



Protecting and supporting your community



**Ansvar Industrial Special Risks  
Mark IV Modified Insurance  
Policy Wording**

# Table of Contents

<b>About Ansvar</b>		<b>Exclusions to All Sections</b>	<b>44</b>
<b>Insurance from one of Australia's leading specialist insurers</b>	<b>3</b>	Property Exclusions	44
<b>About this insurance policy wording</b>	<b>4</b>	Perils exclusions	47
<b>Important information</b>	<b>5</b>	<b>Memoranda applicable to all sections</b>	<b>49</b>
<b>The contract between you and Ansvar Insurance</b>	<b>7</b>	<b>Conditions Applicable to all Sections</b>	<b>50</b>
<b>Industrial Special Risks Mark IV modified Insurance Policy Wording</b>			
<b>Section 1 Material loss or damage</b>	<b>9</b>		
The indemnity	9		
The property insured	10		
Basis of settlement	10		
Memoranda to Section 1	12		
<b>Section 2 Consequential Loss</b>	<b>15</b>		
The indemnity	15		
Basis of settlement	15		
Definitions	16		
Memoranda to Section 2	17		
<b>Exclusions applicable to all sections</b>	<b>19</b>		
<b>Memoranda applicable to all sections</b>	<b>22</b>		
<b>Conditions applicable to all sections</b>	<b>23</b>		
<b>Endorsements attaching to and forming part of Industrial Special Risks Insurance Policy</b>	<b>26</b>		
<b>Section 1 – Material Loss or Damage</b>	<b>26</b>		
The Indemnity	26		
The Property Insured	28		
Basis of settlement	28		
<b>Section 2 – Consequential Loss</b>	<b>35</b>		
The Indemnity	35		
Basis of Settlement	35		
Memoranda to Section 2	41		

# About Ansvar

## Insurance from one of Australia's leading specialist insurers

Our ISR Mark IV Modified insurance policy wording has been specifically designed to protect your organisation against damage to your property and loss of income to your organisation as a result of damage to your property.

### About Ansvar

Ansvar is a leading specialist commercial and consultative insurer offering tailored insurance products and services to the Care, Community Service (including Not-for-Profit), Education, Faith and Heritage sectors. With more than 50 years of experience in the Australian insurance industry we've developed a deep understanding of our clients' needs, risks and challenges they face, as well as the environments in which they operate.

Ansvar is owned by the Ecclesiastical Insurance Office plc, est. 1887, a leading insurer of heritage, religious and charitable organisations in the UK.

### Our approach

Service is paramount at Ansvar, and our team is committed to consistently providing the best client experience possible.

Our dedicated Claims team are focused on quickly, solving the problems of our clients. With a compassionate approach they are always mindful of the reputation of our clients, particularly when handling sensitive claims.

Because Ansvar understands the varied and vast risk exposure of our clients in our core sectors, we offer expert Risk Management advice and practical solutions to help our clients protect their assets and importantly, their people.

Through our expertise and flexible underwriting approach, Ansvar offers tailored insurance solutions to provide the right cover to suit the unique needs of our client's within our core sectors.

### Supporting our community

Our goal is to be a valued and recognised contributor to the community. This has been the ethos of Ansvar since our inception.

Each year, through our Community Education Program, Ansvar donates a percentage of our profits to organisations that provide valuable support to improve and enrich the lives of young Australians, so that they may contribute positively to the community in which they live.

## About this insurance policy wording

This insurance policy wording is an important document. You should read it carefully before making a decision to purchase this insurance in conjunction with the certificate of insurance and/or The Schedule and any endorsements we issue upon acceptance of your proposal, provide a full description of the terms, conditions and limitations of the insurance cover.

The financial product offered in the insurance policy wording is provided by Ansvar Insurance Limited.

The Table of Contents section provides a summary of the content of the insurance policy wording. The purpose of this insurance policy wording is to assist you to understand your insurance policy and enable you to make an informed choice about your insurance requirements.

You will need to read the entire insurance policy wording, certificate of insurance and/or The Schedule for a full understanding of these terms, conditions and limitations.

This Insurance policy Wording was prepared on 25th January 2019.

## Who is the insurer and how can we be contacted?

Ansvar Insurance Limited (Ansvar Insurance), ABN 21 007 216 506, is the issuer of this insurance policy. The registered office of Ansvar Insurance is Level 5, 1 Southbank Boulevard, Southbank, Victoria. The Ansvar Insurance Australian Financial Services Licence number is 237826.

Our contact details are:

Ansvar Insurance

Phone: 1300 650 540

Post: GPO Box 1655, Melbourne, Victoria  
3001

Email: [insure@ansvar.com.au](mailto:insure@ansvar.com.au)

Website: [www.ansvar.com.au](http://www.ansvar.com.au)

## Cooling off period

We will refund the entire premium you have paid for cover under this insurance policy if you cancel the policy within fourteen (14) days of its commencement. To do this, you must advise us in writing and return the certificate of insurance and/or The Schedule to your nearest Ansvar Insurance office. The policy will be cancelled with effect from the inception date. You will not receive a refund if you have made a claim or intend to claim under the insurance policy.

## Important information

### Changes to the insurance policy wording

Information in this insurance policy wording is subject to change from time to time.

Changes in your insurance policy wording will be communicated to you in several ways and these are:

- If a change will affect you adversely, Ansvr Insurance will issue you with a new insurance policy wording or a supplementary insurance policy wording prior to the renewal of the insurance each year;
- For minor changes which are not materially adverse to you, we will communicate the changes to you in writing at the earliest opportunity;
- Information can be obtained by telephoning our toll free number (1300 650 540), calling at one of our offices or visiting our website at [www.ansvar.com.au](http://www.ansvar.com.au) to find out what changes might have occurred;
- If changes have occurred, we will be pleased to provide you with a paper copy of them on request.

### Terrorism

This policy excludes cover as a result of terrorism.

In the event that property damage and/or property owners liability occur linked to an event declared a terrorism incident by the responsible Government Minister, then you may be afforded protection within the limits of indemnity of this policy by virtue of the Terrorism Insurance Act 2003 (Cth).

A more detailed explanation of the operation of the Terrorism Insurance Act 2003 (Cth) can be obtained at [www.arpc.gov.au](http://www.arpc.gov.au).

### Costs

The premium payable by you is shown in your Certificate of Insurance and/or The Schedule.

The premium payable will be determined considering factors such as those listed below.

Your premium may alter if you make changes to your insurance cover or your circumstances change during the period of insurance.

Premium Factors:

- The nature, age and size of the business;
- The main occupation of the insured and the

activities the business are engaged in;

- The products and services of the business;
- The construction, location and occupancy of the business premises;
- The nature and value of the assets to be insured;
- The annual income of the insured and the indemnity period (where income insurance is required);
- The physical protection and other loss minimization features i.e. fire/intruder alarms etc.;
- The extent of cover and any extensions required;
- The sums insured or limits of liability;
- The period of insurance (short-term/annual);
- The excess selected;
- Past claims/incidents history.

Premiums and fees are subject to Commonwealth and State taxes and levies which include Goods and Services Tax and Stamp Duty and Fire or Emergency Services Levy (if applicable in your State).

All are shown in your certificate of insurance and or The Schedule.

### Code of Practice and Privacy Act

As a signatory to the General Insurance Code of Practice we are committed to raising standards of service to our customers. This voluntary code sets out the minimum standards we will uphold in the services we provide to you. More information can be found at [www.codeofpractice.com.au](http://www.codeofpractice.com.au) or by contacting us.

Ansvr Insurance places the highest priority on providing prompt, efficient and friendly service including the protection of your privacy. We collect your personal information to provide you with insurance products. The information we collect is used to assist us to provide you with our general insurance products, to manage our relationship with you and to assess and process claims. We will not be able to supply you our policy if you do not provide us with your personal information. The information is generally collected from you when you are applying for or enquiring about our insurance products or when making a claim.

At times we rely on third party suppliers (agents, lawyers, other insurance companies, assessors, investigators, loss adjusters, market research and mailing houses) to perform specialised activities for us. Your personal information may be provided to them so that they can carry out their agreed activities. They are bound by confidentiality and non-disclosure agreements and are prohibited from using the information for any

other purpose. These service providers are aware of their obligations under the Privacy Act and the General Insurance Code of Practice. We are unlikely to provide your personal information to overseas recipients.

Our Privacy Policy includes further information about how we handle your personal information including how you can access and correct your information or make a privacy related complaint. For more information please visit our website: [www.ansvar.com.au](http://www.ansvar.com.au) or you can contact one of our offices.

## Complaints and disputes

Ansvar is committed to resolving any complaint you may have in relation to our products, services or handling of your personal information. Our process has 3 key stages.

### 1. Make a complaint

Please refer your complaint to us using one of the following options:

Phone: 1300 650 540

Email: [insure@ansvar.com.au](mailto:insure@ansvar.com.au)

Post: Ansvar Customer Disputes Resolution

GPO Box 1655, Melbourne, Victoria 3001

Your complaint will be reviewed and a response provided to you within 7 business days of us receiving notice of the complaint. Please ensure you provide a telephone number at which you may be contacted.

### 2. Refer for internal dispute resolution

If you are not satisfied with our response, you may ask us to refer your complaint to our Internal Dispute Resolution Committee. The committee is made up of representatives from across our organisation that have the appropriate knowledge and authority to deal with your complaint. The committee will review your complaint and provide their decision in writing to you within 7 business days from the date of receiving all necessary information about your concerns.

### 3. Refer for external dispute resolution

Ansvar is a member of the Australian Financial Complaints Authority (AFCA). AFCA was established in 2018 as an independent service to deal with complaints from consumers and small business about financial services and products. If we are unable to resolve your complaint, you may seek advice from AFCA.

Contact the Australian Financial Complaints Authority

Website: [www.afca.org.au](http://www.afca.org.au)

Phone: 1800 931 678

Email: [info@afca.org.au](mailto:info@afca.org.au)

Post: GPO Box 3, Melbourne, Victoria 3001

## Critical documents

It is important to read/retain the following documents and keep them in a safe and convenient place:

- This document;
- Your current certificate of insurance;
- Any endorsements.

Remember to regularly review your insurance policy, particularly at renewal to ensure your insurance policy provides the cover that you currently need.

## Average/underinsurance

Section 1 Material Loss or Damage and Section 2 Consequential Loss are subject to Average/Underinsurance clauses that may limit the amount we pay when you have a claim.

This will happen if you under declare values on your property on the day of commencement of the period of Insurance and the Insurer(s) have clearly notified the Insured(s) in writing of the nature of the effect of the provision including whether the provision is based on indemnity or on replacement value of the property that is the subject-matter of the contract.

An example that the effect of these Average/Underinsurance clauses can be shown below:

## Examples

### Section 1 Material Loss or Damage – 80% Average/Underinsurance clause

Property Assets Declared	\$5,000,000
Claim amount for Damage to your Property	\$750,000
Value of your Property Assets at the commencement of the period of Insurance	\$10,000,000
Policy Deductible	\$2,500

**The Formula:**

Property Assets Declared x Claim amount  
80% of Value of Property Assets  
less Policy Deductible  
= The amount payable by the Insurer

**Claim Payment Calculation:**

\$5,000,000 x \$750,000  
\$8,000,000  
  
= \$468,750  
less \$2,500  

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= \$466,250

Therefore \$283,750 will be self-insured by you under Section 1

The Average/Under-Insurance clause will not apply if the Declared Value is greater than 80% of the value of your property assets at the commencement of the Period of Insurance or if the amount of the loss is less than 10% of the Declared Value.

**Section 2 Consequential Loss (Gross Profit and Pay Roll) – 80% Average/Underinsurance clause**

Gross Profit and Payroll Declared	\$3,000,000
Loss of Gross Profit as a result of damage to your property	\$500,000
Value of your Gross Profit at the commencement of the Period of insurance	\$4,000,000

The Formula  
Gross Profit/Payroll Declared x Claim Amount  
80% Value of Gross Profit  
= The amount payable by the Insurer

**Claim Payment Calculation**

\$3,000,000 x \$500,000  
\$3,200,000  

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= \$468,750

Therefore \$31,250 will be self-insured by you under Section 2

## The contract between you and Ansvar Insurance

In consideration of payment of your premium, we will insure you under this policy, and as shown in your certificate of insurance. Your insurance commences from the time we accept your proposal or variation and premium and concludes at 4.00pm local standard time on the dates shown in the certificate of insurance.

If the terms of this policy are not observed, cover may be reduced or cancelled.

### Duty of disclosure

Before you enter into an insurance contract, you have a duty of disclosure under the Insurance Contracts Act 1984. If we ask you questions that are relevant to our decision to insure you and on what terms, you must tell us anything that you know and that a reasonable person in the circumstances would include in answering the questions.

You have this duty until we agree to insure you.

You have the same duty to disclose these matters to us before you renew, extend, vary or reinstate an insurance contract.

If you do not tell us something

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

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

### Goods and services tax (gst)

This insurance policy has provision for payment of Goods and Services Tax:

- by you in relation to premiums
- by us in relation to claims



# Industrial Special Risks Mark IV modified Insurance Policy Wording

This Policy incorporates the Schedule, Sections, Definitions, Conditions, Exclusions, Endorsements, Memoranda and Warranties (if any) and any other terms herein contained which are to be read together and any word or expression to which a specific meaning has been given in any part of this Policy shall bear this meaning wherever it may appear unless such meaning is inapplicable to the context in which the word or expression appears.

Whereas the Insured named in the Schedule has paid or agreed to pay to the Insurer(s) specified below the Premium shown on the Schedule, now the Insurer(s) agree(s), subject to the terms, Conditions, Exclusions, Memoranda, Warranties, limitations and other provisions contained herein or endorsed hereon, to indemnify the Insured as specified herein, against loss arising from any insured events which occur during the Period of Insurance stated in the Schedule or any renewal thereof.

Provided that the total liability of the Insurer(s) at any one Situation shall not exceed the appropriate Limit or Sub-Limit(s) of Liability as stated in the Schedule or such amount(s) as may be substituted therefore by endorsement or memorandum hereon or attached hereto and that each Insurer specified shall only be liable to contribute to any loss covered by this Policy that proportion of the loss as is specified beside its name.



## Section 1 Material loss or damage

### The indemnity

In the event of any physical loss, destruction or damage (hereinafter in Section 1 referred to as "damage" with "damaged" having a corresponding meaning) not otherwise excluded happening during the period of insurance at the Situation to the Property Insured described in Section 1 the Insurer(s) will, subject to the provisions of this Policy including the limitation on the Insurer(s) liability, indemnify the Insured in accordance with the applicable Basis of Settlement.

Subject to the liability of the Insurer(s) not being increased beyond the Limit(s) of Liability already stated herein, the Insurer(s) will also indemnify the Insured for:

- (a) architects', surveyors', consulting engineers', legal and other fees and clerks of works' salaries for estimates, plans, specifications, quantities, tenders and supervision necessarily incurred in reinstatement consequent upon damage to property hereby insured but not such costs, fees and salary for preparing any claim hereunder;
- (b) any fee, contribution or other impost payable to any Government, Local Government or other Statutory Authority; where payment of such fee, contribution or impost is a condition precedent to the obtaining of consent to reinstate any building(s) insured hereunder; provided that the Insurer(s) shall not be liable for payment of any fines and/or penalties imposed upon the Insured by any such Authorities;
- (c) costs and expenses necessarily and reasonably incurred for the purpose of extinguishing fire at or in the vicinity of property hereby insured or threatening to involve such property or for the purpose of preventing or diminishing imminent damage to property hereby insured by any other peril insured against by this Policy, including damage to gain access and the cost of replenishment of fire fighting appliances and charges incurred for the purpose of shutting off the supply of water or other substance following accidental discharge from any fire protective equipment or otherwise escaping from intended confines;
- (d) costs and expenses necessarily and reasonably incurred for the temporary protection and safety of property hereby insured pending repair or replacement consequent upon damage recoverable hereunder;
- (e) cost of replacing locks and/or keys and/or combinations where if as a result of theft or any attempt thereat the keys and/or combinations are stolen or if there are reasonable grounds to believe

the keys may have been duplicated; also the cost of opening safes and/or strongrooms as a result of theft of keys and/or combinations;

- (f) costs and expenses necessarily and reasonably incurred in respect of:
  - (i) the removal, storage and/or disposal of debris or the demolition, dismantling, shoring up, propping, underpinning or other temporary repairs consequent upon damage to property insured by this Policy and occasioned by a peril insured against;
  - (ii) the Insured's legal liability in respect of removal, storage and/or disposal of debris, notwithstanding Excluded Peril 8 in relation to premises, roadways, services, railway or waterways of others, consequent upon damage to the Property Insured by a peril hereby insured against for such costs together with the cost of cleaning provided that such liability was not assumed by the Insured under an agreement entered into after the commencement of the Period of Insurance or any renewal thereof unless liability would have attached in the absence of such agreement.

Provided that the insurance under this section does not extend to any liability that the Insured may incur as a consequence of pollution of any kind;

- (iii) the demolition and removal of any property belonging to the Insured which is no longer useful for the purpose it was intended, providing such demolition and removal is necessary for the purpose of the reinstatement or replacement of Property Insured under this section and is consequent upon damage to the Property Insured by a peril hereby insured against;
- (g) damage to clothing and tools of trade belonging to directors and employees of the Insured whilst on the Premises.

Provided that the insurance under Clauses (b) to (g) inclusive shall not be subject to application of any Co-insurance clause or memorandum contained in this Policy.

## The property insured

All tangible property both real and personal of every kind and description (except as hereinafter excluded) belonging to the Insured or for which the Insured is responsible, or has assumed responsibility to insure prior to the occurrence of any damage, including all such property in which the Insured may acquire an insurable interest during the Period of Insurance.

It is understood and agreed that the term "personal property" shall include Money (which shall mean current coin, bank notes, currency notes, cheques, credit card sales and/or discount house vouchers, postal orders, money orders, unused postage and revenue stamps and including the value of stamps contained in franking machines) whilst contained in the Situation and whilst in transit to and from the Situation anywhere in Australia, including whilst contained in the night safe of any bank or financial institution where the Insured transacts business, and in the personal custody of the Insured and/or persons authorised by the Insured whilst contained in their private residences.

## Basis of settlement

For the purpose of ascertaining the classification under which any property is insured, the Insurer(s) agree(s) to accept the designation applied to such property by the Insured in its records, provided that such property is not specifically excluded by this Policy.

(a) ***On buildings, machinery, plant and all other property and contents (other than those specified below):***

The cost of reinstatement, replacement or repair in accordance with the provisions of the Reinstatement and Replacement and Extra Cost of Reinstatement Memoranda as set out herein.

(b) ***On raw materials, supplies and other merchandise not manufactured by the Insured:***

The replacement cost at the time and the place of replacement, provided that replacement shall have been carried out with reasonable despatch or, if such property is not replaced, the original cost to the Insured of such property or the indemnity value, whichever is the lesser. If such property is obsolete, the Basis of Settlement whether or not such property is replaced shall be the original cost to the Insured of such property or the indemnity value, whichever is the lesser.

(c) ***On material in process of manufacture:***

The replacement cost of the raw materials and the cost of labour and other manufacturing costs expended thereon at the time and the place of the damage.

(d) ***On finished goods manufactured by the Insured:***

The replacement cost of the raw materials and the cost of labour and other manufacturing costs expended thereon before any allowance for profit, calculated at the time and place of the damage or the cost of re-stocking such goods within a reasonable time, whichever is the lesser. If such goods are obsolete, the Basis of Settlement whether or not such goods are replaced shall be the original cost to the Insured of such goods or the indemnity value, whichever is the lesser.

(e) ***On computer systems records, documents, manuscripts, securities, deeds, specifications, plans, drawings, designs, business books and other records of every description:***

The cost of repairing, replacing, reproducing or restoring same, including information contained therein or thereon but excluding the value to the Insured of the said information or, if repair, replacement, reproduction or restoration is not carried out with reasonable despatch, the replacement cost of materials as blank stationery at the time and place of the damage.

(f) ***On patterns, models, moulds, jigs, templets, dies or lasts:***

The cost of repair or replacement (if repaired or replaced with reasonable despatch) otherwise the value of such property to the Insured calculated at the time and place of the damage, but not exceeding the cost of replacement.

(g) ***On glass:***

The cost incurred in repairing or replacing the broken glass including:

- (i) temporary shuttering and/or hiring of security service pending replacement of broken glass.
- (ii) signwriting or ornamentation on glass,
- (iii) replacement burglar alarm tapes on glass,
- (iv) removing and re-fixing of window and show-case frames and fittings,
- (v) heat reflecting material or process on glass.

(h) ***On directors' and employees' clothing and tools of trade:***

The replacement cost at the time of replacement, subject to due allowance for wear and tear, depreciation and betterment.

(i) *On empty premises awaiting demolition:*

The salvage value of the building materials and/or landlord's fixtures and fittings, net of demolition costs.

Provided that if the Insured elects to claim the indemnity value of any damaged property, the Insurer(s) will pay to the Insured the value of such property at the time of the happening of the damage or at its/their option reinstate, replace or repair such property or any part thereof. In any event the Insurer(s) will pay costs incurred by the Insured in accordance with the provisions of the Extra Cost of Reinstatement Memorandum.

## Memoranda to Section 1

Except to the extent that this Policy is hereby modified under the following Memoranda, the terms, Conditions and limitations of this Policy shall apply.

### Interests of other parties

The insurable interest of only those lessors, financiers, trustees, mortgagees, owners and all other parties specifically noted in the records of the Insured shall be automatically included without notification or specification; the nature and extent of such interest to be disclosed in event of damage.

Where the insurance covers the interest of more than one party, any act or neglect of an individual party will not prejudice the rights of the remaining party/parties; provided the remaining party/parties shall, immediately on becoming aware of any act or neglect whereby the risk of damage has increased, give notice in writing to the Insurer(s) and on demand pay such reasonable additional premium as the Insurer(s) may require.

Notwithstanding the foregoing paragraph it is understood and agreed that in the event of any of the parties referred to herein being entitled to the benefits of any "Concessions Agreement", which it may have entered into with the Insurer(s), the said "Concessions Agreement" will take precedence over the foregoing paragraph.

### Branded goods

Any salvage of branded goods and/or merchandise, the Insured's own or held by the Insured in trust or on commission, and/or goods sold but not delivered, shall not be disposed of by sale without the consent of the Insured. If such salvage is not disposed of by sale then the value of the salvage shall be deemed to be the market value of the goods after brands, labels or names have been removed by or on behalf of the Insured.

### Declared values

The Schedule of Declared Values at each Situation (in accordance with the applicable Basis of Settlement) shall not include any allowance for Extra Cost of Reinstatement nor any of the costs and expenses referred to under clauses (b) to (g) of "The Indemnity".

## Reinstatement or replacement

*Applicable to buildings, machinery, plant and all other property and contents; other than those specified in items (b) to (i) under Basis of Settlement.*

The basis upon which the amount payable is to be calculated shall be the cost of reinstatement of the damaged property insured at the time of its reinstatement, subject to the following Provisions and subject also to the terms, Conditions and Limit(s) or Sub-Limit(s) of Liability of this Policy.

For the purpose of the insurance under this memorandum, "reinstatement" shall mean:

(a) **Where property is lost or destroyed:**

In the case of a building, the rebuilding thereof or in the case of property other than a building, the replacement thereof by similar property; in either case in a condition equal to, but not better or more extensive than, its condition when new.

(b) **Where property is damaged:**

The repair of the damage and the restoration of the damaged portion of the property to a condition substantially the same as, but not better or more extensive than, its condition when new.

## Provisions

- (i) The work of rebuilding, replacing, repairing or restoring as the case may be (which may be carried out upon any other site(s) and in any manner suitable to the requirements of the Insured, but subject to the liability of the Insurer(s) not being thereby increased), must be commenced and carried out with reasonable despatch, failing which the Insurer(s) shall not be liable to make any payment greater than the indemnity value of the damaged property at the time of the happening of the damage.
- (ii) When any property insured to which this memorandum applies is damaged in part only, the liability of the Insurer(s) shall not exceed the sum representing the cost which the Insurer(s) could have been called upon to pay for reinstatement if such property had been wholly destroyed.
- (iii) Property insured under this memorandum is separately subject to the following Co-insurance clause:

In the event of damage to any property insured hereunder at any situation caused by any event hereby insured against, the Insurer(s) shall be

liable for no greater proportion of such damage than the amount that the Insured's declaration of value of property insured at such situation on the day of the commencement of the Period of Insurance bears to the sum representing eighty-five percent (85%) of the cost that would have been incurred in reinstatement if the whole of such property had been destroyed on that day, but not exceeding the Limit of Liability expressed in the Schedule.

Provided that if the sum actually incurred or expended in rebuilding or replacing the damaged property, within the meaning of sub-paragraph (a) of the abovementioned definition of reinstatement, exceeds the amount that would have been payable under this Policy if this memorandum had not been incorporated herein, but is less than the cost of reinstatement as above defined, then the sum so actually incurred or expended shall, for all purposes of this memorandum, be deemed to be the cost of reinstatement of the property.

Provided further that the above clause shall not apply if the amount of the damage does not exceed five percent (5%) of the amount of the Insured's declaration aforementioned.

(iv) No payment beyond the amount that would have been payable under this Policy if this memorandum had not been incorporated herein shall be made until a sum equal to the cost of reinstatement shall have been actually incurred.

Provided that where the Insured reinstates or replaces any lost or destroyed property at a cost that is less than the cost of reinstatement (as defined) but greater than the value of such property at the time of the happening of its loss or destruction, then the cost so incurred shall be deemed to be the cost of reinstatement.

(v) All other Industrial Special Risks and/or Fire and Named Perils insurances covering the property effected by or on behalf of the Insured shall be on a similar reinstatement basis.

### Extra cost of reinstatement

*Applicable to buildings, machinery, plant and all other property and contents; other than those specified in items (b) to (i) under Basis of Settlement.*

This Policy extends to include the extra cost of reinstatement (including demolition or dismantling) of damaged property necessarily incurred to comply with the requirements of any Act of Parliament or Regulation made thereunder or any By-Law or Regulation of any Municipal or other Statutory Authority; subject to the following Provisions and subject also to the terms,

Conditions and Limit(s) or Sub-Limits of Liability of this Policy.

### Provisions

- (i) The work of reinstatement (which may be carried out wholly or partially upon any other site(s), if the requirements of the aforesaid Act, Regulation or By-Law so necessitate, subject to the liability of the Insurer(s) not being thereby increased), must be commenced and carried out with reasonable despatch, failing which the Insurer(s) shall not be liable to make any payment beyond the amount which would have been payable under this Policy if this memorandum had not been incorporated herein.
- (ii) The amount recoverable shall not include the additional cost incurred in complying with any such Act, Regulation, By-Law or requirement with which the Insured had been required to comply prior to the happening of the damage.
- (iii) Co-insurance shall not be applied to the amount recoverable under this memorandum and any amount specified shall not be taken into account for Co-insurance purposes in terms set out in any clause contained in this Policy.
- (iv) All other Industrial Special Risks and/or Fire and Named Perils insurances covering the property effected by or on behalf of the Insured shall be on a similar basis.
- (v) If the cost of reinstatement of damaged property insured is less than fifty percent (50%) of that which would have been the cost of reinstatement if such property had been destroyed, the amount recoverable hereunder shall be limited to:
  - (a) the extra cost necessarily incurred in reinstating only that portion damaged; or
  - (b) whilst applying to such property insured, the Sub-Limit stated herein;

whichever is the greater. In the event of a Sub-Limit not being stated in this Policy the Insurer(s) liability shall be limited to the amount as described in sub-paragraph (a) of this provision.

### Floor space ratio index (plot ratio)

Subject to the terms, Conditions and Limit(s) or Sub-Limit(s) of Liability of this Policy, in the event of any building(s) being damaged so as to constitute total loss or constructive total loss and, as a result of the exercise of Statutory powers and/or authority by any Government Departments, Local Government or any other Statutory Authorities reinstatement of such building(s) as before is prohibited and reinstatement is

only permissible subject to a reduced floor space ratio index; the Insurer(s) agree(s) to pay in addition to any amount payable on reinstatement of such building(s) the difference between:

(a) The actual cost of reinstatement incurred in accordance with the reduced floor space ratio index.

AND

(b) The cost of reinstatement which would have been incurred had a reduced floor space ratio index not been applicable.

In arriving at the amount payable under (a) and (b) above, any payments made by the Insurer(s) shall include the extra cost of reinstatement, including demolition or dismantling of the insured property, necessarily incurred to comply with the requirements of any Act of Parliament or Regulation made thereunder or any By-Law or Regulation of any Municipal or other Statutory Authority.

Any payment made for the difference between (a) and (b) above shall be made as soon as the said difference is ascertained upon completion of the rebuilding works and certified by the architect acting on behalf of the Insured in the reinstatement of the building(s).

### **Acquired companies**

This Policy extends to include property located in Australia belonging to companies and other organisations, a controlling interest in which is acquired by the Insured during the currency of this Policy; subject to the Insured declaring details of such acquisition within a reasonable period following the date of acquisition. Provided the business of the new acquisition shall be similar to the Business as stated in the Schedule.

For the purpose of this memorandum, a controlling interest shall, in the case of a company, mean the acquisition of shares carrying more than fifty percent (50%) of votes capable of being cast at a general meeting of ordinary shareholders in such company

### **Co-insurance**

Unless otherwise stated herein to the contrary, this Policy is subject to the following Co-insurance memorandum:

In the event of damage to property insured hereunder at any situation caused by any peril hereby insured against, the Insurer(s) shall be liable for no greater proportion of such damage than the amount of the Insured's declaration of value of such property insured, at the situation where the damage occurred, on the day of the commencement of the Period of Insurance bears to the sum representing eighty-five percent (85%) of the actual value of property insured at such situation on

the day of commencement of the Period of Insurance but not exceeding the Limit of Liability expressed in the Schedule.

Provided that this clause shall not apply if the amount of the damage does not exceed 5% of the amount of the Insured's declaration aforementioned.

It is expressly understood and agreed that the provisions of this Co-insurance Memorandum shall not apply in respect of that part of any claim which is made under the provisions of the Reinstatement and Replacement Memorandum.



## Section 2 Consequential Loss

### The indemnity

In the event of any building or any other property or any part thereof used by the Insured at the Premises for the purpose of the Business being physically lost, destroyed or damaged during the period of insurance by any cause or event not hereinafter excluded (loss, destruction or damage so caused being hereinafter termed "Damage") and the Business carried on by the Insured being in consequence thereof interrupted or interfered with, the Insurer(s) will, subject to the provisions of this Policy including the limitation on the Insurer(s) liability, pay to the Insured the amount of loss resulting from such interruption or interference in accordance with the applicable Basis of Settlement.

Provided that the Insurer(s) will not be liable for any loss under this Section unless the Insured's property lost, destroyed or damaged is insured against such Damage (loss arising out of destruction or damage by explosion of Boilers and/or Economisers excepted) and the insurer or insurers by which such property is insured shall have paid for, or admitted liability in respect of such Damage unless no such payment shall have been made or liability admitted therefore solely owing to the operation of a provision in such insurance excluding liability for loss below a specified amount.

### Basis of settlement

#### Item No. 1 - Loss of gross profit

The insurance under this item is limited to actual loss of Gross Profit due to: (a) Reduction in Turnover, and (b) Increase in Cost of Working, and the amount payable as indemnity thereunder shall be:

(a) *In respect of Reduction in Turnover:*

The sum produced by applying the Rate of Gross Profit to the amount by which the Turnover during the Indemnity Period shall, in consequence of the Damage, fall short of the Standard Turnover.

(b) *In respect of Increase in Cost of Working:*

The additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in Turnover which, but for that expenditure, would have taken place during the Indemnity Period in consequence of the Damage, but not exceeding the sum produced by applying the Rate of Gross Profit to the amount of the reduction thereby avoided.

Less any sum saved during the Indemnity Period in respect of such of the charges and expenses of the Business payable out of Gross Profit as may cease or be reduced in consequence of the Damage.

Provided that if the Declared Value of Gross Profit at the commencement of each Period of Insurance be less than the sum produced by applying the Rate of Gross Profit to the Annual Turnover (or its proportionately increased multiple thereof, where the Indemnity Period exceeds 12 months), the amount payable hereunder shall be proportionately reduced.

#### Item No. 2 – Claim Preparation Fees

The insurance under this item is to cover such reasonable professional fees as may be payable by the Insured, and such other reasonable expenses necessarily incurred by the Insured and not otherwise recoverable, for preparation of claims under the Insured's Material Damage and Consequential Loss insurance policies and the Insurer(s) shall indemnify the Insured for such reasonable fees and expenses.

#### Item No. 3 – Pay-roll

The insurance under this item is limited to loss in respect of Pay-Roll and the amount payable as indemnity thereunder shall be:

(a) *In respect of Reduction of Turnover:*

- (i) During the portion of the Indemnity Period beginning with the occurrence of the Damage and ending not later than the number of weeks thereafter specified in the Schedule: The sum produced by applying the Rate of Pay-Roll to the Shortage in Turnover during the said portion of the Indemnity Period, less any saving during the said portion of the Indemnity Period, through reduction in consequence of the Damage in the amount of Pay-Roll paid.
- (ii) During the remaining portion of the Indemnity Period: The sum produced by applying the Rate of Pay-Roll to the Shortage in Turnover during the said remaining portion of the Indemnity Period, less any saving during the said remaining portion of the Indemnity Period, through reduction in consequence of the Damage, in the amount of Pay-Roll paid; but not exceeding the sum produced by applying the percentage of the Rate of Pay-Roll specified in the Schedule to the Shortage in Turnover during the said remaining portion of the Indemnity Period, increased by such amount as is deducted for savings under the terms of Clause (a)(i).



**Note:** At the option of the Insured, the number of weeks referred to in Clause (a)(i) above may be increased to the number of weeks specified in the Schedule under the heading "Consolidated Period" provided that the amount arrived at under the provisions of Clause (a)(ii) shall not exceed such amount as is deducted under Clause (a)(i) for savings effected during the said increased number of weeks.

(b) ***In respect of Increase in Cost of Working:***

So much of the additional expenditure described in Clause (b) of Item 1 as exceeds the amount payable thereunder, but not more than the additional amount which would have been payable in respect of Shortage in Turnover under the provisions of Clauses (a)(i) and (ii) of this item had such expenditure not been incurred.

Provided that if the Declared Value of Insured Pay-Roll at the commencement of each Period of Insurance be less than the sum produced by applying the Pay-Roll Limits to the sum produced by applying the Rate of Pay-Roll to the Annual Turnover (or its proportionately increased multiple thereof, where the Indemnity Period exceeds 12 months) the amount payable shall be proportionately reduced.

#### **Item No. 4 – (Additional) Increased cost of working**

The insurance under this item is limited to increase in cost of working (not otherwise recoverable hereunder) necessarily and reasonably incurred during the Indemnity Period in consequence of the Damage for the purpose of avoiding or diminishing reduction in Turnover and/or resuming and/or maintaining normal business operations and/or services.

## **Definitions**

### **Gross profit**

The amount by which:

- (a) the sum of the Turnover and the amount of the Closing Stock and Work in Progress shall exceed;
- (b) the sum of the amount of the Opening Stock and Work in Progress and the amount of the Uninsured Working Expenses as set out in the Schedule.

**Note:** The amounts of the Opening and Closing Stocks and Work in Progress shall be arrived at in accordance with the Insured's normal accountancy methods; due provision being made for depreciation.

## **Turnover**

The money (less discounts, if any allowed) paid or payable to the Insured for goods sold and delivered and for services rendered in course of the Business at the Premises.

## **Indemnity period**

The period beginning with the occurrence of the Damage and ending not later than the number of months specified in the Schedule thereafter during which the results of the Business shall be affected in consequence of the Damage.

## **Pay-roll**

The remuneration paid to all employees of the Insured (including but not limited to holiday pay, sick pay, long service leave pay and bonus) plus payments for pay-roll tax, fringe benefits tax, superannuation and pension fund contributions, workers compensation insurance premiums, accident compensation levies and the like.

## **Shortage in turnover**

The amount by which the Turnover during a period shall, in consequence of the Damage, fall short of the part of the Standard Turnover which relates to that period.

## **Rate of gross profit**

The rate of Gross Profit earned on the Turnover during the financial year immediately before the date of the Damage.

## **Annual turnover**

The Turnover during the 12 months immediately before the date of the Damage.

## **Standard turnover**

The Turnover during that period in the 12 months immediately before the date of the Damage which corresponds with the Indemnity Period.

## **Rate of pay-roll**

The rate of Pay-Roll to Turnover during the financial year immediately before the date of the Damage.

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

## Memoranda to Section 2

Except to the extent this Policy is hereby modified under the following Memoranda the terms, Conditions and limitations of this Policy shall apply.

### Turnover elsewhere after damage

If during the Indemnity Period goods shall be sold or services shall be rendered elsewhere than at the Premises for the benefit of the Business either by the Insured or by others on the Insured's behalf, the money paid or payable in respect of such sales or services shall be brought into account in arriving at the Turnover during the Indemnity Period.

### Departmental clause

If the Business be conducted in departments of which the independent trading results are ascertainable, the provisions of clauses (a) and (b) of Item Nos. 1 and 3 shall apply separately to each department affected by the Damage.

### New business

In the event of Damage occurring at the Premises before the completion of the first year's trading of the Business the terms "Rate of Gross Profit", "Annual Turnover", "Standard Turnover" and "Rate of Pay-Roll" shall bear the following meanings and not as within stated:

#### Rate of gross profit

The rate of Gross Profit earned on the Turnover during the period between the date of the commencement of the Business and the date of the Damage.

#### Annual turnover

The proportional equivalent, for a period of 12 months, of the Turnover realised during the period between the commencement of the Business and the date of the Damage.

#### Standard turnover

The proportional equivalent, for a period equal to the Indemnity Period, of the Turnover realised during the period between the commencement of the Business and the date of the Damage.

#### Rate of pay-roll

The rate of Pay-Roll to Turnover during the period between the date of the commencement of the Business and the date of the Damage.

Adjustments shall be made to the Rate of Gross Profit,

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

### Accumulated stocks

In adjusting any loss, account shall be taken and equitable allowance made if any Shortage in Turnover due to the Damage is postponed by reason of the Turnover being temporarily maintained from accumulated stocks of finished goods.

### Books of account

Any particulars or details contained in the Insured's books of account or other business books or documents which may be required by the Insurer(s) for the purpose of investigating or verifying any claim hereunder may be produced and certified by the Insured's auditors and their certificate shall be prima facie evidence of the particulars and details to which such certificate relates.

The words and expressions used herein shall have the meanings usually attached to them in the books and accounts of the Insured unless otherwise defined in this Policy.

### Public utilities extensions

Any loss resulting from interruption of or interference with the Business in consequence of damage to property, caused by a peril damage as a result of which is insured hereunder, at any electricity station or sub-station, gas works or water works of a public supply undertaking which is situated on or immediately adjacent to the Premises shall be deemed to be loss resulting from Damage to property used by the Insured at the Premises.

### Turnover/output alternative

If the Insurer and the Insured agree, the term "Output" may be substituted for the term "Turnover" and, for the purpose of this Policy, "Output" shall mean the sale and/or invoice value of goods manufactured and/or processed by the Insured in course of the Business at the Premises. Provided that only one such meaning shall be operative in connection with any one event involving Damage.

If the meaning set out above be used, the memorandum "Turnover Elsewhere After Damage" shall be altered to

read as follows:

*"If during the Indemnity Period goods shall be manufactured and/or processed other than at the Premises for the benefit of the Business either by the Insured or by others on the Insured's behalf the sale and/or invoice value of the goods so manufactured and/or processed shall be brought into account in arriving at the Output during the Indemnity Period".*

and the definition of Gross Profit shall be altered to read:

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

### **Computer**

This Policy extends to include loss (not otherwise recoverable) resulting from interruption of or interference with the Business occasioned by Damage to computer installations, including ancillary equipment and data processing media utilised by the Insured anywhere in Australia.

### **Salvage sale**

If, following Damage giving rise to a claim under this Policy, the Insured shall hold a salvage sale during the Indemnity Period:

(i) Clause (a) of Item 1 of this Section shall, for the purpose of such claim, read as follows:

(a) "In respect of Reduction in Turnover  
The sum produced by applying the Rate of Gross Profit to the amount by which the Turnover during the Indemnity Period (less the Turnover for the period of the salvage sale) shall, in consequence of the Damage, fall short of the Standard Turnover, from which shall be deducted the Gross Profit actually earned during the period of the salvage sale."

(ii) The definition of Shortage in Turnover shall, for the purpose of such claim, read as follows:

"SHORTAGE IN TURNOVER

Shall mean: The amount by which the Turnover during a period (less the Turnover for the period of the salvage sale) shall, in consequence of the Damage, fall short of the part of the Standard Turnover which relates to that period, from which shall be deducted the Pay-Roll paid out of the proceeds of the salvage sale."

### **Premises in the vicinity (prevention of access)**

Loss as insured by this Policy resulting from interruption of or interference with the Business in consequence of damage to property in the vicinity of the Premises caused by a peril, damage as a result of which is insured hereunder, which shall prevent or hinder the use thereof or access thereto, whether the Premises or property of the Insured therein shall be damaged or not, shall be deemed to be loss resulting from Damage to property used by the Insured at the Premises.

Loss as insured by this Policy resulting from interruption of or interference with the Business in consequence of damage to property in the vicinity of and forming part of or contained in the complex of which the Premises forms part caused by a peril, damage as a result of which is insured hereunder, which results in a cessation or diminution of trade due to temporary falling away of potential custom whether the Premises or property of the Insured therein shall be damaged or not shall be deemed to be loss resulting from Damage to property used by the Insured at the Premises.

### **Registered vehicles and/or trailers**

Notwithstanding the provisions of Property Exclusion 5, this Policy extends to include loss resulting from interruption of or interference with the Business occasioned by Damage to registered vehicles and/or trailers whilst such vehicles or trailers are at the Premises owned or occupied by the Insured; provided always that this Policy does not cover loss resulting from physical loss, destruction of or damage to such vehicles and/or trailers whilst they are being used on any public highway or thoroughfare.

## Exclusions applicable to all sections

### Property exclusions

This Policy does not cover physical loss, destruction of, or damage to the following property or loss under Section 2 resulting therefrom:

1. Property (except Money) whilst in transit other than during the incidental movement of such property within situations occupied by the Insured. This exclusion shall not apply during temporary removal of property (other than stock and/or merchandise) and unregistered motor vehicles to any situation in the Commonwealth of Australia but, whilst such property is in transit, cover is limited to physical loss, destruction or damage caused by fire, lightning, explosion, earthquake, aircraft, riot, strikes, malicious damage and storm and/or tempest.
2. Money:
  - (a) whilst being carried by professional money carriers, professional carriers or common carriers which is more specifically insured excepting the excess amount over and above such more specific insurance which excess is held to be covered hereunder.

Provided that where in the ordinary course of business the Insured enters into an agreement with such carriers and such agreement provides that the Insured shall indemnify and/or hold harmless and/or release from liability such carriers in respect of loss, destruction or damage which may occur as a result of any event hereby insured against, this insurance shall operate as if this Property Exclusion 2(a) had been deleted.
  - (b) stolen from an unlocked and unattended vehicle;
  - (c) stolen from a safe or strongroom opened by a key or by use of details of a combination, either of which has been left at the Situation outside business hours, unless such key or combination details have been properly secured;
  - (d) where the loss is not discovered within five (5) working days of the event;
  - (e) where the loss arises out of:
    - (i) kidnapping;
    - (ii) bomb threat;
    - (iii) hoax;
    - (iv) extortion;or any attempt thereat.
3. Jewellery, furs, bullion, precious metals or precious stones other than as stock and/or merchandise of the Business.
4.
  - (a) Any locomotive or rolling stock or watercraft other than as stock or merchandise of the Business; provided always that no cover shall apply hereunder whilst any watercraft is on water.
  - (b) Any aircraft (including its accessories and/or spare parts) other than as stock or merchandise of the Business; provided always that no cover shall apply hereunder during taxiing, take-off, flight or landing.
5. Vehicles or trailers registered or licensed to travel on a public road, provided that this exclusion shall not apply to mobile plant and equipment (excluding cars, sedans, panel vans and trucks) not otherwise insured whilst on any premises occupied or used by the Insured.
6. Livestock, animals, birds or fish.
7. Standing timber, growing crops and pastures.
8. Land, unmined or unrecovered oil, gas and mineral deposits, provided that this exclusion shall not apply to structural improvements on or in the land if such structural improvements are not otherwise excluded in this Policy.
9.
  - (a) Bridges, canals, roadways and tunnels, dams and reservoirs (other than tanks) and their contents.
  - (b) Railway tracks (other than on the premises occupied or used by the Insured for the purpose of its business).
10. Docks, wharves and piers not forming part of any building.
11. Mining property located beneath the surface of the ground unless otherwise expressly stated in this Policy.
12. Property during the course of, and as a result of, its processing.
13.
  - (a) Gates, fences, retaining walls, textile awnings and blinds;
  - (b) property in the open air unless such property comprises or forms part of a permanent structure designed to function without the protection of the walls or roof; caused by wind, rainwater or hail.
14. (a) Property included in a project of construction, erection, alteration or addition, including the partial dismantlement of existing structures, where the total contract value of all work to be carried out at any one situation during

such activity exceeds 10% of the Limit of Liability or \$500,000, whichever is the lesser. Provided that this Exclusion 14(a) shall apply only to the works comprising such construction, erection, alteration or addition and not to any original or existing structures.

(b) Empty premises upon which demolition work has commenced.

15. Oil and gas drilling and/or production rigs whilst offshore.

16. All Machinery (as defined in this exclusion), electronic data processing equipment or electronic control equipment occasioned by or happening through any mechanical, electrical, electro-mechanical, electronic or hydraulic malfunction, failure, derangement, breakdown or non-operation of whatsoever kind.

Provided that Property Exclusion 16 shall not apply to any subsequent loss, destruction of or damage to such Machinery, electronic data processing equipment or electronic control equipment occasioned by or happening through any cause or event not otherwise excluded herein which results from any of the events referred to in this exclusion.

For the purpose of Property Exclusion 16, "Machinery" means: any apparatus whether or not functioning independently or as any component part of a collection of apparatus which generates, contains, controls, transmits, receives, transforms or utilises any form or source of energy or power.

17. Any boiler (other than a boiler used for domestic purposes), economiser or other pressure vessel, including pipes, valves and other apparatus thereof in respect of which a certificate is required to be issued under the terms of any statute or regulation occasioned by or arising from explosion, rupture, collapse, bursting, cracking or overheating thereof; provided that this exclusion shall be limited to the aforementioned items immediately affected and shall not extend to other property as a result of such loss or destruction or damage. This exclusion shall not apply to Section 2 as specifically stated therein.

## Perils exclusions

The Insurer(s) shall not be liable under Sections 1 and/ or 2 in respect of:

1. Physical loss, destruction of or damage to the Property Insured:

(a) directly or indirectly occasioned by or happening through or connected with war,

invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power;

(b) resulting from confiscation, nationalisation, requisition or damage to property by or under the order of any Government or Public or Local Authority.

Notwithstanding the provisions of Perils Exclusion 1(b) the Insurer(s) shall be liable for loss, destruction of or damage to, or the cost of removal of, sound property at the Premises for the purpose of preventing or diminishing imminent damage by, or inhibiting the spread of, fire or any other peril insured against under this Policy;

2. (a) Physical loss, destruction of or damage to the Property Insured;
- (b) any legal liability of whatsoever nature; directly or indirectly caused by or contributed to, by or arising from:
  - (i) ionising radiations or contamination by radioactivity from any nuclear waste or from the combustion of nuclear fuel.  
Note: For the purpose of this exclusion only, "combustion" shall include any self-sustaining process of nuclear fission;
  - (ii) nuclear weapons materials;
3. Physical loss, destruction or damage occasioned by or happening through:
  - (a) flood, which shall mean the inundation of normally dry land by water escaping or released from the normal confines of any natural watercourse or lake (whether or not altered or modified), reservoir, canal or dam;
  - (b) water from or action by the sea, tidal wave or high water.

Provided that Perils Exclusions 3(a) and 3(b) shall not apply if loss, destruction or damage is caused by or arises out of an earthquake or seismological disturbance;

4. Physical loss, destruction or damage occasioned by or happening through:
  - (a) moths, termites or other insects, vermin, rust or oxidation, mildew, mould, contamination or pollution, wet or dry rot, corrosion, change of colour, dampness of atmosphere or other variations in temperature, evaporation, disease, inherent vice or latent defects, loss of weight, change in flavour texture or finish, smut or smoke from industrial operations (other than sudden and unforeseen damage resulting therefrom);



- (b) wear and tear, fading, scratching or marring, gradual deterioration or developing flaws, normal upkeep or making good;
- (c) error or omission in design, plan or specification or failure of design;
- (d) normal settling, seepage, shrinkage or expansion in buildings or foundations, walls, pavements, roads and other structural improvements, creeping, heaving and vibration;
- (e) faulty materials or faulty workmanship.

Provided that these Exclusions 4(a) to (e) shall not apply to subsequent loss, destruction of or damage to the Property Insured occasioned by a peril (not otherwise excluded) resulting from any event or peril referred to in this exclusion;

5. Physical loss, destruction or damage occasioned by or happening through:

- (a) incorrect siting of building consequent upon:
  - (i) error in architectural design or specification;
  - (ii) faulty workmanship; or
  - (iii) non-compliance by the Insured (or anyone acting on behalf of the Insured) with the necessary permits issued by Government, Public or Local Authorities;
- (b) demolitions ordered by Government or Public or Local Authorities due to failure on the part of the Insured or their agents to obtain the necessary permits required;

6. Physical loss, destruction or damage occasioned by or happening through:

- (a) theft of property (other than Money in transit) in the open air;
- (b) unexplained or inventory shortage, disappearance resulting from clerical or accounting errors, shortage in the supply or delivery of materials to or from the Insured;
- (c) (i) spontaneous combustion;
- (ii) spontaneous fermentation or heating or any process involving the direct application of heat.

Provided that Perils Exclusions 6(c)(i) and 6(c)(ii) shall be limited to the item or items immediately affected and shall not extend to other property damaged as a result of such spontaneous combustion, fermentation or heating or process involving the direct application of heat;

7. Physical loss, destruction or damage occasioned by or happening through:

- (a) (i) fraudulent or dishonest acts, fraudulent misappropriation, embezzlement,

forgery, counterfeiting, data corruption, unauthorised amendment of data and erasure by electronic or non-electronic, means involving the Property Insured by the Insured or any employee(s) of the Insured acting alone or in collusion with any other person(s);

- (ii) access by any person(s) other than the Insured or the Insured's employee(s) to the Insured's computer system via data communication media that terminate in the Insured's computer system.

Provided that this exclusion shall not apply to theft consequent upon forcible and violent entry upon premises or felonious concealment upon premises committed by an employee of the Insured;

- (b) (i) the cessation of work whether total or partial;
- (ii) the cessation, interruption or retarding of any process or operation;

as a result of strikes, labour disturbances or locked out workers.

Provided that Perils Exclusions 7(b)(i) and 7(b)(ii) shall not apply in respect of physical loss, destruction or damage directly caused by strikers, locked out workers or similar persons;

- (c) erosion, subsidence, earth movement or collapse resulting therefrom;
- (d) kidnapping, bomb threat, threat of contamination, hoax, extortion or any attempt thereat;

Provided that Exclusions 7(a) to (d) shall not apply to subsequent loss, destruction or damage to the Property Insured occasioned by a peril (not otherwise excluded) resulting from any event or peril referred to in this exclusion;

- 8. Any legal liability of whatsoever nature other than as herein provided;
- 9. Consequential loss of any kind including consequential loss due to delay, lack of performance, loss of contract or depreciation in the value of land or stock, except as herein provided in Section 2.

## Memoranda applicable to all sections

Except to the extent that this Policy is hereby modified under the following Memoranda the terms, Conditions and limitations of this Policy shall apply.

### Amount of policy not reduced by loss

The insurance under each section and/or item of this Policy and the Indemnity Period shall be automatically reinstated in the event of any loss in consideration of the payment by the Insured of a pro-rata additional premium calculated on the amount of the loss settlement at the rate(s) agreed for the Period of Insurance.

### Event

Only for the purpose of the application of any deductible: all loss, destruction or damage resulting from earthquake, occurring during each period of 72 consecutive hours shall be considered as one event whether such earthquake is continuous or sporadic in its sweep and/or scope and the loss, destruction or damage was due to the same seismological conditions. Each event shall be deemed to have commenced on the first happening of any such loss, destruction or damage not within the period of any previous event.

### Subrogation waiver

The Insurer(s) agree(s) to waive any rights and remedies or relief to which it/they may become entitled by subrogation against:

- (a) any corporation or organisation (including its directors, officers, employees or servants) owned or controlled by any Insured named herein or subsidiary to any Insured named herein or any co-owner of the property insured hereunder;
- (b) any Insured named or described by this Policy (including its directors, officers, employees or servants).

### Adjustment of premium

- (a) The Premium shown is provisional and is calculated on the Declared Values of:
  - (i) Property Insured;
  - (ii) Gross Profit and Insured Pay-Roll;on the day of commencement of each Period of Insurance.
- (b) The Insured undertakes to declare to the Insurer(s) within a reasonable time after the day of expiry of the Period of Insurance:

- (i) the value of the Property Insured on the day of expiry of the Period of Insurance. For the purpose of this declaration, stock in trade and/or merchandise shall be taken at its average value during the Period of Insurance;
  - (ii) the amount of the Gross Profit earned and Pay-Roll paid, in accordance with the cover afforded in the respective items of Section 2, in the course of the Business during the accounting period of 12 months most nearly concurrent with the Period of Insurance;
- (c) The provisional premium shall be adjusted by payment to the Insurer(s) of an additional premium or by allowance to the Insured of a return premium, as the case may be, calculated at the agreed rate on:
    - (i) fifty percent (50%) of the difference between property declared in accordance with Clauses (a)(i) and (b)(i);
    - (ii) the full agreed rate hereunder on the difference between the amounts declared under Clauses (a)(ii) and (b)(ii).
  - (d) It is agreed to make allowance for any abnormal fluctuation in values and to charge a premium commensurate with the risk; such premium to be agreed between the parties to this agreement.
  - (e) The Declaration of Values at the expiry of the Period of Insurance declared in accordance with this memorandum shall not be reduced as the result of loss, destruction or damage in respect of which a claim has been paid or is payable under this Policy.



## Conditions applicable to all sections

### 1. Misrepresentation and non-disclosure

If the Insured:

- (a) failed to disclose any matter which the Insured was under a duty to disclose to the Insurer(s); or
- (b) made a misrepresentation to the Insurer(s) before this Policy was entered into;

and if the Insurer(s) would not have entered into this Policy for the same premium and on the same terms and Conditions expressed in this Policy but for the failure to disclose or the misrepresentation, then:

- (i) the liability of the Insurer(s) in respect of any claim will be reduced to an amount to place the Insurer(s) in the same position in which the Insurer(s) would have been placed if such non-disclosure had not occurred or such misrepresentation had not been made; or
- (ii) if the non-disclosure or misrepresentation was fraudulent, the Insurer(s) may avoid this Policy.

### 2. Alteration

The Insurer(s) shall not be liable for loss, destruction of or damage to any property insured hereunder caused or contributed to by any alteration after the commencement of this Policy:

- (a) by removal of such Property from the Premises other than as provided under the terms of Property Exclusion 1;
- (b) in the trade or processes of manufacture carried on at the Premises or whereby the nature of the occupation or other circumstances affecting the Premises and/or the Insured's property therein contained shall be changed in such a way as to increase the risk of loss, destruction or damage;
- (c) whereby any premises containing any property insured hereunder shall become unoccupied, and so remain for a period of more than thirty days; or
- (d) whereby the Insured's interest ceases except by will or the operation of law.

Provided that any such alteration, upon coming to the knowledge of the Insured's officer responsible for insurance, shall be immediately notified to the Insurer(s) and, if agreed to by the Insurer(s) in writing, an appropriate additional premium paid if required.

### 3. Sprinkler installations

Applicable to owned premises or installations for which the Insured is responsible.

The Insured warrants that in such of the Premises as are protected or as are required by law to be protected by an approved installation of automatic sprinklers, automatic external alarm signal and automatic alarm signal connected with a fire brigade station, in or on the Premises, due diligence shall be used so that the same shall at all times be maintained in good working order.

The Insured further warrants that provision will be made for the regular maintenance of the installation in accordance with Australian Standard AS1851 (Part 3 – Automatic Sprinkler Installation) by the installing engineers or firm or, failing this, by a person or organisation who must be approved by the Insurer(s) to carry out such maintenance.

Notice of all alterations and additions to the automatic sprinkler installation shall be given by the Insured to the Insurer(s) as soon as reasonably practicable.

### 4. Other insurance

The Insured shall give written notice as soon as practicable to the Insurer(s) of any other insurance or insurances effected covering the Property Insured.

### 5. Cancellation

- (a) This Policy may be cancelled at any time at the request of the Insured, in which case the Insurer(s) will retain the customary short-period rate for the time this Policy has been in force.
- (b) The Insurer(s) may also cancel this Policy by giving the Insured written notice to that effect where:
  - (i) the Insured or any person who was at any time the Insured failed to comply with the duty of utmost good faith;
  - (ii) the person who was the Insured at the time when this Policy was entered into failed to comply with the duty of disclosure;
  - (iii) the person who was the Insured at the time when this Policy was entered into made a misrepresentation to the Insurer(s) during the negotiations for this Policy but before it was entered into;
  - (iv) the Insured or any person who was at any time the Insured failed to comply with a provision of this Policy, including a provision with respect to the payment of the Premium;
  - (v) the Insured has made a fraudulent claim under this Policy or any other policy of insurance

(whether with the Insurer(s) or some other insurer) that provided insurance cover during any part of the period during which this Policy provides insurance cover;

- (vi) the Insured failed to notify the Insurer(s) of any specific act or omission where such notification is required under the terms of this Policy; or
  - (vii) the Insured acted in contravention of or omitted to act in compliance with any condition of this Policy which empowers the Insurer(s) to refuse to pay, or reduce its/their liability in respect of, a claim in the event of such contravention or omission.
- (c) The Insurer(s) notice of cancellation takes effect at the earlier of the following times:
- (i) The time when another policy of insurance between the Insured and the Insurer(s) or some other insurer, being a policy that is intended by the Insured to replace this Policy, is entered into; or
  - (ii) 4:00pm on the thirtieth business day after the day on which notice was given to the Insured.

In the event that the Insurer(s) cancel(s) this Policy, the Insurer(s) will repay to the Insured a rateable proportion of the Premium for the unexpired Period of Insurance from the date of cancellation.

## 6. Notification of claims

On the happening of any loss, destruction or damage, the Insured shall forthwith give notice thereof in writing to the Insurer(s) and shall [within thirty (30) days after such loss, destruction or damage or such further time as the Insurer(s) may in writing allow], at the Insured's own expense, deliver to the Insurer(s) a claim, in writing containing as particular an account as may be reasonably practicable of the several articles or portions of property lost, destroyed or damaged and of the amount of loss, destruction or damage thereto, having regard to their value at the time of the loss, destruction or damage, together with details of any other insurances on any property hereby insured.

The Insured shall use due diligence and do and concur in doing all things reasonably practicable to minimise any interruption of or interference with the Business or to avoid or diminish the loss and shall also deliver to the Insurer(s) a statement in writing of any claim certified by the Insured's auditor, with all particulars and details reasonably practicable of the loss and shall produce and furnish all books of accounts and other business books, invoices, vouchers and all other documents, proofs, information, explanations and other evidence and facilities as may reasonably be required for investigation and verification of the claim together with (if demanded)

a statutory declaration of the truth of the claim and of any matters connected therewith.

No claim under this Policy shall be payable unless the Insured has complied with the terms of this condition.

## 7. Fraud

If any claim be in any respect fraudulent or if any fraudulent means or devices be used by the Insured or anyone acting on the Insured's behalf to obtain any benefit under this Policy, or if any destruction or damage be occasioned by the wilful act or with the connivance of the Insured, the Insurer(s), without prejudice to any other right(s) the Insurer(s) might have under this Policy, shall be entitled to refuse to pay such claim.

## 8. Reinstatement

If the Insurer(s) elect(s) or become(s) bound to reinstate or replace any property, the Insured shall at the Insured's own expense, produce and deliver to the Insurer(s) all such plans, documents and information as the Insurer(s) may reasonably require. The Insurer(s) shall not be bound to reinstate exactly or completely, but only as circumstances permit and in reasonably sufficient manner and shall not in any case be bound to expend more than the applicable Limit of Liability.

## 9. Insurer(s) rights

On the happening of any loss, destruction or damage in respect of which a claim is or may be made under this Policy the Insurer(s) and every person authorised by the Insurer(s) may, without thereby incurring any liability, and without diminishing the right of the Insurer(s) to rely upon any Conditions of this Policy, enter, take or keep possession of any building or premises where the loss, destruction or damage has happened and may take possession of or require to be delivered to the Insurer(s) any of the property hereby insured and may keep possession of and deal with such property for all reasonable purposes and in any reasonable manner.

This condition shall be evidence of the leave and licence of the Insured to the Insurer(s) so to do. If the Insured or anyone acting on the Insured's behalf shall not comply with the requirements of the Insurer(s) or shall hinder or obstruct the Insurer(s) in doing any of the abovementioned acts, then all benefits under this Policy shall be forfeited. The Insured shall not in any case be entitled to abandon any property to the Insurer(s) whether taken possession of by the Insurer(s) or not.

## 10. Subrogation

- (a) Any person claiming under this Policy shall, at the request and at the expense of the Insurer(s), do and concur in doing and permit to be done all such acts and things as may be necessary or reasonably required by the Insurer(s) for the purpose of enforcing any rights and remedies, or of obtaining relief or indemnity from other parties to which the Insurer(s) shall be or would become entitled or subrogated upon the Insurer(s) paying for or making good any destruction or damage under this Policy or paying any moneys under Section 2 of this Policy.
- (b) If the Insurer(s) make(s) any recovery as a result of such action, the Insured may only recover from the Insurer(s) any amount by which the amount recovered by the Insurer(s) exceeded the amount paid to the Insured by the Insurer(s) in relation to the loss.

## 11. Precautions to prevent loss

The Insured shall take all reasonable precautions to prevent loss, destruction or damage to the property insured by this Policy.

## 12. Insured's action after theft or damage

The Insured shall, upon becoming aware of any loss by theft or of any wilful or malicious damage which may give rise to a claim under this Policy, take all practicable steps to trace and recover any missing property and to discover by whom the property was stolen or damaged, including reporting the matter to the police and any other responsible authority.

## 13. Termination of cover under section 2

Notwithstanding anything contained herein to the contrary, if during any period in respect of which this Policy is in force:

- (a) the Insured ceases to carry on the Business or any part of the Business is disposed of, permanently discontinued or the Insured's interest in the Business or such part thereof ceases otherwise than by death; or
- (b) the Insured (being a corporation) is placed in liquidation (or provisional liquidation), is placed under Official Management, enters into a Scheme of Arrangement, has Receivers and/or Managers appointed over its assets or undertaking(s); or
- (c) the Insured (being a natural person) becomes bankrupt or enters into a scheme of arrangement or compromise or composition with creditors;

then the insurance cover provided under Section 2 of this Policy in respect of such Business or Insured shall automatically and forthwith cease.

In the event of the Indemnity Period having begun to run in respect of any claim relating to such Business or part thereof, the Indemnity Period shall thereupon be at an end, unless its continuance be admitted by memorandum signed for or on behalf of the Insurer(s).

## 14. Observance of terms and conditions

The due observance and fulfilment of these Conditions and the other terms of this Policy by the Insured, insofar as the same are capable of being construed as such, are conditions precedent to any liability of the Insurer(s) to make any payment under this Policy.

## 15. Progress payments

Provided that liability has been admitted, progress payments on account of any claim may be made to the Insured at such intervals and for such amounts as may be agreed upon production of a report by the Loss Adjuster (if appointed) provided such payment(s) shall be deducted from the amount finally determined upon adjustment of the claim.

## 16. Headings

Headings have been included for ease of reference and it is understood and agreed that the terms and Conditions of this Policy are not to be construed or interpreted by reference to such headings.

## Endorsements attaching to and forming part of Industrial Special Risks Insurance Policy

(Headings have been included for ease of reference and it is understood and agreed that the policy and endorsements are not to be interpreted by reference to such headings.)

Notwithstanding anything contained herein to the contrary it is hereby declared and agreed that the following Endorsements are made to the Policy:

### Section 1 – Material Loss or Damage

#### The Indemnity

##### Electronic access / swipe cards

Clause [e] of The Indemnity under Section 1 Material Loss of Damage extends to include loss of access / swipe cards up to the sub-limit stated in The Schedule against 'Replacement of locks and keys including electronic access / swipe cards.'

##### Emergency Evacuation

For emergency evacuation of residents in connection with the damage or threat of damage to the Situation by an insured peril or where evacuation is ordered by a civil authority, the liability of the insurer shall not exceed the sub-limit shown in the schedule and/or the certificate of insurance.

##### Liability to make enquiries (A)

This policy extends to include costs and expenses incurred by the Insured in respect of any legal liability to make enquiries consequent upon physical loss, destruction or damage insured by this policy, but not exceeding the sub-limit stated in the schedule.

##### Personal Property of Residents

Personal property of the residents whilst in the confines of the Situation, only to the extent that such property is not otherwise insured. The liability of the Insurer shall not exceed the sub-limit shown in the Schedule and/or the Certificate of Insurance.

##### Statutory inquiries

Paragraph (a) of The Indemnity shall extend to include costs and expenses incurred by the Insured in connection with Statutory Inquiries following Damage

to Property Insured. The term 'Statutory Inquiries' shall mean any judicial, coronial or other form of inquiry or hearing established by or at the direction of any government,

semi-government, local or planning authority as a direct result of Damage to Property Insured.

For the purpose of the application of Provision (iii) of the Reinstatement or Replacement Memorandum or the

Co-insurance Memorandum, the Insured's declared values at any Situation shall not include any allowance for the costs and expenses referred to in this extension.

##### Damage diminution and accidental discharge costs (b)

In paragraph (c) of The Indemnity in Section 1, the words for the purpose of preventing or diminishing imminent damage to property are amended to read: for the purpose of preventing imminent damage or minimising damage to Property Insured.

The indemnity under paragraph (c) extends to include costs and expenses incurred to switch off and re-set alarms following an occurrence caused by an insured peril.

The indemnity under paragraph (c) shall apply whether or not Damage occurs to Property Insured in circumstances giving rise to indemnity under Section 1 of this Policy.

##### Loss minimisation costs (including travel)

Clause (c) of The Indemnity in Section 1 is extended to incorporate such reasonable costs (including travelling expenses) incurred to avert or minimise losses by perils insured by this Policy, including the protection, safeguarding or recovery of Property Insured.

##### Unpacking expenses

This policy extends to include costs and expenses incurred by the Insured in taking inventory (including unpacking, repacking and restocking) to identify, quantify and value any property physically lost, destroyed or damaged by any peril insured against by this Section, including examination of property not belonging to, but in the care, custody or control, of the Insured.

##### Exploratory costs

Paragraph (c) of The Indemnity extends to include exploratory costs necessarily and reasonably incurred by the Insured to prevent imminent damage or diminish damage to Property Insured by any peril insured against by this Policy.

### **Demolition and removal of owned property**

The words "which is no longer useful for the purpose it was intended" are deleted from Clause (f)(iii) of The Indemnity in Section 1.

### **Reinstatement of undamaged property**

Paragraph (f) (iii) of The Indemnity is extended to include the cost of reinstating any property belonging to the Insured that has been necessarily demolished and removed for the purpose of the reinstatement or replacement of Property Insured damaged by any peril insured against by this Policy.

### **Award liability for employees' clothing and/or tools (b)**

The policy extends to indemnify the Insured for legal liability under any Federal or State Award or Determination for loss or destruction of or damage to employees' clothing and/or tools.

### **Personal property of employees and others (b)**

The wording of clause (g) of the indemnity is amended to read:

(g.) Damage to personal property, tools and effects (excluding money) of directors and employees whilst on the Insured's premises and damage to visitor's personal effects (excluding money) whilst on the Insured's premises, but only to the extent that such property is not otherwise insured.

### **Property of employees and clubs (d)**

Paragraph (g) of The Indemnity is amended to read:

(g.) damage (limited to the amount shown in the Schedule per person or club but subject to the amount shown in the Schedule for any one event) to personal effects (excluding money) belonging to directors and employees of the Insured or the property of welfare, sports and social clubs of the Insured, whilst on the Premises. The indemnity under this paragraph (g) shall apply whether or not Damage occurs to Property Insured in circumstances giving rise to indemnity under Section 1 of this Policy.

### **Accompanied baggage in Australia (c)**

The following Clause is added to The Indemnity in Section 1 - Material Loss or Damage:

Damage occurring anywhere in the Commonwealth of Australia other than on the premises of the Insured or of directors or employees of the Insured, to personal

property belonging to directors and employees of the Insured whilst they are engaged on the business of the Insured to the extent that such property is not otherwise insured.

Provided that the indemnity afforded by this clause shall be limited to the amount specified in the Schedule in respect of each person but subject to the amount shown in the Schedule for any one event and shall be subject to the deductible referred to in the Schedule of the policy against Accompanied Baggage in Australia (C). If no deductible is shown in the schedule against this item, a \$1,000 deductible will apply.

### **Expediting expenses**

The policy extends to include costs and expenses incurred by the Insured for express carriage rates and extra payments for overtime, night, Sunday or holiday working incurred in connection with the repair or reinstatement of the Property Insured directly or indirectly arising from an event insured by the policy.

### **Cost of clearing blocked drains, pipes, filters and pumps (b)**

The Indemnity clause is extended to include additional costs necessarily and reasonably incurred by the Insured in the clearance of blocked pipes, drains, gutters, sewers, filters, pumping equipment and the like during the Period of Insurance, including exploratory costs, at the Premises as a direct result of damage as insured herein.

For the purpose of the application of Provision (iii) of the Reinstatement or Replacement Memorandum or the Co-Insurance Memorandum, the Insured's declared values at any Situation shall not include any allowance for the costs referred to in this extension.

### **Liability for duty**

The policy extends to include the Insured's liability for customs, excise and other duties that the Insured becomes liable to pay in the event of Damage to Property Insured.

Provided always that the liability of the Insurer(s) shall not exceed the Sub Limit of Liability shown in the Schedule against 'Liability for Duty'.

### **Amended co-insurance proviso**

The proviso to The Indemnity is amended to read:

Provided that only Clause (a) above shall be subject to any Co-insurance clause or memorandum contained in this Policy.



## The Property Insured

### Customers' goods

The policy extends to insure goods belonging to the Insured's customers at the Premises, to the extent that such goods are not otherwise insured.

### Property insured (b)

The first paragraph of the definition of The Property Insured is amended to read:

All tangible property both real and personal property of every kind and description (except as hereinafter excluded) belonging to the Insured or for which the Insured is responsible, or has assumed responsibility to insure prior to the occurrence of any Damage, including all such property in which the Insured may acquire an insurable interest or for Damage to which the Insured becomes responsible or assumes responsibility to insure, after the commencement of the Period of Insurance.

### Property of guests and lodgers (b)

Subject to the Exclusions to All Sections, the term 'Property Insured' is hereby extended to include property belonging to the Insured's guests and/or lodgers whilst such property is in the Insured's physical custody or control, or for which the Insured may be legally liable in the event of damage thereto, at the Situation.

For the purpose of this endorsement only, Property Exclusion 3 and Perils Exclusion 8 shall be deemed to be inoperative.

Provided always that the liability of the Insurer(s) shall not exceed the Sub Limit of Liability shown in the Schedule against 'Property of Guests and/or Lodgers'.

### Money - extended definition

The definition of Money extends to include travellers cheques, securities and negotiable instruments.

### Basis of settlement

#### Landscaping (c)

This Policy extends to include damage to landscaping; which term shall mean lawns, gardens, plants, shrubs, trees, rockwork, ornamentation and the like.

#### Heritage protection

The following paragraph is inserted after paragraph (i) of the Basis of Settlement Clause:

In the case of a building with architectural features and/or structural materials possessing an ornamental or historical character, or for which the original materials are not available, the first paragraph of Basis of Settlement (a) shall be deemed to be amended to read:

The cost necessary to replace, repair, rebuild or restore the building to a reasonably equivalent appearance and capacity, using the original design and suitably equivalent materials.

This Endorsement shall not be subject to any Co-insurance Clause or Co-insurance Memorandum contained in Section 1 of the Policy for property forming part of the property insured, which has been insured under this Policy for the full value stated in a Valuation prepared by an Approved Valuer not less than three years before the commencement of the Period of Insurance, and which an Approved Valuer has updated not more than twelve months prior to the commencement of the Period of Insurance.

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

### Notable old buildings without legal protection

The following paragraph is inserted after paragraph (i) of the Basis of Settlement Clause:

In the case of a building with architectural features and/or structural materials possessing an ornamental or historical character or for which the original materials are not available, but which is not legally protected for preservation by national, state or local legislation or regulation, the first paragraph of Basis of Settlement (a) shall be deemed to be amended to read:

If the building is damaged, the cost, up to, but not exceeding the cost of rebuilding thereof in a condition equal to but not better or more extensive than its condition when new, necessary to repair the damage and restore the damaged portion to a condition substantially the same as, but not better or more extensive than its condition when new. If the cost of repairing the damage and restoring the Damaged portion exceeds the said cost of rebuilding, the building may, at the Insured's option, be deemed to be destroyed. If the building is destroyed, the cost necessary to replace the building with one that is no more expensive but of equivalent or improved utility, using current design techniques and modern materials.

This Endorsement shall not be subject to any Co-insurance Clause or Co-insurance Memorandum contained in Section 1 of the Policy.

### **Election to claim indemnity value (b)**

Basis of Settlement (a) is extended to include the following extra provision:

Provided further that if the Insured elects to claim the Indemnity Value of any Damaged property, the Insurer(s) shall be liable for no greater proportion of the loss of such property than the amount that the Insured's declaration, made at the time of commencement of the Period of Insurance, of the value of such property, bears to eighty per cent (80%) of the actual value of such property at the time of commencement of the Period of Insurance, but not exceeding the Limit of Liability expressed in the Schedule. Any amount recoverable under the Extra Cost of Reinstatement Memorandum shall not be taken into account in determining the Insurer's proportion of the loss of such property.

### **Leased equipment - residual value (c)**

The basis of settlement under Section 1 of the policy is extended to include the following clause, notwithstanding clause (a):

On machinery, plant and equipment leased on a Residual Value basis; in the event of actual or constructive total loss, the amount for which the lessee is contractually liable to the lessor, but not exceeding the sum represented by rent payable under such lease(s) for the period commencing on the date of physical loss, destruction or damage and ending on the retirement date(s) of such lease(s), plus the current market value of the property immediately before its loss or damage or the Residual Value, whichever is the greater, less any salvage value, but in any case not exceeding 10% above replacement value. In the event of damage which does not amount to a constructive total loss, the cost of repair in accordance with the provisions of the Reinstatement or Replacement and Extra Cost of Reinstatement Memorandum as set out herein.

For the purpose of this basis of settlement, the term "Residual Value" shall mean the minimum amount which the lessee has guaranteed that the leased property will realise, being the same amount which the lessee has agreed would be payable to acquire such property upon the retirement date of the lease.

### **Securities (a)**

Basis of Settlement (e) is amended by deleting the word 'securities'. In the case of Securities (which shall mean certificates of stock, bonds, coupons and all other types of securities), the basis of valuation shall be:

- (a) if, with the approval of the Insurer(s), the Securities can be replaced, the cost of replacement paid or payable by the Insured; or

- (b) if the Securities cannot or are not to be replaced by the Insured, the greater of:

- (i) the price for which the Insured purchased them; and
- (ii) the closing market value on the last business day prior to the date of discovery by the Insured of the loss or destruction of the Securities or, if the time of discovery by the Insured is after the close of the market, their closing market value on the day of discovery by the Insured of the loss or destruction of the Securities;

- (c) in the case of a loss of subscription, conversion or redemption privileges through the loss of any Security, the value of such privileges immediately preceding the expiration thereof;

such valuation being in the currency in which the loss was sustained. Losses sustained in currencies other than Australian dollars shall be settled by converting the amount of loss to Australian dollars at the market rate as set by the Reserve Bank of Australia at the time of settlement of the loss or such other rates as may be expressly agreed with the Insurer(s).

If there is no market price or value on the relevant day stated herein, then the value shall be agreed between the Insured and the Insurer(s) or, in default thereof, the Insured and the Insurer(s) shall submit to arbitration and be bound by the decision of the Umpire.

### **Basis of settlement (e)**

In Section 1, Basis of Settlement (e) is amended to read:

- (e) On computer systems records, computer software, documents, manuscripts, securities, deeds, specifications, plans, drawings, designs, business books, and other records of every description:

The cost of repairing, replacing, reproducing or restoring same, including information contained therein or thereon, but excluding the value to the Insured of the said information or, if repair, replacement, reproduction or restoration is not carried out with reasonable despatch, the replacement cost of materials as blank stationery at the time and place of the damage.

### **Basis of settlement (g)**

In Section 1, Basis of Settlement (g) is amended to read:

- (g) On glass:

The cost incurred in repairing or replacing the broken glass in accordance with Australian Standard AS 1288-2006 or its current equivalent, including:

- (i) temporary shuttering and/or hiring of security



service pending replacement of broken glass; and

- (ii) sign-writing or ornamentation on glass, replacement burglar alarm tapes or protective films on glass, removing and re-fixing of window and show-case frames and fittings, heat reflecting material or process on glass.

### **Valuation of property - employees and clubs (b)**

In Section 1, Basis of Settlement (h) is amended to read:

- (h) On personal effects (excluding money) belonging to directors and employees and on the property of welfare, sports and social clubs:

The necessary cost of replacement or repair at the time and place of replacement or, if not replaced with reasonable despatch, the replacement cost at the time and place of the damage subject to due allowance for wear and tear, depreciation and betterment. In no case shall the Insurer's liability exceed the Sub-Limit shown in the Schedule in respect of Valuation of Property - of Employees and Clubs (BD).

### **Valuation of property - employees and others**

Clause (h) of the Basis of Settlement under Section 1 is amended to read:

- (h) On personal property, tools and effects of the Insured's directors, employees and of visitors to the Insured's premises; the replacement cost at the time and place of replacement.

### **Jewellery and furs of employees and others (b)**

The words "jewellery, furs" in Property exclusion 3 shall not apply to personal property belonging to employees and directors of the Insured not otherwise insured at the Insured's premises.

### **Goods sold but not delivered (a)**

The Basis of Settlement under Section 1(d) of the Policy is extended to include the following clause:

On goods sold but not delivered for which the Insured is responsible and with regard to which, under the conditions of sale, the sale contract is by reason of the Damage, cancelled either wholly or to the extent of the Damage; the contract price.

### **Works of art, antiques and curios**

The following paragraph is inserted after paragraph (i) of the Basis of Settlement clause in Section 1:

On works of art, antiques and curios, none of which

form part of the stock in trade or merchandise of the Business:

Notwithstanding the first paragraph of Basis of Settlement (a), the cost of restoring and repairing to a condition substantially the same as before the Damage plus any reduction in market value caused by the Damage. If restoration or repair is not possible, the market value immediately before the Damage."

### **Pairs and sets (a)**

The basis of settlement under Section 1(h) of the policy is extended to include the following clause, notwithstanding clause (a):

On personal property comprising a pair or set:

The difference between the market or replacement value (whichever is greater) before the loss and the market or replacement value (whichever is greater) after the loss.

### **Memoranda to Section 1**

#### **Labels, containers and wrappings**

In the event of Damage affecting labels, containers or wrappings, the Insurer(s) shall not be liable for more than an amount sufficient to pay the cost of new labels, containers or wrappings, and the cost of reconditioning the goods, but in no case shall the Insurer(s) be liable for more than the insured value of the damaged merchandise.

#### **Declared values (b)**

The memorandum to Section 1 under this heading is extended to include the following paragraphs:

If asset movements between Situations used by the Insured have resulted in an under-declaration of value(s) at a Situation and an offsetting over-declaration of value(s) at one or more other Situation(s), then such factors shall be taken into account when calculating the test for the application of Co-insurance/Under-insurance.

Declared values shall not include any allowance for Extra Cost of Reinstatement nor any of the costs and expenses referred to under any of the clauses, except clause (g), of The Indemnity.

### **Reinstatement or replacement provision (vi)**

The following additional Provision (vi) is included:

- (vi) If the Insured elects to reinstate destroyed property with dissimilar property whether or not to be used for a similar purpose as the destroyed property, the Insurer(s) shall pay the lesser of:
- (a) the cost of the dissimilar property; or
  - (b) an amount equal to the replacement cost that would have been payable if the destroyed property had been reinstated by similar property in a condition equal to but not better or more extensive than its condition when new.

### **Reinstatement of damage by the insured**

If the Insured shall, after obtaining the consent of the Insurer(s), reinstate damaged property insured, the Insurer(s) shall pay the cost of such reinstatement including the value of labour and other overhead charges expended thereon together with a reasonable margin for profit. The liability of the Insurer(s) shall not exceed the amount that would otherwise have been payable hereunder had such reinstatement been carried out by outside contractors.

### **Reinstatement elsewhere**

The bracketed words in Provision (i) of the Reinstatement or Replacement Memorandum are amended to read:

“(which may be carried out wholly or partially upon any other sites and in any manner suitable to the requirements of the Insured, but subject to the liability of the Insurer(s) not being thereby increased).”

### **First loss insurance - theft and money**

The Average/Under-insurance Memorandum shall not apply to any claim for theft or Money to which a Sub-Limit or Sub-Limits of Liability apply as stated in the Schedule.

Neither Provision (iii) of the Reinstatement or Replacement Memorandum nor the Co-insurance Memorandum shall apply to any claim for theft of Money to which a Sub-Limit or Sub-Limits of Liability apply as stated in the Schedule.

### **Additional extra cost of reinstatement (b)**

(Applicable to buildings, machinery, plant and all other property and contents other than those specified in items (b) to (i) under Basis of Settlement).

The policy extends to cover the additional extra cost of reinstatement including demolition or dismantling of the insured property damaged, necessarily incurred by the Insured to comply with the requirements of any

Act of Parliament or regulation made thereunder or any by-law or regulation of any municipal or other statutory authority and not otherwise recoverable under the terms and conditions of the policy.

Provided that the indemnity afforded by this clause:

- (a) shall be limited in respect of each loss or series of losses arising out of any one event to the amount shown in the Policy Schedule against Additional Extra Cost of Reinstatement (B), which amount shall be separate from and additional to the Limit of Liability expressed in the Schedule of the policy in respect of buildings, machinery, plant and all other property and contents other than those specified in items (b) to (i) under Basis of Settlement;
- (b) shall not include the additional cost incurred in complying with any such Act, regulation, by-law or requirement with which the Insured has been duly required to comply prior to the happening of the damage; and
- (c) shall not be subject to the

Co-insurance Memorandum contained in Section 1 of the policy.

The work of reinstatement (which may be carried out wholly or partially upon another site or sites if the aforesaid Act, by-law or regulation so necessitates subject to the liability of the Insurer(s) not being thereby increased) must be commenced and carried out with reasonable despatch, failing which the Insurer(s) shall not be liable to make any payment beyond the amount that would have been payable under the policy if this Memorandum had not been incorporated therein.

### **Extra cost of reinstatement elsewhere**

Provision (i) of the Extra Cost of Reinstatement Memorandum is amended by deleting the words if the requirements of the aforesaid Act, Regulation or By-Law so necessitate.

### **Floor space ratio index (plot ratio) (a)**

The words in the event of any building(s) being damaged so as to constitute total loss or constructive total loss are amended in the Memorandum under this heading to read: if any building(s) being Property Insured is/are damaged and the cost of reinstatement is more than 50% of the cost of reinstatement if the building(s) had been totally destroyed.

### **Acquired companies (d)**

The Memorandum to Section 1 headed 'Acquired Companies' is deleted and the following Memorandum substituted for it in the MEMORANDA TO ALL SECTIONS:

This Policy extends to include:

1. property located in Australia belonging to companies and other organisations: a controlling interest in which is acquired by the Insured during the Period of Insurance;
2. property located in Australia for Damage to which such companies or other organisations are legally responsible or for which they have assumed responsibility to insure prior to the occurrence of any Damage; and
3. any loss suffered by any such companies or organisations which is the subject of indemnity under Section 2 of this Policy.

The Insured must, within one (1) month of acquisition, declare in writing to the Insurer(s):

- (a) the name of the company or other organisation and the nature of its business;
- (b) the nature and extent of the property to be insured;
- (c) the value of the indemnity provided, calculated in accordance with the relevant basis of settlement clauses;

and must pay any additional premium required and comply with any reasonable directions of the Insurer(s) with respect to the security or safety of that property.

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

For the purpose of this Memorandum, a controlling interest shall, in the case of a company, mean the acquisition of shares carrying more than 50% of votes capable of being cast at a general meeting of all shareholders in the company.

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

### **Co-insurance memorandum – amended (c)**

Provision (iii) of the Reinstatement and Replacement memorandum is deleted, together with the Co-insurance memorandum and the Declared Values Memorandum.

The following additional memorandum shall apply to Section 1:

### **Average/Under-insurance**

The Insured is required to insure for full value calculated in accordance with the appropriate Basis of Settlement Clauses, as at the commencement of the Period of

Insurance and, in relation to any Property Insured acquired after the commencement of the Period of Insurance, as at the time of acquisition of that property.

In the event of a claim, the moneys otherwise payable under Section 1 of this Policy shall be the proportion that the Insured's declaration at the time of the commencement of the Period of Insurance of the value of all property insured at the Situation to which the Damaged item or items belong bears to 80% of the value of all such property as at the time of commencement of the Period of Insurance calculated in accordance with the appropriate Basis of Settlement Clauses.

This Memorandum shall not apply if the amount of the damage does not exceed 10% of the amount of the Insured's declaration of value for that Situation.

This Co-Insurance Memorandum shall not apply to any claim for theft of Money to which a Sub-Limit(s) of Liability has been stated in the Schedule.

For the purposes of the application of this Clause, the Insured's Declared Values at any Situation shall not include any allowance for Extra Cost of Reinstatement or for the costs and expenses referred to in the Additional Cover provided in Sub-Clauses (b) to (g)."

Provided further that this Clause is deleted for property forming part of the property insured, which has been insured under this Policy for the full value stated in a Valuation prepared by an Approved Valuer not less than three years before the commencement of the Period of Insurance, and which an Approved Valuer has updated not more than twelve months prior to the commencement of the Period of Insurance.

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

### **Output replacement**

Notwithstanding anything contained to the contrary in the Reinstatement or Replacement Memorandum, it is hereby declared and agreed that of the interest described in Basis of Settlement (a) of this policy, any property that has a measurable output and which is capable of replacement with a new item or items that perform a similar function shall be valued for insurance purposes as follows and values for the settlement of any loss or damage in respect thereof shall be on the same basis:

- (a) If property lost, destroyed or damaged is to be replaced by an item or items that have the same or a lesser total output, then the insurable value thereof is the new installed cost of such replacement item or items as would give the same total output as the property lost, destroyed or damaged.

- (b) If property lost, destroyed or damaged is to be replaced by an item or items that have a greater total output and the new installed cost of such replacement property is no greater than the replacement value of the property lost, destroyed or damaged then no deductions shall be made from any claim for the improved output.
- (c) If the property lost, destroyed or damaged is to be replaced by an item or items that have a greater total output and the new installed cost of such replacement property is greater than the replacement value of the property lost, destroyed or damaged, then its insurable value is the greater of:
  - (i) the cost of replacement with similar property in a condition equal to but not better or more extensive than its condition when new; and
  - (ii) that proportion of the new installed cost that the output of the lost, destroyed or damaged property bears to the output of the replacement item or items.

The difference between the insurable value so calculated and the new installed cost of the replacement item or items shall be borne by the Insured.

No payment beyond the value of the destroyed property at the time of the happening of its damage shall be made hereunder until a sum equal to the value for settlement determined according to paragraphs (a), (b) and/or (c) hereof shall have been actually incurred.

Provided that in the event of partial loss or damage where property is to be repaired, the Insurer(s) shall pay the cost of restoration of the damaged property to a condition substantially the same but not better nor more extensive than its condition when new and provided further that the liability of the Insurer(s) shall not exceed the sum representing the cost that the Insurer(s) could have been called upon to pay if such property had been wholly destroyed.

### **Constructive total loss**

For the purposes of this endorsement there shall be deemed to be a constructive total loss when the Property Insured specified herein or any part thereof is reasonably abandoned:

- (a) because its actual total loss seems unavoidable, or
- (b) because it could not be preserved from actual total loss without an expenditure which would exceed its repaired and/or recovered value. It is understood and agreed that the words "actual total loss" shall mean loss, destruction or damage (and not merely physical loss, destruction or damage) of or to the Property Insured specified herein or any part thereof.

### **Changes in a temperature controlled environment**

Notwithstanding the provisions of Perils Exclusion 6(c), or Property Exclusions 12 and 16, the policy extends to include loss, destruction of or damage to stocks caused by or arising from changes in a temperature controlled environment where such change arises out of mechanical, hydraulic, electrical or electronic breakdown of the temperature controlling equipment for a period of not less than twelve (12) hours.

The liability of the Insurer(s) shall be limited to the sub-limit stated in the schedule of the policy against "Changes in a Temperature Controlled Environment" for any one loss or series of losses arising out of any one event or occurrence at any one location.

### **Buildings of architectural and historic interest**

In consideration of the architectural features or structural materials of any building(s) insured under this policy possessing a particularly ornamental, antiquarian or historical character or in consideration of the architectural features now being outdated or the materials not being readily available or in consideration of the said building(s) now being too large for the needs of the Insured, it is agreed that in the event of that building being destroyed or so damaged that the amount of such damage exceeds the declared value of the said building(s), the basis upon which the amount payable under the policy is to be calculated shall be the cost of erecting a similar type of building of current design and modern materials but not necessarily as large as the damaged or destroyed building and it is further agreed that the declared value has been based accordingly. Subject to the following special provisions and subject also to the terms and conditions of the policy except insofar as the same may be varied hereby:

#### **Special Provisions**

1. In no case shall the Insurers' liability under this memorandum exceed the amount which would have been payable in erecting a new building in the same condition, size and style as the damaged or destroyed building when new.
2. The work of erecting a new building (which may be carried out upon another site or sites and in any manner suitable to the requirements of the Insured but subject to the liability of the Insurer(s) not being thereby increased) must be commenced and carried out with reasonable despatch, failing which the Insurer(s) shall not be liable to make any payment beyond the amount which would have been payable under the policy if this memorandum had not been incorporated therein.
3. When any building insured under this memorandum

sustains damage and where the amount of such damage is less than the declared value of that building, the rights and liabilities of the Insurer(s) and the Insured in respect of such damage shall be subject to the terms and conditions of the policy, as if this memorandum had not been incorporated therein.

4. No payment beyond the amount which would have been payable under the policy if this memorandum had not been incorporated therein shall be made until a sum equal to the cost of erecting the new building (as defined in the first paragraph of this memorandum) shall have been actually incurred.
5. All other insurances covering the property effected by or on behalf of the Insured shall be on a similar reinstatement basis.

Provided that this memorandum shall not apply to any building registered for preservation under any National or State Act.

#### **Abandoned undamaged portion of a building**

If any building is Damaged and due to the exercise of statutory powers or delegated legislation or authority by any government department, local government or other statutory Authority, reinstatement of such building is carried out upon another site, then the abandoned undamaged portion of such building shall be deemed to have been destroyed; provided that if the presence of such abandoned undamaged portion of the building increases the sale value of the original site, the increase in sale value shall be regarded as salvage and the amount thereof shall be payable to the Insurer(s) by the Insured upon completion of any sale of the site or shall be deducted from the total amount otherwise payable by the Insurer(s) under this policy, whichever shall occur later.

All differences relating to the amount of such increase in site value shall forthwith be referred to the decision of two registered valuers; one to be appointed by each of the parties to this policy. If the two valuers do not agree, their differences shall be referred to the decision of a third valuer, appointed by the President of the Australian Institute of Valuers as an expert, whose decision shall be binding.

#### **Undamaged foundations (a)**

When Property Insured is damaged but its foundations are not destroyed and, due to the exercising of statutory powers or delegated legislation or authority by any government department, local government or other statutory Authority, reinstatement of the Property Insured is carried out upon another site or sites, then the abandoned foundations shall be deemed to have

been destroyed. If the presence of the abandoned foundations increases the sale value of the original site, then such increase shall be regarded as salvage and shall be payable to the Insurer(s) by the Insured upon completion of the sale or shall be deducted from the total amount otherwise payable by the Insurer(s) under the policy, whichever shall occur later.

All differences relating to the amount of such increase in site value shall forthwith be referred to the decision of two registered valuers; one to be appointed by each of the parties to this policy. If the two valuers fail to agree, their differences shall be referred to the decision of a third valuer, appointed by the President of the Australian Institute of Valuers as an expert, whose decision shall be binding.

#### **Undamaged foundations (b)**

The term 'foundations' shall be deemed to include services, such as but not limited to conduits, pipes, cables and wiring, which are built in to footings, foundations or concrete floor slabs.

#### **Undamaged ancillary and/or peripheral equipment**

If plant and/or machinery is destroyed and its ancillary and/or peripheral equipment is not destroyed but, upon replacement of the destroyed plant and/or machinery, the ancillary and/or peripheral equipment is rendered superfluous, then such equipment shall be deemed to be destroyed and its salvage value shall be payable to the Insurer(s) by the Insured upon completion of any sale, or shall be deducted from the total amount otherwise payable by the Insurer(s) under the policy, whichever shall occur later.

#### **Application of deductibles**

Deductibles shall apply to the Limits and Sub-Limits of Liability in accordance with the Schedule but the Limits and Sub-Limits of Liability shall only be applied in excess of the relevant deductible.



## Section 2 – Consequential Loss

### The Indemnity

#### Property at outside stores and outworkers' premises (b)

The following sentence is inserted at the end of the first paragraph of The Indemnity in Section 2:

Loss as insured by this Policy arising from an interruption of or interference with the Business in consequence of Damage to any property belonging to the Insured or for Damage to which the Insured is responsible, while such property is at any storage premises within Australia or at any situation within Australia where the Insured has any work or process carried out by contractors, shall be deemed to be loss arising from Damage to property used by the Insured at the Premises for the purpose of the Business.

#### Pressure vessel perils (b)

The second paragraph of The Indemnity in Section 2 is amended to read:

Provided that the Insurer(s) will not be liable for any loss under this Section unless the Insured's property lost, destroyed or damaged is insured against such Damage (loss arising out of destruction or damage by the explosion, implosion, rupture, collapse, bursting, cracking or overheating of any boiler, economiser or other pressure vessel, including pipes, valves, and other apparatus forming part of any of these and in respect of any of which a certificate is required to be issued under the terms of any statute or regulation being excepted from this provision) and the insurer or insurers by which such property is insured shall have paid for or admitted liability in respect of such Damage unless no such payment shall have been made or liability shall not have been admitted therefore solely owing to the operation of a provision in such insurance excluding liability for loss below a specific amount.

### Basis of Settlement

#### Gross profit - average/ under-insurance amended (c)

The final paragraph of Item No 1 is amended to read:

Provided that if the estimated value of Gross Profit declared at the commencement of the Period of Insurance is less than eighty per cent (80%) of the sum produced by applying the Rate of Gross Profit to the Annual Turnover (appropriately increased if the Indemnity Period exceeds twelve months) which would have been achieved if the Damage had occurred on the

day of commencement of the Period of Insurance, the amount payable hereunder shall be proportionately reduced."

This provision shall not apply if the amount of the loss does not exceed ten per cent (10%) of the estimated value of Gross Profit declared at the commencement of the Period of Insurance.

Provided further that;

- (i) the Proviso to Item No. 1 is deleted, and
- (ii) the Definition for Annual Turnover is deleted,

where the estimated value of Gross Profit declared at the commencement of the Period of Insurance has been stated in a Valuation prepared by LMI Group, MSM Loss Management, Martin Minett Claims Preparation or a valuer approved by the Insurer.

#### Refundable Accommodation Deposits (RAD)

Section 2 - Basis of Settlement is extended to include the following additional cover:

We will indemnify you in the event of Damage under Section 1, for the loss of interest you would have reasonably earned from Refundable Accommodation Deposits (RAD) during the indemnity period had the Damage not occurred.

We will also pay any additional interest payments and/or costs incurred in connection with re-financing the funds required for reimbursing the Refundable Accommodation Deposits and/or entry fees paid by residents which you are contractually required to refund under the terms of any occupancy agreement.

The cover provided shall be limited to the amount stated in the Schedule of the policy against 'Refundable Accommodation Deposits' for any one loss or series of losses arising from any one Event or cause at any one situation.

We will indemnify you in the event of Damage under Section 1, for the loss of interest you would have reasonably earned from Accommodation Bonds during the indemnity period had the Damage not occurred. We will also pay any additional interest payments and/or costs incurred in connection with re-financing the funds required for reimbursing the Accommodation Bonds and/or entry fees paid by residents which you are contractually required to refund under the terms of any occupancy agreement.

The cover provided shall be limited to the amount stated in the Schedule of the policy against 'Accommodation Bonds' for any one loss or series of losses arising from any one Event or cause at any one situation.

### **Dual pay-roll - average/under-insurance amended (e)**

The final paragraph of Item No 3 is amended to read:

Provided that if the estimated value of Insured Pay-Roll declared at the commencement of the Period of Insurance is less than eighty per cent (80%) of the sum produced by applying the Pay-Roll Limits set out in the Schedule to the amount produced by applying the Rate of Pay-Roll to the Annual Turnover (appropriately increased if the Indemnity Period exceeds twelve months) which would have been achieved if the Damage had occurred on the day of commencement of the Period of Insurance, the amount payable hereunder shall be proportionately reduced.

This provision shall not apply if the amount of the loss does not exceed ten per cent (10%) of the estimated value of Insured Pay-Roll declared at the commencement of the Period of Insurance.

Provided further that the Proviso to Item No. 3 is deleted where the estimated value of Insured Pay-Roll declared at the commencement of the Period of Insurance has been stated in a Valuation prepared by LMI Group, MSM Loss Management, Martin Minett Claims Preparation or a valuer approved by the Insurer.

### **Temporary accommodation**

Where a sub-limit is shown in the Schedule as Temporary accommodation, the following endorsement is inserted under Section 2 – Consequential Loss, Basis of Settlement:

Item No. 5 – Temporary Accommodation

The insurance under this item is limited to the reasonable and necessary cost of providing temporary accommodation for residents and resident staff where the Property Insured includes residential accommodation and such accommodation becomes uninhabitable as a consequence of a peril insured by this Policy.

We will also indemnify you for:

- (i) the cost to initially transport residents and resident staff from the Situation to the site of such temporary accommodation;
- (ii) the additional costs of alternative accommodation incurred by you during the Indemnity period;
- (iii) the reasonable cost of return transport from the temporary accommodation site to the Situation once the premises are once again habitable;

The cover granted shall be subject to the sub-limit stated in the Schedule against 'Temporary Accommodation'.

### **Severance pay**

The insurance under this item is limited to such further additional expenditure beyond that recoverable under Clause (a) of Item no. 3 as the Insured is obligated or has agreed to pay under industrial awards, determinations, decisions or agreements for severance pay and/or in lieu of notice to employees whose services are terminated during the Indemnity Period in consequence of the Damage.

### **Rent payable (b)**

The insurance under this item is in respect of rent and other expenses payable and insurable by the Insured in accordance with the terms of any lease agreement and the amount payable as indemnity hereunder shall be such sum as the Insured shall be legally liable to pay and the lessor shall be legally entitled to receive during the Indemnity Period under the terms of the lease. The cover hereby granted shall be subject to the sub-limit stated in the Schedule against 'Rent Payable'.

For the purpose of this item, Indemnity Period means the period beginning with the date of the Damage and ending not later than the number of months shown in the Schedule against the Sub-Limit Rent Payable thereafter during which the results of the Business shall be affected in consequence of the Damage.

### **Rent receivable**

The insurance under this item is limited to the loss of rent receivable (including amounts due for services rendered and recoverable expenses) and the amount payable as indemnity hereunder shall be the amount by which rent (including amounts for services rendered and recoverable expenses) received or receivable during the Indemnity Period shall fall short of the amount which it may be reasonably estimated would have been received during that period had the Damage not occurred including the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the loss of rent (including amounts for services rendered and recoverable expenses), less any sum saved during that period in respect of the charges or expenses payable out of rent as may cease or be reduced in consequence of the Damage. The cover hereby granted shall be subject to the sub-limit stated in the Schedule against 'Rent Receivable'.

### **Contractual fines and penalties (b)**

The following item is added to Basis of Settlement Clause (Section 2):

Item No. 6.

The Insured is indemnified with respect to fines and penalties for breach of contract and the amount payable as indemnity hereunder shall be such sum(s)



as the Insured shall be legally liable to pay and shall pay in discharge of fines and/or penalties incurred in consequence of the Damage, for non completion or late completion of orders, inability to meet contract specifications or cancellation of orders.

### **Accounts receivable (b)**

(Inoperative unless a sub-limit for Accounts Receivable is shown in the Schedule)

The insurance under this item is limited to the loss sustained by the Insured in respect of all outstanding debit balances if the Insured is unable to effect collection thereof as a direct result of Damage to records of accounts receivable. The Insurers will also pay:

- (i) interest charges at the Reserve Bank of Australia rates on any loan to offset impaired collections pending repayment of such amounts rendered uncollectible in consequence of the Damage;
- (ii) interest lost by the Insured in consequence of such impaired collections;
- (iii) additional expenditure necessarily and reasonably incurred in tracing and establishing the amounts of accounts receivable; and
- (iv) collection expenses in excess of normal collection costs, incurred in consequence of the Damage.

Where there is proof that a loss covered by the policy has occurred, but the Insured cannot accurately establish the total amount of accounts receivable outstanding at the date of Damage, such amount shall be computed as follows:

- (a) Determine the total amount of accounts receivable outstanding on the last working day of the fiscal month which ended twelve months before the beginning of the month in which the Damage occurs.
- (b) Calculate the average increase or decrease in the monthly total amounts of accounts receivable outstanding on the last working day of each of the twelve months immediately preceding the month in which Damage occurs.
- (c) The amount determined under paragraph (a), increased or decreased by the percentage calculated in accordance with paragraph (b) shall be deemed to be the total amount of accounts receivable outstanding at the time and date of the Damage.
- (d) The amount determined under paragraph (c) shall be adjusted as may be necessary to provide for any demonstrable variance from the amount so determined occurring before but during the month

in which the Damage occurs; due consideration also being given to normal monthly trends in receipts.

There shall be deducted from the total amount of accounts receivable, however established, the amount of such accounts evidenced by records not lost or damaged, or otherwise established or collected by the Insured, and an equitable amount to provide for doubtful debts. The cover hereby granted shall be subject to the sub-limit stated in the Schedule against 'Accounts Receivable'.

### **Gross rental specification (c)**

The following clauses are deleted from the policy:

- Item No.1: Gross Profit
- Item No.3: Pay-roll

Definitions of:

- Gross Profit
- Turnover
- Pay-roll
- Shortage in Turnover
- Rate of Gross Profit
- Annual Turnover
- Standard Turnover
- Rate of Pay-roll

Memoranda entitled:

- Turnover elsewhere after the Damage
- Departmental Clause
- New Business
- Accumulated Stocks
- Turnover/Output Alternative
- Salvage Sale

and replaced by the following clauses:

"Item No. 1

The Insurance under this Item is limited to loss of Gross Rentals due to (a) Reduction in Gross Rentals and (b) Increase in Cost of Working and the amount payable as indemnity thereunder shall be:

- (a) in respect of reduction in Gross Rentals: The amount by which the Gross Rentals during the Indemnity Period shall, in consequence of the Damage, fall short of the Standard Gross Rentals;
- (b) in respect of Increase in Cost of Working: The additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or

diminishing the reduction in Gross Rentals which but for that expenditure would have taken place during the Indemnity Period in consequence of the Damage, but not exceeding the loss of Gross Rentals thereby avoided;

less any sum saved during the Indemnity Period in respect of such charges and expenses of the Business as may cease or be reduced in consequence of the Damage.

Provided that if the estimated value of Gross Rentals declared at the commencement of each Period of Insurance is less than 80% of the Annual Gross Rentals (or the appropriate multiple if the Indemnity Period exceeds twelve months), the amount payable hereunder shall be proportionately reduced.

This provision shall not apply if the amount of the loss does not exceed 10% of the estimated value of Annual Gross Rentals declared at the commencement of the Period of Insurance.

Provided further that;

the Proviso to Item No. 1 is deleted, and,

the Definition for Annual Gross Rentals is deleted,

where the estimated value of Gross Rentals declared at the commencement of the Period of Insurance has been stated in a Valuation prepared by LMI Group, MSM Loss Management, Martin Minett Claims Preparation or a valuer approved by the Insurer.

## Definitions

**Gross Rentals:** The money paid or payable to the Insured by tenants or to others as outgoings as required by the rental agreement in respect of the Premises and for services rendered by or on behalf of the Insured.

**Standard Gross Rentals:** The Gross Rentals during that period in the twelve months immediately before the date of the Damage which corresponds with the Indemnity Period.

**Annual Gross Rentals:** The Gross Rentals earned during the twelve months immediately before the date of the Damage

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

## Memoranda

**Gross Rentals elsewhere after Damage:** If during the Indemnity Period the Business shall be conducted elsewhere than at the Premises, the Gross Rentals derived from such other premises shall be brought into account in arriving at the Gross Rentals during the Indemnity Period.

**Departmental Clause:** If the Business be conducted in departments, the independent trading results of which are ascertainable, the provisions of clauses (a) and (b) of Item No. 1 shall apply separately to each department affected by the Damage.

**New Business:** In the event of Damage occurring at Premises before completion of the first year's trading of business, the terms 'Standard Gross Rentals' and 'Annual Gross Rentals' shall bear the following meanings and not as within stated:

**Standard Gross Rentals:** The proportional equivalent for a period equal to the Indemnity Period of the Gross Rentals realised during the period between the commencement of the Business and the date of the Damage.

**Annual Gross Rentals:** The proportional equivalent, for a period of twelve months of the Gross Rentals realised during the period between the commencement of the business and the date of the Damage.

Such adjustments shall be made [to Standard Gross Rentals and/or Annual Gross Rentals] as may be necessary to provide for the trend of the business and for variations in or other circumstances affecting the Business either before or after the Damage or which would have affected the Business had the Damage not occurred, so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which, but for the Damage, would have been obtained during the relative period after the Damage."

## Gross revenue specification (c)

The following clauses are deleted from the Policy:

- Item No.1: Gross Profit
- Item No.3: Pay-roll

Definitions of:

- Gross Profit
- Turnover
- Pay-roll
- Shortage in Turnover
- Rate of Gross Profit
- Annual Turnover

- Standard Turnover
- Rate of Pay-roll

**Memoranda entitled:**

- Turnover elsewhere after the Damage
- Departmental Clause
- New Business
- Accumulated Stocks
- Turnover/Output Alternative
- Salvage Sale

and replaced by the following clauses:

Item No. 1

The Insurance under this Item is limited to loss of Gross Revenue due to (a) Reduction in Gross Revenue and (b) Increase in Cost of Working and the amount payable as indemnity thereunder shall be:

- (a) in respect of reduction in Gross Revenue: The amount by which the Gross Revenue during the Indemnity Period shall, in consequence of the Damage, fall short of the Standard Gross Revenue;
- (b) in respect of increase in Cost of Working: The additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the loss of Gross Revenue which, but for that expenditure, would have taken place during the Indemnity Period in consequence of the Damage but not exceeding the amount of the reduction in Gross Revenue thereby avoided;

less any sum saved during the Indemnity Period in respect of such charges and expenses of the Business as may cease or be reduced in consequence of the Damage.

Provided that if the estimated value of Gross Revenue declared at the commencement of each Period of Insurance is less than eighty percent (80%) of the Annual Gross Revenue (or the appropriate multiple if the Indemnity Period exceeds twelve months) the amount payable hereunder shall be proportionately reduced.

This provision shall not apply if the amount of the loss does not exceed 10% of the estimated value of Annual Gross Revenue declared at the commencement of the Period of Insurance.

Provided further that;

- (i) the Proviso to Item No. 1 is deleted, and,
- (ii) the Definition for Annual Gross Revenue is deleted,

where the estimated value of Gross Revenue declared

at the commencement of the Period of Insurance has been stated in a Valuation prepared by LMI Group, MSM Loss Management, Martin Minett Claims Preparation or a valuer approved by the Insurer.

**Definitions**

**Gross Revenue:** The money paid or payable to the Insured for services rendered (and goods, if any, sold) in the course of the Business at the Premises.

**Standard Gross Revenue:** The Gross Revenue during that period in the twelve months immediately before the date of the Damage which corresponds with the Indemnity Period.

**Annual Gross Revenue:** The Gross Revenue earned during the twelve months immediately before the date of the Damage.

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

**Memoranda**

**Gross Revenue elsewhere after Damage:** If during the Indemnity Period services shall be rendered or goods shall be sold elsewhere than at the Premises for the benefit of the Business either by the Insured or by others on the Insured's behalf the money paid or payable in respect of such sales or services shall be brought into account in arriving at the Gross Revenue during the Indemnity Period.

**Departmental Clause:** If the Business be conducted in departments; the independent trading results of which are ascertainable, the provisions of clauses (a) and (b) of Item no. 1 shall apply separately to each department affected by the Damage.

**New Business:** In the event of Damage occurring at the Premises before completion of the first year's trading of business, the terms 'Standard Gross Revenue' and 'Annual Gross Revenue' shall bear the following meanings and not as within stated:

**Annual Gross Revenue:** the proportional equivalent, for a period of 12 months of the Gross Revenue realised during the period between the commencement of the Business and the date of the Damage.

**Standard Gross Revenue:** the proportional equivalent for a period equal to the Indemnity Period, of the

Gross Revenue realised during the period between the commencement of the Business and the date of the Damage.

To which such adjustments shall be made as may be necessary to provide for the trend of the Business and for variations in or other circumstances affecting the Business either before or after the Damage or which would have affected the Business had the Damage not occurred, so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which, but for the Damage, would have been obtained during the relative period after the Damage.

### **Research establishment expenses (b)**

The Basis of Settlement clauses in Section 2 are extended to include the following additional Item:

The insurance under this Item is limited to the loss sustained by the Insured in consequence of the Damage in respect of (a) Research Establishment Expenditure and (b) Increase in Cost of Working and the amount payable as indemnity hereunder shall be:

- (a) In respect of Research Establishment Expenditure: for each working week in the Indemnity Period during which the activities of the research establishment are, in consequence of the Damage
  - (i) totally interrupted or totally given over to the reworking of projects affected by the Damage, the Insured Amount per Week;
  - (ii) partially interrupted or partially given over to the reworking of projects affected by the Damage, an equitable proportion of the Insured Amount per Week based upon the time rendered ineffective by reason of the Damage;
- (b) In Respect of Increase in Cost of Working: the additional expenditure necessarily and reasonably incurred in consequence of the Damage to minimise the interruption to the activities of the research establishment. The amount payable under this heading shall not exceed the amount payable under (a) for loss of Research Establishment Expenditure if no such Increase in Cost of Working has been incurred,

less any sum saved during the Indemnity Period in respect of such of the Research Establishment Expenditure as may cease or be reduced in consequence of the Damage.

Provided that if the estimated value of Research Establishment Expenditure declared at the commencement of the Period of Insurance is less than eighty per cent (80%) of the Annual Research Expenditure (appropriately increased if the Indemnity Period exceeds twelve months) had occurred on the

day of commencement of the Period of Insurance, the amount payable hereunder shall be proportionately reduced.

This provision shall not apply if the amount of the loss does not exceed 10% of the estimated value of Research Establishment Expenditure declared at the commencement of the Period of Insurance.

### **Definitions**

**Research Establishment Expenditure** means the total expenditure on research by the Insured at the Premises less the relative cost of raw materials consumed.

**Insured Amount per Week** means one fiftieth part of the Research Establishment Expenditure incurred during the financial year immediately before the date of the Damage.

**Annual Research Expenditure** means the aggregate amount of the Research Establishment Expenditure incurred during the twelve months immediately before the date of the Damage.

Adjustments shall be made to the Insured Amount per Week and Annual Research Expenditure as may be necessary to provide for the trend of the research establishment activities and for variations in or other circumstances affecting the research establishment activities either before or after the Damage so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for the Damage would have been obtained during the relative period after the Damage.

**Premium Adjustment Clause:** In the event of the Research Establishment Expenditure during the accounting period of twelve months most nearly concurrent with the Period of Insurance being less than the estimated value of Research Establishment Expenditure declared at the commencement of the Period of Insurance, a pro rata return of premium not exceeding 50% of the premium paid on such declared value will be made in respect of the difference. If any Damage shall have occurred, giving rise to a claim under this Item, such return shall be made only in respect of so much of the said difference as is not due to such Damage.

### **Annual turnover definition deleted**

The definition of Annual Turnover in Section 2 of the Policy is deleted.

### **Definitions**

#### **Government incentives**

The definition of Turnover is extended to include

financial incentives or concessions granted to the Insured by any Australian or State Government Department in recognition of specific performance in the development of market opportunities or employment of disadvantaged persons.

### **Consolidated period**

The term Consolidated Period means the sum of the number of weeks specified in the Schedule applicable to clause (a)(i) of Item No. 3 and the percentage specified in the Schedule of the remaining portion of the Indemnity Period applicable to clause (a)(ii) of Item No. 3.

### **Insured pay-roll**

The term Insured Pay-Roll means the declared value of estimated Pay-Roll in respect of the Consolidated Period referred to in Item No. 3 and specified in the Schedule, declarable as at the day of commencement of the Period of Insurance.

### **Pay-roll: amended definition (a)**

The definition of Pay-Roll in Section 2 of the Policy is amended to read:

The remuneration (including but not limited to pay-roll tax, fringe benefits tax, bonuses, holiday pay, sick pay, long service leave, workers' compensation insurance premiums and/or accident compensation levies, superannuation and pension fund contributions and the like) paid to all employees of the Insured.

## **Memoranda to Section 2**

### **Departmental clause**

The Memorandum under this heading is amended to read:

"If the Business is conducted in departments or business units the independent trading results of which are ascertainable, the provisions of Clauses (a) and (b) of Item nos. 1 and 3 shall apply separately to each department or unit affected by the Damage."

### **Accumulated Stocks**

The words "of finished goods" are deleted from the Memorandum under this heading.

### **Remote premises of public utilities (b)**

The Memorandum headed 'Public Utilities Extension' is amended to read:

Any loss resulting from interruption of or interference with the Business directly or indirectly in consequence of Damage, anywhere in Australia to land based premises of any communication station, electric power station or sub-station, gasworks, waterworks, sewerage pumping

or sewerage treatment works of a supply undertaking from which the Insured obtains communication services, electric current, gas, water or sewage service shall be deemed to be loss resulting from Damage to Property

used by the Insured at the Premises. It shall not be a condition precedent to liability under this endorsement that payment shall be made or liability admitted for damage under Section 1 of the policy.

The cover provided by this extension shall be subject to the sub-limit stated in the Schedule against Remote Premises of Public Utilities (B).

### **Other contributing properties (b)**

Any loss resulting from interruption of or interference with the Business in consequence of Damage to any other property (not more specifically mentioned in this Policy) at any situation in Australia not owned or operated by the Insured, but which wholly or partly prevents delivery of materials, goods or services to the Insured and/or to the Insured's customers shall be deemed to be loss resulting from Damage to property used by the Insured at the Premises.

The cover provided by this extension shall be subject to the sub-limit stated in the Schedule against Other Contributing Properties (B).

### **Turnover/output alternative amended**

The memorandum headed Turnover/ Output Alternative in Section 2 of this Policy is amended to read:

If it gives a more equitable result in determining the actual loss sustained by the Insured, the term 'Output' may be substituted for the term 'Turnover' and, for the purpose of this Section, 'Output' shall mean the sale and/or invoice value of goods manufactured and/or processed by the Insured in the course of the Business at the Premises. Provided that only one such term shall be operative in connection with any one event involving Damage.

If the meaning set out above is used, the memorandum 'Trading Elsewhere After Damage' shall be altered to read as follows:

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

And the memorandum titled 'Accumulated Stocks' shall be altered to read as follows:

In adjusting any loss under this Section, account shall be taken and equitable allowance made if any Shortage



in Output due to the Damage is postponed by reason of the Output being temporarily maintained from accumulated stocks.

### **Specified suppliers' and/or customers' premises**

Loss resulting from interruption of or interference with the Business in consequence of Damage to property at the specified premises anywhere in the world of any producer or merchant identified in the Schedule against "Specified Suppliers' and/or Customers' Premises" shall be deemed to be loss resulting from Damage to property used by the Insured at the Premises. The liability of the Insurer(s) under this endorsement shall be limited to the percentage(s) stated in the Schedule against each premises specified, in respect of any one loss or series of losses arising out of any one event or occurrence at the particular premises specified. The percentage(s) specified in the Schedule shall be applied to the total of the values of Gross Profit and Pay-roll declared as at the day of commencement of the Period of Insurance.

For the purposes of this endorsement, the term "premises of a producer" refers to premises, other than those described in the Public Utilities Extension to Section 2 of the policy, at which any of the goods (including any constituents of such goods) or services used by the Insured are produced, assembled or stored. The term "premises of a merchant" refers to premises to which the Insured provides goods or services.

### **Denial of access to specified suppliers' or customers' premises**

Loss resulting from interruption of or interference with the Business in consequence of Damage to property in the vicinity of any specified premises of any producer and/or merchant (as defined in the endorsement headed "Specified Suppliers and/or Customers' Premises") identified in the Schedule, which prevents or hinders the use of or access to such premises, shall be deemed to be loss resulting from Damage to property used by the Insured at the Premises.

### **Suppliers and/or customers of specified customers**

Loss resulting from interruption of or interference with the Business in consequence of Damage to property at any unspecified premises, anywhere in Australia, of any unidentified supplier or customer of a customer of the Insured, whose names are specified in the Schedule (and in respect of which an endorsement headed "Specified Suppliers' and/or Customers' Premises" attaches to the policy) shall be deemed to be loss resulting from Damage to property used by the Insured at the Premises, provided that the business of the Insured's customer is also disrupted in consequence of the Damage. The

liability of the Insurer(s) under this endorsement shall be limited to the percentage stated in the Schedule against "Suppliers and/or Customers of Specified Customers" in respect of any one loss or series of losses arising out of any one event or occurrence at any one premises. The percentage stated in the Schedule shall be applied to the total of the values of Gross Profit and Pay-Roll declared as at the day of commencement of the Period of Insurance.

### **Unspecified suppliers' and/or customers' premises (Australia & New Zealand – single limit) (b)**

Loss resulting from interruption of or interference with the business in consequence of Damage to property at the premises, anywhere in Australia or New Zealand, of any direct producer or direct merchant shall be deemed to be loss resulting from Damage to property used by the Insured at the Premises.

The liability of the Insurer(s) under this endorsement, in respect of any one loss or series of losses arising out of any one event or occurrence at any one premises, shall be limited to the amount stated in the Sub-Limit of Liability noted in the Schedule against Unspecified Suppliers and/or Customers Premises.

For the purposes of this endorsement, the term 'premises of a producer' refers to premises, other than those described in the Public Utilities Extension to Section 2 of the policy, at which any of the goods or services used directly by the Insured are produced, assembled or stored. The term 'premises of a merchant' refers to premises to which the Insured directly provides goods or services.

### **Royalties receivable (b)**

Loss of royalties receivable in consequence of Damage to property at the specified premises anywhere in the world of any company, firm or person identified in the Schedule against 'Royalties Receivable' shall, subject to the sub-limit stated in the Schedule, be deemed to be loss resulting from Damage to property used by the Insured at the Premises.

### **Interdependency - australia**

Loss as insured by Section 2 of the policy resulting from interruption of or interference with the Business in consequence of Damage to property not insured by Section 1 of the policy and situated at any other premises in Australia owned and/or occupied and/or used by the Insured for the purpose of the Business or any other business shall be deemed to be loss resulting from Damage to property used by the Insured at the Premises.

**Infectious or contagious diseases; vermin, pests or defective sanitary arrangements; food or drink poisoning; murder, suicide (b)**

Loss as insured by the Policy resulting from interruption of or interference with the Business arising from closure or evacuation of the whole or part of the Premises by order of a competent public authority consequent upon:

- (a) infectious or contagious disease manifested by any person whilst at the Premises;
- (b) vermin or pests or defects in the drains or other sanitary arrangements at the premises;
- (c) injury, illness or disease directly caused by the consumption of food or drink provided on the premises;
- (d) murder or suicide occurring in or at the Premises, shall be deemed to be loss resulting from Damage to Property used by the Insured at the Premises.

Provided that paragraph (a) will not indemnify loss resulting from interruption of or interference with the Business directly arising from or in connection with Highly Pathogenic Avian Influenza in Humans or any other diseases declared to be quarantinable diseases under the Quarantine Act 1908 and subsequent amendments.

Indemnity under this endorsement shall not exceed the Sub Limit of Liability per event and in the annual aggregate expressed in the Schedule.

**Trade exhibitions (a)**

Loss as insured by Section 2 of the policy resulting from interruption of or interference with the Business due to curtailment of any trade exhibition anywhere in the world in consequence of Damage thereat and/or to property exhibited therein by the Insured shall be deemed to be loss resulting from Damage to property used by the Insured at the Premises.

Provided that the liability of the Insurer(s) shall be limited to the sub-limit stated in the Schedule of the policy against 'Trade Exhibitions' for any one loss or series of losses arising out of any one event or occurrence.

**Reduced margin**

If, in consequence of Damage giving rise to a claim under this Policy, Turnover is maintained at a reduced Rate of Gross Profit, an equitable allowance shall be made for the loss of Gross Profit resulting from an increase in the ratio to Turnover of stock usage or purchases (adjusted for stock variations). No allowance shall be made for an increase in the ratio to Turnover of any other uninsured expenses.

## Exclusions to All Sections

### Property Exclusions

#### General property cover - Australia

The policy extends to cover Property Anywhere in Australia.

For the purpose of this endorsement, the following exclusions applicable to all Sections are deemed inoperative:

- Property Exclusions 1 and 13(b);
- Perils Exclusions 3(a), 3(b) and 6(a).

The liability of the Insurer(s) shall be limited to the sub-limit stated in the schedule of the policy against "General Property Cover – Australia".

#### Impermanent removals

For the purposes of Property Exclusion 1, the term 'temporary removal' means removal for a particular purpose, other than insured property out on hire, with the intention that the property be returned to the place from which it has been removed when that purpose has been served.

#### Property in transit – australia

The Policy extends to cover Property Insured whilst in Transit between a port or ports or a place or places in Australia (including whilst being loaded on to or unloaded from a conveying vessel, vehicle or aircraft).

For the purpose of this endorsement the following exclusions to all Sections are deemed inoperative:

- Property Exclusions 1 and 13 (b);
- Perils Exclusions 3 (a), 3 (b), 4 (a), 6 (a) and 6 (c).

This endorsement also covers general average and salvage charges (adjusted or determined according to the contract of affreightment and/or the governing law and practice) incurred to avoid or minimise loss insured hereunder.

The Insurer(s) shall not be liable under this insurance for:

- loss, damage or expense caused by inherent vice or the nature of any property insured hereunder;
- ordinary leakage, ordinary loss in weight or volume of any property insured hereunder;
- loss, damage or expense proximately caused by delay, except expenses payable in connection with general salvage and salvage charges;

(iv) loss, damage or expense arising from insolvency or financial default of the owners, managers, charterers or operators of any vessel;

(v) loss, damage or expense arising from:

- unseaworthiness of a vessel or craft;
- unfitness of a vessel, craft, conveyance, container or liftvan for the safe carriage or property insured hereunder;

where the Insured of servants are aware of the unseaworthiness or unfitness at the time the Property insured is loaded therein.

#### Temporary removal exemption (b)

The final sentence of Property Exclusion 1 is amended to read:

This Exclusion shall not apply during temporary removal of property (other than stock and/or merchandise), including unregistered motor vehicles other than where used as stock and/or merchandise of the Business, to any situation within the Commonwealth of Australia and whilst at such situation. Whilst such property is in transit (excluding loading, unloading and storage in transit), cover is limited to physical loss, destruction or damage caused by fire, lightning, explosion, earthquake, aircraft, riot, strikes, malicious damage and storm and/or tempest.

#### Money carriers - other insurance

The first paragraph of Property Exclusion 2(a) is amended to read:

- whilst being carried by professional money carriers, professional carriers or common carriers which is insured by any person or entity other than the Insured except to the extent of any Damage in excess of the amount of that insurance."

#### Business hours

For the purposes of Property Exclusion 2(c), the Insured's business hours shall mean the period during which the Insured's premises are actually occupied for business purposes and during which the Insured or employees of the Insured are in the premises.

#### Loss discovered late

Property Exclusion 2(d) is amended to read:

- where the loss is not discovered within fifteen (15) working days of the event.

### **Decorative livestock (fire cover only)**

Property Exclusion 6 is amended to read:

6. Livestock, animals, birds or fish (other than birds or fish used solely for decorative purposes and only in respect of loss arising from fire only).

### **Paved areas (a)**

Property Exclusion 9 is amended to read:

10. bridges, canals, roadways (other than driveways, vehicle parking or manoeuvring areas and other paved areas at the Situation) and tunnels, railway tracks (other than on the premises occupied or used by the Insured), dams and reservoirs (other than tanks) and their contents

### **Property in the open air (storm) (a)**

Property Exclusion 13(a) is amended to read:

- 13(a) textile awnings and exterior blinds;

Property Exclusion 13(b) is amended to read:

- 13(b) property in the open air unless such property is designed to function without the protection of walls or roof.

caused by wind, rainwater or hail.

Provided that the liability of the Insurer(s) shall be limited to the sub-limit stated in the Schedule of the policy against Property In The Open Air (Storm) (A) for any one loss or series of losses arising out of any one event or occurrence for an amount greater than the amount shown against the Sub-Limit for Property in the Open Air (Storm) shown in the Schedule.

### **Fusion**

The policy extends to indemnify the Insured against loss, destruction of or damage to any part or parts of the electrical, electro-mechanical and electronic machines, switchboards, installations or apparatus forming part of the Property Insured (excluding rectifiers, radio, television or amplifying equipment of any description) caused by the actual burning out of such part or parts by the electric current therein.

The Insurer(s) shall not be liable under this endorsement for:

- (a) loss of use, depreciation, wear and tear.
- (b) loss, destruction of or damage to:
  - (i) lighting or heating elements, fuses or protective devices;
  - (ii) electrical contacts at which sparking or arcing occurs in ordinary working.

The liability of the Insurer(s) shall not exceed the sub-limit stated in the schedule of the policy against "Fusion" for any one loss or series of losses arising out of any one event or occurrence at any one location.

### **Machinery breakdown (physical damage and expediting expenses)**

Property Exclusion 16 is deleted and the Policy extends to indemnify the Insured for damage to Machinery occasioned by or happening through any mechanical, electrical, electromechanical, electronic or hydraulic malfunction, failure, derangement, breakdown or non-operation of any kind except as otherwise specifically excluded. For the purpose of this endorsement:

1. "Machinery" means any apparatus, including electronic control equipment, whether functioning independently or as part of a collection of apparatus, which generates, contains, controls, transmits, receives, transforms or utilises any form or source of energy or power.
2. The following specific exclusions shall apply to this endorsement and shall take precedence over the exclusions applicable to all sections of the policy:

### **Property exclusions**

physical loss or destruction of or damage to

- (a) any sewer piping, underground gaspiping, piping forming part of any sprinkler system or water piping other than boiler feed water piping, boiler condensate return piping or water piping connecting to or used with an airconditioning system;
- (b) any structure, foundation or setting (other than a bedplate) supporting or housing any Machinery, or the lining or fire wall of any unfired vessel;
- (c) any vehicle or mobile equipment whilst being driven on a public thoroughfare (but damage to such vehicle or mobile equipment whilst being used at any situation as a tool of trade is not excluded);
- (d) any aircraft or floating vessel;
- (e) any crane, hoist, power shovel, dragline or conveyor (but not any pressure vessel or electrical equipment used with such items of Machinery);
- (f) any computer or electronic data processing equipment;
- (g) any X-ray machine, spectrograph, gauges or other apparatus using radioactive materials, any radio or television apparatus;
- (h) any penstock, draft tube or well casing;
- (i) any steam or gas turbine-generator with a capacity exceeding 250 horsepower or equivalent;

- (j) electrical wiring and fittings associated with lighting and power circuits.

#### Perils exclusions

The Insurer(s) shall not be liable in respect of

- (a) (i) wear and tear and gradual deterioration (whether by wasting, grooving, rust, corrosion, erosion or otherwise) nor for the cost of maintenance work generally;
- (ii) gradually developing flaws, deformation, distortion, cracks or partial fractures;

Provided that Perils Exclusions (a) (i) and (ii) shall be limited to the Parts(s) of the Machinery undergoing sudden and unforeseen damage in consequence thereof.

- (b) repair or renewal of non-metallic parts and expendable tools, blades, edges, moulds, dies, templates, screens, sieves, ropes, belts and like items subject to rapid wear and tear unless repair or renewal thereof is necessitated by the occurrence of damage (as insured by this endorsement) to any other part(s) of the Machinery;

(c) damage:

- (i) arising from the intentional application of any tool or process to the Machinery during the course of repair, alteration, modification, maintenance or overhaul thereof.
- (ii) to the Machinery resulting from the imposition of abnormal conditions relating to testing or intentional overloading of or experiments with the Machinery, unless the Insurer(s) shall have agreed in writing to grant indemnity under this endorsement whilst the Machinery is being operated under such conditions.
- (iii) to the Machinery resulting from faults(s) or defect(s) therein known to the Insured or to responsible employees of the Insured but not disclosed to the Insurer(s) at the commencement of the Period of Insurance.

- (d) consequential loss of any kind (including consequential loss due to lack of performance, loss of contract or payment in respect of any contractual fine or penalty due to late or non-performance of services by the Insured).

The insurance under this endorsement includes expediting expenses, which shall mean;

- (a) penalty rates for wages during overtime, shift, night, Sunday or holiday working;
- (b) payment for carriage by express passenger, fast goods or other rail or road transport;
- (c) payment for carriage by air freight via licensed

airline(s) operating a regular scheduled service but not by aircraft chartered for such carriage, unless agreed in writing with the Insurer(s).

The Insurer(s) liability for expediting expenses shall not exceed 50% of the normal cost of repair or replacement of the Damaged Machinery.

#### EDP breakdown

Section One – Material Loss or Damage is extended to cover electronic data processing systems including peripheral and ancillary equipment and media against any sudden and unforeseen loss, destruction or damage whilst such property is within the precincts of the Situation and/or Premises and working or at rest or being dismantled, moved, reassembled or reinstated for the purpose of cleaning, adjustment, inspection, repair, overhaul, or relocation but only after successful commissioning at the Situation and/or Premises.

The following “Exclusions – Applicable to all Sections” shall not apply to the cover granted by this endorsement:

#### Exclusion Number

Property 16

Perils 4(a)

Perils 4(c)

Perils 4(e)

Perils 6(c)

Provided that the liability of the Insurer(s) shall not exceed the amount of the sub-limit stated in the schedule of the policy against “Data processing/Media Breakdown” for any one loss or series of losses arising out of any one event or occurrence at any one location.

#### Pressure vessel perils - section 2

The final sentence of Property Exclusion 17 is amended to read:

“The provisions of this Exclusion shall not apply to Section 2 of this Policy.”

#### Resultant damage to pressure vessels

Property Exclusion 17 is extended to include the following provision:

Provided that the Insurer(s) will indemnify the Insured for any Damage to the aforementioned items caused directly by any circumstances not excluded under Section 1 of this Policy, notwithstanding that these circumstances may in turn have been caused by any of the circumstances specified in this Property Exclusion 17.



## Perils exclusions

### Demolition of damaged property

The first paragraph of Perils Exclusion 1(b) is amended to read:

- (b) resulting from confiscation, nationalisation, requisition or damage to property by or under the order of any Government or Public or Local Authority, unless such order involves the demolition of property deemed unsafe following damage by any peril not otherwise excluded by this Policy.

### Terrorism act

Perils Exclusion 1(b) is amended to read:

- (c) arising directly or indirectly from or based upon or attributable to or in consequence of any terrorism act, regardless of any other cause or event contributing concurrently or in any other sequence to the loss, or any action taken in controlling, preventing, suppressing, retaliating against, responding to or in any way relating to a terrorism act.

### Prevention of imminent damage

The clause immediately following Perils Exclusion 1(b) is amended to read:

Notwithstanding the provisions of Perils Exclusion 1(b), the Insurer(s) shall be liable for loss or destruction of or damage to Property Insured and for the reasonable cost of removal of such property including Damage resulting from such removal, in each case for the purpose of preventing or diminishing imminent Damage by, or inhibiting the spread of, fire or any other cause not excluded under this Policy.

### Nuclear: exempt equipment

Perils Exclusion 2 is amended by adding the following:

This Exclusion(2) does not apply to any radiations emitted by spectrometers, x-ray units, diathermy machines, equipment for radio and television broadcasting, telecommunications equipment, radar installations or industrial and commercial appliances used for sealing plastics or for welding, heating, drying and cooking.

### Flood

Paragraph (a) of Perils Exclusion 3 is deleted.

### Flood – amended definition (b)

The definition of “flood” forming part of Perils Exclusion 3 (a) is amended to read:

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

- (a) any lake, or any river, creek or other natural watercourse, whether or not altered or modified; or
- (b) any reservoir, canal or dam.

### Theft of property in open air

Perils Exclusion 6(a) is deleted for any losses arising from theft of property in the open air up to the amount of the Sub-Limit shown in the Policy Schedule.

Provided that cover is only afforded only for property within the boundaries of the Insured’s locations, as specified on the Schedule

### Theft in open - resultant damage

Perils Exclusion 6(a) is extended to include the following additional provision:

Provided further that the Insurer(s) will indemnify the Insured for any Damage to Property Insured caused directly by any circumstances not excluded under Section 1 of this Policy, notwithstanding that these circumstances may in turn have been occasioned by or happened through theft of property (other than Money in transit) in the open air.

### Subsidence caused by seismological disturbance

Perils Exclusion 7(c) is extended to include the following provision:

Provided that this Exclusion 7(c) shall not apply if Damage is caused by or arises out of an earthquake or seismological disturbance.

### Hold-up/theft

Perils Exclusion 7(d) is amended by adding the words:

Provided that this exclusion shall not apply to loss caused by hold-up and/or theft or any attempt thereat.

### Depreciation of undamaged stocks (b)

The following paragraph is inserted after paragraph (i) of the Basis of Settlement clause in Section 1:

- (j) Notwithstanding anything contained in this Policy to the contrary, in particular Property Exclusion 12 and Perils Exclusion 9, the Insurer will, to an extent not exceeding the value of the goods in storage remaining after its liability for any such direct loss has been determined and subject otherwise in all respects to the terms and conditions of this

insurance, except as specifically varied hereby, also hold themselves liable for damage caused by deterioration of such goods due to the Insured's inability to process the goods in the normal way as a result of damage caused by any peril or circumstance insured by this Policy to any property used by the Insured.

### **Loss of land value (b)**

Notwithstanding the provisions of Perils Exclusion 9 and Property Exclusion 8:

- (a) In the event of the absolute refusal by the competent local or government Authority to allow the reconstruction of the Premises following destruction or damage, the Insurer(s) shall pay by way of indemnity the amount of excess of the Land Value before the destruction or damage to improvements, over the Land Value after, the destruction or damage to improvements; or
- (b) in the event of the competent local or government Authority allowing only partial reconstruction of the Premises after destruction or damage, the Insurer(s) shall pay by way of indemnity the deficiency between the Land Value after such reconstruction and the Land Value before the destruction or damage;

less any sum paid by way of compensation by such Authority arising out of the action referred to in (a) or (b) above. The liability of the Insurer(s) shall be limited to the sub-limit stated in the Schedule of the policy against 'Loss of Land Value' for any one loss or series of losses arising out of any one event or occurrence at any one location.

### **Definition**

**Land Value** The sum certified by the Valuer General as being the value of the land so described in the policy after due allowance has been made for variations in or other circumstances affecting such value either before or after the damage or which would have affected the value had the damage not occurred so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the true Land Values pertaining both before and after the damage.

### **Special Conditions**

1. Settlement shall be made following the ruling of the competent local or government Authority resulting in the loss of land value. Should settlement have been made however and subsequently the ruling of the competent local or government Authority be changed prior to completion of the reconstruction, resulting in an increase in the Land Value, that part of the claim paid in excess of the revised Land Value

shall be refunded to the Insurer(s).

2. All differences relating to the Land Value arising out of the Policy shall forthwith be referred to the decision of two registered valuers; one to be appointed by each of the parties and in case the two registered valuers do not agree, of a third valuer, appointed by the President of the Australian Institute of Valuers as an expert, whose decision shall be binding.

## Memoranda applicable to all sections

### Amount of policy not reduced by loss

The Memorandum applicable to all Sections and headed "Amount of Policy not Reduced by Loss" is deleted and replaced by the following:

Unless The Insured requests otherwise the Insurance under each section and/or item of this Policy and the Indemnity Period shall be automatically reinstated in the event of any loss in consideration of the payment by the Insured upon request by the Insurer(s) of a pro-rata additional premium calculated on the amount of the loss settlement at the rate(s) agreed for the Period of Insurance and will be effective from the time that the damaged property is reinstated or replaced or restored.

Provided that:

in respect of Damage by theft or attempted theft reinstatement will only apply subject to the Insured(s) completing any improvements to the security precautions at the situation(s) that the Insurer(s) may require and in any event reinstatement following theft or attempted theft will apply only once during each Period of Insurance.

### Event (c)

The Memorandum applicable to all Sections and headed "Event" is amended to read:

Only for the purpose of the application of any deductible: all loss, destruction or damage resulting from earthquake, volcanic eruption, subterranean fire, named cyclone, bushfire, flood or atmospheric disturbance occurring during each period of 72 consecutive hours shall be considered as one event whether continuous or sporadic in its sweep and/or scope and whether the loss, destruction or damage was due to the same seismological or meteorological conditions. Each event shall be deemed to have commenced on the first happening of any such loss, destruction or damage, not within the period of any previous event.

### Public authorities, storage, lease and hire agreements

The Memorandum headed 'Subrogation Waiver' is extended to include the following clause:

The Insured may, without prejudicing its position under this Policy:

1. release any statutory governmental, semi-governmental or municipal authority from any liability if required by any contract to do so;
2. agree to enter into a contract for storage of goods or merchandise even if the terms of the contract

include a disclaimer clause; and

3. agree to enter into a lease for occupancy of any building or part of a building or a lease or hiring of property where the terms of the lease or hiring include a disclaimer clause in favour of the lessor or the owner."

### Adjustment of premium

The memorandum to all Sections, headed 'Adjustment of Premium' is extended to include the following clause:

- (f.) If any claim paid or payable under Section 1 and/or 2 of the policy in respect of Damage occurring during the period of insurance is reduced due to under-insurance in accordance with the provisions of a Co-insurance or Average clause or clauses, the insurer(s) shall waive any additional premium for that period of insurance, which would otherwise be payable in accordance with this memorandum.

### Premium adjustment - gross rentals

(Not operative unless the Schedule contains a sub-limit for Gross Rentals)

Provisions (a)(ii) and (b)(ii) of the Adjustment of Premium Memorandum are amended to read:

- (a) (ii) estimated amount of Gross Rentals; and
- (b) (ii) the amount of Gross Rentals received, in accordance with the cover afforded in the respective item of Section 2, in the course of the Business during the most recent accounting period of twelve months ending on or prior to the date of expiry of the period of insurance.

### Declarations of acquired property (b)

The following paragraph is added to the Adjustment of Premium Memorandum, at the end of paragraph (b):

The Insured shall also make such declarations to the Insurer(s) under paragraph (b)(i) in respect of acquisitions of Property Insured, provided that no such declaration shall be required upon acquisition when the value of the acquisition does not exceed the amount stated in the Schedule against 'Declarations of Acquired Property (B)', of the Insured's total declaration of value under Section 1 as at the commencement of the Period of Insurance.

Notwithstanding the acceptance of a total variation in the Declared Values up to the amount stated in the Schedule of the policy against 'Declaration of Acquired Property (B)' under sub-limits of liability, Section 1: Material Damage percentage as stated in the Schedule, nothing here shall be construed as automatically noting or providing an increase in the Limit of Liability under the policy.

## Conditions Applicable to all Sections

### Alteration (a)

Condition 2 is extended to include the following additional provision:

Provided further that paragraphs (a) and (b) of this Condition 2 shall not apply if such alteration(s) are neither known to nor made by an officer of the Insured who is responsible for Insurance.

### Alteration (b)

The preamble to paragraphs (a) to (d) of Condition 2 is amended to read:

Subject to Section 54 of the Insurance Contracts Act 1984, the Insurer(s) shall not be liable for loss, destruction of or damage to any property insured hereunder caused or contributed to by any alteration after the commencement of this Policy.

### Sprinkler installations (c)

Condition 3 is amended with the words or are required by law to be protected being deleted, and the following paragraphs added:

Where the sprinklered Premises are leased to a tenant and the lease provides that the tenant shall provide for maintenance of the installation, any failure so to do will not prejudice the rights of the Insured, provided that the Insured, upon becoming aware of the failure, shall either immediately provide for maintenance of the installation or immediately give notice in writing to the Insurer(s) and on demand pay such reasonable additional premium as the Insurer(s) may require.

Where the Insured or a tenant responsible to provide for maintenance of the installation enters into an agreement for maintenance with a contractor and such agreement provides in substance that the Insured or tenant shall indemnify and/or hold harmless and/or release from liability the contractor in respect of loss, destruction or damage which may occur as a result of any peril insured against by this policy, the insurance hereby shall not be prejudiced by the Insured or the said tenant agreeing to such provision.

The Insured's officer responsible for insurance shall, upon becoming aware of such agreement, inform the Insurer(s) as soon as reasonably practicable and a reasonable additional premium will be paid if required by the Insurer(s).

### Other insurance

Condition 4 is deleted.

### Cancellation by the insured

Paragraph (a) of Condition 5 is amended to read:

This Policy may be cancelled at any time at the request of the Insured, in which case the Insurer(s) will be entitled to a pro rata proportion of the premium, subject to any adjustment in accordance with the Adjustment of Premium Memorandum, for the time this Policy has been in force."

### Notification of claims (b)

The first paragraph of Condition 6 is amended to read:

On the happening of any loss, destruction or damage, the Insured shall forthwith give notice thereof in writing to the Insurer(s) and shall as soon as reasonably practicable deliver to the Insurer(s) a claim in writing containing as particular an account as may be reasonably practicable of the items of property lost, destroyed or damaged and the amount of Damage having regard to their value at the time this occurred and of the amount of any claim under Section 2 of this Policy, together with details of any other insurances which may apply to the claim.

### Insurers' rights

The words without thereby incurring any liability in Condition 9 are amended to read without thereby admitting any liability.

### Subrogation

The words or paying any moneys under Section 2 of this Policy are added at the end of paragraph (a) of Condition 10.

### Order of priority - subrogation recoveries

Paragraph (b) of Condition 10 is amended to read:

(b) Recoveries, whether effected by the Insurer or the Insured, shall be applied, net of the expense of such recovery, first to the satisfaction of the Insured's loss in excess of the claim paid under this Policy (disregarding the amount of any Deductible applicable), secondly to the Insurer as reimbursement of the amount(s) paid in settlement of the Insured's claim and thirdly to the Insured in satisfaction of any Deductible amount applicable. Recovery from reinsurance shall not be deemed a recovery for the purpose of this paragraph (b).

### **Termination of cover under section 2 (a)**

Condition 13 of the policy is amended to read as follows:

If during the currency of the policy the Insured:

- (a) permanently discontinues or ceases to carry on the Business or if the Insured's proprietary interest in the Business ceases otherwise than by death; or
- (b.) (being a corporation) is placed in liquidation, provisional liquidation, under official management, under the control of a receiver and manager or if control over its assets is assumed by a receiver; or
- (c.) (being a natural person) becomes bankrupt;

then the insurance under Section 2 shall cease unless its continuance is admitted in writing by the Insurer(s). Such termination of cover shall not apply if any of the events stated in clauses (a), (b) or (c) are caused by loss, insured by Section 2 of the policy, resulting from interruption of or interference with the Business in consequence of Damage to property used by the Insured at the Premises.

### **Breach of conditions**

Any breach of a condition without the knowledge or consent of the Insurance Officer of the Insured shall not prejudice or invalidate this insurance provided that due diligence is exercised at all times by the Insured.





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