the lodgement of any **return** or documents was required to be lodged;
- (d) incurred after the **tax audit** has been completed; or
- (e) incurred twelve (12) months or more from the commencement date of a **tax audit** other than when **you** can reasonably demonstrate that the delay in completing the **tax audit** was caused primarily by the **authority**.

Recklessness

A reasonable person in **your**, or **your tax agent's**, circumstances would have been aware that there was a real risk of a **shortfall amount** arising and **you** disregarded, or showed indifference to, that risk.

Return

Any return legally required to be, and that is actually, lodged with an Australian Commonwealth, State or Territory government department, body or agency by **you** or on **your behalf**.

Shortfall amount

A shortfall amount arises in the following situations:

- (a) **your** tax related liability, worked out on the basis of **your** disclosure or statement, is less than it would be if the disclosure or statement was not false or misleading; or

- (b) an amount the **authority** must pay or credit to **you** under a **designated tax**, worked out on the basis of **your** disclosure or statement, is more than it would be if the disclosure or statement was not false or misleading.

Tax agent

Any person who is recognised by the **authority** as a registered tax agent, as appropriate to the type of **designated tax**, who prepares **returns** or statements required by that **authority** in respect of **your** liability to pay a **designated tax**, including supervision of the preparation of, and review prior to dispatch of, those **returns** or statements.

Tax agent does not mean **you** or a person working for **you** under a contract of employment.

Tax audit

Means:

- (a) the audit by an **authority** of a **return** submitted by **you** or on **your** behalf in respect of **your** liability to pay, or entitlement to claim or deduct, any **designated tax** (including the amount of tax payable or refundable) following lodgement of a **return** for that **designated tax**;
- (b) any official inquiry, investigation, examination or review undertaken by an **authority** in respect of **your** liability to pay any **designated tax** (including the amount of tax payable) following lodgement of a **return** for that **designated tax**; or
- (c) a workers' compensation wage audit or investigation by an **authority** in respect of **your** liability to pay a workers' compensation premium.

If an official inquiry, investigation, examination or review referred to in paragraph (b) above escalates or results in an audit as referred to in paragraph (a) above, then this would be viewed as one **tax audit** for the purposes of this **cover section**.

You / Your / Yours

Means the business entity, partnership or sole trader named in the **policy schedule** as the Insured.

You / your / yours does not include any employee, trust beneficiary or director of such named Insured or any partner in a partnership named as the Insured.

Cover

We cover **professional fees** reasonably and necessarily incurred by **you** in connection with a **tax audit** by an **authority**, which is commenced and notified to **us** during the **period of insurance**.

Basis of Settlement

Subject to Extension of Cover 1 – Automatic Reinstatement, the most **we** will pay for a **tax audit** commenced during the **period of insurance** is the **insured amount** specified in **your policy schedule** for this **cover section**. Where the **tax audit** is of more than one person or entity covered under this **cover section** the **insured amount** is the most **we** will pay for the **tax audit**.

We will pay the **professional fees** reasonably and necessarily incurred by **you** in connection with assisting **you** to respond to an official **tax audit** by an **authority** where:

- (a) **your** claim is covered under "Cover" of this **cover section**;
- (b) **your** claim is not excluded under "Exclusions" of this **cover section**;
- (c) **your** claim is not excluded under the General Exclusions; and
- (d) the **tax audit** has been completed (as defined in Limitations of cover 2 below).

Limitations of cover

These conditions apply to all covers and claims under this **cover section** in addition to the General Policy Conditions that apply to this **cover section**.

If **you** do not comply with these conditions, **we** may:

- (a) refuse to pay a claim or reduce the amount **we** pay (to the extent to which **we** are prejudiced in respect of the claim as a result of **your** non-compliance); and/or
- (b) recover from **you** any costs and/or any monies **we** have paid; and/or
- (c) cancel **your policy**.

1. Your obligations

You must:

- (a) Make a genuine attempt to comply with obligations enforced under taxation laws;
- (b) Lodge **your** tax return or statement on time;
- (c) Engage a registered tax agent or BAS agent to lodge **your** return or statement;
- (d) Not make any false or misleading statement;

- (e) Provide **your** tax agent or BAS agent with details of all **your** assessable income; and
- (f) Have the necessary records to prove expense claims.

2. Commencement and completion of a tax audit

A **tax audit** commences at the time **you** or **your tax agent** first receives notice (verbal or written) of an audit, inquiry, investigation, examination or review.

A **tax audit** is complete when the earliest of the following occurs:

- (a) the officer authorised by the **authority** has given written notice to that effect;
- (b) the officer authorised by the **authority** notifies **you** in writing of its decision in connection with **your returns** including any written statement which is intended by such officer to be its findings in connection with a **return** or the basis upon which it proposes to act in connection with a **return**;
- (c) when the officer authorised by the **authority** has issued an assessment or amended assessment of **your returns**; or
- (d) in the absence of subparagraphs (a), (b) or (c) where **your tax agent** declares in writing that such a **tax audit** has been concluded.

3. Authority matters

You must:

- (a) submit all taxation and other **returns** within the time limits prescribed by all relevant legislation or regulations or as requested by or on behalf of the relevant **authority** or within the extensions of time granted by the relevant **authority**;
- (b) make full and complete disclosure of all assessable income (including capital gains), as required by any relevant legislation or regulation, and **you** must take care to not omit from any such disclosure any matter or thing without which the disclosure is misleading or likely to mislead any person or **authority** who relies on that disclosure;
- (c) be registered for GST purposes, if required by legislation or regulations; and
- (d) ensure all correspondence, requests or inquiries from an **authority** are dealt with within the required time and where there is no required time, a reasonable time.

4. Claims

For any claim:

- (a) **you** must notify **us** within ninety (90) days of **you** first becoming aware of the first notice of a **tax audit**;
- (b) **you** must keep **us** informed of all developments as they occur;
- (c) **you** must take all reasonable steps to minimise any delays and costs incurred or likely to be incurred for example by ensuring all correspondence, requests or inquiries from an **authority** is dealt with within the required time and where there is no required time, a reasonable time; and;
- (d) **you** must submit to **us** all accounts for **professional fees** that relate to **your** claim upon completion of the **tax audit**.

Excess

The **excess** that applies for each claim **you** make is specified in **your policy schedule**.

Exclusions

We do not cover:

1. Returns not prepared by a tax agent

Any **professional fees** relating to, arising from or in connection with any income **return** that has not been prepared or reviewed prior to dispatch by **your tax agent**. However, this exclusion does not apply to any **return** for:

- (a) Goods and Services Tax;
- (b) income derived from:
 - (i) any payment under a contract of employment of service between **you** and any other person, company or entity, other than when that payment is paid by a company for which **you** are a director or have a controlling interest;
 - (ii) any payment from superannuation, pension or other retirement benefit; or
 - (iii) personal investments that **you** are not wholly or mainly dependent on.

2. Representations, errors in information and improper conduct

Any **professional fees** relating to, arising from or in connection with:

- (a) **you** or **your tax agent** making a statement to the **authority** that is false or misleading except that this exclusion will not apply where a false or misleading statement results from **you** being misled by the **authority** or where **you** did not and could not be expected to know that a statement was false or misleading;
- (b) any fraudulent act or fraudulent omission or statement made to an **authority** arising from any act committed deliberately or with **your** wilful intent;
- (c) an **authority**, or its authorised representative, having assessed **your** behaviour as being a case of **intentional disregard** or **recklessness**;
- (d) any **return** lodged or submitted dishonestly or fraudulently where the supporting documents have been falsely created or collected; or
- (e) any error or deficiency with information already provided to the relevant **authority** which **you** do not notify to the relevant **authority** within ninety (90) business days of **you** discovering the error or deficiency with the information.

3. Delay

Any **professional fees** relating to, arising from or in connection with:

- (a) a **tax audit** which is commenced due to **your** failure to lodge taxation or any other **return** within the time limit prescribed by law or within the extended time granted by an **authority**;
- (b) a **tax audit** which is commenced due to **your** failure to pay all taxes by the due date or within any extension of time granted by the **authority**; or
- (c) **your** failure to respond to the **authority**.

4. Imposition of penalties

The imposition of or the seeking to impose any tax, penalty tax, costs, interest, fine or penalty by any **authority**, court or tribunal.

5. Shortfall tax audits

Any **professional fees** relating to, arising from or in connection with a **tax audit** where an **authority** imposes or seeks to impose a penalty due to any **shortfall amount**, or part of that amount, resulting from:

- (a) **intentional disregard** of a designated tax by **you** or **your tax agent**; or
- (b) **recklessness** by **you** or **your tax agent** as to the operation of a **designated tax**.

6. Subrogation agreements

Any amount that **you** are unable to recover because of a contract or agreement that **you** have entered into that excludes or limits **your** rights to recover that amount.

7. Territorial limitations

- (a) Any tax **return**:
 - (i) prepared by a person who ordinarily resides outside Australia and its external territories; or
 - (ii) for a company, firm or entity which operates outside Australia and its external territories;
- (b) Any **professional fees** that are:
 - (i) associated with any **return** lodged outside Australia and its external territories; or
 - (ii) in respect of any person or organisation ordinarily resident outside Australia and its external territories.

8. Prior tax audits

Any claim arising from or in connection with any **tax audit** for which verbal or written notice or information was received by **you** or **your tax agent** before the inception of this **cover section**.

9. Unjustified refusal or failure to comply

Any claim or claims caused by or arising from any improper, unwarranted or unjustified refusal or failure to comply with any lawful request made by the **authority**.

10. Professional fees after completion of tax audit

Any **professional fees** incurred after the **tax audit** has been completed.

11. Other Matters

- (a) Any **professional fees** relating to, arising from or in connection with:
 - (i) any criminal prosecution;
 - (ii) any **tax audit** relating to customs legislation;
 - (iii) any **tax audit** conducted by the Australian Prudential Regulation Authority; or

- (iv) any **tax audit** that includes a refund or claim for tax or duty relief arising out of an arrangement, facility, financial structure or the like adopted for the principal purpose of obtaining that refund or relief, unless the arrangement has received prior written approval from the relevant government or government authority or agency before being offered to **you** or the general public;
- (b) Any claim or claims caused by, arising from or in connection with:
 - (i) amounts sought by any amended notice of assessment, additional tax, duty government impost or the like;
 - (ii) costs to pursue or defend any legal actions against **you** or initiated by **you** (unless it is agreed to by **us**);
 - (iii) any inquiry from an **authority** which is not related to either an identified intention to conduct a **tax audit** or is not directed at obtaining information or **data** for a possible future **tax audit**;
 - (iv) any routine enquiries, or enquiries from a **tax agent** which are not identified as being either preliminary to, or relating to a **tax audit** of a **return**; or
 - (v) any form of activity involving a periodic review, routine inquiry or compliance review relevant to **you** maintaining industry status, licence, compliance, membership, any form of workplace health and safety compliance or similar requirements.

Extensions of cover

If **we** pay a claim for **professional fees** under this **cover section**, **we** will also pay or provide for the following Extensions of covers.

1. Automatic reinstatement

If **we** pay an amount for a claim under this **cover section**, **we** will automatically reinstate the **insured amount** under the **cover section**. **You** will not have to pay any additional premium.

2. Travel and accommodation expenses

We will reimburse **you** for travel and accommodation expenses incurred by **you** or **your employees** if they are reasonably and necessarily incurred to substantiate a claim under this **cover section**.

