

calliden

Business Package

Insurance Policy

Table of Contents

Calliden Business Package Insurance Policy

Introduction	02
Part A: General Matters	02
Part B: Policy Wording	05
General Conditions	05
General Exclusions	09
General Definitions	11
Section 1 - Fire and Other Defined Events	13
Section 2 - Business Interruption	20
Section 3 - Burglary	25
Section 4 - Money	29
Section 5 - Glass	32
Section 6 - Broadform Liability	34
Section 7 - Machinery	40
Section 8 - Electronic Equipment	45
Section 9 - Fraud or Dishonesty	50
Section 10 - General Property	52

Introduction

This booklet is split into 2 parts: Part A and Part B. Both Part A and Part B form part of **your Policy**.

Part A: General Matters

Part A of this booklet contains General Matters. Items appearing under this part apply to all the covers available within the **Business Insurance Policy** and form part of **your Policy**.

Part A contains details of **your** insurer, **your** cooling off rights, **our** complaints handling process and other information relevant to **your Policy**.

Part B: Policy Wording

Part B of this booklet contains the Policy Wording. The wording contains detailed information about the provisions of the **Business Insurance Policy**.

If we issue **you** with a **Schedule**, the **Schedule** will set out the covers for which **you** are insured and may also detail additional policy provisions. It is important that the **Schedule** is read together with this booklet. The **Schedule** forms part of **your Policy**.

Your Schedule and this booklet form an important legal contract with **us** and they should be kept in a safe place.

Part A: General Matters

About Calliden

Calliden Insurance Limited ABN 47 004 125 268, AFS Licence No. 234438 is the insurer of this **Policy**. Calliden specialises in manufacturing general insurance products for individuals, the SME sector and groups across metro and regional Australia. To find out more about **us**, visit www.calliden.com.au

Level 7, 100 Arthur Street
North Sydney NSW 2060
Phone: 02 9551 1111
Fax: 02 9551 1155

Duty of Disclosure

This policy is subject to The Insurance Contracts Act 1984. Under that Act **you** have a Duty of Disclosure. Before **you** take out insurance with **us** **you** have a duty to tell **us** of everything that **you** know, or could reasonably be expected to know, that is relevant to **our** decision to insure **you** and to the terms of that insurance. If **you** are not sure whether something is relevant **you** should inform **us** anyway. **You** have the same duty to inform **us** of those matters before **you** renew, extend, vary, or reinstate **your** contract of general insurance.

Your duty however does not require disclosure of matters that:

- reduce the risk
- are common knowledge
- **we** know, or in the ordinary course of **our** business, ought to know, or
- **we** have indicated **we** do not want to know.

If **you** do not comply with **your** Duty of Disclosure, **we** may be entitled to:

- reduce **our** liability for any claim
- cancel the contract
- refuse to pay the claim
- avoid the contract from its beginning, if **your** non-disclosure was fraudulent.

Privacy

Calliden respects **your** privacy and operates at all times in accordance with its privacy policy. This privacy notification provides a summary of how Calliden treats **your** privacy, and it is recommended that **you** read the policy in conjunction with this notice.

Calliden collects personal information to assess **your** request for insurance, to administer **your Policy**, provide other insurance services as requested by **you**, and also to notify **you** about other Calliden services

Part A: General Matters [cont'd]

or promotions from time to time. At the time of collecting **your** information **we** will inform **you** of the purpose for the collection and the consequences if **you** choose not to provide the information.

In order to provide its insurance services Calliden may need to share **your** information with third parties including **your** agent or broker and Calliden's reinsurers and claims providers (for a full list see Calliden's privacy policy).

In accordance with Calliden's privacy policy **you** may obtain access at any time to information that Calliden or its service providers hold on **you**. If **you** would like to contact Calliden about privacy, or would like to obtain a copy of the privacy policy **you** may do so through one of the following means:

- obtain the privacy policy online at www.calliden.com.au
- by phone 02 9551 1111
- by email to privacy@calliden.com.au
- by letter to Privacy Officer, PO Box 348, Milsons Point NSW 1565

GST

The **Sum Insured/Limit of Liability** that **you** choose should include GST.

If **you** are not registered for GST in the event of a claim **we** will reimburse the GST component in addition to the amount that **we** pay. The amount that **we** are liable to pay under this **Policy** will be reduced by the amount of any input tax credit that **you** are or may be entitled to claim for the supply of goods or services covered by that payment.

If **you** are entitled to an input tax credit for the premium, **you** must inform **us** of the extent of that entitlement at or before the time **you** make a claim under this **Policy**. **We** will not indemnify **you** for any GST liability, fines or penalties that arise from or are attributable to **your** failure to notify **us** of **your** entitlement (or correct entitlement) to an input tax credit on the premium.

If **you** are liable to pay an **Excess** under this **Policy**, the amount payable will be calculated after deduction of any input tax credit that **you** are or may be entitled to claim on payment of the **Excess**.

Cooling Off Period

There is a 21 day cooling off period. If **you** are not completely satisfied with the **Policy**, **you** can cancel it in writing within 21 days of the issue date and receive a full refund, other than non-refundable government taxes and duties.

This will not apply if **you** make a claim for any incident within the 21 day period.

If the **Policy** is for an event that will start and finish within this Cooling Off Period, **you** can only exercise **your** right before the event starts.

Dispute Resolution Process

How You Can Resolve a Complaint You Have with Us

If **you** would like to make a complaint, **we** will do everything **we** can to try to resolve it as quickly and fairly as possible. The following paragraphs provide details on how **you** can lodge **your** complaint and how Calliden will try to resolve it.

You may contact us at any time if **you** are dissatisfied with any matter relating to **your** insurance with Calliden, including:

- our decision on **your** claim;
- our handling of **your** claim;
- the service of our representatives, assessors, loss adjusters or investigators; and
- **your** insurance **Policy**.

Contact Us

- If **you** have a complaint regarding **your** claim, please contact **your** claims consultant.
- If **you** have a complaint regarding **your** insurance **Policy**, please contact us on 02 9551 1111 and **we** will try to resolve **your** complaint straight away.
- **You** can write to us at:
 - Fax: 02 9551 1155
 - Address: PO Box 348, Milsons Point NSW 1565

How We Resolve Complaints

- **We** will address all complaints, except where specific circumstances apply, in accordance with Calliden's Complaints Handling Process. This process is compliant with the Insurance Council of Australia's Code of Practice. Both the Code of Practice and our Complaints Brochure, which contains a guide to our process, are available upon request.

Part A: General Matters [cont'd]

- **We** will handle all complaints without cost to **you**.
- A complaints consultant will be assigned to the management of **your** complaint and will acknowledge **your** complaint within 2 business days of receipt. If further information is required to consider the complaint, it will be requested at this time.
- The complaints consultant will aim to resolve **your** complaint within a further 13 business days. In certain circumstances a longer period may be required, and **we** will request a later response date.
- The outcome of the complaint will be advised to **you** in writing, stating our reasons and any corrective action that will be undertaken.

If Your Complaint is Still Unresolved

If **we** cannot resolve **your** complaint within 15 business days or **you** are not happy with our response to **your** complaint, **you** can seek an external review via our external dispute resolution scheme, administered by the Financial Ombudsman Service (FOS).

This national scheme is for consumers, free of charge and is aimed at resolving disputes between insureds and their insurance companies.

For more information call 1300 78 08 08 or visit www.fos.org.au

If the FOS is unable to address **your** complaint then Calliden may be able to provide **you** with details of an alternative external dispute resolution service.

What Makes up Your Insurance Contract

When **we** accept **your Proposal** or renew **your** insurance, or if **your** insurance is amended, **your** insurance contract is made up of the following documents:

- Parts A and B of this booklet but only in relation to the types of cover **you** have selected; and
- **your Proposal, Schedule, Endorsement Schedule, Certificate of Insurance or Endorsement Certificate** which shows the type of cover **you** have, any change or addition to that cover as well as other information specific to **your** contract of insurance.

We recommend that **you** read this booklet and **your Schedule** carefully and keep it with **your** important papers.

About the Business Insurance Policy

The policy document comprises 10 different types of cover, set out in sections, which **your Business** may require. **You** should carefully read each section and select those covers which **you** believe will best suit **your** needs. If **you** are uncertain of any aspect, please do not hesitate to contact **your** insurance advisor.

We only insure **you** for those sections requested by **you** and specified in the **Schedule**.

Premium Adjustment Provision

Where **Premium** is based on estimates and information provided by **you**, and is adjustable at the end of the **Period of Insurance**, the appropriate declaration form will be sent to **you** for completion and return to **us**. **You** must, if requested, furnish all other information **we** require for the adjustment of the **Premium**. **You** must:

- a) keep accurate records containing all relevant particulars and allow **us** and **our** agents and representatives, to inspect them at all times; and
- b) within two months of the end of the **Period of Insurance** furnish them to **us**.

The **Premium** will then be calculated and an account forwarded.

General Insurance Code of Practice

Calliden is a signatory to the General Insurance Code of Practice (Code). The Code aims to raise standards of service between insurers and their customers. Calliden's service standards are in accordance with the Code.

For any information about the Code, including a copy of the Code, contact **us** or the Financial Ombudsman Service on 1300 78 08 08 or visit www.codeofpractice.com.au

Part B: Policy Wording

Our Agreement With You

The **Policy** is a legal contract between **you** and **us**.

You have paid, or agreed to pay, **us** the **Premium** and **we** provide the cover **you** have chosen as set out in the **Schedule**.

You, or any other person insured under the **Policy**, must comply with all provisions of the **Policy**, otherwise **we** may be entitled to refuse to pay a claim, or reduce the amount **you** are entitled to receive.

General Conditions

The General Conditions set out below apply to all the sections of the **Policy**.

Alteration of Risk

You must **immediately** notify **us** in writing of any changes **you** know of which materially alter any of the facts or circumstances that existed at the commencement of **your Policy**. Until:

- a) **we** agree in writing to the terms of insurance of the altered risk; and
- b) **you** pay any additional **Premium** requested by **us**;

we will not be liable for any **Damage** or, for Section 6 only, liability caused by or attributable to such alteration.

Cancellation

This **Policy** may be cancelled by:

- a) **you** at any time by notifying **us** in writing, in which case:
 - i. cancellation takes place when **we** receive the notice; and
 - ii. **we** will retain, or be entitled to retain, the **Premium** for the period during which the **Policy** was in force together with any non-refundable government taxes, levies and duties;

b) **us** on any of the grounds set out in the Insurance Contracts Act 1984 (Cth), as amended from time to time, by giving **you** notice in writing, in which case:

- i. cancellation takes place at the time **you** enter into another contract of insurance **you** intend to replace the **Policy**, or at 4.00pm on the 3rd business day after delivery of the notice to **you**, whichever is earlier; and
- ii. **we** will refund **Premium** for the unexpired portion of the **Period of Insurance**.

You must supply **us** with such particulars as **we** may require to enable a refund of **Premium** following any cancellation.

Claim Procedures

If something happens which gives rise or may give rise to a claim under the **Policy**:

- a) **you** must:
 - i. notify **us** as soon as possible, giving full particulars of the facts and circumstances, including damage, injuries, illness, or notice of a claim against **you**, and details of any proceedings instituted against **you**;
 - ii. take all reasonable precautions to prevent or minimise further loss, damage or liability;
 - iii. take all reasonable steps to recover any lost or stolen **Property**;

General Conditions [cont'd]

- iv. immediately notify the police in the event of a **Burglary**, or if any property is stolen, lost or maliciously **Damaged**;
 - v. supply **us** with details of any other insurances which insure or may insure the event;
 - vi. provide all reasonable information and assistance as **we** may require; and
 - vii. use **your** best endeavours to preserve any **Damaged** or defective property, or other property which might provide evidence in connection with any claim;
- b) **you** must not:
- i. admit liability for any event, damage or injury, or settle or attempt to settle or defend any claim without **our** written consent; or
 - ii. alter or repair any building, appliance, plant or thing until **we** have had the opportunity of an inspection, unless such alteration or repair is necessary for safety reasons;
- c) **you** are not entitled to abandon any **Property to us**;
- d) **we** will have full discretion in the conduct of any negotiations and the settlement of any claims;
- e) after payment for or replacement of any **Property** (other than **Buildings**) lost or **Damaged**, the **Property** so lost or **Damaged** becomes **ours** subject to **your** right to reclaim it on repayment to **us** of the amount paid by **us** in respect of such **Property**;
- f) more specific claims procedures are noted under Specific Conditions in:
- i. Broadform Liability in Section 6;
 - ii. Machinery in Section 7;
 - iii. Electronic Equipment in Section 8; and
 - iv. Fraud or Dishonesty in Section 9.

Provisions and Definitions

Where a specific provision is in conflict with a general provision or definition the specific provision or definition will apply.

Contractual Agreements

We will not pay for, or **our** liability may be reduced, if **you** enter, or have entered (even before **you** entered into **your Policy**), into an agreement, release or undertaking which limits or excludes **your** rights of recovery or contribution from another person or organisation, unless such agreement, release or undertaking has been allowed in the **Policy** by **us** and is specifically mentioned in the **Schedule**.

Jurisdiction

The **Policy** is to be governed by the laws of the Commonwealth of Australia and the State or Territory where the **Policy** was issued. **We** and **you** agree to submit to the non exclusive jurisdiction of the Courts of the State or Territory where the **Policy** was issued.

Excess

If a claim is made under the **Policy**, **you** have to pay to **us** the **Excess** detailed in the **Schedule**. Where the **Excess** is expressed:

- as a sum, it is the amount specified.
- as a percentage, it is the monetary value of the relevant percentage.
- in time, it is the monetary value accruing during the specified period.

If more than one **Excess** can be applied to the claim or claims, then **you** will only be required to pay the highest single **Excess** applicable provided that the claim or claims resulted from one original cause or source.

General Conditions [cont'd]

How We Will Communicate

All communication **you** are required to give or make under the **Policy** must be sent in writing to **us**.

All communications **we** are required to give or make under the **Policy** will be sent in writing to **you** at the address specified in the **Schedule** or as notified by **you** from time to time.

All communications sent by post to **you** or **your** appointed agent will be deemed to have been received by **you** on the third day following the day of posting.

Where **you** comprise more than one party:

- a) the **Proposal** is deemed to have been furnished by and on behalf of all parties, and any information supplied to **us**, or any omission, misrepresentation or non-disclosure in relation to any renewal or extension, is deemed to have been furnished, omitted, misrepresented or withheld (as the case may be) on behalf of all parties;
- b) if one or more of **you** (or persons acting on behalf of, or with the knowledge or connivance of, one or more of **you**) engage in a deliberate act which results in **Damage** to property, **we** will not pay any claims at all arising out of such **Damage**, whether those claims are brought by the party or parties which engaged in the deliberate act or by anyone else; and
- c) the conduct (other than conduct referred to in subsections a) and b) of one or more of **you** will not prejudice the rights of the remainder of **you** provided that the remainder of **you**, immediately on becoming aware of any conduct that increases the risk insured by the **Policy**, gives notice in writing to **us** and pays any additional **Premium** that **we** may require.

Named Insureds

We do not insure any person or organisation who is not named in the **Schedule**.

Cross Liability

Where **you** comprise more than one party, each of **you** is considered as a separate legal entity and the expressions '**you**' and '**your**' apply to each party as if a separate policy had been issued to each of the parties, but **our** aggregate liability is limited to the **Limit of Liability**.

Other Insurance

You must advise **us** in writing of any insurance already effected or which may subsequently be effected providing, whether in total or in part, insurance provided under the **Policy**.

Paying by Instalments

If **you** are paying the whole or part of the **Premium** by instalments, and one instalment of **Premium** remains unpaid for at least 14 days, **we** may refuse to pay a claim altogether.

If one instalment or **Premium** is unpaid for at least one month, **we** may cancel the **Policy**.

If a claim under a section of the **Policy** requires the **Sum Insured** or **Limit of Liability** to be paid, then the balance of the **Premium** relating to that section for the full **Period of Insurance** will be deducted from the amount of the claim paid.

Protection Device

If **you** have advised **us** that surveillance, protection equipment, burglar or fire alarm systems are used or installed at **your Business Premises**, **you** must:

- a) ensure it/they are regularly tested and maintained in accordance with the manufacturer's recommendations; and
- b) take all reasonable precautions to ensure that it/they are operational outside normal business hours.

We may refuse to pay or may reduce the amount of a claim if **you** do not comply with this condition.

General Conditions [cont'd]

Reasonable Care

You must:

- a) take all reasonable precautions to prevent or minimise damage or liability including preserving, without alteration, damaged property, defective property and property that may provide evidence in relation to any claim, until **we** have had an opportunity to inspect it;
- b) at **your** own expense take all reasonable precautions to prevent **Personal Injury** defined in Section 6 and **Property Damage** including, but not limited to:
 - i. taking all reasonable steps to trace, recall or modify any **Product** containing any defect or deficiency of which **you** have knowledge or which **you** have reason to suspect contains any defect or deficiency;
 - ii. in the event of an occurrence, taking all reasonable steps to prevent other **Personal Injury** or **Property Damage** arising out of the same or similar circumstances; and
 - iii. taking all reasonable steps to ensure the safety and sound condition of **your Premises** and **your Product** including complying with all applicable statutory obligations concerning **your Premises** and **your Product**;
- c) only employ competent **Employees**; and
- d) comply with all statutory obligations, laws and regulations imposed by any competent authority in relation to any matter covered by the **Policy**.

Subrogation

We have the right of subrogation in respect of all rights and remedies which **you** may have against any person, company or other body. **We** may, in **your** name, prosecute, launch proceedings seeking damages or other orders, or enforce any rights and/or remedies **you** may have. **We** may do this before or after **we** pay **your** claim, and whether or not **you** have been fully compensated for **your** actual

loss. **We** are entitled to retain all amounts in excess of the loss suffered by **you** and the subject of a claim under this **Policy**. **You** must execute and deliver instruments and papers and do everything that is necessary to assist **us** in the exercise of those rights and remedies.

Third Party Interests

We will only cover the interests of third parties having a legal interest or charge over the **Property** insured that have been noted in the **Schedule**.

Underinsurance

The following sections of the **Policy**:

- Fire and Other Defined Events in Section 1;
- Business Interruption in Section 2;
- Machinery in Section 7;
- Electronic Equipment in Section 8;

contain underinsurance provisions which require **you** to insure for full value. If **you** do not, **we** may pay **you** a lower amount after taking into account the proportion of underinsurance, or **you** may be required to pay a portion of the loss **yourself**.

If the **Property** is insured for less than 80% of its value at the time the insurance was taken out, renewed, extended, or varied, **we** will only pay that portion of the claim which the **Sum Insured** bears to 80% of that value, in accordance with the formula:

The amount of the **Damage** (in dollars) x the **Sum Insured**
80% of the value of the **Property** (in dollars)

Example: A property is insured for \$250,000 but is actually valued at \$500,000. If a loss of \$100,000 occurs, we will pay:

$$\frac{\$100,000 \times \$250,000}{\$500,000} = \$62,500$$

(80% of \$500,000)

This means that we will not pay \$37,500 of the \$100,000 loss.

General Conditions [cont'd]

This condition shall not apply if the amount of any claim is not greater than 5% of the **Sum Insured** specified in the **Schedule** for that item.

Bankruptcy/Insolvency/External Administration

If **your Business** becomes bankrupt within the meaning of the Bankruptcy Act 1966, or insolvent or under external administration within the meaning of the Corporations Act, then **you** must notify **us** in writing.

Interpretation

The singular includes the plural and vice versa, unless the context otherwise requires. A reference to a person includes a body corporate, an unincorporated body or other entity. Headings are for convenience only and do not affect interpretation. Where a word or phrase is defined, its other grammatical forms have a corresponding meaning.

Severability

A provision of the **Policy** that is illegal or unenforceable may be severed from this **Policy** and the remaining provisions of this **Policy**, or parts thereof, continue in force.

General Exclusions

We will not pay under the **Policy** in the following circumstances.

1. Warlike Activities, Nuclear Material or Terrorism

We will not pay for damage, or the incurring of a liability, directly or indirectly caused or contributed to by, or in consequence of:

- a) war, invasion, acts of foreign enemies, hostilities, or war-like operations (whether war be declared or not) or civil war;
- b) mutiny, civil commotion assuming the proportions of or amounting to a popular rising, military rising, insurrection, rebellion, military or usurped power, confiscation, nationalisation, requisition, or destruction of or damage to property by or under order of any government, public or local authority or looting, sacking or pillage following any of the above;
- c) nuclear reaction, nuclear radiation, radioactive contamination or nuclear weapon material; or
- d) any act of terrorism or any action taken in controlling, preventing or suppressing or in any way relating to any act of terrorism.

For the purposes of this clause an act of terrorism includes any act, or preparation in

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

- i. involves violence against one or more persons;
- ii. involves damage to property;
- iii. endangers life other than that of the person committing the action;
- iv. creates a risk to health or safety of the public or a section of the public; or
- v. is designed to interfere with or to disrupt an electronic system.

2. Occupancy

We will not pay for damage, or the incurring of a liability, directly or indirectly caused by, or contributed to, or in consequence of the **Premises** not being occupied for a period in excess of 30

General Exclusions [cont'd]

(thirty) consecutive days, unless **our** written consent has been obtained before the **Premises** are left unoccupied.

3. Computers and Technology

We will not pay:

- a) for property damage to **Electronic Data** or caused by or arising directly or indirectly out of the total or partial destruction, distortion, erasure, corruption, alteration, misinterpretation or misappropriation of **Electronic Data** or any error in creating, amending, entering, deleting or using **Electronic Data** or total or partial inability or failure to receive, send, access or use **Electronic Data** for any time at all or any consequential loss resulting therefrom;
- b) for anything caused by or arising directly or indirectly out of or in connection with the use of an intranet or the Internet (including but not limited to the World Wide Web and electronic mail systems) by **you** or on **your** behalf; or
- c) for anything caused by or arising directly or indirectly out of or in connection with computer hardware or software that does not meet Year 2000 Conformity, within the meaning of that term in Miscellaneous Paper SAA/SNZ MP77:1998 'A Definition of Year 2000' published by Standards Australia and as amended or substituted from time to time.

4. Consequential Loss

We will not pay for consequential loss of any kind, including loss resulting from delay, confiscation or detention by customs or other lawful authority, loss of market, lack of performance, loss of contract or depreciation in the value of land and stock.

5. False and Fraudulent Claims

We will not pay if **you**, or anyone acting on **your** behalf or with **your** knowledge or connivance, should make a claim knowing or reasonably suspecting the same to be false or fraudulent. Making a fraudulent claim is a criminal offence. **We** may report to the police any person who lodges a fraudulent claim.

6. Intentional Act

We will not pay if **you**, or someone else with **your** knowledge, deliberately caused any part of the damage or liability.

General Definitions

The meaning of some of the important words and terms used throughout the **Policy** are set out below. References to the words and terms are upper and lower case, where appropriate. At the beginning of each section of the **Policy you** will find further important definitions applicable only in that section.

Building means any building at the **Premises** owned by **you** or which **you** occupy and for which **you** are legally responsible, including:

- a) awnings, signs, lettering, meters and switch boards, lifts, hoists and all their attachments, electrical installations, fire alarm systems, fire sprinkler installations, towers, tanks, power lines, poles, walls, gates and fences, plant and apparatus, forming part of the building owned by **you** or for which **you** are legally responsible; and
- b) all landlord's fixtures and fittings for which **you** are legally responsible.

Business means **your** business, trade or profession, as specified in the **Schedule**.

Business Insurance Policy means the covers which may form part of **your Policy**, as set out in Part B.

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

Damaged/Damage means any physical destruction of or damage to the **Property** or any physical loss of the **Property**. This definition does not apply to Section 2.

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

Employee(s) means any person who is engaged by **you** to work in **your** service in the ordinary course of **your Business**:

- a) whom **you** remunerate by salary, wages or commission; and
- b) whom **you** have the right to control and direct in the performance of such work; but not including a director, partner or trustee of **your Business** or any broker, commission merchant, consignee, contractor or agent.

Excess means the first amount which **you** have to pay towards the cost of a claim under **your Policy**.

Flood means:

- a) a general, temporary condition of partial or complete inundation of normally dry land areas by the overflow of water from the normal confines of any natural water course or lake (whether or not altered or modified), or of any reservoir, canal or dam; or
- b) a mud slide or mud flow which is caused or precipitated by an accumulation of water on, or under, the ground.

GST means Goods and Services Tax.

Indemnity/Indemnify means:

- a) the necessary cost of, where **Property** is lost or destroyed:
 - i. in the case of a **Building**, the rebuilding; or
 - ii. in the case of other **Property**, its replacement by similar **Property**; to a condition equal to but not better or more extensive than its condition at the time of loss or destruction; and
- b) the necessary cost, where **Property** is **Damaged**, of the repair and/or restoration of the **Property** to a condition substantially the same as but not better or more extensive than its condition at the time of **Damage**.
- c) the extra cost, including demolition, incurred subsequent to the **Damage**, needed to comply with the requirements, at the time of **Reinstatement**, of:

General Definitions [cont'd]

- i. any statute or regulation made thereunder;
or
- ii. any by-law or regulation of any municipal or
other statutory authority;

to the extent that the **Sum Insured** is not
otherwise exhausted.

Money means current coins, bank notes, currency
notes, cheques, postal orders, money orders,
unused postage or revenue stamps, including the
value of stamps contained in franking machines,
postal orders, negotiable and non negotiable
securities, credit card sales vouchers, lottery tickets
(for their face value only), public transport tickets
(excluding airline tickets), phone cards, travellers
cheques and authorised gift vouchers, all belonging
to **you** or for which **you** are legally responsible.

Period of Insurance means the period specified in
the **Schedule**.

Personal Injury means:

- a) bodily injury, sickness or disease, including death,
shock, fright, mental anguish, mental injury or
disability;
- b) the effects of unlawful arrest, wrongful detention
or false imprisonment;
- c) the effects of wrongful entry or eviction or other
invasion of privacy; or
- d) the effects of a publication of a libel or utterance
of a slander or other defamatory material.

Policy means the covers available within the
Business Insurance Policy which **you** decide
to take out. The **Policy** provisions are set out
in **your** insurance contract.

Premises means the **Business** premises specified
in the **Schedule**.

Premium means the amount that **we** charge **you** for
the covers forming part of **your Policy**, plus any
statutory charges such as Fire Services Levy, **GST**
and Stamp Duty.

Property means the property specified in the
Schedule as being insured by this **Policy**.

Proposal means the form completed by **you** giving
answers, particulars, and statements in respect of
the insurance required by **you**.

Rainwater means water falling from the atmosphere
in the form of rain, including rainwater run off over
the surface of the land or which has escaped from
public roadside gutters, but not inundation of
normally dry land areas by the overflow of water
from:

- a) the normal confines of any natural water course
or lake whether or not altered or modified; or
- b) any reservoir, canal, dam, water tank,
apparatus or pipe.

Reinstatement or **Replacement** means:

- a) where **Property** is lost or destroyed:
 - i. in the case of a **Building**, the rebuilding; or
 - ii. in the case of other **Property**, its
replacement by similar **Property**;

to a condition equal to but not better or more
extensive than its condition at the time of
loss or destruction; and
- b) where **Property** is **Damaged**, the repair and/or
restoration of the **Property** to a condition
substantially the same as but not better or more
extensive than its condition when new.
- c) the extra cost, including demolition, incurred
subsequent to the **Damage**, needed to comply with
the requirements, at the time of
Reinstatement, of:
 - i. any statute or regulation made thereunder;
or
 - ii. any by-law or regulation of any municipal or
other statutory authority;

to the extent that the **Sum Insured** is not
otherwise exhausted.

General Definitions [cont'd]

Schedule means the certificate issued by **us** which forms part of **your Policy** and shows **your** policy number, the **Premium**, the cover selected by **you**, and any special provisions, limits or endorsements.

Sum Insured or **Limit of Liability** means the amount specified in the **Schedule**. At all times, **our** liability is limited to the **Sum Insured** or **Limit of Liability** stated in the **Schedule** less the **Excess** shown.

we, us, or our means Calliden Limited (ABN 47 004 125 268, AFSL No. 234438).

you or your means each person, company or other entity specified in the **Schedule** as being insured under this **Policy**.

Section 1 - Fire and other Defined Events

Specific Definitions

The meaning of some of the important words and terms used in Section 1 only, are shown below.

Accidental Damage/Accidentally Damaged means sudden, unforeseen, unintentional and unexpected **Damage** occurring wholly during the **Period of Insurance**.

Contents means plant and machinery including their foundations, settings and beddings, and all other contents of every description not more specifically insured by this **Policy**, owned by **you** or for which **you** are legally responsible while in the **Buildings** or open air at the **Premises**, but not:

- a) **Stock in Trade** or **Money**; or
- b) motor vehicles and/or motorcraft or their accessories, unless specified in the **Schedule**.

Stock in Trade means

- a) stock in trade and/or merchandise, including the value of work done, containers and packaging materials and raw material which **you** own; and
- b) customers' goods and items held in trust or on commission for which **you** are legally responsible.

Cover Provided

If **your Schedule** indicates that **you** have taken out insurance under Section 1, **we** will pay **you** if the **Property** at the **Premises** is **Damaged** by one or more of the Defined Events listed below occurring during the **Period of Insurance** and on the basis set out below, except where stated that **we** will not pay. **We** will not pay **you** in respect of any of the matters set out in the Specific Exclusions or the General Exclusions.

1. Defined Event - Fire

We will not pay for **Damage**:

- a) to the **Property**, where the **Property** is undergoing any process involving the application of heat; or
- b) caused by the **Property's** own spontaneous combustion.

2. Defined Event - Lightning or Thunderbolt

3. Defined Event - Explosion

We will not pay for **Damage** to boilers and their contents, except for domestic boilers, domestic economisers or domestic vessels under pressure that do not require a certificate to be issued under the terms of any statute or regulation.

Section 1 - Fire and other Defined Events [cont'd]

4. Defined Event - Earthquake, Subterranean Fire, Volcanic Eruption or Tsunami. **We** will not pay the first 1% of the total **Sum Insured** or \$20,000 of **Damage**, whichever is the lesser, subject to a minimum of \$1,000, for **Damage** to the **Property** during any period of 72 consecutive hours.

5. Defined Event - Riots, Civil Commotion and Labour Disturbances

6. Defined Event - Escape of liquids as a result of bursting, leaking, discharging or overflowing of pipes, tanks, fixed room heating or water apparatus.

We will not pay:

a) for **Damage** to the pipes, tanks, fixed room heating or water apparatus themselves; or

b) more than \$5,000 for the cost of:

i. locating the cause of the **Damage**; and

ii. rectification of paths or driveways immediately surrounding and adjoining the **Buildings**, if **Damaged** while locating the cause.

7. Defined Event - Impact by vehicles or animals
We will not pay for **Damage** to fencing or animals, caused by animals kept at the **Premises**.

8. Defined Event - Impact by trees, watercraft or aircraft and other aerial devices, including space debris, whether artificially created or not, and articles dropped from them. **We** will not pay for **Damage** caused by the impact of trees or parts thereof as a result of felling or lopping.

9. Defined Event - Vandalism or Malicious Damage
We will not pay for:

a) **Damage** caused by tenants;

b) breakage of glass and signs; or

c) **Damage** to growing trees and/or crops.

We will pay **you** for **Damage** directly resulting from persons gaining or attempting to gain unlawful entry to the **Premises**, but excluding theft of **Property**.

10. Defined Event - Storm, Tempest, Wind, Rainwater, Hail, Snow or Sleet

We will not pay for **Damage**:

a) to gates, fences, retaining and free standing walls whether or not forming part of the **Buildings**, textile awnings, shade cloth, blinds, signs, glasshouses, hot houses, igloos, flimsies and the like;

b) to **Property** in the open air unless such **Property** comprises, or is part of, a permanent structure designed to function without the protection of walls or a roof, or unless the **Property** is a **Building**;

c) from water seeping, percolating or otherwise penetrating into the **Buildings** as a result of structural defects, faulty design or faulty workmanship in construction;

d) caused by water entering the **Buildings**, unless it is through an opening made by the storm;

e) by water from or action of the sea, tidal wave, storm surge, high water or **Flood**, except that caused by or arising from tsunami;

f) to growing crops, trees or any other plants; or

g) caused by erosion, subsidence, landslide, collapse or any other movement of earth.

11. Defined Event - Accidental Damage

We will pay **you** for **Property Accidentally Damaged**.

If **your Property** is **Accidentally Damaged**, **We** will not pay more than 10% of the total of the **Sum Insured** at the **Premises** under Fire and other Defined events or \$50,000 for any one claim, whichever is the lesser.

Section 1 - Fire and other Defined Events [cont'd]

We will not pay for **Accidental Damage** caused by or resulting from:

- a) any other Defined Event or Optional Benefit 1 in Section 1;
- b) civil commotion, or locked-out workers;
- c) the **Property** or **Stock in Trade's** own fermentation or heating;
- d) burglary, theft, armed hold up, kidnapping, bomb threat, sabotage, extortion or any threat or attempt thereof;
- e) any fraudulent or dishonest acts by an **Employee**;
- f) clerical or accounting errors, or unexplained inventory shortage or disappearance;
- g) shortages in the supply or delivery of materials to, or by, **you**;
- h) the action of birds, moths, termites or other insects, vermin, rust or oxidation, mildew, mould, wet or dry rot, corrosion, dampness or dryness of atmosphere, or other variation in temperature, action of light, shrinkage, evaporation, contamination, disease, inherent vice or latent defect, adjusting or servicing operation, loss of weight, change in flavour, colour, texture or finish;
- i) smoke, smut, sludge or chemicals from industrial or agricultural operations, but **we** will pay for sudden and unforeseen **damage** resulting therefrom;
- j) dust, sand, mud or smog, but **we** will pay for sudden and unforeseen **damage** resulting therefrom;
- k) wear, tear, fading, breakage of fragile articles, scratching or marking, gradual deterioration or developing flaws, cost of normal upkeep or making good;
- l) failure of, error or omission in design, plan, specification or testing;
- m) incorrect siting of buildings, as a result of incorrect design or specification;
- n) faulty materials or faulty workmanship;
- o) normal settling, seepage, heaving, vibration, shrinkage or expansion in buildings, foundations, walls, roofs, ceilings, floors, pavements, roads and other structural improvements;
- p) electrical or magnetic injury, disturbance or erasure of electronic recordings;
- q) **Computer Virus**;
- r) data processing or media failure or breakdown, or malfunction of the processing system;
- s) mechanical, electrical, electronic breakdown or failure or derangement, or boiler or pressure vessel explosion or implosion, but this exclusion is limited to the machine equipment, boiler or pressure vessel immediately or directly affected;
- t) failure of the supply of water, gas, electricity or fuel;
- u) any order of any government or public or local authority including the confiscation, nationalisation, requisition or **damage** of any property; or
- v) any other event more specifically excluded in this Section or in the General Exclusions.

We will not pay for **damage** to:

- a) **Money**;
- b) any **Property** or **Stock in Trade** in transit;
- c) aircraft or watercraft of any kind or description, or **Property** or **Stock in Trade** contained therein;
- d) registered motor vehicles or trailers, or **Property** or **Stock in Trade** contained therein;

Section 1 - Fire and other Defined Events [cont'd]

- e) railways, locomotive or rolling stock, or **Property** or **Stock in Trade** contained therein;
- f) growing crops or standing timber shrubs or pastures;
- g) animals, birds, fish or any other living thing;
- h) the **Property** or **Stock in Trade** arising out of renovation, repair, installation, testing or alteration, or the **Property** or **Stock in Trade** undergoing construction or erection;
- i) land, dams, reservoirs, canals, tunnels, bridges, docks, piers or wharves not forming part of the **Buildings**;
- j) **Property** or **Stock in Trade** during the course of and as a result of its processing; or
- k) glass.

Basis of Settlement

If you have a valid claim under Section 1, we will, at our option, pay you on the basis set out below.

1. Stock in Trade
For **Stock in Trade** we will **Indemnify you**.
2. Patterns or Designs
We will pay up to:
 - a) 5% of the **Sum Insured** for **Contents**; or
 - b) the amount specified in the **Schedule**;for **Damage** to patterns, models, moulds, plans or designs.
3. Work of Art
We will pay up to \$2,000 for **Damage** to any one item, pair, set or collection of curiosities or art, up to a maximum of \$20,000 for any one claim.
4. All Other Property
For all other **Property**, unless otherwise stated in the **Schedule**, we will **Reinstate** the **Property** provided that:

- a) replacement, rebuilding or repair is carried out within a reasonable time. This may be at another site providing **our** liability is not thereby increased;
 - b) any repair costs do not exceed the **Reinstatement** costs had the **Property** been totally destroyed;
 - c) a sum equal to the cost of **Reinstatement** has actually been incurred; and
 - d) all other insurances in respect of the **Property** have the same **Reinstatement** wording;
- otherwise **we** will **Indemnify you**.

We are not bound to **Reinstate** exactly or completely but only as circumstances permit and in a reasonably sufficient manner.

Where any state, local or other statutory authority permits the **Reinstatement** of **Buildings** but only subject to:

- i. a reduced plot ratio; or
- ii. the payment of certain fees, contribution or impost;

we will pay, in addition to any amount payable for **Reinstatement**:

- aa) the difference between the actual cost of **Reinstatement** incurred in accordance with the reduced plot ratio and the cost of **Reinstatement** which would have been incurred had a reduced plot ratio not be applicable. Any payment of the difference will be made as soon as the difference is ascertained and certified by the architect acting on **your** behalf in the **Reinstatement** of the **Buildings**; and
- bb) the fee, contribution or other impost payable to any state, local or other statutory authority, where such fee, contribution or impost is a condition precedent to the obtaining of consent to **Reinstate** the **Buildings**

Section 1 - Fire and other Defined Events [cont'd]

The Underinsurance provision in General Conditions:

- applies separately to each individual item of **Property**; and
- does not apply to the extra cost described in paragraph c) of the General Definition of **Reinstatement**.

5. Automatic Reinstatement of the Sum Insured

Following the occurrence of **Damage**, the **Sum Insured** is reinstated to the full amount specified in the **Schedule**, provided that we agree to reinstate the **Sum Insured** and, if required by **us**, **you** pay the appropriate extra **Premium**.

6. Our Limit of Liability

Our **Liability** is limited to the **Sum Insured** stated in the **Schedule** less the **Excess** shown.

Additional Benefits

If you have a valid claim under Section 1, we will also pay you the following amounts necessarily and reasonably incurred by you, and in addition to the Sum Insured.

1. Professional Fees

We will pay up to:

- a) \$10,000; or
- b) the amount specified in the **Schedule**;

whichever is greater, for professional fees necessarily incurred repairing or reinstating the **Property**, but not for claims preparation.

2. Removal of debris

We will pay up to:

- a) \$10,000; or
- b) the amount specified in the **Schedule**;

whichever is greater, for the cost of removal, storage, disposal, demolition or dismantling of debris.

3. Temporary Repair

We will pay up to:

- a) \$25,000; or
- b) the amount specified in the **Schedule**;

whichever is greater, for the cost of emergency protection, shoring up, underpinning, propping or other temporary repair of the **Property**.

If you are insured under Section 1, we will extend your insurance to include the following additional benefits.

4. Seasonal Increase in Sum Insured for Stock in Trade

We will increase the **Sum Insured** for **Stock in Trade** by 30% or \$75,000, whichever is the lesser amount, during the following periods:

- a) for 60 days prior to Christmas Day and for 21 days following Christmas Day; and
- b) for 35 days prior to Easter Tuesday.

5. Stock in Trade while in Transit

If **Stock in Trade** is specified as insured in the **Schedule**, **we** will pay up to \$1,000 for any one load of **Stock in Trade** lost or **Damaged**:

- a) while in transit, anywhere in the Commonwealth of Australia, between a wholesaler's premises and the **Premises**, in a vehicle or trailer owned or driven by **you**, **your Employee** or a member of **your** immediate family working in the **Business**; and
- b) caused by fire, **Flood**, collision or overturning of the vehicle or trailer.

6. Temporary Removal

If **Stock in Trade** and **Contents** are specified as insured in the **Schedule**, **we** will insure them for **Damage**:

- a) while temporarily removed from the **Premises** to any other **Premises** anywhere within the Commonwealth of Australia, including while in transit; and

Section 1 - Fire and other Defined Events [cont'd]

b) while in transit, cover is limited to any **Damage** from Fire, **Flood**, collision or overturning of the vehicle or trailer; and

c) while temporarily stored, as a result of a Defined Event in Section 1.

The **Sum Insured** for the **Stock in Trade** and **Contents** remaining at the **Premises** will be reduced accordingly by the amount of such items.

We will not pay:

a) more than 10% of the **Stock in Trade** or **Contents Sum Insured** specified in the **Schedule** for each event; or

b) if the **Stock in Trade** or **Contents** have been removed for a period greater than 90 days; or

c) if the **Damage** is caused by Defined Event (10) - Storm, Tempest, Wind, **Rainwater**, Hail, Snow or Sleet, while the **Stock in Trade** or **Contents** are in the open; or

d) if the **Stock in Trade** or **Contents** are located outside of Australia.

7. Alterations and Additions

If **you** make alterations or additions to the **Property** during the **Period of Insurance**, **we** will increase the **Sum Insured** by the amount of the value of the alterations/additions, for all **Property** other than **Stock in Trade**, up to a maximum of:

a) 10% of the original **Sum Insured**; or

b) \$500,000;

whichever is the lesser.

8. Fire Extinguishing Costs

We will pay up to:

a) \$25,000; or

b) the amount specified in the **Schedule**;

whichever is greater, for the cost of:

i. the wages of **your Employees** other than full time members of a fire brigade;

ii. replenishment of fire fighting appliances; and

iii. the destruction of or **Damage** to **Employees'** clothing not more specifically insured under this **Policy**;

resulting from the fighting of fire at or in the immediate vicinity of the **Premises**.

9. Cost of Restoring Records and Books

We will pay up to:

a) \$25,000; or

b) the amount specified in the **Schedule**;

whichever is greater, for the cost of restoring **your** records and books of account **Damaged** as a result of a Defined Event in Section 1.

10. Directors', Proprietors', Partners' and Employees' Personal Property

We will pay up to:

a) \$5,000 in respect of any one director or **Employee**; and

b) up to a maximum of \$20,000 in total during the **Period of Insurance** for the cost of directors' and **Employees'** tools of trade and personal property, other than **Money**:

i. on the **Premises**;

ii. used in connection with the **Business**; and **Damaged** as a result of a Defined Event in Section 1.

11. Loss to you as Owner or Landlord

We will pay up to the **Buildings Sum Insured** for loss to **you**, as owner or landlord, arising from **Damage** to the **Buildings**, caused by theft or attempted theft during the **Period of Insurance**.

We will not pay for **Damage**:

i. to glass, or

ii. which is covered under Section 3 of the **Policy**.

Section 1 - Fire and other Defined Events [cont'd]

12. Landscaping

We will pay up to \$10,000 for loss to **you**, as owner or landlord, arising from **Damage** to landscaping, caused by a Defined Event in Section 1 other than Storm, Tempest, Wind, **Rainwater**, Hail, Snow or Sleet, and only for **Damage** occurring during the **Period of Insurance**.

Specific Exclusions

We will not pay **you** under Section 1 in the following circumstances:

1. Sea

We will not pay for **Damage** caused directly or indirectly by the action of the sea or tidal wave.

2. Earth Movement

We will not pay for **Damage** caused directly or indirectly by erosion, subsidence, landslide or other earth movement.

3. Flood

We will not pay for **Damage** caused directly or indirectly by **Flood**, unless **you** have Optional Cover under Section 1.

4. Hazardous Goods

We will not pay for **Damage** caused directly or indirectly from circumstances where **you** are in breach of any law, by-law, municipal or other public body regulation dealing with the storage of hazardous goods on the **Premises**.

5. Cessation of Work

We will not pay for **Damage** caused directly or indirectly by cessation of work.

6. Documents or Business Books

We will not pay for **Damage** to documents, manuscripts, or **Business** books, except for the cost of restoring **your** records and books of account as provided for in Section 1 Additional Benefit, clause 9.

7. Jewellery, Furs and other Precious Items

We will not pay for **Damage** to jewellery, precious stones, precious metals, bullion, furs or stamps.

8. Explosives

We will not pay for **Damage** to explosives.

9. Underinsurance

We will not pay for loss of any kind due to underinsurance under any section of this **Policy**, or any other policy of insurance.

Optional Cover

If selected by **you** and specified in the **Schedule**, the optional cover as indicated below will apply.

1. Flood

We will pay **you** if the **Property** at the **Premises** is **Damaged** during the **Period of Insurance** as a result of a **Flood**.

2. Loss of Rent

We will pay for loss of rent receivable while the **Premises** are untenable as a result of the **Property** being **Damaged** by a Defined Event in Section 1 at the **Premises** during the **Period of Insurance**.

3. Book Debts

We will:

a) pay **you** for **your** customers' outstanding debts, being **Money** owed for goods purchased from **you** or services rendered by **you** on credit, which **you** would normally have collected and **you** are unable to recover directly due to **Damage** to **your** books of account by a Defined Event insured in:

i. Section 1 for Fire and Other Defined Events; or

ii. Section 3 for Burglary;

occurring at the **Premises** and during the **Period of Insurance**;

b) pay for the cost of reasonable accountants' fees for certifying any claims under this Optional Cover; and

c) make allowance for demonstrable trends of the **Business** at the time of **Damage** to **your** books of account.

Section 2 - Business Interruption

Specific Definitions

The meaning of some of the important words and terms used in Section 2 only, are shown below.

Annual Turnover means the sum derived by adjusting the **Turnover** obtained in the **Business** during the 12 months immediately before the date of the **Damage** to provide for trends, variations, or other circumstances:

- a) affecting the **Business** either before or after the **Damage**; or
- b) which would have affected the **Business** had the **Damage** not occurred.

Average Weekly Income means the average weekly gross income during the 52 weeks immediately before the **Damage** (or such lesser period in the event that **your Business** has been in operation for less than 52 weeks) to which adjustment shall be made to reflect the trend in the **Business** and any other circumstances in order to arrive at the result that would have been obtained had the **Damage** not occurred.

Boiler or Economiser means boiler pressure vessel or economiser for which a certificate is required to be issued under the terms of any statute or regulation.

Charges means fixed costs of the **Business** which do not vary in direct proportion to an increase or reduction in **Turnover**.

Closing Stock means the closing stock figures arrived at from **your** normal account records less an allowance for depreciation.

Collapse means the sudden and dangerous distortion of the furnace or firebox of an internally fired boiler, or any part of a pressure vessel, caused by bending or crushing of the permanent structure by force of steam, gas, air or other fluid pressure (other than the pressure of ignited flue gases).

Damage means loss, destruction or damage to **your Property**, or property used by **you**, caused by a Defined Event insured by **you** under Section 1 of this **Policy** and for which we have admitted liability or would have paid for, or admitted liability, but for the operation of an **Excess**.

Explosion means the sudden and violent rending of the **Boiler** or **Economiser** by force of internal steam, gas or fluid pressure (including the pressure of ignited flue gases) causing bodily displacement of its structure together with forcible ejection of its contents.

Gross Profit means the total of:

- the amount paid or payable to **you** for goods sold and service rendered; and
- gross rentals; and
- all other sources of income received in the course of the **Business**; and
- the amount of closing stock and work in progress at the end of **your** financial year;

Less:

- purchase of stock and consumables; and
- the amount of opening stock and work in progress at the beginning of **your** financial period; and
- uninsured working expenses.

Indemnity Period means the period beginning with the occurrence of the **Damage** and ending not later than the number of months stated in the **Schedule**, during which period the **Business** is affected in consequence of the **Damage**.

Opening Stock means the opening stock figures arrived at from **your** normal account records less an allowance for depreciation.

Output means the sales value of goods manufactured both at and away from the **Premises**, by **you**, or others on **your** behalf, in the course of **Business**.

Rate of Gross Profit means the percentage representing the rate of **Gross Profit** earned on the **Turnover** during the financial year before the date of the **Damage**, to which adjustments shall be made to provide for trends, variations or other circumstances:

- a) affecting the **Business** either before or after the **Damage**; or
- b) which would have affected the **Business** had the **Damage** not occurred.

Section 2 - Business Interruption [cont'd]

Shortage in Turnover means the amount by which the **Turnover** falls short of the **Standard Turnover** during the **Indemnity Period** as a result of the **Damage**.

Standard Turnover means the sum representing the **Turnover** during that period in the 12 months immediately before the date of the **Damage** which corresponds with the **Indemnity Period**, to which adjustments are made to provide for trends, variations, or other circumstances:

- a) affecting the **Business** either before or after the **Damage**; or
- b) which would have affected the **Business** had the **Damage** not occurred.

Turnover means money paid or payable to **you** for goods sold and delivered and services rendered in the course of the **Business** at the **Premises**.

Weekly Income means the gross income received by **you** for each week the **Business** is in operation.

Cover Provided

If **your Schedule** indicates that **you** have taken out insurance under Section 2, **we** will pay **you** on the basis set out below and up to the limits specified in the **Schedule** for loss (as selected by **you** and shown in the **Schedule**) resulting from interruption or interference to the **Business** caused by **Damage** to **Property** insured under Fire and Other Defined Events (Section 1), Burglary (Section 3), Money (Section 4), Glass (Section 5) or any other policy insuring the same events and for which liability is admitted, unless liability is not admitted solely due to the operation of or provision in any such Section or policy excluding liability for loss below a specified amount, or caused by an explosion of a **Boiler** or **Economiser** on the **Premises**.

We will not pay **you** in respect of any of the matters set out in the Specific Exclusions or the General Exclusions.

Basis of Settlement

If **you** have a valid claim under Section 2 **we** will pay **you** as set out below.

1. Where "Gross Profit" has been selected **we** will pay:
 - a) the product of the **Rate of Gross Profit** and the **Shortage in Turnover**; and
 - b) the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the **Shortage in Turnover** which, but for that expenditure, would have occurred during the **Indemnity Period** in consequence of the **Damage**, but only if the additional expenditure does not exceed the product of the **Rate of Gross Profit** and the amount avoided or diminished.

We will deduct, from any amount payable, any savings during the **Indemnity Period** in respect of **Charges** and expenses payable out of **Gross Profit** as may cease, or be reduced, in consequence of the **Damage**.

2. Where "Weekly Income" has been selected **we** will pay the percentage of the "Weekly Income" **Sum Insured** that the reduction in **your Weekly Income** bears to the **Average Weekly Income** provided that the interruption or interference to the **Business** is for a period exceeding one week and **our** liability shall not exceed the **Average Weekly Income**.

We will deduct, from any amount payable, any savings during the **Indemnity Period** in respect of **Charges** and expenses payable out of **Weekly Income** as may cease, or be reduced, in consequence of the **Damage**.

3. Turnover Elsewhere after Damage
If **Turnover** is being derived from goods sold or services rendered elsewhere than at the **Premises**, then this turnover must be included in calculating the **Turnover** during the **Indemnity Period**.

Section 2 - Business Interruption [cont'd]

4. Accumulated Stocks

If **Turnover** is being temporarily maintained from accumulated stock of finished goods, then an allowance will be made in the amount recoverable to reflect the depletion of accumulated stock.

5. Departmental Clause

If the **Business** is conducted in departments which have individual trading results, then in calculating the amount recoverable, **you** may, at **your** option, separately apply the formula for loss under "Gross Profit" above to each department affected by the **Damage**, however, if the **Sum Insured** is less than the sum of the product of the **Rate of Gross Profit** and **Annual Turnover** for each department, including those not affected by the **Damage**, then the amount payable will be adjusted as set out for Underinsurance in General Conditions.

6. Salvage Sale

If **you** hold a salvage sale during the **Indemnity Period**, the **Turnover** resulting from the salvage sale will not be taken into account when calculating the **Shortage in Turnover**.

7. New Business

If **Damage** occurs at the **Premises** before the completion of the first year's trading of the **Business**, the definitions for:

- a) **Annual Turnover**;
- b) **Rate of Gross Profit**; and
- c) **Standard Turnover**,

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

8. Our Limit of Liability

Our **Liability** is limited to the **Sum Insured** stated in the **Schedule** less the **Excess** shown.

9. Turnover / Output

If selected by **you**, **Output** may be used instead of **Turnover** in order to calculate loss, but only one meaning may be operative in connection with any one occurrence of **Damage**.

10. Underinsurance

Only "Gross Profit" is subject to Underinsurance as defined in General Conditions.

Additional Benefits

If you have a valid claim under Section 2, we will also pay you for the following Additional Benefit, in addition to the Sum Insured, provided the costs are necessarily and reasonably incurred.

1. Accountants' Fees

We will pay up to:

- a) \$10,000; or
- b) the amount specified in the **Schedule**;

whichever is greater, for the reasonable costs of **your** auditors or accountants producing and certifying any particular, detail, information, proof or evidence required for the preparation of a Business Interruption claim under Section 2.

If you are insured under Section 2, we will extend your insurance to include the following Additional Benefits.

2. Government Incentives

In calculating the amount of loss for "Gross Profit" only, **we** will include the loss of any government approved incentives, subsidies or market development allowances to which **you** would have been entitled, but for the interruption or interference to the **Business** caused by the **Damage to Property**.

3. Explosion or Collapse of Boilers or Economisers

We will pay for loss, calculated in accordance with the Basis of Settlement under Section 2 above, following **Damage** to any **Buildings** or **Property** used by **you** at the **Premises** directly caused by **Explosion** or **Collapse** of:

- a) steam pipes;
- b) vessels under steam, gas, air or other fluid pressure; or

Section 2 - Business Interruption [cont'd]

c) **Boilers or Economisers.**

We will not pay for loss following **Damage** caused by, or resulting from:

- i. wearing away or wasting of the material of any plant, whether caused by leakage, corrosion, action of fuel or otherwise;
- ii. slowly developing deformation or distortion of any part of any plant;
- iii. cracks, fractures, blisters, laminations, flaws or grooving even when accompanied by leakage, or **Damage** to tubes, headers, or other parts of the plant caused by overheating or leakage at seams, tubes, or other parts of any plant; or
- iv. failure of joints.

4. Prevention of Access

If loss results from the interruption or interference to the **Business** due to **Damage** to **Property** in the vicinity of **your Premises**, which:

- a) could have been insured for Fire and Other Defined Events under Section 1, if owned by **you**; and;
- b) prevents or hinders the use of, or access to, the **Premises**;

with a resultant reduction in **Turnover**, then that loss will be deemed to be in consequence of **Damage** at the **Premises**.

5. Murder, Suicide, Poisoning, Disease, or Defective Sanitary Arrangement. If loss results from the interruption or interference to the **Business** due to:

- a) murder or suicide occurring at the **Premises**;
- b) injury or illness to any person arising from or traceable to foreign or injurious matter in food or drink provided on the **Premises**;
- c) closing all or part of the **Premises** by order of a public authority as a result of defects in the drains or other sanitary arrangements at the **Premises**; or

d) closing of the entire **Premises** by order of a public authority as a result of an outbreak of a notifiable human infectious or contagious disease;

then that loss will be deemed to be in consequence of **Damage** at the **Premises**.

6. Public Utilities

If loss results from the interruption or interference to the **Business** due to **Damage** to any electricity station or sub-station, gas works, water works or sewerage reticulation works, pumping station or a public supply from which **you** obtain electric current, gas or water and including their pipelines and transmission lines, which:

- a) could have been insured for Fire and Other Defined Events (Section 1), of this **Policy**, if owned by **you**;
 - b) the interruption of supply extends for greater than 48 hours; and
 - c) all of the above public supply undertakings including their pipelines and transmission lines are on shore within the Commonwealth of Australia;
- then that loss will be deemed to be in consequence of **Damage** to **Property** insured under Section 1 of this **Policy**.

Specific Exclusions

We will not pay you under Section 2 in the following circumstances.

1. Business Ceases

We will not pay for loss of any kind if the **Business** is wound-up, carried on by a liquidator or receiver, or your interest in the **Business** ceases other than by death.

2. Delay or Loss of Contract

We will not pay for loss of any kind due to delay, lack of performance, loss of contracts, or depreciation in the value of land or stock, except as otherwise provided for under Section 2.

3. Underinsurance

We will not pay for loss of any kind due to underinsurance under the "Gross Profit" options of this **Policy**, or any other policy of insurance.

Section 2 - Business Interruption [cont'd]

4. Public Utilities

We will not pay for loss of any kind due to the failure of a public utility to supply services, except as provided for under Section 2, Additional Benefit clause 6.

Optional Covers

If selected by **you** and specified in the **Schedule**, the Optional Cover indicated below will apply.

1. Additional Increased Cost of Working

We will pay additional expenditure incurred during the **Indemnity Period** in consequence of the **Damage**, in excess of the amount payable under "Gross Profit" clause b), for the purpose of:

- a) resuming or maintaining normal **Business** operations or administrative facilities; and
- b) minimising any interruption of or interference with the **Business**;

whether there is a **Shortage in Turnover** or not.

2. Suppliers' or Customers' Premises

If the **Business** is interrupted or interfered with in consequence of damage to the **Premises** of a supplier or customer, which:

- a) if owned by **you**, could have been insured for Fire and Other Defined Events under Section 1 of the **Policy**;
- b) is within the Commonwealth of Australia; and
- c) is specified in the **Schedule**;

then that loss will be deemed to be in consequence of the **Damage**.

We will pay up to:

- i. 20% of the **Sum Insured** for "Gross Profit" regardless of the number of suppliers' or customers' **Premises**; or
- ii. the percentage specified in the **Schedule**, of the **Sum Insured** for "Gross Profit" for each supplier or customer.

Section 3 - Burglary

Specific Definitions

The meaning of some of the important words and terms used in Section 3 only, are shown below.

Burglary means:

- a) stealing consequent upon actual forcible and violent entry into or exit from the **Premises**;
- b) stealing or any attempted stealing by any person concealed on the **Premises**; or
- c) stealing consequent upon threat of immediate violence or violent intimidation.

Contents means:

- a) office furnishings, **Business** furniture, utensils of trade, machinery and plant;
- b) documents, but only for their value as stationery;
- c) patterns, models, moulds, dies, designs, but limited to the value of such items in **your** financial records, used in connection with the **Business**;
- d) tenants' improvements (when **you** are the tenant but not the owner of the **Premises**);
- e) landlord's fixtures and fittings for which **you** as tenant are legally liable;

owned by **you** or for which **you** are legally responsible.

Stock In Trade means:

- a) stock in trade and/or merchandise, including the value of work done, containers and packaging materials and raw material which **you** own; and
- b) customers' goods and items held in trust or on commission for which **you** are legally responsible;

but does not include tobacco, cigars and cigarettes unless they are specified in the **Schedule**.

Premises means the **Premises** as defined in the General Definitions, but not including any garden, enclosed yard, open verandah, open building or other open areas.

Theft means stealing other than **Burglary**.

Cover Provided

If **your Schedule** indicates that **you** have taken out insurance under Section 3, **we** will pay **you** if the **Property** at the **Premises** is **Damaged** during the **Period of Insurance** as a result of **Burglary** and on the basis set out below.

We will not pay **you** in respect of any of the matters set out in the Specific Exclusions or the General Exclusions.

Basis of Settlement

If **you** have a valid claim under Section 3, **we** will at **our** option pay for or **Reinstate** the **Property** on the basis set out below.

Contents

Where the item of **Contents** or item specified in the **Schedule** is:

- a) lost or destroyed, its replacement by a similar item, to a condition equal to but not better or more extensive than its condition when new; or
- b) **damaged**, the repair or restoration of the item to a condition substantially the same as but not better or more extensive than its condition when new;

but only if:

- i. the replacing or repair is carried out within a reasonable time;
- ii. the repair cost does not exceed the **Reinstatement** cost had the **Property** been totally lost or destroyed; and
- iii. the cost of replacement or repair has actually been incurred;

Section 3 - Burglary [cont'd]

We are not bound to replace, restore or repair exactly or completely, but only as circumstances permit and in a reasonably sufficient manner. If the item is not replaced or repaired **we** will only pay the **Indemnity** value of the item, but not exceeding the replacement cost.

Stock In Trade, Tobacco, Cigars and Cigarettes

Where **Stock in Trade**, tobacco, cigars and cigarettes are:

- a) lost or destroyed, its replacement by a similar item, to a condition equal to but not better or more extensive than its condition at the time of the claim; or
- b) **Damaged**, the repair or restoration of the item to a condition substantially the same as but not better or more extensive than its condition at the time of the claim taking into account depreciation, wear, tear, deterioration and whether the stock is obsolete;

but only if:

- i. the replacing or repair is carried out within a reasonable time;
- ii. the repair cost does not exceed the **Reinstatement** cost had the **Property** been totally lost or destroyed;
- iii. the cost of replacement or repair has actually been incurred.

We are not bound to replace, restore or repair the **Stock in Trade**, tobacco, cigars and cigarettes exactly or completely, but only as circumstances permit and in a reasonably sufficient manner.

If the **Stock in Trade**, tobacco, cigars and cigarettes are not replaced or repaired, **we** will only pay the **Indemnity** value of the item, but not exceeding the replacement cost.

Our Limit of Liability

Our liability is limited to the **Sum Insured** stated in the **Schedule** less the **Excess** shown.

Automatic Reinstatement of the Sum Insured

Following the occurrence of **Damage**, the **Sum Insured** is reinstated to the full amount specified in the **Schedule**, provided that **we** agree to reinstate the **Sum Insured** and, if required by **us, you** pay the appropriate extra **Premium**.

Additional Benefits

If you have a valid claim under Section 3, we will also pay you the following Additional Benefits necessarily and reasonably incurred and in addition to the Sum Insured.

1. Temporary Protection

We will pay up to :

- a) \$2,000; or
- b) the amount specified in the **Schedule**;

whichever is greater, in total, during the **Period of Insurance**, for the cost of temporary protection or the safety of the **Property** pending repair of the **Damage**.

2. Locks or Keys

We will pay up to \$2,000 in total, during the **Period of Insurance**, for the cost of re-coding or, if necessary, replacing locks or keys.

If you are insured under Section 3, we will extend your insurance to include the following Additional Benefits.

3. Directors', Proprietors', Partners and Employees' Personal Property

We will pay up to:

- a) \$500 in respect of any one director or **Employee**; and
- b) up to a total of \$2,000 during the **Period of Insurance**;

for the cost of directors' and **Employees'** tools of trade and personal property, other than **Money**:

- i. on the **Premises**;
- ii. used in connection with the **Business**; and

Section 3 - Burglary [cont'd]

iii. **Damaged** as a result of an insured event under Section 3.

4. Repairing Damage to Buildings

We will pay up to:

a) \$5,000; or

b) the amount specified in the **Schedule**;

whichever is greater, in total, during the **Period of Insurance**, for repairing **Damage** to the **Buildings** arising from **Burglary** or attempted **Burglary**, but only if **you** are the owner, landlord, or a tenant and liable under the terms of a lease for **Damage** to the **Buildings**.

5. Seasonal Increase in Sum Insured

We will increase the **Sum Insured** specified in the **Schedule** for **Stock in Trade** by 30% during the following periods:

a) for 60 days prior to Christmas Day and for 21 days following Christmas Day; and

b) for 35 days prior to Easter Tuesday.

6. Bank Holiday Increase

We will increase the **Sum Insured** specified in the **Schedule** for **Stock in Trade** by 30% during the following periods:

a) Bank Holiday(s); and

b) Gazetted Public Holidays (other than Bank Holidays), which fall on days adjacent to a weekend. If such a weekend occurs during the "Seasonal Increase in Sum Insured" as stated in Additional Benefits clause 5 above, only one such increase will apply.

7. Cost of Restoring Record Books

We will pay up to:

a) \$1,000; or

b) the amount specified in the **Schedule**;

whichever is greater, for the cost of restoring **your** records and books of account **Damaged** as a result of an insured event under Section 3.

8. Security Film

We will pay for the cost of developing the film from security cameras following a loss.

9. Theft

We will pay up to \$2,000 for the **Theft** of **Contents** in an office provided that:

a) this is the maximum amount for any one occurrence and in total during the **Period of Insurance**; and

b) the loss is discovered within twenty one (21) days of its occurrence.

10. Theft by Employees

We will pay for the **Theft** of **Property** as a result of acts of fraud or dishonesty by an **Employee** or group of **Employees** acting in collusion, during the **Period of Insurance** and discovered within 30 days of it occurring.

We will not pay:

i. more than \$2,500 during any one **Period of Insurance**;

ii. if the police are not notified immediately; or

iii. for loss arising from any act of fraud or dishonesty committed by an **Employee** or group of **Employees** acting in collusion after discovery by **you** of any act of fraud or dishonesty on the part of that **Employee** or group of **Employees** acting in collusion.

If **you** are insured under Section 4 Money, this Additional Benefit shall not be cumulative and shall be limited to \$2,500 in the aggregate any one **Period of Insurance**.

This extension shall not apply if **you** are also insured under Section 9 Fraud or Dishonesty of this **Policy**.

Section 3 - Burglary [cont'd]

Specific Exclusions

We do not pay **you** under Section 3 in the following circumstances.

1. Money

We will not pay for **Damage to Money**.

2. Tobacco

We will not pay for loss, destruction or **Damage** to tobacco, cigars or cigarettes, unless specified in the **Schedule**.

3. Alcohol

We will not pay for loss, destruction or **Damage** to alcohol unless specified in the **Schedule**.

4. Vehicle, Aircraft, Watercraft and Accessories

We will not pay for **Damage** to motor vehicles of any type, including motorcycles, trailers, tractors and self-propelled implements, watercraft, aircraft, or their accessories, unless specified in the **Schedule**.

5. Plans or Designs

We will not pay for **Damage** to patterns, models, moulds, plans, or designs.

6. Glass

We will not pay for breakage of glass.

7. Personal Property and Household Property

We will not pay for **Damage** to personal valuables, clothing and personal effects, and all other household property which may be more specifically insured under this **Policy** or any other policy of insurance.

8. Burglary during or following Fire

We will not pay for **Damage** resulting from **Burglary**, or attempted **Burglary**, during or following a fire at the **Premises**.

9. Unexplained Shortages

We will not pay for **Damage** in the form of unexplained shortage and/or disappearance.

10. Family or Employees

We will not pay for **Damage** resulting from **your** connivance, or caused by any of **your** family or **your Employees**, or a person lawfully on the **Premises**, except as provided for under Additional Benefit clause 10.

11. Other

We will not pay for **Damage** resulting from:

a) **Theft**, except as provided for under Additional Benefit clause 9 or 10; or

b) **Burglary** of any items kept or stored in any garden, enclosed yard, open veranda, open building or other open areas.

Section 4 - Money

Specific Definitions

The meaning of some of the important words and terms used in Section 4 only, are shown below.

Business Hours means **your** normal trading hours or whilst **you** or **your Employees** are on the **Premises** for the purpose of conducting the **Business**.

Damage means any physical destruction of or damage to **Money** or any physical loss of **Money**.

Money in Transit means:

a) **Money**:

- i. in transit to and from the **Premises**, while in **your** personal custody, or in the custody of persons authorised by **you**; or
- ii. while contained in the night safe of any bank where **you** transact business.

b) **Money** drawn as wages or salaries, up to an amount not exceeding 40% of the particular withdrawal, but only where it is not paid out on the same day and is kept in a securely locked **Safe**, or securely locked **Strongroom** on the **Premises** during non-**Business Hours**.

c) **Money in Transit** does not include **Money** on the **Premises** or in a private residence except as provided in (b) above.

Safe means a burglar resistant container which 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.

Strongroom means a burglar resistant structure constructed of masonry and steel which 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.

Cover Provided

If **your Schedule** indicates that **you** have taken out insurance under Section 4, **we** will pay **you** if **Money** is **Damaged** by one or more of the Defined Events listed below occurring during the **Period of Insurance** and on the basis set out below, but only if that Defined Event has been individually selected by **you** and specified in the **Schedule**, and except where stated that **we** will not pay.

We will not pay **you** in respect of any of the matters set out in the Specific Exclusions or the General Exclusions.

1. Defined Event - **Damage to Money in Transit**.

We will not pay for **Damage**:

- a) to **Money** on the **Premises** drawn as wages and salaries more than 24 hours after the withdrawal;
- b) to **Money** in the night safe of a bank after closing time on the next bank business day following the deposit into the night safe; or
- c) which did not occur within the Commonwealth of Australia.

2. Defined Event - **Damage to Money in the Buildings during your Business Hours**.

3. Defined Event - **Damage to Money in the Buildings outside your Business Hours**.

4. Defined Event - **Damage to Money** on the **Premises** while in a securely locked **Safe** or **Strongroom** or when removed from the **Safe** or **Strongroom** for preparation for banking but only up to the time transit to **your** bank begins.

We will not pay for any **Damage**:

- a) from a **Safe** or **Strongroom** opened by a key or by combination details, either of which has been left on the **Premises** outside normal **Business Hours**;
- b) which did not occur at the **Premises**; or

Section 4 - Money [cont'd]

c) if the **Money** has not been immediately returned to a securely locked **Safe** or securely locked **Strongroom**:

- i. following any interruption occurring during preparation for banking; or
- ii. while awaiting transit to **your** bank.

5. Defined Event - **Damage to Money** in **your** personal custody, or in the custody of persons authorised by **you**, while contained in **your** or their private residence.

We will not pay for any **Damage**:

- a) which did not occur within the Commonwealth of Australia; or
- b) after the bank closing time on the next bank business day following the completion of the transit of the **Money** to the private residence.

Basis of Settlement

If **you** have a valid claim under Section 4, **we** will pay **you** on the basis set out below.

Our Limit of Liability

Our liability is limited to the **Sum Insured** stated in the **Schedule** less the **Excess** shown.

Automatic Reinstatement of the Sum Insured

Following the occurrence of **Damage**, the **Sum Insured** is reinstated to the full amount specified in the **Schedule**, provided that **we** agree to reinstate the **Sum Insured** and, if required by **us**, **you** pay the appropriate extra **Premium**.

Additional Benefits

If you have a valid claim under Section 4 for Damage to Money on the Premises while in a securely locked Safe or Strongroom, we will also pay you for the following Additional Benefit necessarily and reasonably incurred and in addition to the Sum Insured.

1. Safes and Strongrooms

If there is no amount specified in the **Schedule**, **we** will pay up to a total of \$1,000 during the **Period of Insurance** for **Damage** to the **Safe** or **Strongroom** caused by a persons gaining or attempting to gain unlawful entry.

2. Temporary Protection

We will pay up to:

- a) \$2,000; or
- b) the amount specified in the **Schedule**;

whichever is greater, in total, during the **Period of Insurance**, for the cost of temporary protection of the **Property** pending repair of the **Damage**.

3. Locks or Keys

We will pay up to \$2,000 in total, during the **Period of Insurance** for the cost of recoding or, if necessary, replacing locks or keys.

If you are insured under Section 4 we will extend your insurance to include the following Additional Benefit:

4. Seasonal Increase in Sum Insured

We will increase the **Sum Insured** specified in the **Schedule** by 30% during the following periods:

- a) for 60 days prior to Christmas Day and for 21 days following Christmas Day; and
- b) for 35 days prior to Easter Tuesday.

5. Bank Holiday Increase

We will increase the **Sum Insured** specified in the **Schedule** by 30% during the following periods:

- a) Bank Holiday(s); and
- b) Gazetted Public Holidays (other than Bank Holidays), which fall on days adjacent to a weekend.

If such a weekend occurs during the "Seasonal Increase in **Sum Insured**" as stated in Section 4 Additional Benefit 4 only one such increase will apply.

Section 4 - Money [cont'd]

Cover under this Additional Benefit will apply until the close of trading of **your** bank on the next business day following such Bank Holiday(s) or Gazetted Public Holiday(s).

6. Security Film

We will pay the cost of developing the film from security cameras following a loss.

7. Theft by Employee(s)

We will pay for the loss of **Money** from acts of fraud or dishonesty, by an **Employee** or group of **Employees** acting in collusion, during the **Period of Insurance** and discovered within 30 days of it occurring.

We will not pay:

- a) more than \$2,500 during any one **Period of Insurance**;
- b) if the police are not notified immediately; and
- c) for loss arising from any act of fraud or dishonesty committed by an **Employee** or group of **Employees** acting in collusion after discovery by **you** of any act of fraud or dishonesty on the part of that **Employee** or group of **Employees** acting in collusion.

If **you** are insured under Section 3 Burglary, this Additional Benefit shall not be cumulative and shall be limited to \$2,500 in the aggregate any one **Period of Insurance**.

This extension shall not apply if **you** are also insured under Section 9 Fraud or Dishonesty of this **Policy**.

8. Directors', Proprietors', Partners' and Employees' Personal Property

We will pay up to:

- a) \$500 in respect of any one director or **Employee**; and
- b) up to a total of \$2,000 during the **Period of Insurance**;

for the cost of directors' and **Employees**' tools of trade and personal property, other than money:

- i. on the **Premises**;
- ii. used in connection with the **Business**; and **Damaged** as a result of a Defined Event in Section 4.

Specific Exclusions

We will not pay **you** under Section 4 in the following circumstances.

1. Shortages
We will not pay for shortages or **Damage** resulting from clerical or accounting errors or errors in receiving or paying out **Money**.
2. After Seven Days
We will not pay for **Damage** not discovered within seven working days of its occurrence.
3. Director, Partner, Family or **Employee**
We will not pay for **Damage** through collusion, embezzlement or misappropriation by **you**, any member of **your** family, directors, partners or **Employees**.
4. Carriers
We will not pay for **Damage** to **Money** in the possession of or carried by professional money carriers, professional carriers or common carriers.
5. Unattended Vehicle
We will not pay for **Damage** from an unattended vehicle.
6. Ransom or Extortion
We will not pay for **Damage** due to ransom or extortion, unless arising from actual assault or the threat of immediate violence to any person on the **Premises**.

Section 5 - Glass

Specific Definitions

The meaning of some of the important words and terms used in Section 5 only, are shown below.

Advertising Signs means advertising or identification signs made out of glass, perspex or plastic or electrically illuminated, and permanently fixed to the building.

Breakage means a fracture extending through the entire thickness of **External Glass, Internal Glass** or **Advertising Signs**.

External Glass means fixed glass, perspex and plastic material used in external windows, doors, and skylights, and forming part of a **Building**.

Internal Glass means:

- a) fixed glass, perspex and plastic material used in cabinets, table tops, shelves and showcases;
- b) vitreous china urinals, toilet pans and hand basins; and
- c) fixed mirrors;

which **you** own or for which **you** are legally responsible.

Stock in Trade means:

- a) stock in trade and/or merchandise, including the value of work done, containers and packaging materials; and
- b) customers' goods and items held in trust or on commission for which **you** are legally responsible; and
- c) cigars, cigarettes, alcohol and liquor.

Cover Provided

If **your Schedule** indicates that **you** have taken out insurance under Section 5, **we** will pay **you** if **Internal Glass, External Glass** or **Advertising Signs** suffer **Breakage** during the **Period of Insurance** at the **Premises** and on the basis set out below, but only if cover for that item has been individually selected by **you** and is specified in the **Schedule**.

We will not pay **you** in respect of any of the matters set out in the Specific Exclusions or the General Exclusions.

Basis of Settlement

If **you** have a valid claim under Section 5, **we** will at **our** option pay for or **Reinstate Internal Glass, External Glass** and **Advertising Signs** on the basis set out below.

1. External Glass and Internal Glass
We will supply and fix in its frame replacement glass of the same type and quality as the broken glass.
2. Advertising Signs
We will pay up to \$3,000 for the cost to **Reinstate Advertising Signs**.
3. Our Limit of Liability
Our liability under Section 5 is limited to the:
 - a) replacement value for **External Glass** or **Internal Glass**; or
 - b) amount stated in Basis of Settlement, clause 2 above or the **Sum Insured** for **Advertising Signs** stated in the **Schedule**, whichever is the greater;less the **Excess** shown.
4. Automatic Reinstatement of the Sum Insured
Following the occurrence of **Damage**, the **Sum Insured** is reinstated to the full amount specified in the **Schedule**, provided that **we** agree to reinstate the **Sum Insured** and, if required by **us**, **you** pay the appropriate extra **Premium**.
5. Salvage
You must carefully preserve all glass. Glass salvaged from any **Breakage** becomes **our** property.

Section 5 - Glass [cont'd]

Additional Benefits

If you have a valid claim under Section 5, we will also pay you the following Additional Benefit necessarily and reasonably incurred and in addition to the Sum Insured.

1. **We** will pay up to a total of \$3,000 during the **Period of Insurance** for the cost of:
 - a) replacing or repairing sign writing or ornamentation affixed to the broken glass;
 - b) temporary shuttering, boarding up or other protection reasonably necessary for the safeguarding of the **Premises** or **Contents** therein, pending replacement of the broken glass;
 - c) replacing or repairing **Damaged** door frames, window frames, showcase frames or **Damaged** tiled shopfronts;
 - d) replacing or repairing protective and heat reflective film, alarm tapes, wires or electrical connections attached to the glass; and
 - e) **your Damaged** or destroyed **Stock in Trade** or **Contents**, caused by broken **Internal Glass** or **External Glass**.

Specific Exclusions

We will not pay **you** under Section 5 for **Damage**:

1. occurring during transit to or from **your Premises** of any **External Glass** or **Internal Glass** or **Advertising Sign**;
2. occurring while **External Glass** or **Internal Glass** or **Advertising Signs** are being installed, fitted, removed from their frames or mounting brackets or repaired;
3. of **External Glass** or **Internal Glass** or **Advertising Signs** which form part of **your Stock in Trade**;
4. of **External Glass** or **Internal Glass** or **Advertising Signs** which form any part of a glass house, conservatory, television or computer screens.
5. of **External Glass** or **Internal Glass** items normally carried by hand;
6. caused by fire, artificial heat or **Flood**;
7. for cracked, chipped, imperfect or disfigured glass;
8. of any stained and/or lead light glass;
9. of any glass not fit for the purpose intended.

Section 6 - Broadform Liability

Specific Definitions

The intended meaning of some of the important words and terms used in Section 6 only, are shown below.

Aircraft

Any vessel, craft, device or thing designed to fly in or through the atmosphere or space including any vessel, craft, device or thing made or intended to be propelled on a cushion of air over the surface of land or water.

Business

The business, trade or profession specified in the **Schedule** including:

- a) the provision and management of canteen, social, sports, welfare and child care facilities by **you** for **your Employees'** benefit; and
- b) **your** ownership or occupation of **your Premises**.

Limit of Liability

The amount specified in the **Schedule** or elsewhere in the **Policy**.

Occurrence

Any:

- a) event or series of events, including continuous or repeated exposure to substantially the same general conditions, which results in **Personal Injury** or **Property Damage** neither expected nor intended by **you**; or
- b) intentional act, by **you** or at **your** direction, resulting in **Personal Injury** but only if such **Personal Injury** arises solely from the use of reasonable force for the purpose of protecting persons or property.

Pollutants

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

Product

Any thing or things (including any packaging, containers, directions, markings, instructions, warnings or specifications) manufactured or deemed manufactured, grown, extracted, produced, processed, assembled, constructed, erected, installed, repaired, serviced, treated, sold, supplied, resupplied or distributed by **you** or on **your** behalf in the course of **your Business** after physical possession has been passed to others.

Products Liability

Liability for **Personal Injury** or **Property Damage** arising out of **your Product** but only if the **Personal Injury** or **Property Damage** occurs away from **your Premises** or premises leased or rented to **you** and after physical possession of **your Product** has been passed to others.

Property Damage

- a) Physical loss, destruction or damage to tangible property, including loss of use of that property at any time resulting therefrom; or
- b) Loss of use of tangible property not physically lost, destroyed or damaged where such loss of use results from physical loss, destruction or damage to other tangible property.

Territorial Limit

Anywhere in the world other than the United States of America or Canada or their territories, protectorates or dependencies subject to exclusion 16.

Vehicle

Any machine on wheels or self-laid tracks, designed to be propelled by other than manual or animal power and any trailer or other attachment designed to be drawn by any such machine but not including an **Aircraft** or **Watercraft**.

Watercraft

Any vessel, craft, device or thing designed to float on or in water or to travel on or through water.

You or your

Each person, company or other entity specified in the **Schedule** as being insured under this **Policy** and also includes:

- a) all subsidiary companies incorporated within the **Territorial Limit** and notified to **us**, existing before the inception date of this **Policy** and declared in the **Proposal**;
- b) any:
 - i. director, executive, officer, **Employee**, partner, or shareholder of **your Business**;
 - ii. office bearer or member of a canteen, social, sports, welfare or child care facility provided by **your Business** for **Employees'** benefit; and
 - iii. voluntary workerwhile acting in such capacity.

Section 6 - Broadform Liability [cont'd]

Cover Provided

If **your Schedule** indicates that **you** have taken out insurance under Section 6, **we** will pay all sums which **you** become legally liable to pay as compensation in respect of:

- a) **Personal Injury**;
- b) **Property Damage**

first occurring during the **Period of Insurance** within the **Territorial Limit** as the result of an **Occurrence** in connection with **your Business**.

We will not pay **you** in respect of the matters set out in the Specific Exclusions or the General Exclusions.

Claim Costs

In addition to the Cover Provided under Section 6, but subject always to the Basis of Settlement, **we** will pay:

- a) costs and expenses incurred by **us**, or by **you** with **our** prior written consent, in the investigation, settlement or defence of any claim for compensation for which **you** are entitled to indemnity under Section 6; and
- b) legal costs taxed or assessed against **you** in any claim referred to in paragraph (a) and all interest accruing from the entry of judgment against **you** until **we** have paid, tendered or deposited in court such part of the judgment as does not exceed the **Limit of Liability**.

The payment of Claim Costs is not subject to the payment of an **Excess**.

Basis of Settlement

If **you** have a valid claim under Section 6, **we** will pay **you** on the basis set out below.

Limit of Liability

- a) Except as provided in paragraph (b), **our** total liability under this **Policy** to indemnify **you**:
 - i. in respect of any one **Occurrence** will not exceed the **Limit of Liability**; and
 - ii. for all claims in respect of **Products Liability** during the **Period of Insurance** is limited in the aggregate to the **Limit of Liability**.

- b) Subject to paragraph (c), **we** will indemnify **you** for up to twenty five percent (25%) of the **Limit of Liability** in addition to the **Limit of Liability** for amounts that **we** pay to **you** or on **your** behalf under Section 6 Claim Costs:
 - i. in respect of any one **Occurrence**; and
 - ii. for all claims in respect of **Products Liability** during the **Period of Insurance** in the aggregate.
- c) If a judgment or an amount required to settle a claim exceeds the **Limit of Liability**, **our** liability to pay Claim Costs is limited to the proportion the **Limit of Liability** bears to the amount required to be paid to dispose of the claim and in all cases will not exceed the amount specified in paragraph b).
- d) All **Personal Injury** and **Property Damage** consequent upon or attributable to one source or originating cause shall be deemed one **Occurrence**. Any entitlement to indemnity under Section 6 of the **Policy** for such an **Occurrence** will be determined by reference to the date on which the **Personal Injury** or **Property Damage** from the one source or originating cause first occurred.

Additional Benefits

1. New Subsidiaries

The cover provided under Section 6 will extend to any subsidiary company incorporated within the **Territorial Limit** that is incorporated or acquired by **you** during the **Period of Insurance** and relating to **your Business** but only in respect of liability for **Personal Injury** or **Property Damage** occurring in the period commencing on the date of incorporation or acquisition by **you** and ending:

- a) 14 days from the date of incorporation or acquisition by **you**; or
- b) if **you** have notified **us** in writing of the incorporation or acquisition within 60 days and **you** have provided all information that **we** require and **you** have agreed to any additional terms and conditions and **Premium** that **we** may require, on such date as **we** may in **our** absolute discretion determine,

but in any event no cover is provided by this subsection beyond the end of the **Period of Insurance**.

2. Principals

We insure **you** for liability to indemnify any principal with whom **you** have entered into a contract or agreement for the performance of work if the terms of the contract or agreement require that **you** must indemnify the principal but only:

Section 6 - Broadform Liability [cont'd]

- a) in relation to work carried out by **you**;
 - b) if the liability would have been implied by law in the absence of the contract or agreement; and
 - c) in respect of claims for which **you** would be entitled to indemnity under Section 6 of the **Policy** if the claim was made against **you**.
- b) arises from a clause in a contract for lease of property **you** have entered into except where the clause requires **you** to effect and maintain insurance for the property the subject of the lease;
 - c) arises because **you** have directly or indirectly warranted or guaranteed the fitness or quality of **your Products**;

Specific Exclusions

We will not pay **you** under Section 6 in the following circumstances:

1. Aircraft and Watercraft

For liability caused by or arising directly or indirectly out of or in connection with:

- a) the ownership, possession, use, existence, working, navigation, operation, repair, maintenance, servicing, construction or installation by **you** or on **your** behalf of any **Aircraft**; or
- b) the ownership, possession, use, existence, working, navigation, operation, repair, maintenance, servicing, construction or installation by **you** or on **your** behalf of any **Watercraft** exceeding 8 metres in length, except where such **Watercraft** are owned or operated by others and used by **you** for business entertainment; or
- c) the use of **your Product** with **your** knowledge in the construction, operation, maintenance, servicing or repair of any **Aircraft**; or
- d) the use of **your Product** with **your** knowledge in the construction, operation, maintenance, servicing or repair of any **Watercraft** exceeding 8 metres in length.

2. Asbestos

For any liability whatsoever for any claim or claims in respect of **Personal Injury** or **Property Damage** directly or indirectly arising out of, resulting from or in consequence of, or in any way involving asbestos, or any materials containing asbestos in whatever form or quantity.

3. Contractual Liabilities

For any liability assumed by **you** under any contract or agreement except where the liability:

- a) would have been implied by law in the absence of the contract or agreement;

- d) is assumed under an agreement specified in the **Schedule**.

4. Defamation

For any liability caused by or arising directly or indirectly out of or in connection with publication of a libel, utterance of a slander or defamation:

- a) first made prior to the **Period of Insurance**;
- b) made by **you** or with **your** authority, with knowledge of its falsity or defamatory character; or
- c) in any way related to advertising, broadcasting, publishing or telecasting activities conducted by **you** or on **your** behalf, including but not limited to the publication of material on the Internet.

5. Employer's Liability

For any liability:

- a) for **Personal Injury** to any person employed by **you** or deemed by law to be employed by **you**; or
- b) imposed or implied by or under:
 - i. any workers compensation act or any other similar law, act or ordinance relating to compensation for injury to any person employed by **you** or deemed by law to be employed by **you**;
 - ii. any industrial award, agreement or determination or any contract of employment or workplace agreement, to the extent that **you** would not have been liable in the absence of that award, agreement, determination or contract; or
 - iii. any law relating to wrongful or unfair dismissal, denial of natural justice, defamation, false or misleading conduct or advertising, misrepresentation, harassment or discrimination in respect of employment by **you**.

6. Fines and Penalties

For any liability for fines, penalties, liquidated, aggravated, exemplary or punitive damages.

Section 6 - Broadform Liability [cont'd]

7. Intentional Conduct

For any liability caused by or arising directly or indirectly out of or in connection with dishonest, fraudulent, criminal or malicious conduct or wilful breach of statute.

8. Loss of Use

For any liability for loss of use of tangible property (not physically lost, destroyed or damaged) caused by or arising directly or indirectly out of:

- a) delay or lack of performance by **you** or on **your** behalf under any contract or agreement; or
- b) the failure of **your Product** to meet the level of performance, quality, fitness or durability expressly or impliedly warranted or represented by **you**, except for loss of use of other tangible property resulting from the sudden and accidental physical loss, destruction or damage to **your Product** after **your Product** has been put to use by any person or organisation other than **you**.

9. Molestation

For any liability caused by or arising directly or indirectly out of or in connection with the molestation of, or physical or psychological interference with, any person.

10. More Specific Insurance

For any liability for which **you** are or would be entitled to indemnity under one or more of the specific **Policies** stated under the Liability Section in the **Schedule**.

11. Pollution

For any liability for:

- a) **Personal Injury** or **Property Damage** or financial loss or loss of, damage to, or loss of use of property directly or indirectly arising out of the actual, alleged or threatened discharge, dispersal, release, seepage, migration, emission or escape of **Pollutants**; or
- b) the cost of testing, monitoring, containing, removing, nullifying or cleaning up **Pollutants**

except liability otherwise excluded under paragraph (a) or (b) that arises from a sudden identifiable, unintended and unexpected happening, which takes place in its entirety at a specific time and place.

Our liability to pay all claims under this section will be limited to \$5 million in the aggregate during the **Period of Insurance** and at all times will not exceed the **Limit of Liability**.

12. Prior Knowledge

For any liability caused by or arising directly or indirectly out of or in connection with a fault, defect, **Occurrence, Personal Injury** or **Property Damage** known, or deemed by law to be known, by **you** prior to the **Period of Insurance**.

13. Product Defect, Product Recall and Faulty Work

For any liability:

- a) for **Property Damage** to **your Product** caused by or arising directly or indirectly out of or in connection with any defect in **your Product**, the harmful nature of **your Product** or unsuitability of **your Product**;
- b) caused by or arising directly or indirectly out of or in connection with the withdrawal, inspection, removal, reinstallation, repair, replacement or loss of use of **your Product**, or of any property of which **your Product** forms a part, if **your Product** is recalled from the market or from use because of any known or suspected defect or deficiency in it; or
- c) for the cost of repairing, correcting, performing or improving any work or service undertaken or provided by **you** or on **your** behalf, provided that this exclusion 13 (c) does not apply to **Personal Injury** or **Property Damage** resulting from such work or service undertaken or provided by **you** or on **your** behalf.

14. Professional Liability

For any liability caused by or arising directly or indirectly out of or in connection with the rendering of or failure to render professional advice or service by **you** or on **your** behalf or an error or omission in connection therewith, but this exclusion does not apply to:

- a) the rendering of or failure to render professional medical advice by medical persons employed by **you** to provide first aid and other medical services on **your Premises**;
- b) **Personal Injury** or **Property Damage** arising from the rendering of or failure to render professional advice or service, provided such professional advice or service is not given for a fee.

Section 6 - Broadform Liability [cont'd]

15. Property in your Physical or Legal Control

For any liability for **Property Damage** to property owned, leased or rented or on loan to **you** or otherwise in **your** physical or legal care, custody or control, other than:

- a) premises including landlords fixtures and fittings which are leased or rented to **you**;
- b) premises and their contents not owned, leased or rented by **you** but temporarily occupied by **you** for working in them;
- c) **Employees'** and visitors' clothing and personal effects;
- d) **Vehicles** (not owned or used by **you** or on **your** behalf or liability for **Vehicles** not otherwise excluded by this **Policy**) whilst in a car park owned or operated by **you** other than for reward;
- e) property in **your** physical or legal control for the purpose of repair, service, maintenance or alteration or which is on temporary hire or loan to **you**, subject to a maximum indemnity of \$50,000 for any one **Occurrence** inclusive of all costs, expenses and interest as set out in Section 6 Claim Costs. However, **we** will not indemnify **you** for damage to that part of such property on which **you** are working or have been working which arises out of that work.

16. Territorial Limit

For any liability:

- a) arising out of claims made or actions brought in the United States of America, Canada or their territories, protectorates, or dependencies coming within the jurisdiction of the courts of the United States of America, Canada or their territories, protectorates or dependencies; or
- b) arising out of claims and actions to which the laws of the United States of America, Canada or their territories, protectorates, or dependencies apply.

Provided that:

- c) subsections 16 (a) and 16 (b) above do not apply to **Personal Injury** or **Property Damage** occurring during business visits to the United States of America, Canada or their territories, protectorates, or dependencies by directors or **Employees**, who are normally resident in Australia and who are not undertaking manual work or supervision of work of any kind while in the United States of America, Canada or their territories, protectorates or dependencies.

The **Limit of Liability** in respect of coverage provided under exclusion 16 (c) is inclusive of all costs, expenses and interest as set out in Section 6 Claims Costs.

17. Tobacco and Smoking

For any liability caused by or arising directly or indirectly out of or in connection with the inhalation or ingestion of, or exposure to, tobacco or tobacco smoke or any ingredient or additive present in any articles, items or goods which contain or include tobacco.

18. Vehicles

For liability caused by or arising directly or indirectly out of or in connection with the ownership, possession, maintenance, use or control of any **Vehicle**:

- a) which is registered or required to be registered by any legislation or competent authority; or
- b) where such liability is insured or required to be insured by any legislation or competent authority.

Section 18 a) and b) do not apply to:

aa) **Personal Injury**:

- i. caused by the loading or unloading of any **Vehicle** or the delivery or collection of goods to or from any **Vehicle**, provided that the liability is not insured or required to be insured by any legislation or competent authority;
- ii. where the compulsory liability insurance or statutory indemnity does not provide cover, provided that the reason why cover is not provided is not as a result of a breach of any legislation relating to motor vehicles.

bb) **Property Damage** caused by or arising from the use of a **Vehicle** to lift, load, unload or lower any object provided that the **Vehicle** is being operated by **you** at **your Premises** and no other motor vehicle insurance covers the damage.

cc) the use of any mechanical tool or plant attached to or forming part of any **Vehicle**, whilst the **Vehicle** is being used at **your Premises** or another work site for the purpose of **your Business** but not whilst the **Vehicle** is in transit or is being used for transport or haulage.

Section 6 - Broadform Liability [cont'd]

Specific Conditions

If Section 6 forms part of **your Policy**, **you** must follow the Specific Conditions noted below otherwise **we** may not pay **your** claim under Section 6.

1. Discharge of Liabilities

a) **We** may at any time pay to **you**, or on **your** behalf, in respect of any liability **you** may have of the type set out under Cover Provided above:

- i. the amount of the **Limit of Liability**; or
- ii. any lesser sum for which the claim can be settled

after deduction of any sum already paid as compensation in respect of the claim.

b) Upon the payment set out in paragraph (a), **we** will relinquish control of the claim and be under no further liability under this **Policy** in connection with the claim except for Claim Costs:

- i. recoverable from **you** in respect of the period prior to the date of the payment, whether or not pursuant to an order made subsequently; and
- ii. incurred by **us** or incurred by **you** with **our** written consent prior to the date of the payment.

c) **We** will not pay for any liability **you** may have of the type set out under Cover Provided above or defend any related claim after **our Limit of Liability** has been exhausted.

2. Inspection

If required by **us**, **you** must allow **us** and **our** agents and representatives:

- a) to inspect **your Premises** and operations at any time during normal business hours; and
- b) to examine and audit **your** books and records at any time during the **Period of Insurance** and within three years of the final termination of cover under this **Policy**;

but **we** make no representation or warranty that either **your Premises** or **your Business** complies with any law or meets any standard.

3. Maintenance of Product Records

You must keep and maintain, for at least 10 years after the date upon which they are brought into existence or come into **your** possession or control, documents and records:

- a) relating to research and development, specification, design and manufacturing of **your Product**;
- b) showing the source and quality of components of **your Product**;
- c) identifying persons and entities comprising the distribution chain for **your Product**;
- d) comprising sales records, including batch number and destination of **your Product**; and
- e) detailing quality control, inspection, testing, repairs, replacements and recalls of **your Product**.

Section 7 - Machinery

Specific Definitions

The meaning of some of the important words and terms used in Section 7 only, are shown below.

Boiler Explosion means the sudden and violent rending of the **Boiler** or **Pressure Vessel** by force of internal steam, gas or fluid pressure (including the pressure of ignited flue gases) causing bodily displacement of its structure together with forcible ejection of its contents.

Boiler or **Pressure Vessel** means those parts of the permanent structure of a boiler, pressure vessel, economiser or superheater and attaching pipe systems which are subject to internal steam, gas or fluid pressure and declared to **us**.

Breakdown means sudden and unforeseen physical **Damage** to the **Machine** which requires immediate repairs or any part to be replaced in order to make the **Machine** operate in the same manner and condition as before the sudden and unforeseen physical **Damage**.

Collapse means the sudden and dangerous distortion of a **Boiler** or **Pressure Vessel** caused by bending or crushing of the permanent structure by force of steam, gas or fluid pressure (other than the pressure of ignited flue gases) including **Damage** caused by overheating resulting from deficiency of water.

Machine means the electrical or mechanical machinery specified in the **Schedule**.

Stock in Trade means as defined in Section 1.

Cover Provided

If **your Schedule** indicates that **you** have taken out insurance under Section 7, **we** will pay **you** if there is a:

- a) **Breakdown** of the **Machine**; or
- b) **Boiler Explosion** or **Collapse** of the **Boiler** or **Pressure Vessel**;

occurring at the **Premises** during the **Period** of **Insurance** and on the basis set out below. **We** will not pay **you** in respect of any of the matters set out in the Specific Exclusions or the General Exclusions.

Basis of Settlement

If **you** have a valid claim under Section 7, **we** will at **our** option pay for or **Reinstate** the **Machine, Boiler** or **Pressure Vessel** on the basis set out below.

1. Machine
Where the **Machine** is:
 - a) lost or destroyed, its replacement by a similar machine to a condition equal to but not better or more extensive than its condition at the time of loss or destruction; and
 - b) **Damaged**, the repair and/or restoration of the **Machine** without deduction for depreciation.

We are not bound to replace, restore or repair exactly or completely but only as circumstances permit and in a reasonably sufficient manner.

If the **Machine** or its component can be repaired, then it must be repaired unless the cost of repair exceeds the replacement cost, in which case the **Machine** or its component will be replaced without deduction for depreciation.

2. Boiler or Pressure Vessel
Where the **Boiler** or **Pressure Vessel** is:
 - a) lost or destroyed, its replacement by similar property, to a condition equal to but not better or more extensive than its condition when new; or
 - b) **Damaged**, the repair or restoration of the **Boiler** or **Pressure Vessel** to a condition substantially the same as but not better or more extensive than its condition when new.

We are not bound to replace, restore or repair exactly or completely but only as circumstances permit and in a reasonably sufficient manner.

If the **Boiler** or **Pressure Vessel** can be repaired, then it must be repaired unless the cost of repair exceeds the replacement cost, in which case the **Boiler** or **Pressure Vessel** will be replaced without deduction for depreciation.

3. Salvage
The agreed value of any salvage will be deducted from any claim and the salvage will remain **your Property**.

Section 7 - Machinery [cont'd]

4. Our Limit of Liability

Our liability is limited to the **Sum Insured** in respect of each item stated in the **Schedule** less the **Excess** shown.

Additional Benefits

If you have a valid claim under Section 7, we will also pay you the following Additional Benefits necessarily and reasonably incurred and in addition to the Sum Insured.

1. Overtime, Freight, Hire and Temporary Repair

We will pay up to a total of 20% of the Sum Insured or \$5,000, whichever is the lesser, for:

- a) extra charges for overtime, night work or work on public holidays;
- b) express freight within the Commonwealth of Australia other than specifically chartered air freight;
- c) the cost of hiring of temporary machines; and
- d) the cost of effecting temporary repair.

2. Submersible and Deep Well Pumps

We will pay up to \$500 for any one occurrence for the costs associated with the removal or reinstallation of borehole or deep well type pumps.

If you are insured under Section 7, we will extend your insurance to include the following Additional Benefit.

3. Automatic Inclusion of Similar Items

We will pay you if there is a:

- a) **Breakdown** of a **Machine**; or
- b) a boiler explosion or collapse of a **Boiler** or **Pressure Vessel**;

occurring at the **Premises** during the **Period of Insurance** on the basis set out under Cover Provided and Basis of Settlement above if the machine, **Boiler** or **Pressure Vessel** is installed, tested and commissioned for commercial use and is of a similar category to any **Machine, Boiler** or **Pressure Vessel** previously declared to **us**, but:

- i. not if the **Machine, Boiler** or **Pressure Vessel** has been installed, tested and commissioned for a period exceeding three months;

ii. the value of the additional **Machine, Boiler** or **Pressure Vessel** must not exceed the current **Sum Insured**;

iii. the additional **Machine, Boiler** or **Pressure Vessel** must be free from material defects known to **you** and must comply with any statutory obligation concerning its examination and certification; and

iv. **you** must inform **us** within three months of the installation of such additional **Machine, Boiler** or **Pressure Vessel** and pay the appropriate extra **Premium**.

Specific Exclusions

We will not pay you under Section 7 in the following circumstances. For the purposes of this section only, references to **Machine, Boiler** or **Pressure Vessel** include references to **Machine, Boiler** or **Pressure Vessel** falling within Additional Benefit 3 above.

1. Maintenance

We will not pay for maintaining, cleaning, adjusting, overhauling or making improvements to the **Machine, Boiler** or **Pressure Vessel**.

2. Wear, Tear and Leakage

We will not pay for the cost of rectifying:

- a) wear, tear or gradual deterioration;
- b) scratching or other marking of painted or polished surfaces;
- c) wearing away or wasting of the material of the **Machine, Boiler** or **Pressure Vessel** by atmospheric conditions, rust, erosion, oxidation, leakage, corrosion or ordinary use;
- d) slowly developing deformation or distortion of any part of the **Machine, Boiler** or **Pressure Vessel**;
- e) cracks, fractures, blisters, laminations, flaws or grooving even if accompanied by leakage or **Damage** to tubes, heaters or others parts of the **Boiler** or **Pressure Vessel** caused by overheating or leakage at seams, tubes or other parts of the **Boiler** or **Pressure Vessel**; or
- f) failure of joints.

Section 7 - Machinery [cont'd]

3. Hydraulic or Hydrostatic Test

We will not pay for the cost of rectifying **Damage** arising during the application of, or as a result of, any hydraulic or hydrostatic test of the **Boiler** or **Pressure Vessel**.

4. Perils

We will not pay for **Damage** caused by or arising from:

- a) fire, attempts to prevent the spread of fire, extinguishing of a fire or subsequent demolition;
- b) smoke or soot;
- c) lightning;
- d) explosion, other than **Boiler Explosion**;
- e) impact of land borne vehicles or waterborne craft;
- f) earthquake, subterranean fire or volcanic eruption;
- g) landslip, subsidence or erosion;
- h) riot, strike, lockout, civil commotion, persons acting maliciously on behalf of or in connection with any political organisation, or cessation of work whether total or partial;
- i) **Aircraft** (as defined in Section 6) or other aerial devices or articles dropped therefrom;
- j) storm, tempest, windstorm, hurricane or cyclone;
- k) **Rainwater** or **Flood**;
- l) liquid or substance discharging or leaking from any apparatus, appliance, pipe or other system, unless the apparatus, appliance, pipe or other system forms part of the **Machine**;
- m) **Burglary** (as defined in Section 3) or attempted **Burglary**; or
- n) malicious damage.

5. Existing Faults

We will not pay for faults or defects known to **you**, or **your Employees**, and not disclosed to **us** at the time the **Policy** was entered into.

6. Unsafe or Unlawful Operation

We will not pay:

- a) if at the time of **Damage**:
 - i. the setting of any safety device on or for the **Boiler** or **Pressure Vessel** was in excess of the limit imposed by any applicable regulation or the limit recommended by the manufacturer;
 - ii. any safety device on or for the **Boiler** or **Pressure Vessel** was removed or rendered inoperative;
 - iii. the **Boiler** or **Pressure Vessel** was not the subject of a current certificate of inspection as required by any regulation; or
- b) where the **Boiler** or **Pressure Vessel**:
 - i. does not conform with all applicable Australian standards or codes; or
 - ii. is operating in an unsafe condition; or
- c) where an inspection of the **Boiler** or **Pressure Vessel** by a competent person has not been carried out at intervals specified in Australian Standard AS/NZS 3788 1996.

7. Fitting of Automatic Devices to Unattended Combustion Engines

We will not pay for **Damage** to an unattended combustion engine as a result of the combustion engine not being fitted with an effective operational engine monitoring device which would have stopped the combustion engine in the event of a lubricating or cooling fault or failure.

8. Fitting of Flow/Pressure Switch to Submersible or Borehole Pump

We will not pay for **Damage** to a submersible or borehole pump as a result of the submersible or borehole pump not being fitted with an effective operational water flow or pressure switch capable of stopping the submersible or borehole pump in the event of water pressure drop or insufficient water flow.

9. Modifications, Alterations, Additions, Improvements or Overhauls

We will not pay for the cost of any modifications, alterations, additions, improvements, or overhauls of the **Machine**, **Boiler** or **Pressure Vessel**.

Section 7 - Machinery [cont'd]

10. Liability

We will not pay for legal liability of any kind.

11. Replacement of Machine

We will not pay for the cost of replacement of:

- a) heating or defrosting elements, brushes, batteries, screens, sieves, belts, ropes, wires, chains, felts, fabrics, packings, exchangeable tools, dryers, cutting blades, seals, fuses, filters, glass or ceramic components, electric contacts, filaments, tyres, rails, wear plates, dies, engraved cylinders, mould, patterns, or other parts which by their use and nature suffer a high rate of wear or depreciation;
- b) refrigerant or transformer oils due to defective glands, seals, valves, gauges or loose connections;
- c) fuels, chemicals, filter substances, heat transfer media, cleaning agents, lubricants, oil, catalysts or other operating material;
- d) concrete, brickwork or refractories; or
- e) materials in the course of or undergoing processing.

12. Statutory Regulations

We will not pay for the cost of replacement or exchange of:

- a) parts, equipment or apparatus;
- b) liquids; or
- c) refrigerant gases,

to meet with any statute or regulation in relation to substitution of refrigerant gas requirements whether carried out in the course of payable repairs or as a separate operation.

13. Testing

We will not pay for **Damage** arising from the **Machine, Boiler** or **Pressure Vessel** being:

- a) subjected to tests involving abnormal stresses; or
- b) intentionally overloaded.

14. Damage to **Machine, Boiler** or **Pressure Vessel**

We will not pay for loss or **Damage** to:

- a) computers, telephone and closed circuit television installations, audio visual and amplification equipment and other office electronic equipment;
- b) gambling, amusement, vending machinery, audio or visual entertaining equipment;
- c) any vehicle, caravan, trailer or motorcycle;
- d) any mobile plant;
- e) lifts, escalators or elevators;
- f) reticulating electrical wiring or lighting equipment;
- g) water and gas piping;
- h) storage tanks and vats;
- i) **Watercraft** (as defined in Section 6); or
- j) **Aircraft** (as defined in Section 6).

15. Warranty or Guarantee

We will not pay for replacement parts, labour cost or travelling cost recoverable under any supplier, manufacturer or repairer's warranty or guarantee, or which would have been covered but for a breach of **your** obligations under the terms of the guarantee or warranty.

Specific Conditions

If Section 7 forms part of **your Policy**, **you** must follow the specific conditions noted below otherwise, **we** may not pay **your** claim under Section 7.

1. Notice of Alteration and Additions

You must notify **us** within 30 days of changes in work conditions, removal, alteration, or addition to any **Machine, Boiler** or **Pressure Vessel**.

If **we** do not approve of such changes, **we** may cancel the insurance in respect of the **Machine, Boiler** or **Pressure Vessel** and return to **you** a proportion of the **Premium** for the unexpired **Period of Insurance**.

Section 7 - Machinery [cont'd]

2. Claims Procedures and Requirements
You must notify **us** prior to commencement of any repairs in excess of \$500, to ensure repairs are acceptable to **us**.

Your repairer must leave on the **Premises**, for **our** inspection, all parts which have been replaced.

3. Inspections
You must at all reasonable times permit **our** representative to inspect the **Machine, Boiler** or **Pressure Vessel**.
4. Underinsurance
This section is subject to Underinsurance, as defined in General Conditions.

Optional Covers

If selected by **you** and specified in the **Schedule**, the Optional Cover as indicated below will apply.

1. Refrigerated Stock
- a) **We** will pay for **Damage** to **Stock in Trade**, including packaging, held in a refrigerated compartment and arising from deterioration or putrefaction caused by:
- i. a **Breakdown** payable under Section 7 or which would have been payable but for the application of any **Excess**;
 - ii. the failure of the public electricity supply caused by breakdown of the supplier's system which would have been payable if insured under Section 8, but **we** will not pay for a deliberate act of the supplier, unless performed for the sole purpose of safeguarding life, protecting a part of the supplier's system, or a scheme of rationing; or
 - iii. the operation or failure of the **Machine's** protective devices or thermostats, but **we** will not pay for **Damage** caused by the manual operation or manual setting of switches or controls.

We will pay for the reasonable expenses incurred to minimise and prevent further loss, provided the expenses do not exceed the loss avoided.

- b) Our liability is limited to:
- i. the **Sum Insured**; or
 - ii. the purchase cost of the **Damaged Stock in Trade**, plus the additional expenses incurred; whichever is the lesser, less the stated **Excess**.

Following the occurrence of **Damage**, the **Sum Insured** is reinstated to the full amount specified in the **Schedule**, provided that **you** pay any extra **Premium** required by **us**.

- c) **We** will not pay for **Damage** resulting from:
- i. the inefficiency of the refrigeration system to hold the refrigerated compartment containing the refrigerated **Stock in Trade**, at the required temperature;
 - ii. the accidental or deliberate switching off of the refrigeration system controlling the refrigerated compartment containing the refrigerated **Stock in Trade**;
 - iii. shrinkage, inherent defects or diseases;
 - iv. improper storage or stowage or collapse of packing materials;
 - v. refrigerated **Stock in Trade**, that has passed its used by date; or
 - vi. **Damage** to goods which are alive or of a bacterial nature.

Unless **we** have authorised otherwise, any **Damaged** refrigerated stock must be retained for **our** inspection before disposal.

2. Overseas Air Freight
If **you** have a valid claim under Section 7 or would have had but for the application of an **Excess**, **we** will also pay for the cost of air freight necessarily and reasonably incurred from anywhere in the world to obtain replacement parts.

Our liability is limited to the **Sum Insured** stated in the **Schedule** for the cost of overseas air freight, less the **Excess**.

Section 8 - Electronic Equipment

Specific Definitions

The meaning of some of the important words and terms used in Section 8 only, are shown below.

Breakdown means damage resulting from the electronic, electrical or mechanical failure of the **Equipment** arising from internal defects causing sudden stoppage of the function and requiring the repair or replacement of the **Equipment**.

Equipment means the computers, word processors, electronic data processing equipment, systems, or other electronic equipment specified in the **Schedule**.

Expendable Items means items and parts that are not normally reusable and require frequent or periodic replacement.

Indemnity Period means the period specified in the **Schedule** beginning with the use of a **Substitute System** and ending not more than the specified number of months later, during which the results of the **Business** are affected as a result of **Damage** payable under Section 8.

Maintenance Agreement means any agreement which provides for the remedial repair of any fault or breakdown which occurs in the course of the normal operation of the **Equipment**, including the costs of all parts and labour.

Power Surge Protection Device means a device which will protect the **Equipment** from **Damage** resulting from electrical power supply:

- a) surge, interference or overload; or
- b) transient surge spikes.

Substitute System means any reasonable process undertaken to maintain the normal operation of the **Business**.

Cover Provided

If **your Schedule** indicates that **you** have taken out insurance under Section 8, **we** will pay **you** if there is sudden unforeseen **Damage** to the **Equipment**, and on the basis set out below, but only:

- a) while the **Equipment** is at the **Premises**;
- b) after the completion of successful initial commissioning of the **Equipment**; and
- c) for **Damage** occurring during the **Period of Insurance**.

We will not pay **you** in respect of any of the matters set out in the Specific Exclusions or the General Exclusions.

Basis of Settlement

If **you** have a valid claim under Section 8, **we** will at **our** option pay for or **Reinstate** the **Equipment** on the basis set out below.

1. Equipment
Where the **Equipment** is:
 - a) lost or destroyed, its replacement by similar **Equipment** in a condition equal to but not better or more extensive than its condition when new; or
 - b) **Damaged**, the repair and/or restoration of the **Equipment** to a condition substantially the same as but not better or more extensive than its condition when new;

provided that the total amount **we** pay does not exceed the cost of **Reinstatement**.

We are not bound to **Reinstate** exactly or completely but only as circumstances permit and in a reasonably sufficient manner.

If the **Equipment** can be repaired, then it must be repaired unless the cost of repair exceeds the replacement cost, in which case the **Equipment** will be replaced.

No deductions will be made for depreciation in respect of parts replaced, except that **we** will deduct from the replacement cost of valves, tubes (including picture tubes), and light sources the percentage which the use, up to the time of failure, bears to the expected life as quoted by the manufacturer or supplier.

Section 8 - Electronic Equipment [cont'd]

2. Expenses

We will pay all reasonable expenses incurred to return the **Damaged Equipment** to its former state of serviceability, including:

- a) labour, travel and call out costs;
- b) costs of dismantling, re-erection and removal of debris;
- c) charges for overtime and work on public holidays; and
- d) freight within the Commonwealth of Australia including transportation, as freight, by any recognised airline's scheduled service.

3. Installed Value Less than \$10,000

We will pay for **Breakdown of Equipment** with a new installed value of less than \$10,000, without a **Maintenance Agreement**.

We will not pay for **Breakdown of Equipment** with a new installed value of \$10,000 or more, unless **you** have a **Maintenance Agreement**.

4. Salvage

The agreed value of any salvage will be deducted from any claim and the salvage will remain **your Property**.

5. Our Limit of Liability

Our total liability is limited to the **Sum Insured** in respect of each item stated in the **Schedule** less the **Excess** shown.

6. Automatic Reinstatement of the Sum Insured

Following the occurrence of **Damage**, the **Sum Insured** is reinstated to the full amount specified in the **Schedule**, provided that **we** agree to **Reinstate** the **Sum Insured** and, if required by **us**, **you** pay the appropriate extra **Premium**.

7. Underinsurance

This section is subject to Underinsurance, as defined in the General Conditions.

Additional Benefits

If Section 8 forms part of the Policy, we will extend your insurance to include the following Additional Benefits and in addition to the Sum Insured.

1. Newly Installed or Replaced Items

We will pay, in addition to the **Sum Insured**, up to:

- a) 10% of the total **Sum Insured** for **Equipment**; or
- b) \$10,000;

whichever is the lesser, for **Damage** to additional equipment which has previously been successfully tested and commissioned, and newly installed at the **Premises** during the **Period of Insurance**.

You must at the end of the **Period of Insurance** forward to **us**:

- i. details of the equipment newly installed or deleted during the **Period of Insurance**; and
- ii. copies of all guarantees/warranties in effect pertaining to that equipment.
- iii. any additional or return **Premium** will be calculated corresponding to the type and value of the equipment and the period during which it was insured.

References under Cover Provided and Basis of Settlement to **Equipment**, are also a reference to the additional equipment referred to in this clause.

2. Equipment while Temporarily Removed

We will pay for **Damage** to normally static **Equipment** while it is being transported away from the **Premises** to anywhere in the Commonwealth of Australia, for the purpose of repair, alteration or modification.

We will pay up to:

- a) \$5,000; or
- b) any other amount specifically agreed in writing by **us**; for any one accident, less the **Excess** specified in the **Schedule**.

We will not pay for **Damage**:

- i. due to theft or attempted theft while the **Equipment** is unattended unless inside a:
 - locked building; or
 - securely locked motor vehicle; or

Section 8 - Electronic Equipment [cont'd]

- ii. unless packed in the original manufacturer's shipment container and packing, or equivalent purpose built transportation container.

Specific Exclusions

We will not pay **you** under Section 8 in the following circumstances.

1. Maintenance and Alterations
We will not pay for the cost of:
 - a) maintenance work; or
 - b) alterations, additions, improvements or overhauls whether carried out in the course of payable repairs or as a separate operation.
2. Wear and Tear
We will not pay for the cost of replacement or restoration following gradual deterioration, wear and tear, rust, corrosion, erosion, oxidation or scale formation.
3. Temporary Repairs
We will not pay for the cost of temporary repairs except where such repairs constitute part of final repairs and do not increase the total repair costs.
4. Hire, Rental, Lease or Loan
We will not pay for **Damage** occurring to **Equipment** during any period when it is out of **your** possession on hire, rental, lease or loan.
5. Atmospheric Moisture or Fluctuation in Temperature
We will not pay for **Damage** caused by atmospheric moisture or fluctuation in temperature.
6. Scratching of Painted or Polished Surfaces
We will not pay for **Damage** caused by or arising from scratching of painted or polished surfaces.
7. Maintenance Agreement
We will not pay for **Damage** covered under any **Maintenance Agreement** or which would have been covered but for a breach of **your** obligation under the terms of the **Maintenance Agreement**.
8. Manufacturers' or Suppliers' Guarantee/Warranty
We will not pay for **Damage** covered under any manufacturers' or suppliers' guarantee/

warranty or which would have been covered but for a breach of **your** obligations under the terms of the guarantee/warranty.

9. Data or Data Media
We will not pay for **Damage** to electronic data processing media unless **you** have Optional Cover under clause 2 below.
10. Computer Virus
We will not pay for **Damage** caused by or arising from **Computer Virus**.
11. Valves, Tubes, Batteries and other Expendable Items
We will not pay for the cost of replacement of:
 - a) valves, tubes (including picture tubes) and light sources which are components of the **Equipment** and which:
 - i. have reached the end of their normal working life; or
 - ii. are being replaced because of **Damage**, which in the opinion of the manufacturer or supplier of the **Equipment** affected, was caused by wearing out resulting from ordinary use or working;
 - b) **Damaged**, worn or spent batteries, belts, chains, tapes, ribbons, films, filters, fuses, electronic heating elements, glass components or lubricants; or
 - c) any other **Expendable Items** including component parts worn or deteriorated through normal operation.
12. Cleaning
We will not pay for **Damage** caused by or arising from cleaning any **Equipment**.

Specific Conditions

If Section 8 forms part of the **Policy**, **you** must follow the Specific Conditions noted below otherwise **we** may not pay a claim under Section 8.

1. Claims Procedures and Requirements
You must notify **us** prior to commencement of any repairs in excess of \$500, to ensure repairs are acceptable to **us**.

Section 8 - Electronic Equipment [cont'd]

Your repairer must leave on the **Premises**, for **our** inspection, all parts which have been replaced.

2. Power Surge Protection

Where a **Power Surge Protection Device** has been installed, **you** must ensure that it is maintained in good working condition and activated at all times when the **Equipment** is connected to the electric power supply.

3. Manufacturers' or Suppliers' Guarantee/Warranty

You must:

- a) lodge with **us** prior to inception of the **Policy**, a copy of all guarantees/warranties being in effect pertaining to the **Equipment**; and
- b) give **us** 30 days prior notice in writing of any alteration, cancellation or termination of the guarantee/warranty.

Optional Covers

If selected by **you** and specified in the **Schedule**, the optional cover as indicated below will apply.

1. Portable Equipment

We will pay for **Damage** to **Equipment** specifically designed to be carried by hand or on the person when away from the **Premises**, and while located (including in transit) in the Commonwealth of Australia.

We will not pay for **Damage**:

- a) due to theft or attempted theft while the **Equipment** is unattended unless inside a:
 - i. locked building; or
 - ii. securely locked motor vehicle; or
- b) from any cause whatsoever while installed or carried in or on an aircraft, aerial device, train, bus, waterborne vessel or craft, unless carried as personal baggage, and not contained or transported in cargo holds.

Our liability is limited to the **Sum Insured** in respect of each item stated in the **Schedule** less the **Excess** shown.

2. Electronic Data Processing Media: Loss of Information

If the electronic data processing media (Data Media) is **Damaged** as a result of an insured event under Section 8, **we** will pay:

- a) the reasonable cost of replacement of the **Damaged** Data Media by new unused materials;
- b) all reasonable expenses incurred by **you** strictly for the purpose of restoring the Data Media by reproduction of the data or information to a condition equivalent to that existing prior to the occurrence of **Damage**;
- c) for lost data or information to be reproduced in an updated form, if the cost of doing so is no greater than that of **Reinstatement** to a condition existing prior to the occurrence of **Damage**; and
- d) the cost of extra charges incurred for overtime work. **Our** liability is limited to the **Sum Insured**, less the stated **Excess**.

We will not pay for:

- i. costs and expenses incurred more than 12 months after the occurrence of **Damage** payable under Section 8;
- ii. loss or distortion (of data information or records) which does not arise from **Damage** to the Data Media material;
- iii. wasting, wearing away or wearing out, caused by or naturally resulting from ordinary use, working or gradual deterioration;
- iv. faults or defects known to **you**, or **your Employees**, and not disclosed to **us** at the time this insurance was arranged; or
- v. **Damage** caused by atmospheric moisture, or temperature, but not if directly resulting from **Damage** to air conditioning equipment essential for controlling the working or storage environment of the **Equipment**.

Section 8 - Electronic Equipment [cont'd]

3. Increased Cost of Working

a) **We** will pay for all additional expenditure necessarily and reasonably incurred for the use of a **Substitute System** during the

Indemnity Period:

- i. to maintain a normal **Business** operation during the interruption following **Damage** payable under Section 8; or
- ii. if the normal operation of the **Equipment** is interrupted as the direct result of **Breakdown**, at the **Premises** and during the **Period of Insurance**, for which remedial service is provided under a manufacturer's or supplier's maintenance agreement.

b) **Our** liability is limited to the **Sum Insured** for:

- i. the **Indemnity Period**;
- ii. the aggregate of all interruptions during the **Period of Insurance**; or
- iii. any one interruption, the pro-rata proportion of the **Sum Insured** corresponding to the actual duration of the interruption;

whichever is the lesser, less the stated **Excess**.

The **Excess** is the first 2 working days or the number of working days specified in the **Schedule**, whichever is greater, of each and every loss.

c) **We** will not pay for:

- i. the normal expenses which **you** would have incurred in the operation of the **Equipment**;
- ii. the number of days specified in the **Schedule**;
- iii. more than 4 weeks of the **Indemnity Period** due to delay in the repair or restoration of **Equipment** of foreign manufacture where such delays result from:
 - measures, restrictions or regulations imposed by any government, public or local authority;

- the time required to procure replacement components, parts, or complete equipment in overseas markets;
- the time required to transport or ship component parts or complete equipment between the **Premises** and the overseas place of repair or restoration;
- the time required to engage and transport overseas specialists or consultants to assist in or supervise local repairs;
- any expenses incurred during any period where inability to resume normal operation of the **Equipment** arises solely by reason of the discontinuance of manufacture or obsolescence of the system or any component part of the system; or
- business interruption periods due to alterations or improvements to the **Equipment**, or solely due to the need for cleaning, adjustment, inspection, or maintenance.

Section 9 - Fraud or Dishonesty

Specific Definitions

The meaning of the important words and terms used in Section 9 only, are shown below.

Property means **Money**, or goods belonging to **you** or for which **you** are legally liable.

Cover Provided

If **your Schedule** indicates that **you** have taken out insurance under Section 9, **we** will pay **you** if there is a loss of **Property** caused by any fraudulent or dishonest act or omission by an **Employee** with the clear intent of making improper personal financial gain, occurring within the Commonwealth of Australia during the **Period of Insurance** and on the basis set out below.

We will not pay **you** in respect of any of the matters set out in the Specific Exclusions or the General Exclusions.

Basis of Settlement

If **you** have a valid claim under Section 9, **we** will pay **you** on the basis set out below.

1. **We** will at **our** option pay for or **Reinstate Property** lost as a result of a fraudulent or dishonest act or omission by an **Employee** with the clear intent of making improper personal financial gain and occurring within the Commonwealth of Australia during the **Period of Insurance**.
2. Our Limit of Liability
Our liability is limited to the **Sum Insured**, less the stated **Excess**, for:
 - a) any one **Employee**; or
 - b) any number of **Employees** acting in collusion in respect of:
 - i. the one event; or
 - ii. series of events arising from the one source, which constitute an ongoing course of similar conduct;

irrespective of whether the acts of fraud and dishonesty were committed during more than one **Period of Insurance**.

3. Employees' Money or Assets
Any **Money** or assets payable by **you** to the **Employee** or the **Employees** or in **your** possession will, to the extent allowed by law, be deducted from the amount payable under Section 9, unless **your** loss exceeds the amount recoverable under Section 9 in which case the retained amounts will be applied first to that part of the loss.

Additional Benefits

If you have a valid claim under Section 9, we will pay you for the following Additional Benefit incurred and in addition to the Sum Insured.

1. External Auditors
We will pay up to:
 - a) 5% of a the value of the **Property** lost; or
 - b) \$5,000;whichever is the lesser, for the reasonable cost of external auditors incurred to substantiate a valid claim.

If Section 9 forms part of your Policy we will extend your insurance to include the following Additional Benefit.

2. Continuity of Insurance
If Section 9 replaces any prior policy of insurance and there is unbroken continuity of cover, then Section 9 will apply to any loss which is discovered within the **Period of Insurance**, but **we** will only pay if this loss would have been reimbursed:
 - a) under the prior policy except for the fact that the time limitation within which to discover such loss had expired; and
 - b) under Section 9 had this **Policy** been in force when the acts of fraud or dishonesty were committed.

We will pay up to:

- i. the limit of liability of the previous policy; or

Section 9 - Fraud or Dishonesty [cont'd]

ii. the **Sum Insured** for Section 9;

whichever is the lesser.

You must pay:

aa) the **Excess** shown in the previous policy; or

bb) the **Excess** applicable to Section 9,

whichever is the greater.

Specific Exclusions

We will not pay **you** under Section 9 in the following circumstances.

1. After Discovery

We will not pay for loss arising from any act of fraud or dishonesty committed by an **Employee** or number of **Employees** acting in collusion after discovery by **you** of any act of fraud or dishonesty on the part of that **Employee** or **Employees** acting in collusion.

2. Check or Precautions

We will not pay if **you** fail to perform or observe any check or take any precautions requested by **us**.

3. Time Limitation

We will not pay for any loss discovered after 12 months following the termination of:

a) Section 9; or

b) the employment of the responsible **Employee**,

whichever occurs first.

2. Discovery of Fraud or Dishonesty

You must notify **us** immediately upon the discovery of any act or reasonable cause of suspicion of fraud or dishonesty by any **Employee** whether giving rise to a claim under Section 9 or not.

3. Claim Procedures

Upon discovery of any circumstances giving rise to, or likely to give rise to, a claim under Section 9, **you** must:

a) immediately notify **us** and fully explain all circumstances;

b) immediately notify the police;

c) deliver to **us** a detailed statement within 14 days;

d) permit **us**, or **our** agents, to enquire into, investigate and examine the circumstances of the loss;

e) at **your** expense, produce and supply copies of all books, vouchers, correspondence, documents, receipts, and all entries, in **your** possession or control, relating to the loss; and

f) give all possible assistance, as may be required by **us**, relating to the claim, the correctness of the loss, and **our** liability under Section 9.

Specific Conditions

If Section 9 forms part of **your Policy**, **you** must follow the specific conditions noted below otherwise **we** may not pay **your** claim under Section 9.

1. Change of Ownership

You must notify **us** in writing within 30 days if **your Business** is merged, amalgamated, or consolidated with another **Business** and pay any adjusted **Premium**.

Section 10 - General Property

Specific Definitions

The meaning of some of the important words and terms used in Section 10 only, are shown below.

Accidental Damage means sudden, unforeseen, unintentional and unexpected **Damage** occurring wholly during the **Period of Insurance**.

Property means the property specified in the **Schedule** as insured under Section 10.

Burglary means

- a) Stealing consequent upon actual forcible and violent entry into or from the **Premises** or a **Motor Vehicle**;
- b) Stealing or any attempted stealing by any person concealed on the **Premises** or in a **Motor Vehicle**; or
- c) Stealing consequent upon threat of immediate violence or violent intimidation.

In Transit means from the time the **Property** commences to be loaded at the place of dispatch and continues during the normal course of transit, until delivered and unloaded at the place of destination.

Motor Vehicle means any motor vehicles owned or leased by **you**, including any attached trailer.

Cover Provided

If **your Schedule** indicates that **you** have taken out insurance under Section 10, **we** will pay **you** if the **Property** is **Damaged**:

1. While in transit and as a result of fire, **Flood**, earthquake, explosion, or collision, or the overturning of the **Motor Vehicle** carrying the **Property**; or
2. As a result of **Burglary** from:
 - a) **your** private residence;
 - b) an authorised person's private residence; or
 - c) a securely locked **Motor Vehicle**.
3. If **your Schedule** indicates that **you** have Accidental Loss or Damage cover, then **we** will also pay **you** for **Accidental Damage** occurring to the **Property** within the Commonwealth of Australia or New Zealand and during the **Period of Insurance**.

We will not pay **you** in respect of any of the matters set out in the Specific Exclusions or the General Exclusions.

Basis of Settlement

If **you** have a valid claim under Section 10, **we** will at **our** option pay for or reinstate the **Property** on the basis set out below.

1. Property
Where **Property** is:
 - a) lost or destroyed, its replacement by similar **Property** to a condition equal to but not better or more extensive than its condition at the time of the loss or destruction; or
 - b) **Damaged**, the repair and/or restoration of the **Property** without deduction for depreciation,

We are not bound to replace, restore or repair exactly or completely but only as circumstances permit and in a reasonably sufficient manner.

If the **Property** or its component can be repaired, then it must be repaired unless the cost of repair exceeds the replacement cost as set out in Section 10, Basis of Settlement clause 1. a), in which case the **Property** or its component will be replaced without deduction for depreciation.

2. Pairs or Sets
If any item of **Property** consists of articles in a pair or set, **we** will not pay more than the proportionate value of the **Damaged** part or parts. No part or parts will be treated as having had any special value.
3. Our Limit of liability
Our liability is limited to the **Sum Insured** in respect of each item stated in the **Schedule** less the **Excess** shown.

Specific Exclusions

We will not pay **you** under Section 10 in the following circumstances, other than to the extent stated.

1. **We** will not pay if the **Damage** was caused directly or indirectly by:
 - a) anything which is specifically excluded under Section 1, unless expressly stated otherwise under section 10;

Section 10 - General Property [cont'd]

- b) the actual process of cleaning, dyeing, repairing, altering, restoring, renovating, modifying or maintaining the **Property**;
 - c) wear, tear, fading, breakage of fragile articles, scratching or marring, gradual deterioration or developing flaws, normal upkeep or making good, want of lubrication or upkeep, or lack of proper maintenance of the **Property**;
 - d) the action of birds, moths, termites or other insects, or vermin;
 - e) rust or corrosion, mildew, mould, wet or dry rot, oxidation, contamination, disease, inherent vice or latent defect, adjusting or servicing operations;
 - f) the action of light, shrinkage, evaporation, variation in temperature or other atmospheric conditions;
 - g) loss of weight, change in flavour, colour, texture or finish of the **Property**;
 - h) smoke, smut, sludge, or chemicals from industrial or agricultural operations dust, sand, mud or smog, but **we** will pay for sudden and unforeseen **Damage** resulting therefrom;
 - i) scratching or breakage of lenses, mirrors, prisms, slides, or plates;
 - j) over winding, denting or internal **Damage** of clocks, watches or scientific instruments;
 - k) unexplained inventory shortages or disappearance resulting from clerical or accounting errors, shortages in supply or delivery of materials or goods;
 - l) any fraudulent or dishonest acts of **your Employees**;
 - m) mechanical, electrical or electronic breakdown, failure or derangement, but this exclusion is limited to the machine or equipment immediately or directly affected;
 - n) electrical or magnetic injury, disturbance or erasure of electronic recordings;
 - o) data processing or media failure or breakdown, or malfunction of the processing system;
 - p) failure of, error, or omission in design, plan, specification or during testing;
 - q) the **Property's** own spontaneous fermentation or heating;
 - r) theft of **Property** whilst contained in an unattended and unlocked motor vehicle or caravan; or,
 - s) any form of consequential loss.
2. **We** will not pay for **Damage** to:
- a) **money**, securities of any kind, bonds, title deeds, documents, manuscripts, or **Business** books;
 - b) valves, transistors, or batteries in radios, tape recorders, calculators and the like;
 - c) any pictures or paintings through cracking;
 - d) sporting equipment while in use or course of play;
 - e) glass;
 - f) musical instruments, equipment or apparatus if **you** are engaged in or in any way connected with any form of professional entertaining;
 - g) jewellery, precious stones, precious metals or bullion;
 - h) mobile phone(s), laptop computers or video cameras, unless it is specified in the **Schedule**; or
 - i) tools of trade while being used.
3. For **Damage**:
- a) where the **Damage** was discovered more than thirty (30) days after the occurrence of **Damage**;
 - b) where covered under any other Section of this **Policy**;
 - c) caused by or arising from **Computer Virus**; or
 - d) to furs or leather apparel.

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Product Issued by
Calliden Insurance Limited

Level 7, 100 Arthur Street
North Sydney NSW 2060
Australia
Tel: +61 2 9551 1111
Fax: +61 2 9551 1155
www.calliden.com.au

ABN 47 004 125 268
AFSL 234438
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