

Policy Schedule

Date of issue 22 July 2021
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Important Notice: This Schedule should be read in conjunction with your Policy Wording, which together comprise your contract of insurance with the insurer. Please refer to both documents for full terms, conditions, exclusions and specific endorsements of your policy.

Vertex Industrial Special Risks

Policy Number	04FX004340
Insured	Rotary Districts in Australia, Rotary Clubs in Australia, Rotary Clubs in Papua New Guinea, Rotary Clubs in East Timor, Rotary Clubs in Solomon Islands, Rotary Club of Nauru, Rotaract Clubs in Australia, Interact Clubs in Australia, Rotary Alumni Association, Rotary Youth Exchange Program (YEP), Rotary Youth Program of Enrichment (RYPEN), Rotary Australia World Community Services Ltd (RAWCS), Australian Rotary Health (ARH), Rotary Oceania Medical Aid for Children (ROMAC), Rotary Down Under Inc, RDU Pty Ltd (RDU), Rotary Oceania RYLA Alumni Association and other association / affiliated, incorporated/unincorporated organisations.
Period of Insurance	(a) 30 June 2021 to 30 June 2022 4:00pm Local time (b) or any further period for which renewal has been agreed
Business Description	Principally: Principally official constituted Rotary activities - charitable and community services and any other activities incidental thereto and/or activities in which the insured is or may become engaged, property owner/occupier and any other activities incidental thereto.
Currency	All Limits and Premiums are in Australian Dollars (AUD)
Premium	As agreed The premium and tax amounts payable are provisional and shall be adjusted in accordance with the conditions of this Policy.
Covering	Section 1 - Property Insurance Section 2 - Interruption Insurance

Situation	Anywhere in Australia, New Zealand, East Timor, Nauru, Papua New Guinea, Asia and South Pacific Islands including whilst in transit between such places and elsewhere in Australia including contract sites where the Insured has property or carries on business, has goods or other property stored or being processed or has work done.		
Limit of Liability	Section 1		
	Assets up to \$50,000	\$	250,000
	Assets over \$50,000 under \$500,000	\$	1,000,000
	Assets over \$500,000	\$	5,000,000
	Section 2		
	Increased Cost of Working	\$	250,000
	Loss of Rent	\$	250,000
	Sections 1 & 2 - Claim Preparation costs	\$	50,000
	Gross Revenue	\$	650,000
Sub-Limits of Liability	The liability of the Insurer shall be further limited in respect of any one loss or series of losses arising out of any one original source or cause at any one Situation as set out hereunder. If more than one Sub-Limit of Liability applies the greater amount shall be payable.		
	Section 1 - Property Insurance		
	1.16.1 Customers Goods	\$	1,000,000
	1.19 Unspecified Damage	\$	250,000
	2.1.1 Damage to Property in the Open Air unless that property comprises of or forms part of a permanent structure designed to function without the protection of walls or roof where Damage is caused by wind, rainwater or hail	\$	50,000
	2.1.1 Theft of property in the Open Air	\$	50,000
	2.1.2 Theft of Property Insured other than Money or Property in Transit	\$	50,000
	2.1.3 Money	\$	50,000
	3.1.2 Government or other Statutory Authority Fees	\$	1,000,000
	3.1.10 Liability for Additional Tax	\$	250,000
	3.1.11 Liability to make Enquiries	\$	1,000,000
	3.1.12 Expediting Expenses	\$	100,000
	3.1.14 Under Deductible Fire Brigade Attendance	\$	100,000

3.1.15	Emergency Services	\$	100,000
3.1.16	Statutory or Other Inquiries	\$	100,000
3.1.17	Payment of Reward	\$	100,000
3.1.18	Additional Green Costs	\$	1,000,000
3.2.1	Personal Property and Property of Clubs/Facilities		
	Per person	\$	5,000
	Per club/facility	\$	50,000
3.2.4	Landscaping	\$	100,000
3.2.5	Clearing and/or Repairing Drains	\$	250,000
3.2.6	Replacing Fire Protective Equipment	\$	100,000
3.2.7	Decontamination and Removal of Contaminated Property Insured	\$	1,000,000
4.5.3	Extra Cost of Reinstatement	\$	250,000
4.6	Additional Extra Cost of Reinstatement		250,000
4.9	Loss of Land Value	\$	100,000
4.25	Art Works, Antiques and Curios	\$	100,000
5.7	Live Animals, Birds or Fish or any other living creature used solely for decorative purposes or used in displays	\$	100,000
7.1.2	Property of Others	\$	50,000

Additional Sub-Limits

Flood any one event and in the annual aggregate	\$	100,000
"Static" risks not declared and agreed	\$	50,000
Donations in Kind subject to declaration	\$	100,000
Art Shows \$100,000 / item & \$500,000 / exhibition	\$	100,000
Goods or Property in Transit excluding artwork	\$	50,000
Artworks in Transit Australia	\$	100,000
Removal of Debris	\$	500,000
Goods or Property in transit elsewhere in world	\$	100,000
Property outside of Australia	\$	100,000

Section 2 - Interruption Insurance

Items Insured and Sub-Limits

10.1	Gross Profit		Not Insured
10.2	Gross Revenue (including Payroll 100%)		Insured
10.3	Gross Rentals		Insured
10.4	Insured Payroll		Insured
	100% in Gross Profit or Gross Revenue Item		
10.5	Severance Pay	\$	250,000
10.6	Additional Increased Cost of Working	\$	250,000
10.7	Fines & Damages	\$	100,000
10.8	Contracted Purchases	\$	250,000
10.9	Outstanding Accounts Receivable	\$	250,000
10.10	Claims Preparation Costs	\$	100,000

Sub-Limits

9.1.1.3	Public Utilities	\$	500,000
9.1.1.5	Property at or in the vicinity of the Situation	\$	1,000,000
9.1.1.6	Property at or in vicinity of suppliers and/or customers	\$	500,000
9.1.1.7	Property in any commercial complex	\$	250,000
9.1.1.8	Special Attraction in the immediate vicinity of the Premises	\$	250,000
9.1.1.9	General area damage	\$	250,000
9.1.1.10	Registered vehicles on Premises	\$	250,000
9.1.2.1	Infectious diseases limited in the aggregate	\$	250,000

Additional Sub-Limits

Claim Preparation Costs (overrides 10.10 above)	\$	50,000
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Indemnity Period

12 months

Construction Contract Value	5.14	Construction, erection, alterations or additions	\$	2,000,000
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Declared Values

In accordance with the Basis of Settlement

Section 1	Property Insurance	\$	34,613,948
Section 2	Interruption Insurance	\$	1,599,160

Deductibles

The Insured shall bear the following amount(s) in respect of each claim or series of claims arising out of the one original source or cause. Each Deductible will apply to each Sub-Limit, however such Deductibles shall not be aggregated and the highest single level of Deductible only shall apply.

Sections 1 and 2 Combined**Earthquake, subterranean fire or volcanic eruption**

(a) \$20,000; or

(b) an amount equal to 1.00% of the total declared values at the Situation where the damage occurs

Whichever is the lesser

1.19	Unspecified Damage	\$	1,500
3.2.1	Personal Property and Property of Clubs/Facilities		
	Per person	\$	1,500
	Per club/facility	\$	1,500
9.1.1.3	Public Utilities (timed deductible)		48 hours
	Any other claims indemnifiable by this Policy	\$	1,500
	Named Cyclone	\$	10,000

Endorsements

15.1	Boiler Pressure Vessel Explosion	\$	10,000
15.2	Fusion		Not Applicable
15.3	Machinery Breakdown	\$	10,000
15.4	Data Processing/Media/Computer Breakdown		Not Applicable
15.5	Property in Transit	\$	50,000
15.6	Spoilage of Stock and/or Merchandise	\$	10,000
15.7.1	Crime Split Clause (Money & Theft Excluded)		Not Applicable
15.8	Temporary Accommodation Expenses		Not Applicable
15.9	Extra Cost of Reinstatement		Not Applicable
15.10	Motor Vehicles on Premises		Not Applicable
15.11	Livestock - Fire or Lightning		Not Applicable

15.12	Docks, Wharves and Piers	Not Applicable
15.13	Flood Exclusion	Not Applicable
15.14	Subsidence	Not Applicable
15.15	Action of Water from the Sea, Tidal Wave or High Water	Not Applicable
15.16	Average/Underinsurance deleted	Not Applicable
15.17	Suppliers' and/or Customers' Premises	Not Applicable
15.18	Other Contributing Properties	Not Applicable
15.19	Trade Exhibitions	Not Applicable
15.20	Court Injunction	Not Applicable
15.21	Port Blockage	Not Applicable
15.22	Interdependency	Not Applicable
15.23	Cancelled Programme Expenses	Not Applicable
15.24	Rents Payable	Not Applicable
15.25	Research Establishment Expenditure	Not Applicable
15.26	Royalties Receivable	Not Applicable
15.27	Accommodation Bond Expenses	Not Applicable
15.28	Coverage Extended Beyond Australia	Not Applicable
15.29	Coverage Extended to Anywhere in the World	Applicable
15.30	Foreign Entity Loss Endorsement	Not Applicable
15.31	Non-Admitted Increased Tax Liability	Not Applicable

Additional Endorsements

15.33 COVERAGE EXTENDED TO ANYWHERE IN THE WORLD

Sub Limit - \$100,000

Sub-clause 15.29.1 of Endorsement 15.29 is amended to read:

References to "Australia" wherever appearing in this Policy (other than in Condition 14.16 and sub-clause 15.29.6) shall be substituted by references to "the world".

The Sub-Limit of Liability stated in the Schedule applying to "Coverage Extended to Anywhere in the World" shall not apply to Australia, but shall apply to those countries designated in the Situation in the Schedule and to any other country anywhere in the world. No cover applies to those prohibited countries stated in 15.29.2 above.

The following sub-clause 15.29.8- Jurisdictions limitations is added to Endorsement 15.29:

In jurisdictions where the Insurer may be prevented by law or otherwise from paying the amount of any admitted claim under this Policy, the Insurer shall pay such claim directly to Rotary in Australia.

15.34 - SUB-LIMITS OF LIABILITY

The following Sub-Limits of Liability appearing in the Schedule are amended to read:

2.1.1 Damage to property in the open air unless that property comprises of or forms part of a permanent structure designed to function without protection of walls or roof where damage is caused by wind, rainwater or hail - \$50,000

2.1.1 Theft of property in the open air - \$50,000

2.1.2 Theft of Property Insured other than money or property in transit - \$50,000

9.1.1.3 Public utilities - Not Insured

9.1.1.5 Property at or in the vicinity of the Situation - Not Insured

9.1.1.6 Property at or in the vicinity of suppliers and/or customers - Not Insured

9.1.1.7 Property in any commercial complex - Not Insured

9.1.1.8 Special attraction in the immediate vicinity of the Situation - Not Insured

9.1.1.9 General area damage - Not Insured

9.1.1.10 Registered vehicles at the Situation - Not Insured

9.1.2.1 Infectious disease limited in the aggregate - Not Insured

10.5 Severance Pay - Not Insured

10.7 Fines and Damages - Not Insured

10.8 Contracted Purchases - Not Insured

10.10 Claims Preparation Costs - \$50,000

15.35 - DEFINITIONS

Definition 1.9 Insured is amended to read:

Insured is as described in the Schedule and, except to the extent stated in the Schedule, includes

1. all subsidiary companies (including subsidiaries of subsidiaries), organisations and other entities over which the Insured named in the Schedule has the capacity to

dominate decision-making, directly or indirectly, in relation to financial and operational policies, so as to achieve the objectives of the Insured named in the Schedule, and

2. all organisations and other entities to whom (whether mortgagees, lessors, joint venturers or other parties with a legal, pecuniary, economic, financial or equitable interest in the Property Insured) the Insured named in the Schedule has a responsibility to maintain insurance.

15.36 - PROPERTY IN TRANSIT (EXCLUDING ARTWORKS)

The Policy extends to cover Property Insured (other than Money and artworks) whilst in transit between a port or ports or a place or places anywhere in the world (including whilst being loaded on to or unloaded from a conveying vessel, vehicle or aircraft).

For the purpose of this endorsement:

1. Clause 2.1.2 is amended to read "in the case of property other than Money and artworks, whilst in transit.

2. Exclusions 5.1, 6.2.3 and 6.2.4 are deemed inoperative and Clauses 12 and 13 shall not apply to loss (as provided for in Section 2 of this Policy) resulting from Damage to property described herein in the circumstances in which such Damage is the subject of indemnity under this Extension other than indemnity not applying only because of the application of a Deductible.

3. General Average and Salvage Charges payable according to Foreign Statements or to York Antwerp Rules if in accordance with the contract of affreightment are included. No Deductible shall apply to this Clause.

The following special Exclusions shall apply to this Endorsement:

The Insurer shall not be liable under this insurance for:

4. loss, damage or expense caused by inherent vice or the nature of any Property Insured hereunder;

5. ordinary leakage, ordinary loss in weight or volume of any Property Insured;

6. loss, Damage or expense proximately caused by delay, except expenses payable in connection with General Average and Salvage Charges;

7. loss, Damage or expense arising from insolvency or financial default of the owners, managers, charterers or operators of any vessel;

8. loss, Damage or expense arising from:

8.1 unseaworthiness of a vessel or craft;

8.2 unfitness of a vessel, craft, conveyance, container or liftvan for the safe carriage

of Property Insured hereunder; where the Insured or their employees are aware of the unseaworthiness or unfitness at the time the Property Insured is loaded therein.

15.37 - ADDITIONAL COVER – SECTION 1 – PERSONAL PROPERTY

Sub-clause 3.2.1 is amended by deleting the word "Australia" after the words "beyond the premises at the Situation to anywhere in" and before the words "including whilst in transit" and replacing it with the words "the world".

15.38 - CONDITIONS APPLYING TO SECTIONS 1&2 ADJUSTMENT OF PREMIUM

Condition 14.5 is deleted, the premium being non-adjustable.

15.39 - CONDITIONS APPLYING TO SECTIONS 1 AND 2

The following Condition is added after Condition 14.15:

Where the Insured has not declared to the Insurer in their schedule of assets at the commencement of the Period of Insurance the description, situation and value of an existing asset the asset and any loss suffered by the Insured which is the subject of indemnity under Section 2 shall be covered under this Policy subject to the Sub-Limit of Liability against "Static" Risk not Declared and Agreed to the Insurer. This sub-limit shall not apply to property acquired after the commencement of the Period of Insurance.

COVERAGE EXTENDED TO ANYWHERE IN THE WORLD

Sub-clause 15.29.1 of Endorsement 15.29 is amended to read:

References to "Australia" wherever appearing in this Policy (other than in Condition 14.16 and sub-clause 15.29.6) shall be substituted by references to "the world".

The Sub-Limit of Liability stated in the Schedule applying to "Coverage Extended to Anywhere in the World" shall not apply to Australia, but shall apply to those countries designated in the Situation in the Schedule and to any other country anywhere in the world. No cover applies to those prohibited countries stated in 15.29.2 above.

The following sub-clause 15.29.8 - Jurisdictions limitations is added to Endorsement 15.29:

In jurisdictions where the Insurer may be prevented by law or otherwise from paying the amount of any admitted claim under this Policy, the Insurer shall pay such claim directly to Rotary in Australia.

GPS ENDORSEMENT – PROPERTY

By way of endorsement to the Policy, the parties are hereby agreed as follows (subject otherwise to all other terms, conditions, limits of liability and exclusions of the Policy): For the purposes of the cover provided under this endorsement the following provisions are

added to the Policy:

Insuring Clauses

1. Except as set out in Insuring Clause 2 below, the Insurer(s) will indemnify the First Named Insured for an Insured Loss, the value of which is agreed to be equal to the percentage Ownership Interest multiplied by the amount of the Foreign Entity Loss.

2. If, immediately prior to an occurrence giving rise to a Foreign Entity Loss, the First Named Insured's Ownership Interest was less than 100% but the First Named Insured had a Legal Obligation or a Contractual Obligation in respect of the Foreign Entity Loss, then the Insurer(s) will indemnify the First Named Insured for the Insured Loss, the value of which is agreed to be whichever is the greater of the following amounts:

(a) an amount equal to the percentage Ownership Interest multiplied by the Foreign Entity Loss;

(b) the amount of the Foreign Entity Loss in respect of which the Insured had a Legal Obligation; or

(c) an amount equal to the First Named Insured's liability to the Foreign Entity in connection with its Contractual Obligation, in each case, such amount as established by the First Named Insured to the reasonable satisfaction of the Insurer(s).

Definitions

(a) "First Named Insured" means the Insured named first in the Schedule and must be an Australian domiciled entity

(b) "Foreign Entity" means an entity that is located in a country or territory listed in the Schedule in which Chubb Insurance Australia Limited (ABN 23 001 642 020) is not lawfully permitted to carry on insurance business and in which the First Named Insured has an economic or pecuniary interest as a result of having:

(i) an Ownership Interest in the Foreign Entity;

(ii) a Legal Obligation; or

(iii) a Contractual Obligation.

(c) "Foreign Entity Loss" means that part of any loss, destruction or damage suffered by, or cost or expense incurred by, the Foreign Entity which but for the fact that the Foreign Entity is not insured under this Policy, would otherwise be loss of a type covered by this Policy having regard to all of the terms, Conditions, Exclusions, Memoranda, Warranties, limitations and other provisions contained in or endorsed on this Policy, less:

(i) the amount of any indemnity to which the Foreign Entity or the First Named Insured is entitled under a contract of insurance (other than this Policy) in respect of the Foreign Entity Loss, whether or not the Foreign Entity or the First Named Insured is actually indemnified; and

(ii) all amounts recovered by or on behalf of the Foreign Entity from third parties in relation to the Foreign Entity Loss.

(d) "Insured Loss" means the pecuniary or economic loss suffered by the First Named Insured as a result of a Foreign Entity Loss as conclusively calculated and determined pursuant to Insuring Clause 1 or 2 above as applicable.

(e) "Ownership Interest" means the ownership interest that the First Named Insured has in the Foreign Entity at the time of the Foreign Entity Loss, either directly or through its subsidiaries.

(f) "Legal Obligation" means a legal or contractual obligation on the part of the First Named Insured to indemnify the Foreign Entity for all or part of a Foreign Entity Loss but only where the First Named Insured has management control of the Foreign Entity.

(g) "Contractual Obligation" means a contractual obligation on the part of the First

Named Insured to arrange insurance to cover the Foreign Entity for all or part of a Foreign Entity Loss and where the First Named Insured has management control of the Foreign Entity.

Conditions

1. The First Named Insured must, when directed by the Insurer(s):

(a) provide evidence to the Insurer(s) reasonable satisfaction of the nature and extent of any Ownership Interest, Legal Obligation and Contractual Obligation in relation to a Foreign Entity Loss;

(b) retain in its own name but at the Insurer(s) expense third party advisers including lawyers, investigators and experts nominated or approved by Chubb to investigate, assess and respond to any occurrence giving rise to a Foreign Entity Loss and, where permitted by applicable law, grant the Insurer(s) the full right to:

(i) instruct and direct such advisers;

(ii) be provided with full access to any records produced by such advisers; and

(iii) control the investigation, assessment and response to any occurrence giving rise to a Foreign Entity Loss, including by providing access to documents and information; and

(c) procure that the Foreign Entity assigns to the First Named Insured (or other person nominated by the Insurer(s) the right to:

(i) enforce any right to recovery from any third party in respect of the Foreign Entity Loss;

(ii) any cause of action that the Foreign Entity may have against any third party arising out of the facts and circumstances which gave rise to the Foreign Entity Loss; and

(iii) any settlement sum received in respect of a Foreign Entity Loss, in priority to any insurer of the Foreign Entity.

2. The First Named Insured must, when directed by the Insurer(s), enforce, and must ensure that the Foreign Entity enforces, all of its rights to recover from any third party that it may have arising out of the facts and circumstances which gave rise to a Foreign Entity Loss in respect of which an amount is paid or payable under this Policy. The First Named Insured must keep the Insurer(s) informed of the enforcement of such rights of recovery and must pay to Chubb an amount equal to any recovery made by or on behalf of the First Named Insured or the Foreign Entity that corresponds to any amount paid by the Insurer(s) under this Policy in respect of the Foreign Entity Loss.

3. No Foreign Entity is an Insured under this Policy and no provision of the coverage provided pursuant to this endorsement is enforceable by any person other than the First Named Insured.

4. Payment to the First Named Insured in respect of any Foreign Entity Loss will, to the extent of such payment, discharge the Insurer(s) from any liability to the First Named Insured and any other entity under this Policy.

CHUBB AMOUNT OF POLICY NOT REDUCED BY LOSS

The Memorandum "Amount of Policy Not Reduced By Loss" is amended by adding the words "if required" after the word "payment".

Any clause in the policy which gives Automatic reinstatement shall not apply in respect of limits stated to be in the annual aggregate during any one period of insurance.

MOTORISED WATERCRAFT ENDORSEMENT

Exclusions - Section 1

Clause 5.4 is deleted and replaced with the following:

Any motorised watercraft exceeding ten (10) metres in length, locomotive or rolling stock other than where used as stock or merchandise of the Business.

The following endorsement(s) have been applied by CHUBB INSURANCE AUSTRALIA LIMITED :

Chubb: Sub-Clause 9.1.2 - Deletion

Clause 9.1.2 is deleted in full.

LMA5393: Communicable Disease Endorsement (for use on property policies)

COMMUNICABLE DISEASE ENDORSEMENT

(For use on property policies)

1. This policy, subject to all applicable terms, conditions and exclusions, covers losses attributable to direct physical loss or physical damage occurring during the period of insurance. Consequently and notwithstanding any other provision of this policy to the contrary, this policy does not insure any loss, damage, claim, cost, expense or other sum, directly or indirectly arising out of, attributable to, or occurring concurrently or in any sequence with a Communicable Disease or the fear or threat (whether actual or perceived) of a Communicable Disease.
2. For the purposes of this endorsement, loss, damage, claim, cost, expense or other sum, includes, but is not limited to, any cost to clean-up, detoxify, remove, monitor or test:
 - 2.1. for a Communicable Disease, or
 - 2.2. any property insured hereunder that is affected by such Communicable Disease.
3. As used herein, a Communicable Disease means any disease which can be transmitted by means of any substance or agent from any organism to another organism where:
 - 3.1. the substance or agent includes, but is not limited to, a virus, bacterium, parasite or other organism or any variation thereof, whether deemed living or not, and
 - 3.2. the method of transmission, whether direct or indirect, includes but is not limited to, airborne transmission, bodily fluid transmission, transmission from or to any surface or object, solid, liquid or gas or between organisms, and
 - 3.3. the disease, substance or agent can cause or threaten damage to human health or human welfare or can cause or threaten damage to, deterioration of, loss of value of, marketability of or loss of use of property insured hereunder.
4. This endorsement applies to all coverage extensions, additional coverages, exceptions to any exclusion and other coverage grant(s).

All other terms, conditions and exclusions of the policy remain the same.

LMA5393

25 March 2020

LMA5400: Property Cyber and Data Endorsement

PROPERTY CYBER AND DATA ENDORSEMENT

1 Notwithstanding any provision to the contrary within this Policy or any endorsement thereto this Policy excludes any:

1.1 Cyber Loss, unless subject to the provisions of paragraph 2;

1.2 loss, damage, liability, claim, cost, expense of whatsoever nature directly or indirectly caused by, contributed to by, resulting from, arising out of or in connection with any loss of use, reduction in functionality, repair, replacement, restoration or reproduction of any Data, including any amount pertaining to the value of such Data, unless subject to the provisions of paragraph 3; regardless of any other cause or event contributing concurrently or in any other sequence thereto.

2 Subject to all the terms, conditions, limitations and exclusions of this Policy or any endorsement thereto, this Policy covers physical loss or physical damage to property insured under this Policy caused by any ensuing fire or explosion which directly results from a Cyber Incident, unless that Cyber Incident is caused by, contributed to by, resulting from, arising out of or in connection with a Cyber Act including, but not limited to, any action taken in controlling, preventing, suppressing or remediating any Cyber Act.

3 Subject to all the terms, conditions, limitations and exclusions of this Policy or any endorsement thereto, should Data Processing Media owned or operated by the Insured suffer physical loss or physical damage insured by this Policy, then this Policy will cover the cost to repair or replace the Data Processing Media itself plus the costs of copying the Data from back-up or from originals of a previous generation. These costs will not include research and engineering nor any costs of recreating, gathering or assembling the Data. If such media is not repaired, replaced or restored the basis of valuation shall be the cost of the blank Data Processing Media. However, this Policy excludes any amount pertaining to the value of such Data, to the Insured or any other party, even if such Data cannot be recreated, gathered or assembled.

4 In the event any portion of this endorsement is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

5 This endorsement supersedes and, if in conflict with any other wording in the Policy or any endorsement thereto having a bearing on Cyber Loss, Data or Data Processing Media, replaces that wording.

Definitions

6 Cyber Loss means any loss, damage, liability, claim, cost or expense of whatsoever nature directly or indirectly caused by, contributed to by, resulting from, arising out of or in connection with any Cyber Act or Cyber Incident including, but not limited to, any action taken in controlling, preventing, suppressing or remediating any Cyber Act or Cyber Incident.

7 Cyber Act means an unauthorised, malicious or criminal act or series of related unauthorised, malicious or criminal acts, regardless of time and place, or the threat or hoax thereof involving access to, processing of, use of or operation of any Computer System.

8 Cyber Incident means:

8.1 any error or omission or series of related errors or omissions involving access to, processing of, use of or operation of any Computer System; or

8.2 any partial or total unavailability or failure or series of related partial or total unavailability or failures to access, process, use or operate any Computer System.

9 Computer System means:

9.1 any computer, hardware, software, communications system, electronic device (including, but not limited to, smart phone, laptop, tablet, wearable device), server,

cloud or microcontroller including any similar system or any configuration of the aforementioned and including any associated input, output, data storage device, networking equipment or back up facility, owned or operated by the Insured or any other party.

10 Data means information, facts, concepts, code or any other information of any kind that is recorded or transmitted in a form to be used, accessed, processed, transmitted or stored by a Computer System.

11 Data Processing Media means any property insured by this Policy on which Data can be stored but not the Data itself.

LMA5400

11 November 2019

TERRORISM ENDORSEMENT

Notwithstanding any provision to the contrary within this insurance or any endorsement

thereto it is agreed that this insurance excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with

any act of terrorism regardless of any other cause or event contributing concurrently or in

any other sequence to the loss.

For the purpose of this endorsement an act of terrorism means an act, including but not

limited to the use of force or violence and/or the threat thereof, of any person or group(s)

of persons, whether acting alone or on behalf of or in connection with any organisation(s)

or government(s), which from its nature or context is done for, or in connection with, political, religious, ideological or similar purposes or reasons, including the intention to

influence any government and/or to put the public, or any section of the public, in fear.

This endorsement also excludes loss, damage, cost or expense of whatsoever nature

directly or indirectly caused by, resulting from or in connection with any action taken in

controlling, preventing, suppressing or in any way relating to any act of terrorism.

ELECTRONIC EQUIPMENT AND/OR DEVICE ENDORSEMENT

This policy does not insure against any loss, damage, cost, claim or expense, directly or

indirectly, proximately or remotely, whether in whole or in part caused by, resulting from,

contributed to, aggravated by or consisting of any malfunction, derangement or inability of

a) the failure of any Electronic Equipment and/or Device to recognise, interpret, calculate, compare, differentiate, sequence or process data consisting of, dependent on or deduced from one or more dates or time or,

b) Any change, repair, alteration, correction or modification of any part or parts of any Electronic Equipment and/or Device to correct or prevent any anticipated or actual condition or circumstances stated in (a.) above.

Electronic Equipment and/or Device includes but is not limited to computers, computer equipment, coding, programs, instructions or any software stored on electronic, electromechanical, electromagnetic data processing or electronically controlled equipment and media:

1. computer hardware, including microprocessors;
2. computer application software;
3. computer operating systems and related software;
4. computer networks;
5. microprocessors (computer chips) not part of any computer system;
6. any other computerized or electronic equipment or components;
7. whether the property of the Insured or not.

TRANSMISSION & DISTRIBUTION LINES ENDORSEMENT

AON Vertex Clause 5.19 is Deleted and Replacement by the following:

Notwithstanding any provision to the contrary in the Policy or any endorsement thereto, it

is understood and agreed that this Policy does not cover losses in respect of all overhead

transmission and distribution lines including wire, cables, poles, pylons, standards, towers,

or other supporting structures which may be attendant to the transmission or distribution

of electrical power, telecommunications, or any other communications signals.

This exclusion applies to the aforementioned equipment which is located beyond a radius

of 300 metres (or 1000 feet) of an insured location.

It is understood and agreed that utility service interruption and/or suppliers extension and/or contingent business interruption coverages are not subject to this exclusion, provided that these are not part of a transmitters or distributors Policy

SANCTIONS ENDORSEMENT

AON Vertex Clause 14.12 is Deleted and Replaced by the following:

The Insurer(s) shall not be deemed to provide cover and the Insurer(s) shall not be liable to

pay any claim or provide any benefit hereunder to the extent that the provision of such

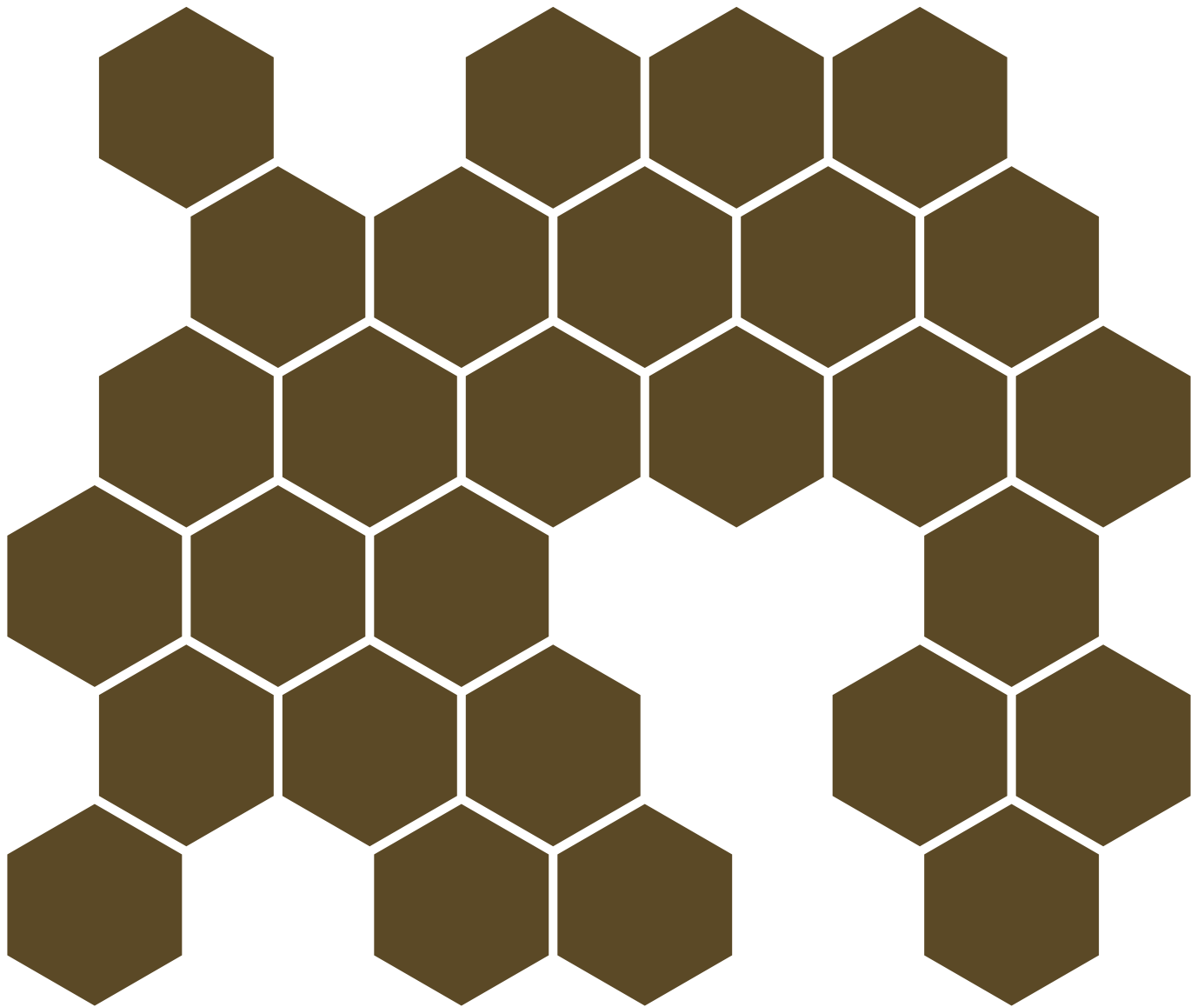
cover, payment of such claim or provision of such benefit would expose the Insurer (s) to

any sanction, prohibition or restriction under United Nations resolutions or the trade or

economic sanctions, laws or regulations of the European Union, United Kingdom, United

States of America or the Commonwealth of Australia.

Policy Wording	Vertex Industrial Special Risks (0818) with Endorsements and Industry Specific Endorsements as agreed
General Insurance Code of Practice	Most general insurance companies in Australia are signatories to the General Insurance Code of Practice. The Code has been developed to raise service standards, improve the way claims and complaints are handled and improve consumers' understanding of insurance. If You would like more information about the code, please go to www.codeofpractice.com.au .
Dispute Resolution Process	<p>Each insurer has its own dispute resolution process, so if you have a complaint relating to the insurance policy or any service that has been provided, please contact us at Aon and we will provide you with information on how to contact the insurer. If you are not satisfied with the way the insurer has handled your complaint, the insurer will provide you with detail of the available external dispute resolution services, such as Australian Financial Complaints Authority, if it is applicable to your dispute.</p> <p>If You have a complaint regarding Aon's services, please contact your Aon Client Relationship Manager or your local Aon office.</p>
Insurer Chubb Insurance Australia Limited A.B.N. 23 001 642 020 LEVEL 38, 225 GEORGE STREET SYDNEY NSW 2000	Proportion 100%



Industrial Special Risks

Vertex Policy Wording
August 2018

Aon Risk Services Australia Limited
ABN 17 000 434 720 AFSL No. 241141

AON
Empower Results®

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Industrial Special Risks Insurance

1. Definitions

For the purpose of this **Policy**, the following Definitions apply:

- 1.1 **Act of Terrorism** means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s), which from its nature or context is done for, or in connection with, political, religious, ideological or similar purpose or reason, including the intention to influence any government and/or to put the public, or any section of the public, in fear.
- 1.2 **Business** means the business as specified in the **Schedule** carried on by the **Insured** at the **Situation** at the commencement of the **Period of Insurance** or such other business or businesses as may be declared by the **Insured** during the **Period of Insurance** and insurance for which has been accepted by the **Insurer** under this **Policy**.
- 1.3 **Damage** (with **Damaged** having a corresponding meaning) means physical loss, damage or destruction.
- 1.4 **Debris** means the residue of **Damaged Property Insured** excluding any material which is itself a pollutant or contaminant and which is deposited beyond the boundaries of the **Situation**.
- 1.5 **Declared Values** are the values of **Property Insured** (other than **Money**) at each **Situation** and related business interruption values declared by the **Insured** and calculated in accordance with the Basis of Settlement Clauses 4.3, 4.14 to 4.27 (other than 4.17, 4.18, 4.24 and 4.26) and 10.1 to 10.10 as applicable. The **Insured** shall complete a statement of **Declared Values** as at the commencement of the **Period of Insurance** and as at the end of the **Period of Insurance**.
- 1.6 **Deductible** is the first amount of each claim which is payable by the **Insured** as stated in the **Schedule**. Should more than one **Deductible** apply under this **Policy** for any claim or series of claims arising from the one original source or cause, such **Deductibles** shall not be aggregated and the highest single level of **Deductible** only shall apply.

Wherever a **Deductible** contained in this **Policy** is described as a period of time, such **Deductible** shall be subject to the following conditions:

In respect of a loss under Section 2, the monetary value of the **Deductible** shall be calculated in accordance with the following formula:

$$\frac{D \times L}{IP}$$

Where:

D = The period of the **Deductible** expressed in days*

L = The total value of the indemnifiable loss to which the **Deductible** applies

IP = The **Indemnity Period** in days applicable to the loss

* If the **Deductible** is expressed in hours then the day equivalent will be that number of hours divided by twenty-four (24).

The **Policy Limit of Liability** will not be reduced by the monetary value of the **Deductible**.

- 1.7 **Electronic Data** means facts, concepts and information converted to a form useable for communications, display, distribution, interpretation or processing by electronic, electromechanical or electromagnetic data processing or electronically controlled equipment and includes programs, software and other coded instructions for such equipment.
- 1.8 **Flood** means the covering of normally dry land by water that has escaped or been released from the normal confines of any of the following:
- (a) a lake (whether or not it has been altered or modified);
 - (b) a river (whether or not it has been altered or modified);
 - (c) a creek (whether or not it has been altered or modified);
 - (d) another natural watercourse (whether or not it has been altered or modified);
 - (e) a reservoir;
 - (f) a canal;
 - (g) a dam.
- 1.9 **Insured** is as described in the **Schedule** and includes all subsidiary companies (including subsidiaries of subsidiaries), organisations and other entities in which the **Insured** has a controlling interest to the extent only that each of them is engaged in carrying on the **Business** described in the **Schedule** or activities which are substantially the same kind or related to that **Business**. For the purpose of this Definition, a controlling interest shall in the case of a company mean the beneficial ownership of shares carrying more than 50% of votes capable of being cast at a general meeting of all shareholders in the company.
- 1.10 **Insurer** is the company or companies named in the **Schedule**. If there is more than one company, each company shall be separately liable only to indemnify the **Insured** for that proportion of any claim as is set out in the **Schedule**.
- 1.11 **Limit of Liability** is the maximum amount payable by the **Insurer** for any one loss or series of losses suffered by the **Insured** arising out of any one original source or cause at any one **Situation**, subject to any Sub-Limit of Liability and the application of any **Deductible**. The **Limit of Liability** and Sub-Limits of Liability, which apply in excess of any applicable **Deductible**, are as set out in the **Schedule**.
- If more than one **Limit of Liability** or Sub-Limit of Liability applies, the greater amount shall be payable.
- Each Sub-Limit of Liability shall not increase the liability of the **Insurer** beyond the **Limit of Liability**.
- 1.12 **Money** means current coin, bank notes, currency notes, cheques, travellers cheques, securities (which shall mean certificates of stocks, bonds, coupons and all other types of securities), negotiable instruments, pre-paid credit cards/vouchers, credit card sales and discount house vouchers, postal orders, money orders, unused postage and revenue stamps (including the value of stamps contained in franking machines), public transport tickets, private transport tickets (excluding airline tickets), taxi vouchers, bridge or highway tokens, car wash tokens, cash boxes, alarm bags and any other portable containers used to convey **Money**.
- 1.13 **Period of Insurance** is the period referred to in the **Schedule** or any further period for which renewal has been agreed. The term Local Time means the time at the **Insured's** principal place of business.
- 1.14 **Policy** means this document, the **Schedule** and any Endorsement.
- 1.15 **Pollution or Contamination** means the discharge, dispersal, release or escape of smoke or soot, fumes, acids, alkalis, chemicals, liquids or gases, waste materials or other irritants, contaminants or pollutants into or upon any property, land, atmosphere or any water course or body of water (including ground water).

- 1.16 **Property Insured** means all tangible property both real and personal of every kind and description belonging to the **Insured** or for **Damage** to which property the **Insured** is legally responsible or for which the **Insured** has assumed responsibility to insure prior to the occurrence of any **Damage**, and includes more specifically, **Money**. **Property Insured** includes:
- 1.16.1 at the option of the **Insured**, property belonging to the **Insured's** customers at the **Situation**. Condition 7.2 shall not apply to such property nor shall the **Insured** be required to include the value of such property in the **Declared Values**;
 - 1.16.2 property purchased on behalf of, pending transfer of risk or ownership to, the **Insured**, but vested in the names of corporations or entities other than the **Insured**. Condition 7.2 shall not apply to such property;
 - 1.16.3 all such property acquired or for **Damage** to which the **Insured** becomes legally responsible or assumes responsibility to insure after the commencement of the **Period of Insurance**.
- 1.17 **Schedule** means the **Schedule** attached to this **Policy** or any later **Schedule** issued on renewal or variation or by way of Endorsement.
- 1.18 **Situation** is the Situation or Situations shown in the **Schedule**. Where the **Situation** specified in the **Schedule** is other than a single address, each separate address at which the **Property Insured** is located shall be one **Situation** for the purposes of this **Policy**, particularly in relation to the **Limit of Liability** and Sub-Limits of Liability.
- 1.19 **Unspecified Damage** means, for the purpose of any **Limit of Liability** or Sub-Limit of Liability or **Deductible** as shown in the **Schedule**, **Damage** caused by any peril or circumstance not more specifically covered or excluded by this **Policy** other than fire, lightning, thunderbolt, explosion, implosion, earthquake, subterranean fire, volcanic eruption, erosion, subsidence, landslip, collapse, impact, aircraft and/or other aerial devices and/or articles dropped therefrom, sonic boom, theft, breakage of glass, loss of **Money**, the acts of persons taking part in riots or civil commotions or of strikers or locked-out workers or of persons taking part in labour disturbances or of malicious persons or the acts of any lawfully constituted authority in connection with the foregoing acts or in connection with any conflagration or other catastrophe, spontaneous combustion, spontaneous fermentation, storm and/or tempest and/or rainwater and/or wind and/or hail, **Flood**, water or other liquids or substances discharged, overflowing or leaking from apparatus, appliances, pipes or any other system at the **Situation** or elsewhere, or any other peril or circumstance covered under/within any other of the Sub-Limits of Liability stated in the **Schedule** or any Endorsement to this **Policy**.

Section 1 – Property Insurance

2. Extent of Cover

Provided the **Insured** has paid or agreed to pay the Premium, the **Insurer** will indemnify the **Insured** against **Damage** occurring to **Property Insured** during the **Period of Insurance** and shall provide the Additional Cover in Clause 3 up to the value of the **Limit of Liability** and Sub-Limits of Liability referred to in the **Schedule**, but subject to:

- 2.1 the **Property Insured** being either:
 - 2.1.1 at the **Situation** at the time that the **Damage** occurs; or
 - 2.1.2 in the case of property other than **Money** and stock and merchandise, whilst in transit (including storage in transit) during temporary removal to any **Situation** within Australia and whilst at such **Situation** but whilst in transit (excluding loading, unloading and storage) cover is limited to **Damage** caused directly by fire, lightning, explosion, earthquake, aircraft, riot, strikes, malicious **Damage**, storm and tempest, **Flood** and/or collision and/or overturning of the conveying vehicle, subject to there being no more specific insurance in place; or
 - 2.1.3 in the case only of **Money**, whilst at the **Situation** or elsewhere in Australia;
- 2.2 the **Limit of Liability** and Sub-Limits of Liability referred to in the **Schedule**;
- 2.3 the amount of the indemnity being calculated in accordance with the Basis of Settlement Clause 4;
- 2.4 the exclusion of certain items of property as referred to in Clause 5;
- 2.5 the **Damage** not occurring in circumstances which are excluded from cover by Clause 6;
- 2.6 the application of any **Deductible** referred to in the **Policy** and the **Schedule**; and
- 2.7 the Conditions set out in Clauses 7 and 14.

3. Additional Cover

- 3.1 If **Damage** to **Property Insured** occurs in circumstances giving rise to indemnity under Section 1 of this **Policy**, the **Insurer** will also pay the following additional costs where they are necessarily and reasonably incurred in respect of:
 - 3.1.1 **Professional Fees**
architects, surveyors, consulting engineers, auditors, accountants, town planners and other consultants, legal and other fees and clerks of works salaries for estimates, plans, specifications, quantities, tenders, reports, consultations, giving of evidence and supervision necessarily incurred as a result of any such **Damage**, but not costs, fees or other expenses for preparing any claim made under Section 1 of this **Policy**;

3.1.2 **Government or other Statutory Authority Fees**

any fee, contribution or other impost payable to any government, local government or other municipal or statutory authority necessarily incurred by the **Insured** because payment of such fee, contribution or impost is a condition precedent to the obtaining of consent to repair or replace any buildings or other structures insured under this Section 1 or any fee, contribution or other impost payable by the **Insured** to comply with the requirements of any statute or regulation of any municipal or statutory authority as a result of **Damage** to the **Property Insured** provided that the **Insurer** shall not be liable for payment of any fine or penalty imposed by any such authorities;

3.1.3 **Temporary Protection Costs**

the temporary protection and safety of **Property Insured** pending repair or replacement as a result of **Damage** and for the temporary protection or preservation of **Property Insured** from immediately impending direct **Damage**;

3.1.4 **Replacement of Locks and/or Keys**

the replacing of locks, keys, combinations, and electronic cards or other locking systems or devices (hereinafter referred to as "keys and/or other locking devices") as a result only of **Damage** caused by theft or any attempt at theft where the keys and/or other locking devices are stolen or combinations become known or if there are reasonable grounds to believe that the keys and/or other locking devices may have been duplicated. The **Insurer** will also pay the cost of opening safes and strongrooms as a result of the theft of keys and/or other locking devices forming part of the **Property Insured**;

3.1.5 **Removal of Debris from the Situation**

the removal, storage and disposal of **Debris** and of any thing which caused the **Damage** from the **Situation** and the cost of cleaning up at the **Situation** including the removal, storage and disposal of water and/or other substances used to extinguish or suppress fire or to otherwise minimise the **Damage** and/or the decontamination of property, land, water or any other substance at the **Situation** (including the removal of contaminated soil, or other property or substances, where necessary from the **Situation** or premises used by the **Insured** for the purpose of the **Business**). Exclusion 5.9 shall not apply to this Additional Cover;

3.1.6 **Removal of Debris from Roadways, Railways and Waterways**

the removal, storage and disposal of **Debris** from premises, roadways, services, railways or waterways owned by any other person or entity (and notwithstanding the provisions of Exclusion 6.4) where the **Insured** is liable at law to remove, store or dispose of such **Debris** as a result of the **Damage**, together with the cost of cleaning up, but provided that such liability has not arisen as a result of any agreement made by the **Insured** after such **Damage** unless liability would have attached in the absence of such agreement;

3.1.7 **Demolition, Dismantling and Shoring Up**

the recovery, demolition, dismantling, shoring up, propping or underpinning of the **Property Insured** or the carrying out of other temporary repairs to the **Property Insured** as a result of the **Damage** including the shoring up, propping or underpinning of adjoining premises as a result of the **Damage**;

3.1.8 **Removal of Undamaged Property**

the demolition and removal of any undamaged property which is necessary for the purpose of repair or replacement as a result of **Damage** including the cost of reinstating such property to a condition substantially the same as, but not better or more extensive than, its condition when new;

3.1.9 **Customs and Other Duties**

customs, excise and other duties which the **Insured** is liable to pay as a result of the **Damage**;

3.1.10 **Liability for Additional Tax**

any liability to pay additional income tax or additional capital gains tax, pursuant to any Australian government taxation legislation, incurred solely consequent upon payment by the **Insurer** of any amount claimable under Section 1 of this **Policy**;

3.1.11 **Liability to Make Enquiries**

any legal liability to make enquiries or to make an announcement consequent upon **Damage** insured by this **Policy**;

3.1.12 **Expediting Expenses**

expediting reinstatement or repair of the **Property Insured** including but not limited to:

3.1.12.1 identifying and locating the source of the **Damage**;

3.1.12.2 overtime and penalty rates for labour and other related allowances or payments during overtime, shift, night, Sunday or holiday working;

3.1.12.3 payment for carriage by express or other fast rail, road, sea or air transport;

3.1.12.4 chartered or other travel, including by sea or air, of the **Insured's** directors, partners, officers, employees, agents, sub-contractors, consultants and representatives;

3.1.12.5 hire of additional labour, plant, machinery, equipment, materials, expertise or services;

3.1.12.6 accommodation and/or boarding costs, including meals and other costs associated therewith;

3.1.12.7 additional administrative and/or overhead expenses;

where such costs are incurred as a result of any peril or circumstance insured by this **Policy**;

3.1.13 **Taking Inventory**

taking inventory (including unpacking, re-packing and re-stocking) to identify, quantify and value any property **Damaged** by any peril or circumstance insured by this **Policy** including examination of property not belonging to, but in the care custody or control of the **Insured**;

3.1.14 Under Deductible Fire Brigade Attendance

any statutory liability incurred by the **Insured** for fire brigade attendance fees solely because any part of the **Insured's** claim for **Damage** is within the amount of any **Deductible** applicable under this **Policy**. No **Deductible** shall apply to this Additional Cover;

3.1.15 Emergency Services

any amount payable to a recognised emergency service or any statutory authority (other than as provided in Clause 3.1.14) including, but not limited to, police, ambulance and environmental protection services. No **Deductible** shall apply to this Additional Cover;

3.1.16 Statutory or Other Inquiries

any costs and expenses incurred by the **Insured** as a result of Statutory Inquiries following **Damage** to **Property Insured**. For the purpose of this Additional Cover 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**. Provided that the **Insurer** shall not be liable for payment of any fine or penalty imposed by any such authorities;

3.1.17 Payment of Reward

the payment of any reward by the **Insured** to protect or recover **Property Insured**.

Provided that:

3.1.17.1 no such payment shall be made by the **Insured** unless it contributes to the protection or recovery of such property;

3.1.17.2 the **Insurer** shall have agreed the terms of the reward before it is offered.

The **Insurer** will not unreasonably withhold or refuse its consent to the terms of any reward payable under this Additional Cover;

3.1.18 Additional Green Costs

Additional Green Costs, these being:

3.1.18.1 the hiring of professionals accredited pursuant to Green Standards to participate in the repair or replacement of the **Property Insured**;

3.1.18.2 the registering and certification of the repaired or replaced **Property Insured** pursuant to Green Standards;

3.1.18.3 the disposal of **Debris** or anything that caused the **Damage**, certified pursuant to Green Standards, at recycling facilities, if such **Debris** can be recycled; and

3.1.18.4 ventilating the repaired or replaced **Property Insured** in a manner consistent with Green Standards.

When **Damage** is caused by or results from both a circumstance or peril not excluded and an excluded circumstance or peril, the amount payable under this Additional Cover will not include the Green Standards costs attributable to the excluded peril or circumstance. Instead, the amount payable will be based on that portion of such costs equal to the proportion that the covered **Damage** bears to the total **Damage**, not including Green Standards costs, unless the Green Standards apply solely to that portion of the **Property Insured** which suffered the covered direct **Damage**.

Other than as provided elsewhere in this **Policy** this Additional Cover shall not apply to any increase in costs, loss or damage:

3.1.18.5 to clean up or remove pollutants from land, water or air either inside or outside of the **Situation**;

3.1.18.6 to clean up, remove, restore or replace polluted land, water or air either inside or outside of the **Situation**; or attributable to any Green Standards with which the **Insured** had been required to comply prior to the happening of the **Damage**.

This additional cover does not apply to any stock which is part of **Property Insured**.

Green Standards means:

- (a) the Green Star rating system of Green Building Council Australia;
- (b) Energy Star® qualified requirements; or
- (c) other generally accepted site development, water savings, energy efficiency, materials selection and other environmental quality standards for the design and construction of **Property Insured**.

3.2 The **Insurer** will also pay the following additional costs which are necessarily and reasonably incurred:

3.2.1 **Personal Property and Property of Clubs/Facilities**

in the repair or replacement of personal property (including **Money** and tools of trade) belonging to directors, employees, ministers, trustees, visitors and volunteers of the **Insured** and the property of welfare, sport, recreational and social clubs and childcare facilities of the **Insured** which are **Damaged** during the **Period of Insurance**. The **Property Insured** under this Clause is covered at the **Situation** and, in respect of directors', employees', ministers' and trustees' property only, beyond the premises at the **Situation** to anywhere in Australia including whilst in transit. For the purpose of this Additional Cover, the wording of Clause 2.1.2 is deleted and replaced with the words "in transit" and Exclusion 5.1 is deleted.

Provided that the cover afforded in respect of personal property belonging to the persons described above:

3.2.1.1 only applies in so far as such property is not otherwise insured;

3.2.1.2 where **Damage** occurs beyond the **Situation**; only applies if the directors, employees, trustees and/or ministers are on authorised business of the **Insured**;

3.2.1.3 Condition 7.2 shall not apply to the property described in Clause 3.2.1;

3.2.2 Fire Extinguishing Costs

in extinguishing a fire at or in the vicinity of **Property Insured** or threatening to involve **Property Insured** or for the purpose of preventing or diminishing imminent **Damage to Property Insured** including travel expenses for, in and about averting or minimising losses, and/or any costs and charges incurred to switch off and re-set alarms and/or the cost to gain access to any property occurring during the **Period of Insurance** caused by an insured peril or circumstance;

3.2.3 Replenishing Fire-fighting Appliances

in replenishing fire-fighting appliances and paying costs and charges incurred for the purpose of shutting off the supply of water or any other substance following the accidental discharge or escape of any such substance occurring during the **Period of Insurance**, whether from fire protective equipment or otherwise;

3.2.4 Landscaping

in the replacement of landscaping, which term includes rockwork, paving, ornamentation, trees, shrubs, plants and lawns, which is **Damaged** during the **Period of Insurance** where such costs are incurred as a result of any peril or circumstance insured by this **Policy**. Exclusions 5.8 and 5.9 shall not apply to the cover granted by this additional cover;

3.2.5 Clearing and/or Repairing Drains

in cleaning and decontamination of property (other than stock) used by the **Insured** for the purpose of the **Business** as a result of the entry of contaminated water and/or in clearing and/or in replacing and/or repairing blocked, burst or leaking water tanks, apparatus, pipes, drains, gutters, sewers, filters, pumping equipment and the like, including exploratory costs, at or in the vicinity of the premises used by the **Insured** provided that such costs are incurred as a result of any peril or circumstance insured by this **Policy**;

3.2.6 Replacing Fire Protective Equipment

in replacing any fire protective equipment as a consequence of the discharge of any substance therefrom (such discharge being either accidental or malicious or for the purpose of extinguishing fire) and where such replacement is required by law. This Additional Cover also extends to cover all reasonably required fire protection costs post fire extinguishment, not otherwise covered by this **Policy** to a maximum of \$100,000 in the aggregate in any one annual period provided that the **Insurer** will not pay:

- 3.2.6.1 for any additional cost incurred in complying with any such requirement with which the **Insured** had been required to comply prior to a claim made against this Sub-clause 3.2.6; and
- 3.2.6.2 more than a sum equivalent to 50% of the reinstatement cost of the fire protection systems that exists at that **Situation** at the time the claim against this Sub-clause is made.

The **Insured** may replace such fire protective equipment with a different type of equipment, which has similar capabilities to the equipment being replaced (subject to the **Insurer's** liability not being thereby increased) unless the **Insured** is required by law to replace the fire protective equipment with the different type of equipment in which case the **Insurer** will pay the cost of the different type of equipment even where such cost is greater than the **Reinstatement Value** of the replaced fire protective equipment.

This Sub-clause applies whether or not **Damage** occurs to **Property Insured** in circumstances giving rise to indemnity under Section 1 of this **Policy**;

3.2.7 **Decontamination and Removal of Contaminated Property Insured**

notwithstanding the provisions of Additional Cover Clauses 3.1.5, 3.1.6 and 3.2.5 and Exclusions 6.1.12 and 6.1.13, if **Property Insured** is contaminated as a direct result of insured **Damage** and there is in force at the time of the loss any law or ordinance regulating contamination (including but not limited to the presence of **Pollution or Contamination**) then this **Policy** covers the increased cost incurred as a direct result of enforcement of such law or ordinance, of decontamination and/or removal of such contaminated **Property Insured** in a manner to satisfy such law or ordinance.

4. **Basis of Settlement**

For the purpose of this Clause 4:

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

4.2 **Indemnity Value** is:

4.2.1 where the **Damage** to any **Property Insured** can be repaired, the cost that would necessarily be incurred to restore the property to a condition substantially the same as, but not better or more extensive than, its condition at the time that the **Damage** occurred taking into consideration age, condition and remaining useful life, including the cost of dismantling and re-erection incurred for the purpose of effecting the repairs. Deductions will not be made for depreciation in respect of parts replaced, but the salvage value of such parts shall be taken into account;

4.2.2 where the property is totally destroyed, lost or stolen, abandoned or cannot be satisfactorily repaired at a cost not exceeding the Market Value immediately before the **Damage**, the Market Value of the item at the time of the **Damage**. If due to the nature of the property, it is not possible to readily ascertain a Market Value, the Basis of Settlement shall be the replacement cost of the **Damaged** property less due allowance for depreciation taking into consideration age, condition and remaining useful life.

Market Value is the estimated amount for which the **Property Insured** should exchange immediately before the **Damage**, between a willing buyer and a willing seller in an arms-length transaction, after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion.

4.3 On buildings, machinery, plant and all other property and contents other than those specified in 4.14 to 4.27 below, the Basis of Settlement shall be the **Reinstatement Value** and the provisions of Clauses 4.4 to 4.13 shall apply.

4.3.1 Leased Equipment (Residual Value)

However, in the case of **Property Insured** being machinery, plant and equipment leased on a **Residual Value** basis, if the **Residual Value** exceeds the **Reinstatement Value**, then in the event of actual or constructive total loss, the provisions of Clauses 4.4 to 4.6 shall apply and the Basis of Settlement shall be the amount for which the **Insured**, as 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 loss or destruction and ending on the retirement date(s) of such lease(s), plus the current market value of the property immediately before its loss or destruction or the **Residual Value**, whichever is the greater, less any salvage value.

The term **Residual Value** means the minimum amount which the **Insured**, as lessee, has guaranteed that the leased property will realise, being the same amount which the **Insured**, as lessee, has agreed would be payable to acquire such property upon the retirement date(s) of the lease(s).

For the purpose of this Clause, there shall be deemed to be a constructive total loss of a **Damaged** item of machinery, plant or equipment when the cost necessary to repair that item exceeds the cost necessary to replace it with similar property in a condition equal to, but not better or more extensive than, its condition when new.

4.4 Reinstatement Provisions applying to buildings, machinery and all other property other than property referred to in Clauses 4.14 to 4.27

- 4.4.1 The replacement, repair or rebuilding may be carried out wholly or partially upon any other site(s) and in any manner suitable to the requirements of the **Insured**, but subject to the liability of the **Insurer** not being thereby increased.
- 4.4.2 Such work must be commenced and carried out with reasonable despatch after indemnity has been confirmed by the **Insurer**, failing which the **Insurer** shall not be liable to make any payment greater than the **Indemnity Value**.
- 4.4.3 Where any **Property Insured** is **Damaged** in part only, the liability of the **Insurer** shall not exceed the sum representing the cost which the **Insurer** could have been called upon to pay by way of **Reinstatement Value** if such property had been totally destroyed.
- 4.4.4 The **Insurer** shall not be liable to make any payment beyond the **Indemnity Value** of the **Property Insured** until a sum equal to the **Reinstatement Value** has actually been incurred by the **Insured** in the replacement, repair or rebuilding of the property, provided that where the **Insured** repairs or rebuilds any **Damaged Property Insured** at a cost which is less than the cost of reinstatement but greater than the value of such property at the time of the **Damage**, then the cost so incurred shall be deemed to be the cost of reinstatement.
- 4.4.5 Notwithstanding anything contained in Clauses 4.1 to 4.3 and provisions 4.4.1 to 4.4.4 to the contrary:

4.4.5.1 the **Insured** may elect to reinstate destroyed property with dissimilar property whether or not to be used for a similar purpose as the destroyed property, in which case the **Insurer** shall pay the lesser of:

4.4.5.1.1 the cost of the dissimilar property; or

4.4.5.1.2 an amount equal to the replacement cost which 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.

4.4.5.2 the **Insured** may elect to purchase an existing building or buildings instead of replacing a building or buildings destroyed, in which case such replacements shall be deemed to constitute **Reinstatement Value**, subject to the liability of the **Insurer** not being thereby increased. If both the total replacement value and the total volume (measured over the roof and external walls) of the buildings purchased are less than both the total replacement value and the total volume (measured over the roof and external walls) of the buildings destroyed, then the total amount recoverable shall include, in respect of that proportion of the total building volume which is not replaced, an additional amount equal to but not exceeding the equivalent proportion of the **Indemnity Value**.

In any case where the **Insured** elects to purchase an existing building as provided by this Sub-clause 4.4.5.2, there shall be deducted from the total amount for which the **Insurer** is liable under this Sub-clause, an amount equal to the value of the unimproved land upon which the existing building or buildings is situated.

4.4.5.3 where the **Insured** elects to carry out restoration in a manner that aims to minimise potential harm to the environment by utilising the latest available technology it will not be considered as betterment, but the liability of the **Insurer** for any additional expenditure, being the expenditure incurred by or on behalf of the **Insured** in excess of the **Reinstatement Value**, arising from such restoration shall not exceed the amount of the Sub-Limit of Liability stated in the **Schedule** under the heading Additional Green Costs.

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

4.4.5.4.1 where any property is to be replaced by an item or items which have the same or a lesser total function, capability or output, then the Basis of Settlement is the new installed cost of such replacement item or items as would give the same total function, capability or output as the property;

4.4.5.4.2 where any property is to be replaced by an item or items which have a greater total function, capability or output and the new installed cost of such replacement property is no greater than the replacement value of the replaced property, then the Basis of Settlement is the new installed cost of the item or items so replaced;

4.4.5.4.3 where any property is to be replaced by an item or items which have a greater total function, capability or output and the new installed cost of such replacement property is greater than the replacement value of the property, then the Basis of Settlement is the greater of the **Reinstatement Value** or that proportion of the new installed cost of the replacement item or items which the output of the property **Damaged** bears to the output of the replacement item or items.

4.4.6 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, which:

4.4.6.1 is legally protected for preservation by national, state or local legislation or regulation, Basis of Settlement Clause 4.1 shall be deemed to be amended to read as follows in relation to that building:

Reinstatement Value is 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 modern materials.

4.4.6.2 is not legally protected for preservation by national, state or local legislation or regulation, Basis of Settlement Clause 4.1 shall be deemed to be amended to read as follows in relation to that building:

If the building is **Damaged**, **Reinstatement Value** is the cost, up to but not exceeding the **Reinstatement Value** if destroyed, 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 **Reinstatement Value** of the building if destroyed, the building may, at the **Insured's** option, be deemed to be destroyed. If the building is destroyed, or deemed to be destroyed, **Reinstatement Value** is 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.

4.4.7 If the **Insured** shall, after obtaining the consent of the **Insurer**, reinstate **Damaged Property Insured**, the **Insurer** 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** shall not exceed the amount which would otherwise have been payable hereunder had such reinstatement been carried out by outside contractors.

4.5 Extra Cost of Reinstatement

The **Insurer** will also pay the extra cost of reinstatement (including demolition or dismantling) of the **Damaged Property Insured** necessarily incurred by the **Insured** to comply with the requirements of any statute or regulation of any municipal or statutory authority whether the **Insured** elects that reinstatement shall be carried out upon the existing site or (subject to the **Insurer's** liability not being further increased thereby) wholly or partially upon another site or sites:

Provided that:

- 4.5.1 the **Insurer** shall not pay for any additional cost incurred in complying with any such requirement with which the **Insured** had been required to comply prior to the happening of the **Damage**;
- 4.5.2 Condition 7.2 shall not apply to any amount recoverable under this Clause 4.5 and any amount payable shall not be taken into account for the purpose of the application of Condition 7.2; and
- 4.5.3 if the cost of reinstatement of **Damaged Property Insured** is less than 50% of the cost of reinstatement if such property had been totally destroyed, the indemnity under this Clause 4.5 shall be limited to the extra cost necessarily incurred in reinstating only that portion **Damaged** or the Sub-Limit of Liability stated in the **Schedule**, whichever is the greater. If no Sub-Limit of Liability is stated, the **Insurer's** liability shall be limited to the extra cost necessarily incurred in reinstating only that portion **Damaged**.

4.6 Additional Extra Cost of Reinstatement

The **Insurer** will also pay the additional extra cost of reinstatement necessarily incurred by the **Insured** to comply with the requirements of any statute or regulation or of any municipal or statutory authority and not otherwise recoverable under Clause 4.3 including provisions 4.4 to 4.13.

Such additional extra cost of reinstatement shall include, but is not limited to, costs, fees and expenses incurred by the **Insured** for:

- 4.6.1 the work of demolishing or dismantling any **Damaged** or undamaged **Property Insured** and the removal, storage and/or disposal of **Debris** as a result of such work;
- 4.6.2 the making of structural modifications or alterations to any **Damaged** or undamaged **Property Insured**; and
- 4.6.3 construction and/or erecting and/or fitting out any additional structure(s) and/or providing any additional facilities at, on, or in the vicinity of, the premises for the benefit of staff and/or customers and/or visitors, provided that the **Insurer** will not pay more under this Sub-clause 4.6.3 than the cost of reinstating the **Damaged Property Insured**.

Provided that the indemnity afforded by this Clause 4.6:

- 4.6.4 shall be limited in respect of each loss or series of losses arising out of any one event to the Sub-Limit of Liability stated in the **Schedule** as applicable to Clause 4.6, which amount shall be separate from and additional to any Sub-Limit of Liability applicable to Clause 4.5;
- 4.6.5 shall not include the additional cost incurred in complying with any such requirement with which the **Insured** had been required to comply prior to the happening of the **Damage**; and

4.6.6 shall not be subject to Condition 7.2 and any amount payable shall not be taken into account for the purpose of the application of Condition 7.2.

4.7 Floor Space Ratio Index (Plot Ratio)

If a building being **Property Insured** is **Damaged** and reinstatement is only permissible by reason of any requirement of any law or local government or other statutory authority subject to a reduced floor space ratio index, the **Insurer** will pay in addition to any other amount payable on reinstatement of the building the difference between the actual cost of reinstatement incurred in accordance with the reduced floor space ratio index and the cost of reinstatement which would have been incurred had a reduced floor space ratio index not been applicable. In calculating the amount payable under this Clause, any payment made by the **Insurer** shall include the extra cost payable under Clause 4.5 above.

Any amount payable under this Clause shall be paid upon completion of the rebuilding works as certified by the architect acting on behalf of the **Insured** in the reinstatement of the building.

4.8 Undamaged Foundations

Where any **Property Insured** being a building or an installation constructed on its own foundations is **Damaged** but its foundations are not destroyed and due to the requirement of any law or of any local government or statutory authority reinstatement of the building has to be carried out upon another site, the abandoned foundations shall be considered as having been destroyed. If, however, the resale value of the original building site is increased by virtue of the presence of the abandoned foundations, then such increase in resale value shall be regarded as salvage and that amount shall be paid to the **Insurer** by the **Insured** upon completion of the sale of the site, or shall be deducted from the final amount of any money payable by the **Insurer** under this **Policy**, whichever shall occur later.

The term "foundations", wherever it appears in this Basis of Settlement Clause 4.8, is deemed to include services such as, but not limited to, conduits, pipes, cables and wiring, built into footings and foundations (including concrete floor slabs).

4.9 Loss of Land Value

The **Insurer** will also pay the **Insured** for loss of **Land Value** and the amount payable shall be:

- 4.9.1 In the event of the absolute refusal by the competent local government or other statutory authority to allow the reconstruction of the property following **Damage** in circumstances giving rise to indemnity under Section 1 of this **Policy** the **Insurer** shall pay by way of indemnity the difference between the **Land Value** before and after the **Damage**.
- 4.9.2 In the event of the competent local government or other statutory authority allowing partial reconstruction only of the property after **Damage** giving rise to indemnity under Section 1 of this **Policy** the **Insurer** shall pay by way of indemnity the difference between the **Land Value** after such reconstruction and the **Land Value** before the **Damage**.

Less any sum paid by way of compensation by such authority arising out of the action referred to in 4.9.1 and 4.9.2 above.

Land Value means the sum certified by the Valuer General as being the value of the land so described in 4.9.1 and 4.9.2 after due allowance has been made for variations in, or special 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 near as may be reasonably practicable the true **Land Value** pertaining both before and after the **Damage**.

Special Conditions applicable to Clause 4.9:

4.9.3 Settlement shall be made following the ruling of the competent local government or other statutory authority resulting in the loss of **Land Value**. Should settlement have been made however, and subsequently the ruling of the competent authority be changed prior to completion of the reconstruction resulting in an increase in the **Land Value**, that part of the claim in excess of the revised **Land Value** shall be refunded to the **Insurer**.

4.9.4 All differences relating to the **Land Value** arising out of the **Policy** should be dealt with by both parties appointing Certified Practising Valuers to agree the before and after values of the land and in the event that they are unable to agree, the President of the Australian Property Institute shall appoint a third valuer who shall act as an expert and whose decision shall be final.

4.10 **Abandoned Undamaged Portion of Building**

Where any **Property Insured** being a building or other structure is **Damaged** but not destroyed and, due to the requirement of any law or of any local government or other statutory authority, reinstatement of such building or other structure has to be carried out upon another site, the abandoned undamaged portion of such building or other structure shall be considered as having been destroyed. If, however, the resale value of the original site is increased by virtue of the presence of the abandoned portion of such building or other structure, then such increase in resale value shall be regarded as salvage and that amount shall be paid to the **Insurer** by the **Insured** upon completion of the sale of the site or shall be deducted from the final amount of any monies payable by the **Insurer** under this **Policy**, whichever shall occur later.

4.11 **Undamaged Ancillary and/or Peripheral Equipment**

If plant and/or machinery is destroyed but 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** by the **Insured** upon completion of any sale or shall be deducted from the total amount otherwise payable by the **Insurer** under the **Policy**, whichever shall occur later.

4.12 **Depreciation of Undamaged Stock**

Notwithstanding anything contained in this **Policy** to the contrary, in particular Exclusions 5.13 and 6.1.12, the **Insurer** will, to an extent not exceeding the value of the goods in storage which shall include stocks of raw materials, work in progress, component parts and finished goods 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 specially varied hereby, also hold themselves liable for **Damage** caused by deterioration or depreciation or due to the goods being rendered obsolete as a result of the **Insured's** inability to process the goods promptly or in the normal way or transport and/or deliver them in the usual time frame as a result of **Damage** caused by any peril or circumstance insured by this **Policy** to any property of the **Insured** or property used by the **Insured**.

4.13 **Constructive Total Loss**

This **Policy** includes constructive total loss of **Property Insured**.

There shall be deemed to be a constructive total loss when the **Property Insured** or any part thereof is reasonably abandoned:

4.13.1 because its actual total loss seems unavoidable; or

4.13.2 because it could not be preserved from actual total loss without an expenditure which would exceed its repaired and/or recovered value.

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** or any part thereof.

Provisions Applying to Specific Items of Property

4.14 Raw Materials

In the case of raw materials, supplies and other goods other than finished goods, the Basis of Settlement shall be the replacement cost including the replacement cost of labels, containers or wrappings calculated at the time and place of replacement, provided that replacement shall have been carried out with reasonable despatch after indemnity has been confirmed by the **Insurer**, or if not replaced, the **Indemnity Value**.

Where owing to the operation of market quota restrictions or the unavailability of such raw materials, supplies and/or goods it is necessary for the **Insured** to purchase alternative kinds of raw materials, supplies and/or goods from either a local or overseas source, the Basis of Settlement shall be the purchase price of such alternative raw materials, supplies and/or goods including the replacement cost of labels, containers or wrappings.

4.15 Materials in Process of Manufacture

In the case of materials in process of manufacture, the Basis of Settlement shall be the replacement cost of the raw materials and the cost of labour and other manufacturing costs expended on them calculated at the time and the place of the **Damage**.

Where owing to the operation of market quota restrictions or the unavailability of such materials it is necessary for the **Insured** to purchase alternative kinds of materials in process of manufacture from either a local or overseas source, the Basis of Settlement shall be the purchase price of such alternative raw materials and the cost of labour and other manufacturing costs expended on them calculated at the time and the place of the **Damage**.

4.16 Finished Goods

In the case of finished goods (including labels, containers or wrappings) manufactured by the **Insured**, and other goods sold awaiting delivery, the Basis of Settlement will be the regular cash selling price at the **Situation** where loss occurs, less all discounts and charges to which the goods would have been subject, had no loss occurred.

4.17 Sale of Salvaged Goods

In the event of any claim, any salvage of branded goods owned by the **Insured** or held by the **Insured** in trust or on commission and any 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 **Indemnity Value** of the goods after brands, labels or names have been removed by or on behalf of the **Insured**.

4.18 Goods Sold but Not Delivered

Notwithstanding Clauses 4.14 to 4.17, in the case of:

- 4.18.1 goods sold but not delivered for which the **Insured** is responsible and with regard to which, under the conditions of sale, or any statute or at common law, the sale contract is cancelled whether wholly or in part by reason of the **Damage**, the Basis of Settlement shall be the contract price;
- 4.18.2 any property the subject of a contract to which the **Insured** is a party, the Basis of Settlement shall be the contract price, or, if the property is replaced, the **Reinstatement Value**, whichever is the greater.

4.19 Data Processing Equipment

In the case of computers and electronic data processing equipment, telecommunications and electrical supply equipment used in connection therewith, the Basis of Settlement shall be the cost necessary to replace, repair or rebuild such property with new equipment that is the most functionally equivalent to that **Damaged**, even if such equipment has technological advantages and/or represents an improvement in function and/or forms part of a program of system enhancement.

4.20 Rewriting of Records

In the case of computer systems records (which includes **Electronic Data**), documents, manuscripts, securities, deeds, specifications, plans, drawings, designs, business books and other records of every description, the Basis of Settlement shall be the cost of repairing, replacing, reproducing or restoring them, including the information contained on or in them, but excluding the value to the **Insured** of that information. If repair, replacement, reproduction or restoration is not required or is not carried out with reasonable despatch the Basis of Settlement shall be the replacement cost of the materials as blank stationery calculated at the time and place of the **Damage**.

4.21 Securities

In the case of Securities, the Basis of Settlement shall be:

- 4.21.1 if the Securities can, with the approval of the **Insurer**, be replaced, the cost of replacement paid or payable by the **Insured**; or
- 4.21.2 if the Securities cannot or are not to be replaced by the **Insured**, 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,

such valuation being in the currency in which the loss was sustained. Losses sustained in currencies other than Australian Dollars will be settled by converting the amount of loss to Australian Dollars at the market rate at the time of settlement of the loss or such other rates as may have been expressly agreed with the **Insurer**. If there is no market price or value on the relevant day stated herein, then the value should be agreed between the **Insured** and the **Insurer**, or in default thereof, the **Insured** and **Insurer** shall submit to arbitration and be bound by the decision of the umpire.

4.22 Patterns, Moulds and the Like

In the case of patterns, models, moulds, dies or casts, jigs or templates, the Basis of Settlement shall be the **Reinstatement Value** (if replaced with reasonable despatch after indemnity has been confirmed by the **Insurer**), otherwise the value of such property to the **Insured** calculated at the time and place of the **Damage**, but not exceeding **Reinstatement Value**.

4.23 Glass

In the case of glass, the Basis of Settlement shall be the cost incurred in repairing or replacing the broken glass in accordance with the Australian Standard applicable at the time of the replacement including the cost of temporary shuttering and hiring of security services pending replacement of the broken glass, the cost incurred in replacing signwriting, ornamentation, burglar alarm tapes or protective films on the glass, the removing and re-fixing of window and showcase frames and fittings and heat-reflecting material or process on the glass.

4.24 Personal Property

In the case of personal property belonging to directors and others as described in Clause 3.2.1, and in the case of the property of welfare, sport, recreational and social clubs and childcare facilities, the Basis of Settlement shall be the **Reinstatement Value**.

4.25 Art Works, Antiques and Curios

In the case of art works, antiques and curios, the Basis of Settlement shall be the cost of restoring or repairing to a condition substantially the same as before the **Damage** plus the reduction in market value caused by such **Damage**. When restoration or repair is not possible, the market value of the **Property Insured** immediately before the **Damage**.

4.26 Pairs or Sets

Where the property **Damaged** comprises a pair, set or collection this **Policy** also covers the reduction in market value of the undamaged portion of property that is a part of a pair, set or collection, directly resulting from **Damage** insured by this **Policy** to other insured parts of such pairs, sets or collections. This Clause does not override Clause 4.11.

4.27 Empty Premises Awaiting Demolition

In the case of empty premises awaiting demolition, the Basis of Settlement shall be the salvage value, immediately prior to the **Damage**, of the building materials and landlord's fixtures and fittings, all net of demolition costs.

Provisions Applying to All Property

4.28 Designation

For the purpose of ascertaining the classification under which any property is insured, the **Insurer** agrees 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**.

4.29 Insurer Not Bound to Replace

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

4.30 Election to Claim Indemnity Value

The **Insured** may elect to insure for and/or to claim the **Indemnity Value** of any property and, if so, the **Insurer** will pay that value or may, with the agreement of the **Insured**, replace, repair or rebuild the property or any part in accordance with the **Indemnity Value** but including the extra cost of reinstatement as set out in Clauses 4.5 and 4.6.

5. Property Excluded

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

5.1 Property (other than **Money**) whilst in transit except:

5.1.1 during the incidental movement of such property within **Situations** occupied by the **Insured**;

5.1.2 as specifically provided in Clause 2.1.2.

5.2 **Money**:

5.2.1 while 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;

5.2.2 stolen from an unlocked and unattended vehicle;

5.2.3 stolen from a safe or strongroom opened by a key or by use of details of a combination, either of which has been left at the **Situation** outside the **Insured's** business hours (which for the purpose of this Exclusion 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), unless such key or combination details have been properly secured;

5.2.4 where the loss of the **Money** is not discovered within fifteen (15) working days of the loss occurring or the next cash balancing date, whichever is the later;

5.2.5 where the loss arises out of a demand made for the payment of **Money** in connection with any kidnapping, bomb threat, hoax, extortion or an attempt at any of these.

5.3 Jewellery, furs (other than jewellery and/or furs the property of directors or employees or ministers of the **Insured**, but only if not insured elsewhere), bullion, precious metals or precious stones other than where used as stock or merchandise of the **Business**.

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

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

5.6 Vehicles or trailers registered or licensed to travel on a public road, provided that this Exclusion shall not apply to mobile plant and equipment which is so registered or licensed not being cars, sedans, panel vans and trucks while on any premises occupied or used by the **Insured**.

- 5.7 Live animals, birds or fish or any other living creature (other than those used solely for decorative purposes or used in displays and then only up to the Sub-Limit of Liability set out in the **Schedule** against this Clause 5.7).
- 5.8 Standing timber, growing crops and pastures.
- 5.9 Land, unmined or unrecovered oil, gas and mineral deposits, provided that this Exclusion 5.9 shall not apply to:
- 5.9.1 landscaping, car parks, parking lots, pavement, roadways, railways, transformer enclosures or walkways;
- 5.9.2 fill used in the construction of car parks, parking lots, pavement, roadways, railways, transformer enclosures or walkways where such fill is required to reinstate these structures;
- 5.9.3 other structural improvements on or in the land if they are not otherwise excluded in this **Policy**.
- 5.10 Bridges, canals, roadways, tunnels and railway tracks except if such property is on the premises occupied or used by the **Insured** for the purpose of its **Business**, dams and reservoirs (other than tanks) and their contents.
- 5.11 Docks, wharves and piers not forming part of any building.
- 5.12 Mining property and equipment located beneath the surface of the ground.
- 5.13 Property whilst it is undergoing any process where the **Damage** results from its being processed.
- 5.14 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 the amount stated in the **Schedule**. Provided that this Exclusion shall apply only to the portion of the premises or the part of any property which is the subject of any such work and this Exclusion shall not apply to any other **Property Insured** under this **Policy**.
- 5.15 Empty premises on which demolition work has commenced.
- 5.16 Oil and gas drilling and production rigs while off shore.
- 5.17 Paths, paved areas, drives, fences, gates, boundary and retaining walls where caused by erosion, subsidence, earth movement or collapse resulting therefrom unless caused by or arising out of an earthquake or seismological disturbance, or **Flood**, or storm and tempest having a wind force of scale 11 on the Beaufort Scale of Wind Force or greater or unless an insured building is **Damaged** at the same time.
- 5.18 Notwithstanding any provision to the contrary in the **Policy**, this **Policy** does not insure:
- 5.18.1 total or partial destruction, distortion, erasure, corruption, alteration, misinterpretation or misappropriation of **Electronic Data**;
- 5.18.2 error in creating, amending, entering, deleting or using **Electronic Data**; or
- 5.18.3 total or partial inability or failure to receive, send, access or use **Electronic Data** for any time, or at all,
- from any cause whatsoever, regardless of any other contributing cause or event whenever it may occur.

However, in the event that a peril listed in Clause 5.18.6 below (being a peril insured by this **Policy** but for this Exclusion) is caused by any of the matters described in Clauses 5.18.1 to 5.18.3 above, this **Policy**, subject to all its provisions, will insure:

5.18.4 **Damage to Property Insured** directly caused by such listed peril or circumstance; and/or

5.18.5 consequential loss insured by Section 2 of this **Policy**.

Further, this Exclusion does not apply at all in the event that a peril listed in Clause 5.18.6 below (being a peril insured by this **Policy** but for this Exclusion) causes any of the matters described in Clause 5.18.1 to 5.18.3 above.

5.18.6 For the purposes of this Exclusion, the following are deemed to be perils insured by this **Policy**: fire, lightning, thunderbolt, explosion, implosion, earthquake, subterranean fire, volcanic eruption, impact by road vehicle or animal, impact by aircraft and/or other aerial device and/or articles dropped therefrom, sonic boom, breakage of glass, the acts of persons taking part in riots or civil commotions or of strikers or locked-out workers or of persons taking part in labour disturbances or of malicious persons or the acts of any lawfully constituted authority in connection with the foregoing acts or in connection with any conflagration or other catastrophe, storm and/or tempest and/or rainwater and/or wind and/or hail, **Flood**, water or other liquids or substances discharged, overflowing or leaking from any apparatus, appliances, pipes or systems and theft of **Electronic Data** where such theft is accompanied by theft of computer hardware, firmware, medium, microchip, integrated circuit or similar device containing such **Electronic Data**.

However, **Damage to Electronic Data** caused by “the acts of persons taking part in riots or civil commotions or of strikers or locked-out workers or of persons taking part in labour disturbances or of malicious persons or the acts of any lawfully constituted authority in connection with the foregoing acts or in connection with any conflagration or other catastrophe” is only insured by this **Policy** where such **Damage to Electronic Data** is as a direct result of physical damage to computer hardware, firmware, medium, microchip, integrated circuit or similar device containing such **Electronic Data**.

Any **Act of Terrorism** Exclusion in this **Policy** prevails over this Exclusion.

5.19 Overhead transmission and distribution lines and their supporting structures the property of power-generating authorities or companies and telecommunications companies, but this Exclusion shall not apply in respect of the aforementioned lines (and their supporting structures) that extend from the public highway to the insured premises and are the responsibility of the **Insured**.

6. Circumstances Where Cover is Excluded

6.1 Section 1 of this **Policy** does not cover **Damage** to any **Property Insured** caused directly or indirectly by or in connection with or arising from or occasioned through:

6.1.1 war, invasion, act of foreign enemy, hostilities or war-like operations (whether war be declared or not), civil war, mutiny, civil commotion assuming the proportions of or amounting to a popular rising, military rising, rebellion, revolution, insurrection, military or usurped power;

6.1.2 any order of any government, public or local authority involving the confiscation, nationalisation, requisition or **Damage** of any property, except acts of destruction at the time and for the purpose of preventing the spread of fire or any other cause not excluded from cover by Clause 6, unless such order involves the demolition of property deemed unsafe following **Damage** not occurring in circumstances which are excluded from cover by Clause 6;

Notwithstanding the provisions of this Exclusion, the **Insurer** will extend indemnity for **Damage** caused by the action of a civil authority during a conflagration or other catastrophe for the purpose of retarding same and/or for the reasonable cost of removal of **Property Insured** at the **Situation** 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** and for **Damage** resulting from removal carried out in those circumstances;

6.1.3 any **Act of Terrorism** regardless of any other cause or event contributing concurrently or in any other sequence to the **Damage**;

6.1.4 any action taken in controlling, preventing, suppressing or in any way relating to any **Act of Terrorism**;

6.1.5 ionising radiations or contamination by radioactivity from any nuclear waste or from the combustion of nuclear fuel. Nuclear fuel means any material which is capable of producing energy by a self-sustaining chain process of nuclear fission;

However, this Exclusion shall not apply to ionising radiations or contamination by radioactivity emitted by spectrometers, X-ray units, diathermy machines, equipment used for broadcasting, telecommunications equipment, radar installations, industrial and commercial appliances and any other equipment commercially available that emits low-level radiations;

6.1.6 nuclear weapons materials;

6.1.7 the incorrect siting of buildings as a result of error in architectural design or specification, faulty workmanship or non-compliance with the requirements of any government, local government or statutory authority;

6.1.8 demolition ordered by any government, local government or statutory authority as a result of the failure of the **Insured** or its agents to comply with any lawful requirement;

6.1.9 unexplained or inventory shortage or disappearance resulting from clerical or accounting errors or shortage in the supply or delivery of materials to or from the **Insured**;

6.1.10 heating or any process involving the direct application of heat. Provided, however, that the provisions of this Exclusion shall be limited to the item or items

immediately affected and shall not extend to other property **Damaged** as a result of any such heating or process;

6.1.11 consequential loss of any kind, including, but without limiting the generality of this Exclusion, loss due to delay, lack of performance, loss of contract or depreciation in the value of any undamaged property, except as specifically provided for in this **Policy**;

6.1.12 **Pollution or Contamination** except where caused directly by fire, lightning, thunderbolt, explosion, implosion, impact by falling objects, impact by aircraft or other aerial devices or articles dropped from them, sonic boom, the acts of persons taking part in riots or civil commotions, or of strikers or locked-out workers or of persons taking part in labour disturbances or of malicious persons or the acts of any lawfully constituted authority in connection with the foregoing acts or in connection with any conflagration or other catastrophe or emergency, earthquake, subterranean fire, volcanic eruption, **Flood**, storm and/or tempest and/or rainwater and/or wind and/or hail and/or surface run-off, the bursting overflowing or discharging of tanks, apparatus or pipes, sprinkler leakage, overturning of or impact by any registered or unregistered vehicle (including forklift trucks, mobile cranes and tanker-trucks), impact by any animal, breakage of glass, containers dropped while being moved or collapse of storage-container stacks;

In respect of the indemnity provided by Section 2 of this **Policy**, the term "**Property Insured**", where it refers to the exempted circumstances listed in this Exclusion 6.1.12, is deemed to include property of others used by the **Insured** at the **Situation** for the purposes of the **Business** and not insured by this **Policy**;

6.1.13 any circumstances other than those referred to in Exclusion 6.1.12 above which results directly or indirectly from **Pollution or Contamination**.

6.2 Section 1 of this **Policy** does not cover **Damage** to any **Property Insured** caused by or occasioned through:

6.2.1 electrical, electronic or mechanical breakdown which shall mean the actual breaking, seizing, deformation or burning out of any part of Machinery causing stoppage of the functions thereof and necessitating repair or replacement before it can resume working. For the purpose of this Exclusion, 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. This Exclusion shall be limited to the items immediately affected and shall not extend to **Damage** to other property caused by any of the circumstances referred to in this Exclusion;

6.2.2 erosion, subsidence, earth movement or collapse resulting therefrom;

6.2.3 the action of water from the sea, tidal wave or high water;

Provided that Exclusions 6.2.2 and 6.2.3 shall not apply if **Damage** is caused by or arises out of an earthquake or seismological disturbance, or **Flood**, or storm and tempest having a wind force of scale 11 on the Beaufort Scale of Wind Force or greater;

6.2.4 the action of moths, termites or other insects, vermin, rust or oxidation, mildew, mould, wet or dry rot, corrosion, change of colour, dampness of atmosphere or other variations in temperature, evaporation, disease, inherent vice or latent defect, loss of weight, change in flavour, texture or finish;

6.2.5 wear and tear, fading, scratching or marring, gradual deterioration or developing flaws, normal upkeep or making good;

Provided that Exclusions 6.2.4 and 6.2.5 shall not apply to **Damage** to any **Property Insured** caused by or occasioned through spontaneous combustion or fermentation;

- 6.2.6 error or omission in design, plan or specification or failure of design;
 - 6.2.7 normal settling, seepage, shrinkage or expansion in buildings or foundations, walls, pavements, roads and other structural improvements, creeping, heaving and vibration;
 - 6.2.8 faulty materials or faulty workmanship;
- Provided that:
- 6.2.8.1 the words “inherent vice or latent defect” appearing in Exclusion 6.2.4, and;
 - 6.2.8.2 Exclusions 6.2.6 and 6.2.8,
- shall each be limited to that part of the **Property Insured** immediately affected and shall not apply to other part(s) **Damaged** in consequence;
- 6.2.9 the cessation of work whether total or partial or the cessation, interruption or retarding of any process or operation as a result of any industrial dispute. This Exclusion shall not apply to any **Damage** caused directly by persons participating in an industrial dispute;
 - 6.2.10 kidnapping, bomb threat, threat of contamination, hoax, extortion or any attempt at any of these;
 - 6.2.11 fraudulent or dishonest acts, fraudulent misappropriation, embezzlement, forgery, counterfeiting, if any of these involve the **Property Insured** and are committed by the **Insured** or any of the employees of the **Insured** whether acting alone or in collusion with any other person or persons. Provided that this Exclusion shall not apply to theft by an employee of the **Insured** consequent upon forcible and violent entry upon premises at the **Situation** or upon felonious concealment at those premises, or to theft of **Money** whilst in transit. The term “dishonest acts”, in relation to any of the **Insured's** employees, does not include acts of arson or vandalism;
 - 6.2.12 data corruption, unauthorised amendment of data and erasure by electronic or non-electronic means if any of these involve the **Property Insured** and are committed by the **Insured** or any of the employees of the **Insured** whether acting alone or in collusion with any other person or persons;
 - 6.2.13 the gaining of access by any person other than the **Insured** or employees of the **Insured** to the **Insured's** computer system via data communication media that terminate in the **Insured's** computer system;
 - 6.2.14 the explosion, implosion, rupture, collapse, bursting, cracking or overheating of any boiler (other than a boiler used for domestic purposes), economiser or other pressure vessel, including pipes, valves and other apparatus forming part of any of these and in respect of which a certificate is required to be issued under the terms of any statute or regulation. This Exclusion shall be limited to the items immediately affected and shall not extend to **Damage** to other property caused by any of the circumstances referred to in this Exclusion. The provisions of this Exclusion shall not apply to Section 2 of this **Policy**.

Provided that the **Insurer** 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 caused by or have been followed by, any of the circumstances referred to in Exclusions 6.2.1 to 6.2.14.

In respect of the indemnity provided by Section 2 of the **Policy**, the term **Property Insured**, where used in this provision, is deemed to include property of others used by the **Insured** at the **Situation** for the purposes of the **Business** and not insured by this **Policy**.

- 6.3 Section 1 of this **Policy** does not cover **Damage** to any **Property Insured** resulting from or happening through or in connection with any premises being **Property Insured** or containing any **Property Insured** having become unoccupied and remaining unoccupied for a continuous period in excess of sixty (60) days unless the **Insurer** shall have been notified and shall have agreed to extend cover.

This Exclusion shall only apply where the **Damage** to such property is caused by or occasioned through malicious damage or vandalism, arson, bursting, overflowing, freezing, discharging or leaking of water tanks, apparatus, pipes, heating, cooling or fire protection systems.

- 6.4 Section 1 of this **Policy** does not cover any legal liability of whatsoever nature other than as specifically provided.

7. Conditions Applying to Section 1

7.1 Interests of Other Parties

- 7.1.1 Any lessor, financier, mortgagee, trustee and any other person or entity disclosed in the business records of the **Insured** as having a pecuniary, economic or financial interest in the **Property Insured** shall be deemed to be included as an additional **Insured** for their respective rights and interests.

- 7.1.2 Where a contract entered into by the **Insured** contains conditions of the contract that require the **Insured** to insure the works and property of others whilst at the **Situation**, this **Policy** extends to indemnify the **Insured** under such contract, provided such property is not otherwise excluded, including but not limited to works comprising alterations, additions, erection or construction of property. However, the cover under this Clause will only apply where the total contract value of all work to be carried out at any one **Situation** does not exceed the contract value applicable to the operation of Clause 5.14 stated in the **Schedule**.

7.2 Average/Underinsurance

- 7.2.1 The **Insured** is required to insure for full value calculated at the commencement of the **Period of Insurance** in accordance with Definition 1.5.
- 7.2.2 In the event of a claim, the monies otherwise payable under Section 1 of the **Policy** shall be the proportion that the **Insured's** declaration of the value of all **Property Insured** at the commencement of the **Period of Insurance** bears to 80% of the value of all such property as at the time of the commencement of the **Period of Insurance** calculated in accordance with Definition 1.5.
- 7.2.3 Should the **Insured** elect to settle a claim or any part thereof in accordance with Basis of Settlement Clause 4.30 for the purpose of the application of this Condition 7.2 (and Condition 7.3 insofar as it applies) the full value of such property at the time of the commencement of the **Period of Insurance** shall be the **Indemnity Value**.
- 7.2.4 This Condition 7.2 shall not apply if the amount of the **Damage** does not exceed 10% of the amount of the **Insured's** declaration of the value of all **Property Insured**.

7.3 Property Valued by an Approved Valuer

Condition 7.2 shall not apply to property, forming part of the **Property Insured**, which the **Insured** has insured under this **Policy** for its full value as stated in a **Valuation**, provided that a copy of that **Valuation** is given to the **Insurer** as soon as reasonably practicable after the notification of a claim under the **Policy**.

Valuation means a valuation report by an **Approved Valuer** carried out less than three years before the commencement of the current **Period of Insurance** and which an **Approved Valuer** has updated, not more than twelve months prior to the commencement of the current **Period of Insurance**.

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

7.4 Sprinkler Installations

This Condition applies to any property being **Property Insured** in which an automatic sprinkler system is installed which is owned by the **Insured**, or where the **Insured** is responsible for the operation or maintenance of the automatic sprinkler system.

7.4.1 The **Insured** shall use its best endeavours to ensure that the property is protected as required by law by an approved installation of automatic sprinklers, automatic external alarm signal and automatic alarm signal connected with a Fire Brigade Station.

7.4.2 The **Insured** shall use its best endeavours to ensure that any system and alarm signal are at all times maintained in good working order. However, disconnection of the automatic sprinkler system for the purposes of maintenance or repair is permitted by the **Insurer** for a maximum period of fourteen days.

7.4.3 Where premises in which an automatic sprinkler system is installed are leased to a tenant and the lease provides that the tenant shall provide for maintenance of the installation, any failure by the tenant so to do will not prejudice the rights of the **Insured**, provided that the **Insured**, upon becoming aware of the failure by the tenant, shall either provide for maintenance of the installation or shall give notice in writing to the **Insurer**, either as soon as reasonably practicable.

7.5 Damage over a Period of Time

All **Damage** which occurs during any period of seventy-two consecutive hours shall be considered for the purpose of the application of any **Limit of Liability** and Sub-Limit of Liability and of the **Deductible** as resulting from the one original source or cause. Each period shall be deemed to have commenced on the first happening of any such **Damage** which does not occur within any prior period of seventy-two consecutive hours. This Clause shall apply to any cause(s) not excluded, whether continuous or sporadic in their sweep or scope and whether the **Damage** was due to the same seismological conditions, atmospheric disturbances, conditions or acts.

Section 2 - Interruption Insurance

8. Definitions

For the purpose of Section 2 of this **Policy**, the following Definitions apply:

8.1 **Customer's Accounts** means credit accounts of the **Business**.

8.2 **Gross Profit** means the amount by which:

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

(The amounts of the opening and closing stocks and work in progress shall be arrived at in accordance with the **Insured's** normal accountancy methods, due provision being made for depreciation. Where insured expenses are included in the **Insured's** stocks and work in progress such amounts shall be excluded for the purpose of the **Gross Profit** Definition.)

8.3 **Gross Rentals** means the money paid or payable to the **Insured** by tenants in respect of rental of the **Situation** and for services rendered by or on behalf of the **Insured**.

8.4 **Gross Revenue** means the money paid or payable to the **Insured** for services rendered (and goods sold, if any), which shall include the money paid or payable to the **Insured** by tenants (including amounts for services rendered to tenants and expenses from tenants) in respect of rental or lease of the **Situation** unless Item No. 3 (**Gross Rentals**) is shown in the **Schedule** as insured in the course of the **Business** at the **Situation**. If Item No. 4 (**Insured Payroll**) is shown in the **Schedule** as insured then **Gross Revenue** shall not include **Payroll**, **Payroll** being separately insured under Item No. 4.

8.5 **Indemnity Period** means 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 have been affected in consequence of the **Damage**.

8.6 **Item Insured** means the item shown in the **Schedule** and as more particularly described in the Basis of Settlement Clauses, cover only applying in respect of those items shown in the **Schedule** as being insured.

8.7 **Outstanding Debit Balances** means the total amount owed to the **Business** by customers as at the month immediately prior to the date of the **Damage**, adjusted for:

8.7.1 bad debts;

8.7.2 amounts debited (or invoiced but not debited) and credited (including credit notes and cash not passed through the books at the time of the **Damage**) to **Customers Accounts** in the period between the date to which said last statement relates and the date of the **Damage**; and

8.7.3 any abnormal conditions of trade which had or could have had a material effect on the **Business**, so that the figures thus adjusted shall represent as nearly as reasonably practicable those which would have been obtained at the date of the **Damage** had the **Damage** not occurred.

- 8.8 **Payroll** means the remuneration (including but not limited to payroll tax, fringe benefits tax, sick pay, bonuses, overtime, commission, holiday pay, workers' compensation insurance premiums, accident compensation levies, superannuation and pension fund contributions, long service leave pay, and the like) paid to all employees of the **Insured** other than employees who form part of corporate services being services provided to more than one operation/branch of the **Insured**. The **Payroll** for these employees being insured under Item 1 (**Gross Profit**) or Item 2 (**Gross Revenue**) as applicable.
- 8.9 **Rate of Gross Profit** means the proportion which the **Gross Profit** bears to the **Turnover** during the financial year immediately before the date of the **Damage**.
- 8.10 **Rate of Payroll** means the proportion which the **Payroll** bears to the **Turnover** during the financial year immediately before the date of the **Damage**.
- 8.11 **Shortage in Turnover** means the amount by which the **Turnover** during a period shall, in consequence of the **Damage**, fall short of the part of the **Standard Turnover** which relates to that period.
- 8.12 **Standard Gross Rentals** means the **Gross Rentals** during that period in the twelve months immediately before the date of the **Damage** which corresponds with the **Indemnity Period** (appropriately adjusted where the **Indemnity Period** exceeds twelve months).
- 8.13 **Standard Gross Revenue** means the **Gross Revenue** during that period in the twelve months immediately before the date of the **Damage** which corresponds with the **Indemnity Period** (appropriately adjusted where the **Indemnity Period** exceeds twelve months).
- 8.14 **Standard Turnover** means the **Turnover** during that period in the twelve months immediately before the date of the **Damage** which corresponds with the **Indemnity Period** (appropriately adjusted where the **Indemnity Period** exceeds twelve months).
- 8.15 **Turnover** means the money (less discounts if any allowed) paid or payable to the **Insured** for goods sold and delivered and for services rendered in the course of the **Business** conducted at the **Situation**.

For the purpose of the Definitions applying to Section 2, any adjustment implemented in current cost accounting shall be disregarded.

The Definitions of **Gross Revenue** and **Turnover** are extended to include grants or other monies derived from research and/or development projects and/or 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.

Adjustments shall be made to the **Rate of Gross Profit**, **Standard Turnover**, **Standard Gross Revenue**, **Standard Gross Rentals** and **Rate of Payroll** as may be necessary to provide for the trend of the **Business** and for variations in or other circumstances affecting the **Business** either before or after the date of the **Damage** or which would have affected the **Business** had the **Damage** not occurred, so that the figures as 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** occurred.

9. Extent of Cover

9.1 The **Insurer** will indemnify the **Insured** in accordance with the provisions of Clause 10 (Basis of Settlement) against loss resulting from the interruption of or interference with the **Business**, provided the interruption or interference:

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

- 9.1.1.1 any building or any other property or any part thereof used by the **Insured** at the **Situation** for the purposes of the **Business**;
- 9.1.1.2 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 others;
- 9.1.1.3 any communication link and/or any electric power station or sub-station, steamworks, gasworks (including any land-based premises of any gas supply undertaking or of any natural gas producer linked directly therewith) or water works including the distributive system from which the **Insured** obtains electric current, steam, gas or water which is situated anywhere in Australia or any sewerage works including the distributive system that services the **Situation**;
- 9.1.1.4 computer installations, including ancillary equipment and data processing media utilised by the **Insured** anywhere in Australia;
- 9.1.1.5 property at or in the vicinity of the **Situation** which prevents or hinders the use of or access to the **Situation** (whether any property of the **Insured** shall be the subject of **Damage** or not);
- 9.1.1.6 property at or in the vicinity of premises of the **Insured's** suppliers, manufacturers, processors or storers of components, goods, materials or equipment, or customers situated anywhere in Australia;
- 9.1.1.7 property in any commercial complex of which the **Situation** forms a part or in which the **Situation** is contained which results in cessation or diminution of trade, including any cessation or diminution of trade due to temporary falling away of potential custom (whether any property of the **Insured** shall be the subject of **Damage** or not);
- 9.1.1.8 a special attraction, being another business or facility in the immediate vicinity of the **Situation**, that the **Business** depends upon to attract people to the area which results in cessation or diminution of trade, including any cessation or diminution of trade due to temporary falling away of potential custom;
- 9.1.1.9 property within a twenty kilometre radius of the **Situation** which results in cessation or diminution of **Business** due to temporary falling away of potential custom;
- 9.1.1.10 any registered vehicles or trailers which are owned or operated by the **Insured**, while such vehicles or trailers are at the **Situation**, but not while any such vehicles or trailers are being used on any public highway or thoroughfare;

9.1.2 is in consequence of:

- 9.1.2.1 closure or evacuation of the whole or part of the **Situation** by order of a competent public authority as a result of an outbreak of a notifiable human infectious or contagious disease or bacterial infection or any discovery of an organism likely to result in the occurrence of a notifiable human infectious or contagious disease or consequent upon vermin or pests or defects in the drains and/or sanitary arrangements at the **Situation** but specifically excluding losses arising from or in connection with highly Pathogenic Avian Influenza in Humans or any disease(s) declared to be a listed human disease pursuant to subsection 42(1) of the Biosecurity Act 2015;
 - 9.1.2.2 murder or suicide or attempted suicide or violent crime or armed robbery occurring at the **Situation**;
 - 9.1.2.3 injury, illness or disease arising from or likely to arise from or traceable to foreign or injurious matter in food or drink provided from or on the **Situation**;
 - 9.1.2.4 any of the circumstances set out in Sub-Clauses 9.1.2.1 to 9.1.2.3 (inclusive) occurring within a 5 kilometre radius of the **Situation**;
 - 9.1.2.5 the action of a civil authority during a conflagration or other catastrophe for the purpose of retarding same;
 - 9.1.2.6 the action of any lawful authority attempting to avoid or diminish risk to life or **Damage** to property within 5 kilometres of such **Situation** which prevents or hinders the use of or access to the **Situation** whether any property of the **Insured** shall be the subject of **Damage** or not,
- occurring during the **Period of Insurance**. Such events shall be deemed to be loss caused by **Damage** covered by Section 2 of this **Policy**. Furthermore Clauses 12 and 13 shall not apply to the cover provided by this Clause 9.1.2.

- 9.2 If the building or other property which is subject to the **Damage** is owned by the **Insured**, such **Damage** must be the subject of indemnity under a policy of insurance covering the circumstances in which it occurred (other than where caused by any cause referred to in Clause 6.2.14 and other than indemnity not applying only because of the application of a **Deductible**).
- 9.3 In the case of any other property which suffers **Damage**, that **Damage** must occur in circumstances in which indemnity would apply as if that property were insured under Section 1 of this **Policy** other than indemnity not applying only because of the application of a **Deductible**.

9.4 Indemnity under Clause 9 is also subject to:

- 9.4.1 the **Limits of Liability** and Sub-Limits of Liability referred to in the **Schedule**;
- 9.4.2 the loss being calculated in accordance with the Basis of Settlement Clause 10;
- 9.4.3 the Conditions set out in Clauses 11 and 14;
- 9.4.4 the loss not being caused as a result of **Damage** to certain property as referred to in Clause 12;
- 9.4.5 the loss not being caused as a result of **Damage** to property occurring in circumstances set out in Clause 13.

10. Basis of Settlement

10.1 Item No. 1 (Loss of Gross Profit Due to Reduction in Turnover and Increase in Cost of Working)

The **Insured** is indemnified with respect to loss of **Gross Profit** calculated in the following manner, namely:

- 10.1.1 in respect of reduction in **Turnover**, the sum produced by applying the **Rate of Gross Profit** to the amount by which the **Turnover** during the **Indemnity Period** shall, in consequence of the **Damage**, fall short of the **Standard Turnover**; and
- 10.1.2 in respect of Increase in Cost of Working, the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in **Turnover** which, but for that expenditure, would have taken place during the **Indemnity Period** in consequence of the **Damage**, but not exceeding the sum produced by applying the **Rate of Gross Profit** to the amount of the reduction thereby avoided.
- 10.1.3 There shall be deducted from the amounts calculated in 10.1.1 and 10.1.2 any sum saved during the **Indemnity Period** in respect of such of the charges and expenses of the **Business** payable out of **Gross Profit** as may cease or be reduced as a consequence of the **Damage** (excluding depreciation and amortisation).

10.2 Item No. 2 (Loss of Gross Revenue Due to Reduction in Revenue and Increase in Cost of Working)

The **Insured** is indemnified with respect to loss of **Gross Revenue** calculated in the following manner, namely:

- 10.2.1 in respect of loss of **Gross Revenue**, the amount by which the **Gross Revenue** during the **Indemnity Period** shall, in consequence of the **Damage**, fall short of the **Standard Gross Revenue**;
- 10.2.2 in respect of Increase in Cost of Working, the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the loss of **Gross 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.

10.2.3 There shall be deducted from the amounts calculated in 10.2.1 and 10.2.2 any sum saved during the **Indemnity Period** in respect of such charges and expenses of the **Business** payable out of **Gross Revenue** as may cease or be reduced in consequence of the **Damage** (excluding depreciation and amortisation).

10.3 **Item No. 3 (Loss of Gross Rentals Due to Reduction in Rentals and Increase in Cost of Working)**

The **Insured** is indemnified with respect to loss of **Gross Rentals** calculated in the following manner, namely:

10.3.1 in respect of loss of **Gross Rentals**, the amount by which the **Gross Rentals** during the **Indemnity Period** shall, in consequence of the **Damage**, fall short of the **Standard Gross Rentals**;

10.3.2 in respect of Increase in Cost of Working, the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the loss of **Gross Rentals** which, but for that expenditure, would have taken place during the **Indemnity Period** in consequence of the **Damage**, but not exceeding the amount of the reduction in **Gross Rentals** thereby avoided.

10.3.3 There shall be deducted from the amounts calculated in 10.3.1 and 10.3.2 any sum saved during the **Indemnity Period** in respect of such charges and expenses of the **Business** payable out of **Gross Rentals** as may cease or be reduced in consequence of the **Damage** (excluding depreciation and amortisation).

10.4 **Item No. 4 (Insured Payroll being Loss in Respect of Payroll Calculated by Reference to Reduction of Turnover and Increase in Cost of Working)**

10.4.1 The **Insured** is indemnified for loss of **Payroll**, limited to loss due to reduction in **Turnover** and **Increase in Cost of Working**, and the amount payable as indemnity shall be calculated in the following manner:

10.4.1.1 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**, calculated by applying the **Rate of Payroll** to the **Shortage in Turnover** during that portion of the **Indemnity Period** less any saving during that portion through reduction in the amount of **Payroll** paid in consequence of the **Damage**;

10.4.1.2 during the remaining portion of the **Indemnity Period**, calculated by applying the **Rate of Payroll** to the **Shortage in Turnover** during the remaining portion of the **Indemnity Period** less any saving during that portion through reduction in the amount of **Payroll** paid in consequence of the **Damage**, but not exceeding the amount produced by applying the percentage of the **Rate of Payroll** specified in the **Schedule** to the **Shortage in Turnover** during that remaining portion of the **Indemnity Period**, increased by such amount as is deducted for savings under Clause 10.4.1.1 above.

10.4.2 The **Insured** may at its option increase the number of weeks referred in Clause 10.4.1.1 to the number of weeks specified in the **Schedule** under the heading Consolidated Period, provided that the amount payable under Clause 10.4.1.2 shall not exceed such amount as is deducted under Clause 10.4.1.1 for savings effected during the increased number of weeks.

10.4.3 The **Insured** shall also be indemnified in addition to the amount payable under Clause 10.4.1 for so much of the additional expenditure described in Clause 10.1.2 or 10.2.2 whichever is applicable as exceeds the amount payable under that Clause 10.1.2 or 10.2.2 but not more than the additional amount which would have been payable in respect of reduction in **Turnover** under the provisions in Clauses 10.4.1.1 and 10.4.1.2 had such expenditure not been incurred.

10.5 Item No. 5 (Severance Pay)

The **Insured** shall also be indemnified with respect to such further additional expenditure not otherwise recoverable under Clauses 10.4.1 and 10.4.2 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**.

10.6 Item No. 6 (Additional Increase in Cost of Working)

The **Insured** is indemnified with respect to any Additional Increase in Cost of Working not otherwise recoverable under Section 2 of this **Policy** necessarily and reasonably incurred during the **Indemnity Period** in consequence of the **Damage** for the purpose of avoiding or diminishing reduction in **Turnover**, **Gross Revenue** or **Gross Rentals** (as applicable) and/or other operating income and/or resuming and maintaining normal operations and/or services of the **Business** and/or minimising the period of interruption of or interference with the **Business**.

10.7 Item No. 7 (Amount Payable with Respect to Fines and Damages)

The **Insured** is indemnified with respect to fines and damages 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 damages incurred in consequence of the **Damage**, for non-completion or late completion of orders, inability to meet contract specifications or cancellation of orders.

10.8 Item No. 8 (Amount Payable in Respect of Contracted Purchases)

The **Insured** is indemnified with respect to contractual commitments and the amount payable as indemnity hereunder shall be such sums as the **Insured** shall be legally liable to pay and shall pay under contracts for purchases not used during the **Indemnity Period** in consequence of the **Damage** less any sums received or receivable by the **Insured** in respect of such purchases through any salvage handling operations or resale.

10.9 Item No. 9 (Outstanding Accounts Receivable)

The **Insured** is indemnified for loss in consequence of **Damage** to the **Insured's** books of account, other books and/or records which results in loss as a result of impaired collections, the **Insured** being unable to trace or establish the **Outstanding Debit Balances** in whole or in part, and the **Insurer** will pay to the **Insured** the amount of the **Insured's** resultant loss calculated in the following manner, namely:

10.9.1 In respect of loss of **Outstanding Debit Balances**, being the difference between the **Outstanding Debit Balances** and the total of the amounts received or traced in respect thereof;

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:

10.9.1.1 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** occurred;

- 10.9.1.2 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 the **Damage** occurred;
- 10.9.1.3 the amount determined under 10.9.1.1 above, increased or decreased by the percentage calculated in accordance with 10.9.1.2 above, shall be deemed to be the total amount of accounts receivable outstanding at the time and date of the **Damage**;
- 10.9.1.4 the amount determined under 10.9.1.3 above 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.

10.9.2 In respect of additional expenditure, being the additional expenditure incurred:

- 10.9.2.1 for interest charges at ruling bank rates on any loan required in consequence of such impaired collections;
- 10.9.2.2 for interest lost by the **Insured** in consequence of such impaired collections;
- 10.9.2.3 in tracing and establishing **Outstanding Debit Balances** after the **Damage**;
- 10.9.2.4 for collection expenses in excess of normal collection costs, incurred in consequence of the **Damage**.

There shall be deducted from the total amount of accounts receivable, however established, the amounts of such accounts evidenced by records not **Damaged**, or otherwise established or collected by the **Insured**, and an equitable amount to provide for doubtful debts.

Exclusions 5.1, 6.2.11 and 6.2.13 shall not apply to the cover provided by this Clause.

10.10 Item No. 10 (Claims Preparation Costs)

The **Insured** is indemnified with respect to such reasonable professional fees as may be payable by the **Insured** to their financial advisers (including but not limited to fees of accountants, loss adjusters, valuers and other consultants appointed by the **Insured**) and such other reasonable expenses, including the salaries and wages and overheads of the **Insured's** employees, reasonably incurred by the **Insured** and not otherwise recoverable under this **Policy**, for preparation, proving and negotiation of progress of claims and/or final claims under Sections 1 and 2 of this **Policy** and where any loss is claimable under Section 2 of this **Policy** shall also include such fees and expenses as are reasonably necessary to satisfy the **Insurer** that **Damage** to property:

- 10.10.1 is the subject of indemnity as required under Clause 9.2; or
- 10.10.2 has occurred in the circumstances required under Clause 9.3.

Provided always that this Clause does not provide cover for any legal costs or expenses incurred for advice or activities obtained or undertaken for the purposes of pursuing a claim, including potential or actual legal proceedings, for indemnity from the **Insurer** under this **Policy**.

11. Conditions Applying to Section 2

11.1 Turnover/Gross Revenue Elsewhere After Damage

If during the **Indemnity Period** goods shall be sold or services shall be rendered elsewhere than at the **Situation** for the benefit of the **Business** either by the **Insured** or by others on behalf of the **Insured**, monies paid or payable in respect of such sales or services shall be brought into account in arriving at the **Turnover/Gross Revenue** (as applicable) during the **Indemnity Period**.

11.2 Departmental Clause

If the **Business** is conducted in departments or business units the independent trading results of which are ascertainable, the provisions of Clauses 10.1.1, 10.1.2, 10.4.1.1, 10.4.1.2 and 10.4.2 shall apply separately to each department or unit affected by the **Damage**.

11.3 New Business

In the event of **Damage** occurring at the **Situation** before the completion of the first year's trading of the **Business**, the terms **Rate of Gross Profit**, **Standard Turnover**, **Standard Gross Revenue**, **Standard Gross Rentals** and **Rate of Payroll** shall bear the following meanings and not those as stated in Clause 8 (Definitions):

Rate of Gross Profit means the proportion which the **Gross Profit** bears to the **Turnover** during the period between the date of the commencement of the **Business** and the date of the **Damage**.

Standard Turnover means 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**.

Standard Gross Revenue means 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**.

Standard Gross Rentals means 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**.

Rate of Payroll means the proportion which the **Payroll** bears to the **Turnover** during the period between the date of commencement of the **Business** and the date of the **Damage**.

Adjustment shall be made to the **Rate of Gross Profit**, **Standard Turnover**, **Standard Gross Revenue**, **Standard Gross Rentals**, and **Rate of Payroll** 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** occurred.

11.4 Accumulated Stocks

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

11.5 Books of Account

11.5.1 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** for the purpose of investigating or verifying any claim made under this **Policy** 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 the certificate relates.

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

11.6 Turnover/Output Alternative

At the option of the **Insured**, the word **Output** may be substituted for **Turnover** and, for the purpose of Section 2 of this **Policy**, **Output** shall mean the sale value of goods manufactured or processed by the **Insured** in the course of carrying on the **Business** at the **Situation**. Only one such meaning shall be operative in connection with any one occurrence involving **Damage**.

If the **Output** option is selected:

11.6.1 the provisions of Clause 11.1 (Turnover/Gross Revenue Elsewhere After Damage) shall read as follows:

If during the **Indemnity Period** goods shall be manufactured or processed other than at the **Situation** for the benefit of the **Business** either by the **Insured** or by others on behalf of the **Insured**, the sale value of the goods so manufactured or processed shall be brought into account in arriving at the **Output** during the **Indemnity Period**; and

11.6.2 the Definition of **Gross Profit** shall read as follows:

the difference between sale value of production and the amount of the **Uninsured Working Expenses**; and

11.6.3 the provision of Clause 11.4 (Accumulated Stocks) shall read as follows:

in adjusting any loss, account shall be taken and equitable allowance made if any **Shortage in Output** resulting from the **Damage** is postponed by reason of the **Output** being temporarily maintained from accumulated stocks.

11.7 Salvage Sale

If **Damage** gives rise to a claim under Section 2 of this **Policy** and the **Insured** holds a salvage sale during the **Indemnity Period**:

11.7.1 Clause 10.1 shall be varied to provide that the amount of the indemnity shall be calculated by reference to the sum produced by applying the **Rate of Gross Profit** to the amount by which the **Turnover** during the **Indemnity Period** (less the **Turnover** for the period of the salvage sale) shall, in consequence of the **Damage**, fall short of the **Standard Turnover**, from which shall be deducted the **Gross Profit** actually earned during the period of the salvage sale.

11.7.2 For the purposes of Clause 10.4, a **Shortage in Turnover** means the amount by which the **Turnover** during a period (less the **Turnover** for the period of the salvage sale) shall, in consequence of the **Damage**, fall short of the part of the **Standard Turnover** which relates to that period from which shall be deducted the amount of any portion of the **Payroll** actually paid out of the proceeds of the salvage sale.

11.8 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.

11.9 Inter-Company/Group Sales

Where any commodities, materials, components, goods, machinery, plant, equipment, or services (hereinafter referred to as Purchases) are purchased by any party, jointly and severally insured hereunder from any other party or parties also jointly and severally insured hereunder, the full sales price of such Purchases shall be regarded, for the purposes of adjusting any claim, as though they were purchased from a party not jointly and severally insured by this **Policy**.

Inter-company/group profit, which may have accrued to any party or parties jointly and severally insured hereunder which supplied the Purchases prior to the happening of the **Damage**, shall not be deducted from the amount of the loss settlement payable hereunder.

11.10 Termination of Cover

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

11.10.1 permanently discontinues or ceases to carry on the **Business** or if the **Insured's** proprietary interest in the **Business** ceases otherwise than by death;

11.10.2 (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

11.10.3 (being a natural person) becomes bankrupt,

then the insurance under Section 2 shall cease unless its continuance is admitted in writing by the **Insurer**.

Such termination of cover shall not apply if any of the events stated in Clauses 11.10.1, 11.10.2 or 11.10.3 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 **Situation**.

11.11 Mitigation of Loss

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

11.12 Profit Allowed Under Property Insurance Section

In any case where an allowance for profit has been included in the selling price used for the purposes of the Basis of Settlement under Clauses 4.16 or the contract price under Clause 4.18.2 of Section 1, such allowance for profit shall be considered under Section 1 of this **Policy** only and excluded from any indemnity available under Section 2 of this **Policy**.

12. Property Excluded

Section 2 of this **Policy** does not cover any loss resulting from **Damage** to any property described in Clause 5 of Section 1 of this **Policy** in the circumstances set out in that Clause other than **Damage** to property the subject of indemnity as described in Clause 9.1.1.3 to 9.1.1.10.

13. Circumstances Where Cover is Excluded

13.1 Section 2 of this **Policy** does not cover any loss resulting from any **Damage** to any property in the circumstances described in Clause 6 of Section 1 of this **Policy**, except as described in Clause 6.2.14. Furthermore, Clause 5.19 shall not apply to Clauses 9.1.1.3 to 9.1.1.10 or to any other contingent business interruption extension included in this **Policy** by Endorsement, provided that the transmission and/or distribution lines are not owned by the **Insured**.

13.2 Section 2 of this **Policy** does not cover any interruption to or interference with the **Business** caused by or happening through:

13.2.1 the stranding or sinking of any vessel in any canal, waterway or port; or

13.2.2 the impact by any vessel to any wharf, dock or pier.

14. Conditions Applying to Sections 1 and 2

14.1 Precautions to Prevent Loss

The **Insured** shall take all reasonable precautions to prevent **Damage** to **Property Insured** which may give rise to a claim under this **Policy**.

14.2 Claims and Claims Procedures

14.2.1 On the discovery of any **Damage** giving rise to a claim under this **Policy**, the **Insured** shall forthwith give notice thereof in writing to the **Insurer** and shall as soon as reasonably practicable deliver to the **Insurer** a statement of claim in writing containing as particular an account as may be reasonably practicable of the items of property **Damaged**, and of the amount of **Damage** having regard to their value at the time this occurred and of the amount of any claim made under Section 2 of this **Policy**, together with details of any other insurances which may apply to the claim.

14.2.2 The **Insured** shall, upon becoming aware of any loss by theft of or 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.

14.2.3 If the **Insurer** elects or becomes bound to replace, repair or rebuild any item of property, the **Insured** shall deliver to the **Insurer** all such plans, documents and information as the **Insurer** may reasonably require.

14.2.4 The **Insured** shall not be entitled to abandon any property to the **Insurer** whether taken possession of by the **Insurer** or not.

14.2.5 Any person claiming under this **Policy** shall at the request and at the expense of the **Insurer** 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** for the purpose of enforcing any rights and remedies, or of obtaining relief or indemnity from other parties to which the **Insurer** shall be or would become entitled or subrogated upon the **Insurer** paying for or making good any **Damage** under this **Policy** or paying any monies under Section 2 of this **Policy**.

If the **Insurer** makes any recovery as a result of such action, the **Insured** may only recover from the **Insurer** any amount by which the amount recovered by the **Insurer** exceeds the amount paid to the **Insured** by the **Insurer** in relation to the loss.

14.2.6 Provided that liability has been admitted, the **Insurer** shall make reasonable progress payments on account of any claim to the **Insured** at such intervals and for such amounts as may be agreed upon production of a report by any loss adjuster appointed by the **Insurer**. Any such payments shall be deducted from the amount finally determined upon adjustment of the claim.

14.2.7 If the **Insured** is in breach of any of the provisions of this **Policy**, the **Insurer's** remedies shall be in accordance with the Insurance Contracts Act 1984, as amended.

14.3 Reinstatement of Insurance after Loss

The insurance under this **Policy** and the **Limit of Liability** shall be automatically reinstated in the event of any loss unless the **Insured** requests otherwise. The **Insured** must pay any additional Premium calculated pro rata by reference to the amount of the loss and the outstanding **Period of Insurance**. The Premium shall be calculated at the **Insurer's** premium rates applicable to the current **Period of Insurance**.

14.4 Acquired Companies

14.4.1 This **Policy** extends to include:

14.4.1.1 property belonging to companies and other organisations a controlling interest in which is acquired by the **Insured** during the **Period of Insurance**;

14.4.1.2 property 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 the **Damage**; and

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

- 14.4.2 The **Insured** must, within sixty (60) days of acquisition, declare in writing to the **Insurer**:
- 14.4.2.1 the name of the company or other organisation and the nature of its business;
 - 14.4.2.2 the nature and extent of the property to be insured; and
 - 14.4.2.3 the value of the indemnity provided calculated in accordance with the applicable Basis of Settlement Clauses 4.3, 4.14 to 4.27 (other than 4.17, 4.18, 4.24 and 4.26) and 10.1 to 10.4,
- and must pay the rateable proportion of the Premium from the date of acquisition(s) to the expiry of the **Period of Insurance** calculated at the agreed rate applied to the values declared in 14.4.2.3.
- 14.4.3 The business of the acquired company or other organisation must be similar to the **Business** stated in the **Schedule**.
- 14.4.4 For the purpose of this Condition, 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.
- 14.4.5 The **Insured** shall not be required to include the values declared in 14.4.2.3 in the declaration required under Condition 14.5.
- 14.4.6 The property described in Clause 14.4.1.1 is separately subject to the following Average/Underinsurance Condition:
- 14.4.6.1 The **Insured** is required to insure acquired property for full value calculated in accordance with Definition 1.5 as applicable at the time of acquisition.
 - 14.4.6.2 In the event of **Damage** to property described in Clause 14.4.1.1 resulting in a claim, the monies otherwise payable under Section 1 of this **Policy** shall be the proportion that the **Insured's** declaration at the time of acquisition of the value of all **Property Insured** described in Clause 14.4.1.1 bears to 80% of the value of all such property as at the time of acquisition calculated in accordance with Clause 14.4.2.3.
 - 14.4.6.3 Should the **Insured** elect to settle a claim or any part thereof in accordance with Basis of Settlement Clause 4.30, for the purpose of the application of this Condition 14.4.6 (and Condition 7.3 insofar as it applies) the full value of such property at the time of acquisition shall be the **Indemnity Value**.
 - 14.4.6.4 This Condition 14.4.6 shall not apply if the amount of the **Damage** does not exceed 5% of the amount of the **Insured's** declaration of value of all **Property Insured** described in Clause 14.4.1.1.

14.5 Adjustment of Premium

14.5.1 Where the Premium for Sections 1 and 2 is provisional it shall be calculated on the **Declared Values** of:

14.5.1.1 the **Property Insured**; and

14.5.1.2 the **Annual Gross Profit, Gross Revenue** and/or **Gross Rentals** and **Insured Payroll** (as applicable), (or appropriately increased if the **Indemnity Period** exceeds twelve months) estimated to apply during the period referred to in Clause 14.5.2.2 below,

on the day of commencement of each **Period of Insurance**.

14.5.2 The **Insured** undertakes to declare to the **Insurer** within a reasonable time after the expiry of the **Period of Insurance**:

14.5.2.1 the value of **Property Insured** on the day of expiry of the **Period of Insurance** calculated in accordance with Definition 1.5. For the purpose of this declaration, stock in trade and merchandise shall be taken at their average monthly value during the **Period of Insurance**;

14.5.2.2 the amount of the **Gross Profit, Gross Revenue** and/or **Gross Rentals** earned and **Payroll** paid (as applicable) in accordance with the indemnity afforded in respect of Clauses 10.1, 10.2, 10.3 and/or 10.4 (as applicable) of Section 2, in the course of the **Business** during the accounting period of twelve (12) months most nearly concurrent with the **Period of Insurance** (or appropriately increased if the **Indemnity Period** exceeds twelve (12) months).

14.5.3 The provisional Premium for Sections 1 and 2 shall be adjusted by payment to the **Insurer** 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 50% of the difference between property declared in accordance with Clauses 14.5.1.1 and 14.5.2.1 and the full agreed rate on the difference between the amounts declared under Clauses 14.5.1.2 and 14.5.2.2.

14.5.4 The declaration of values made at the expiry of the **Period of Insurance** in accordance with this Condition 14.5 shall not be reduced as a result of any loss, **Damage** in respect of which a claim has been paid or is payable under this **Policy**.

14.6 Cancellation

14.6.1 This **Policy** may be cancelled at any time at the written request of the **Insured**, in which case the **Insurer** will be entitled to a pro rata proportion of the Premium, subject to any adjustment in accordance with Condition 14.5, for the time this **Policy** has been in force.

14.6.2 The **Insurer** may cancel this **Policy** by giving the **Insured** not less than sixty days prior written notice to that effect where the **Insured** is in breach of any of the provisions of this **Policy**, including any provision relating to the payment of Premium or for any other reason available to the **Insurer** at law. In the event of cancellation by the **Insurer**, the **Insurer** will repay to the **Insured** a rateable proportion of the Premium applicable to the unexpired **Period of Insurance**.

14.6.3 In the event that an **Insurer** hereon:

- 14.6.3.1 ceases underwriting or formally announces its intention to do so;
- 14.6.3.2 is the subject of an order or resolution for winding up or formally proposes a scheme of arrangement;
- 14.6.3.3 has its authority to carry on insurance business withdrawn; or
- 14.6.3.4 has its Standard & Poor's rating downgraded below "A-" or equivalent rating of any Nationally Recognised Statistical Rating Organisation,

the **Insured** may terminate the **Insurer's** participation on this **Policy** forthwith by giving notice to that **Insurer** and the **Insured** shall receive a pro rata return of Premium. However, in the event of a claim being notified prior to such election to replace the **Insurer**, then the Premium shall be deemed fully earned unless the **Insured** shall withdraw such claim and reimburse the **Insurer** for any payments made. Any return of Premium shall also be subject to a written full release of liability from the **Insured**.

14.7 Waiver of Subrogation/Contractual Agreements

14.7.1 The **Insurer** shall waive any rights and remedies or relief to which it is or may become entitled by subrogation against:

- 14.7.1.1 any corporation or organisation (including its directors, officers and employees) owned or controlled by or subsidiary to any **Insured** named in this **Policy** or any co-owner of the **Property Insured**;
- 14.7.1.2 any **Insured** named or described by this **Policy** (including its directors, officers and employees).

14.7.2 Where the **Insured** enters into a contractual agreement which provides that the **Insured** shall waive their rights of recovery and/or indemnify and/or hold harmless and/or release from liability another party in respect of **Damage** which may occur as a result of any cause or event insured by this **Policy**, this insurance shall not be prejudiced by the **Insured** entering into such agreement.

14.7.3 Where the **Insured** enters into a contract for storage of goods and the terms of such contract contain a disclaimer clause in favour of the bailee then this insurance shall not be prejudiced by the **Insured** agreeing to such terms.

14.7.4 Where the **Insured** (as lessee) enters into any lease agreement which contains any covenant(s) or provision(s) that the lessee shall be responsible for reinstatement of any part(s) of the **Property Insured** following **Damage** thereto by any cause or event insured by this **Policy**, and/or the lessee shall indemnify and/or hold harmless and/or release from liability the lessor against any such **Damage**, the insurance provided under this **Policy** shall not be prejudiced by the **Insured** entering into such agreement and the **Insurer** shall indemnify the **Insured** accordingly.

14.8 Observance of Terms and Conditions

- 14.8.1 Any breach of condition or warranty without the knowledge or consent of the **Insured**, or error in name, description or location or omission to state a material fact, shall not invalidate the **Policy** provided notice in writing be given to the **Insurer** when such breach or error or omission comes to the knowledge of the **Insured's** officer responsible for insurance and additional Premium for any increased hazard as the **Insurer** may require shall be paid from the date of such breach or error or omission.
- 14.8.2 Where the separate interests of more than one Co-Insured in the **Property Insured** are insured under this **Policy**, any act or neglect of one Co-Insured will not prejudice the rights of the remaining Co-Insured; provided that the remaining Co-Insured shall, within a reasonable time after becoming aware of any act or neglect whereby the risk of **Damage** has increased, give notice in writing to the **Insurer** and shall on demand pay such reasonable additional Premium as the **Insurer** may require.

14.9 Reasonable Despatch

If, following **Damage** to **Property Insured**, the **Insured** considers that resumption of its business activity and/or work of reinstating or replacing or repairing the **Property Insured** poses a threat to human life or safety and as a result the **Insured** delays commencement of all or part of the resumption and/or all or part of the work or reinstatement or replacement or repairing, then the **Insurer** agrees that any such delay is beyond the control of the **Insured** and that the **Insured** is acting with reasonable despatch and due diligence.

14.10 Alterations

The **Insured** undertakes to advise the **Insurer** of any alteration in the trade or processes of manufacture carried on at the **Situation** or in the nature of the occupation whereby the risk of **Damage** shall have been materially increased and shall pay any additional Premium required by the **Insurer** commensurate with the increased risk. Failure to advise the **Insurer** shall not prejudice the insurance provided by this **Policy**. This Condition does not negate the **Insured's** duty of disclosure on renewal of this **Policy**.

14.11 Bankruptcy, Insolvency or Termination

In the event of the bankruptcy, voluntary administration, the appointment of an administrator or an application for a scheme of arrangement or compromise by the **Insured** or any party claiming to be indemnified hereunder, the **Insurer** shall not be relieved thereby of the payment of any claim hereunder solely because of such bankruptcy, voluntary administration of, the appointment of an administrator by or an application for a scheme of arrangement or compromise.

14.12 Sanctions

The **Insurer** will not be liable to provide any coverage or make any payment hereunder if to do so would be in violation of any sanctions law or regulation which would expose the **Insurer**, its parent company or its ultimate controlling entity to any penalty under any sanctions law or regulation.

14.13 Goods and Services Tax

GST, Input Tax Credit, Acquisition and Supply have the same meaning as given to those expressions in A New Tax System (Goods and Services Tax) Act 1999 and related legislation as amended from time to time.

Taxable Percentage is the **Insured's** entitlement to an Input Tax Credit on the Premium as a percentage of the total GST on that Premium.

14.13.1 Where the **Insurer** makes a payment under this **Policy** for the Acquisition of goods, services or other Supply, the amount of the payment will be reduced by the amount of any Input Tax Credit that the **Insured** is, or will be, entitled to in relation to that Acquisition, whether or not the **Insured** makes that Acquisition.

14.13.2 Where the **Insurer** makes a payment under this **Policy** as compensation instead of payment for the Acquisition of goods, services or other Supply, the **Insurer** will reduce the amount of the payment by the amount of any Input Tax Credit that the **Insured** would have been entitled to had the payment been applied to acquire such goods, services or other Supply.

Any GST amount paid by the **Insurer** shall be in addition to the **Limit(s) of Liability** specified in the **Schedule**.

No payment shall be made to the **Insured** for any GST liability that they may acquire upon settlement of a claim if the **Insured** has not informed the **Insurer** of its correct Taxable Percentage.

14.14 Headings

Headings have been included for ease of reference only. The provisions of this **Policy** are not to be construed or interpreted by reference to such headings.

14.15 Proper Law

The **Insurer** and the **Insured** hereby submit to the jurisdiction of all Australian Courts in relation to all matters arising under this **Policy**.

15. Endorsements

The following Endorsements to the standard cover will be deemed to be incorporated in this Policy only when specified in the Schedule by the appropriate number and title.

Extent of Cover – Section 1

15.1 Boiler Pressure Vessel Explosion

This **Policy** extends to cover the **Insured** against **Damage** to any boiler, economiser or other vessel, including pipes, valves and other apparatus forming part of any of these (hereinafter referred to as plant) and forming part of the **Property Insured**, caused by or in connection with or arising from or occasioned through their own **Explosion**, implosion, rupture, **Collapse**, bursting, cracking, fracturing or overheating thereof.

Explosion means the sudden and violent rending of the permanent structure of the plant by force of internal steam, gas or fluid pressure (including pressure of ignited flue gases) causing displacement of any part of such structure together with forcible ejection of its contents.

Collapse means the sudden distortion, bending or crushing of any part of the permanent structure of plant caused by force of steam, gas or fluid pressure or vacuum whether attended by rupture or not.

15.1.1 The following defects do not constitute **Explosion**, implosion, rupture, **Collapse** or bursting even though repair or replacement may be necessary:

15.1.1.1 wearing away or wasting of the material of the plant whether by leakage, corrosion or by the action of the fuel or otherwise;

15.1.1.2 slowly developing deformation or distortion of any part of the plant;

15.1.1.3 cracks, fractures, blisters, laminations, flaws or grooving even when accompanied by leakage or damage to tubes, headers or other parts of the plant caused by overheating or leakage at seams, tubes or other parts of the plant;

15.1.1.4 failure of joints,

but **Explosion**, implosion, rupture, **Collapse**, or bursting arising from any such defect is not excluded hereby.

15.1.2 Furthermore, in respect of **Damage** to plant arising from:

15.1.2.1 cracking or fracturing, such **Damage** must be caused by the plant's own sudden cracking or fracturing which immediately prevents or makes unsafe the continued use of the plant or in the case of a boiler which prevents the plant from working satisfactorily;

15.1.2.2 overheating, such **Damage** must be sudden and accidental,

to constitute a claim under this Endorsement.

15.1.3 For the purpose of this Endorsement, Exclusion 6.2.14 is hereby modified to the extent of the cover provided by this Endorsement and Exclusions 6.2.4, 6.2.5, 6.2.6 and 6.2.8 are deemed to be inoperative.

15.1.4 The following special Exclusion shall apply to this Endorsement:

The **Insurer** shall not be liable if at the time of **Explosion** or **Collapse** or other **Damage** insured by this Endorsement any safety valve limiting the pressure is removed or rendered inoperative.

- 15.1.5 Any Sub-Limit of Liability or **Deductible** appearing in the **Schedule** against the term **Unspecified Damage** shall not apply to the cover granted by this Endorsement.

15.2 Fusion

This **Policy** extends to cover any part or parts of the electrical, electromechanical 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 following special Exclusions shall apply to this Endorsement:

The **Insurer** shall not be liable under this Endorsement for:

- 15.2.1 depreciation, wear and tear;

15.2.2 **Damage** to:

15.2.2.1 lighting or heating elements, fuses or protective devices;

15.2.2.2 electrical contacts at which sparking or arcing occurs in ordinary working.

- 15.2.3 For the purpose of this Endorsement, Exclusions 6.2.1, 6.2.5, 6.2.6 and 6.2.8 are deemed to be inoperative and Clauses 12 and 13.1 shall not apply to loss (as provided for in Section 2 of this **Policy**) resulting from **Damage** to property described herein in the circumstances in which such **Damage** is the subject of indemnity under this Endorsement other than indemnity not applying only because of the application of a **Deductible**.

- 15.2.4 any Sub-Limit of Liability or **Deductible** appearing in the **Schedule** against the term **Unspecified Damage** shall not apply to the cover granted by this Endorsement.

15.3 Machinery Breakdown

This **Policy** extends to indemnify the **Insured** against **Damage** to **Machinery** (as hereinafter defined) forming part of the **Property Insured** occasioned by or happening through any mechanical, electrical, electromechanical, electronic or hydraulic malfunction, failure, derangement, breakdown or non-operation of whatsoever kind except as hereinafter specifically excluded.

For the purpose of this Endorsement:

- 15.3.1 **Machinery** means any apparatus, including electronic control equipment, 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.

- 15.3.2 Exclusions 6.2.1, 6.2.4, 6.2.5, 6.2.6 and 6.2.8 are deemed to be inoperative and Clauses 12 and 13.1 shall not apply to loss (as provided for in Section 2 of this **Policy**) resulting from **Damage to Machinery** in the circumstances in which such **Damage** is the subject of indemnity under this Endorsement other than indemnity not applying only because of the application of a **Deductible**.

- 15.3.3 The **Insurer** shall not be liable for **Damage** (as provided under this Endorsement) to:
- 15.3.3.1 any X-ray machine, spectrograph, gauges or other apparatus using radioactive materials;
 - 15.3.3.2 electric wiring and fittings associated with lighting and power circuits;
 - 15.3.3.3 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);
 - 15.3.3.4 any aircraft or floating vessel;
 - 15.3.3.5 any penstock, draught tube or well casing;
 - 15.3.3.6 any sewer piping, underground gas piping, piping forming part of a sprinkler system or water piping other than piping connecting to or used with an air-conditioning system.
- 15.3.4 The Insurer shall not be liable for:
- 15.3.4.1 **Damage** caused directly and solely by wear and tear and gradual deterioration (whether by wasting, grooving, rust, corrosion, erosion or otherwise) nor for the cost of maintenance work generally;
 - 15.3.4.2 **Damage** caused directly and solely by gradually developing flaws, cracks or partial fractures.
- Provided that Exclusions 15.3.4.1 and 15.3.4.2 shall be limited to that part of the **Machinery** immediately affected and shall not apply to any other part(s) of the **Machinery Damaged** in consequence thereof.
- 15.3.4.3 Repair or renewal of non-metallic parts (other than the insulation of electrical conductors), expendable tools, blades, edges, moulds, dies, templates, screens, sieves, ropes, belts and like items subject to rapid wear and tear unless such repair or renewal thereof is necessitated by the occurrence of **Damage** to any other part(s) of the **Damaged Machinery**.
 - 15.3.4.4 **Damage** arising from the intentional direct application of any tool or process to the **Machinery** during the course of repair, alteration, modification, maintenance or overhaul thereof.
 - 15.3.4.5 **Damage** to the **Machinery** resulting from the imposition of abnormal conditions relating to testing or intentional overloading of the **Machinery** unless the **Insurer** shall have agreed in writing to provide cover under this **Endorsement** whilst the **Machinery** is being operated under such conditions.
- However, this Exclusion shall not apply where the abnormal conditions have been imposed for the purpose of checking the correct working and/or safety of the **Machinery**.
- 15.3.5 In respect of each claim for **Damage** to any **Machinery** for which the **Insurer** shall have admitted liability the **Insurer** shall also pay, in addition to any costs payable under Section 1 of this **Policy**, the cost of replacing operating media such as any fuel, chemical, catalyst, filter substance, heat transfer medium, cleansing agent, or lubricant essential to the operation or intended function of the **Machinery**.

15.4 Data Processing/Media/Computer Breakdown

This **Policy** extends to cover electronic data processing system(s) including peripheral equipment and media against any sudden and unforeseen **Damage** whilst such property is within the precincts of the **Situation** and working or at rest or being dismantled, moved, reassembled or reinstalled for the purpose of cleaning, adjustment, inspection, repair, overhaul or relocation but only after successful commissioning at the **Situation**.

It is further agreed that:

- 15.4.1 Exclusions 5.1, 6.2.1, 6.2.3, 6.2.5, 6.2.6, 6.2.8, 6.2.12 and 6.2.13 shall not apply to the cover granted by this Endorsement;
- 15.4.2 the **Insurer** shall not be liable for costs otherwise recoverable under any service/maintenance contract or under any maker's or manufacturer's warranty but the **Insurer** shall be liable for consequential loss as insured by this **Policy**;
- 15.4.3 the word tangible is deleted from Definition 1.16;
- 15.4.4 Clause 2.1.2 is amended to read "in transit";
- 15.4.5 Clauses 12 and 13.1 shall not apply to loss (as provided for in Section 2 of this **Policy**) resulting from **Damage to Property Insured** described herein in the circumstances in which such **Damage** is the subject of indemnity under this Extension other than indemnity not applying only because of the application of a **Deductible**.

15.5 Property In Transit

This **Policy** extends to cover **Property Insured**, other than stock and merchandise, 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:

- 15.5.1 Clause 2.1.2 is amended to read "in the case of property other than **Money**, stock and goods, whilst in transit".
- 15.5.2 Exclusion 5.1 is deemed inoperative and Clauses 12 and 13 shall not apply to loss (as provided for in Section 2 of this **Policy**) resulting from **Damage** to property described herein in the circumstances in which such **Damage** is the subject of indemnity under this Endorsement other than indemnity not applying only because of the application of a **Deductible**.
- 15.5.3 General Average and Salvage Charges payable according to Foreign Statements or to York-Antwerp Rules if in accordance with the contract of affreightment are included. No **Deductible** shall apply to this Clause.

The following special Exclusions shall apply to this Endorsement:

The **Insurer** shall not be liable under this insurance for:

- 15.5.4 ordinary leakage, ordinary loss in weight or volume of any **Property Insured**;
- 15.5.5 loss, **Damage** or expense proximately caused by delay;
- 15.5.6 loss, **Damage** or expense arising from insolvency or financial default of the owners, managers, charterers or operators of any vessel;
- 15.5.7 loss, **Damage** or expense arising from:

15.5.7.1 unseaworthiness of a vessel or craft;

15.5.7.2 unfitness of a vessel, craft, conveyance, container or lift van for the safe carriage of **Property Insured**,

where the **Insured** or their employees are aware of the unseaworthiness or unfitness at the time the **Property Insured** is loaded therein.

15.6 Spoilage of Stock and/or Merchandise

Notwithstanding anything contained in this **Policy** to the contrary, this **Policy** extends to cover **Damage** to stock and/or merchandise caused by deterioration, putrefaction, contamination or changes in temperature arising from any cause whatsoever other than work bans, shortage of fuel or the deliberate withholding of electricity supply.

15.7 Crime Split Clause

15.7.1 Crime Split Clause (Money & Theft Excluded)

Section 1 of this **Policy** does not cover loss of **Property Insured** (including **Money**) as a result of Theft.

For the purpose of this Endorsement, Theft shall mean:

15.7.1.1 theft with or without actual forcible or violent entry upon any premises;

15.7.1.2 theft by a person feloniously concealed on any premises;

15.7.1.3 theft consequent upon threat of violence or violent intimidation.

Nothing contained in this Endorsement shall preclude the **Insured** from making a claim under Section 2 of this **Policy** provided that the **Insured** has suffered loss as described in Clause 9.1 and has in particular satisfied Clause 9.2. Except to the extent provided herein the terms, Conditions and limitations of this **Policy** shall apply.

15.7.2 Crime Split Clause (Money & Theft Included)

This **Policy** only covers loss of **Property Insured** (including **Money**) as a result of Theft.

Theft shall mean:

15.7.2.1 theft with or without actual forcible or violent entry upon any premises;

15.7.2.2 theft by a person feloniously concealed on any premises;

15.7.2.3 theft consequent upon threat of violence or violent intimidation.

Further this Theft cover applies only as provided for in Section 1 of this **Policy**.

Additional Cover – Section 1

15.8 Temporary Accommodation Expenses

This **Policy** extends to include under Clause 3.2 the following additional cover:

in the temporary accommodation of persons following **Damage** to premises used solely or principally for residential purposes, but only where the **Insured** has been providing accommodation prior to the **Damage** and only in so far as such cost(s) are not otherwise insured. Any single claim resulting from this Endorsement shall be limited to the greater of:

15.8.1 the rentable value of the **Damaged** premises; or

15.8.2 (and only in circumstances where similar suitable premises cannot be provided for the rentable value of the **Damaged** premises) the amount required to provide similar suitable premises,

proportioned to the time reasonably necessary for reinstatement of such premises.

Basis of Settlement – Section 1

15.9 Extra Cost of Reinstatement

The Extra Cost of Reinstatement Clause 4.5 is amended by deleting Provision 4.5.3.

Exclusions – Section 1

15.10 Motor Vehicles on any Premises

Exclusion 5.6 is amended to read:

5.6 Vehicles or trailers registered or licensed to travel on a public road, provided this Exclusion shall not apply to such vehicles or trailers (to the extent that they are not otherwise insured) while on any premises occupied or used by the **Insured**.

Provided that where the **Insured** has in force a motor comprehensive insurance policy and is entitled to indemnity under such motor policy, this **Policy** shall only apply in excess of the indemnity provided by such motor policy. Furthermore Condition 7.2 shall not apply to such vehicles or trailers.

15.11 Livestock – Fire or Lightning

Exclusion 5.7 is amended to read:

5.7 Live animals, birds or fish, or any other living creature, other than destruction of livestock by fire or lightning, or humane slaughter directly resulting from one of those causes.

15.12 Docks, Wharves and Piers

Exclusion 5.11 and Clause 13.2.2 are deleted.

15.13 Flood Exclusion

This **Policy** is amended to exclude **Flood** as follows:

This **Policy** does not cover **Damage** to any **Property Insured** located at the **Situation** designated in the **Schedule** caused by or occasioned through **Flood** or loss under Section 2 resulting therefrom.

15.14 **Subsidence**

Exclusion 6.2.2 is deleted and the **Policy** is extended to include **Damage to Property Insured** caused by or occasioned through subsidence, earth movement, landslip, erosion or collapse resulting from any of the foregoing circumstances, but excluding:

15.14.1 all **Damage** if signs of subsidence, earth movement, landslip or erosion were apparent on the site before this insurance commenced;

15.14.2 **Damage** arising from coastal erosion, settlement of newly made up ground or settlement caused by the bedding down of new structures;

15.14.3 **Damage** to paths, paved areas, drives, fences, gates, boundary and retaining walls unless an insured building is **Damaged** by the same event; and

15.14.4 loss to the extent that compensation is recoverable under legislation.

Exclusions 6.2.5 and 6.2.8 shall not apply to the cover provided by this Endorsement.

Provided always that the limitations and exclusions applicable to this Endorsement 15.14 shall not apply if **Damage** is caused by or arises out of an earthquake or seismological disturbance or storm and tempest or rainwater or **Flood**.

15.15 **Action of Water from the Sea, Tidal Wave or High Water**

Exclusion 6.2.3 is deleted.

Any Sub-Limit of Liability stated in the **Schedule** against **Action of Water from the Sea, Tidal Wave or High Water** shall not apply if the **Damage** is caused by or arises out of an earthquake or seismological disturbance, or **Flood**, or storm and tempest having a wind force of scale 11 on the Beaufort Scale of Wind Force or greater.

Conditions – Section 1

15.16 **Average/Underinsurance**

Conditions 7.2 and 14.4.6 are deleted.

Extent of Cover – Section 2

15.17 **Suppliers' and/or Customers' Premises**

Cover provided under Extent of Cover Clause 9.1.1.6 is extended to apply in respect of premises and/or property situated anywhere in the World.

15.18 **Other Contributing Properties**

The following Extension is added to Extent of Cover Clause 9.1.1:

any other property (not more specifically mentioned in Section 2 of this **Policy**) situated anywhere in Australia including but not limited to roads, railway tracks and/or bridges not owned or operated by the **Insured** but which wholly or partly prevents delivery of

materials, goods or services to the **Insured** and/or **Insured's** suppliers or customers (whether any property of the **Insured** shall be the subject of **Damage** or not).

Exclusions 5.4, 5.6, 5.10 and 5.11 shall not apply to the cover provided under this Extension.

15.19 Trade Exhibitions

The following Extension is added to Extent of Cover Clause 9.1.2:

the curtailment, cancellation or postponement of any trade exhibition anywhere in the World as a result of **Damage** to the exhibition building and/or property exhibited therein.

15.20 Court Injunction

The following Extension is added to **Extent of Cover** Clause 9.1.2:

closure of the whole or part of the **Situation** by injunction or order of a competent court of law or magistrate, pending litigation.

15.21 Port Blockage

The following Extension is added to **Extent of Cover** Clause 9.1.2:

Notwithstanding the provisions of Clause 13.2 or Exclusions 5.4, 5.10 and 5.11, for the purposes of this additional Clause, the term **Damage** is extended to include partial or total blockage of the local port, harbour or wharf, which causes disruption to shipping and is caused by:

15.21.1 stranding, grounding, sinking or capsize and/or through collision or contact of any vessel or craft with any other vessel, craft, structure or other object of any kind;

15.21.2 damage to or collapse of any bridge; or

15.21.3 damage to or collapse of any dock, wharf or pier or the foundering of any materials handling equipment, locomotive, rolling stock or vehicle falling overboard from any dock, wharf or pier.

Any such blockage shall be deemed to be **Damage** to property used by the **Insured** at the **Situation**.

15.22 Interdependency

The following Extension is added to **Extent of Cover** Clause 9.1.1:

any property at any premises anywhere in the World of related corporations (as defined by Australian Companies Codes) or subsidiary companies of the **Insured**.

This Endorsement only applies to those related companies or subsidiary companies who are not already an **Insured** under this **Policy**.

Clause 9.2 shall not apply to this Endorsement.

Basis of Settlement – Section 2

15.23 Cancelled Programme Expenses – Additional Item

Section 2 of this **Policy** is extended to cover the following additional item:

Basis of Settlement

Actual Loss of Expenses in Respect of Cancelled programmes

The **Insured** is indemnified with respect to loss of expenses in respect of cancelled programmes, and the amount payable as indemnity shall be the expenditure unavoidably incurred in connection with programme events not televised in consequence of the **Damage** (or due allowance of such total expenditure for programmes partially televised) less any salvage value of the recordings made or the work done.

15.24 Rents Payable – Additional Item

Section 2 of the **Policy** is extended to cover the following additional item:

Basis of Settlement

Amount of Rent(s) Payable

The insurance under this Item is in respect of rent and other expenses payable, or insurable, by the **Insured** in accordance with the terms of any lease agreement and the amount payable as indemnity thereunder, in the event of **Damage**, shall be such amount(s) as the **Insured** shall be legally liable to pay and/or insure or the lessor shall be legally entitled to receive, under the terms of the lease; together with the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the amount otherwise payable under this Item.

15.25 Research Establishment Expenditure – Additional Item

Section 2 of this **Policy** is extended to cover the following additional item:

Basis of Settlement

The **Insured** is indemnified:

15.25.1 in respect of **Research Establishment Expenditure**, including any associated administration expenses, for such expenses as are necessarily and reasonably incurred during the **Indemnity Period** to rework and/or recreate research and/or development project(s) affected by the **Damage** to return the project(s) to the same stage as it/they was/were at, immediately prior to the **Damage**.

15.25.2 in respect of **Increase in Cost of Working**, for the additional expenditure reasonably incurred in consequence of the **Damage** to minimise the interruption to the activities of administration and/or the research establishment.

For the purpose of this Endorsement, Definition 8.5 is amended to read:

Indemnity Period: The period beginning with the occurrence of the **Damage** and ending not later than the **Indemnity Period** stated in the **Schedule** thereafter during which the results of the **Research Establishment** shall be affected in consequence thereof.

And the following Definitions are added:

Research Establishment means any section or department within the **Insured** that undertakes research or development projects.

Research Establishment Expenditure means the total expenditure on research or development by the **Insured**.

15.26 **Royalties Receivable – Additional Item**

Section 2 of the **Policy** is extended to cover the following additional Item:

Basis of Settlement

Actual Loss of Royalties Receivable

The **Insured** is indemnified with respect to loss of **Royalties** receivable during the **Indemnity Period** in consequence of **Damage** to property at the premises anywhere in the World of any company from whom the **Insured** derives **Royalties**. This **Policy** also extends to cover the expenditure necessarily incurred for the purpose of reducing any loss not exceeding however the amount by which the loss is thereby reduced. For the purpose of this Endorsement, **Royalties** receivable shall be deemed to be loss resulting from **Damage to Property Insured**.

And the following Definition is added:

Royalties means the income derived by the **Insured** from the use by others of patents, rights and/or formulae of the **Insured** for which compensation or payment is made.

15.27 **Accommodation Bond Expenses – Additional Item**

Section 2 of the **Policy** is extended to cover the following additional Item:

Basis of Settlement

The **Insured** is also indemnified with respect to:

15.27.1 any additional interest paid or payable and other costs incurred by the **Insured** during the **Indemnity Period** in consequence of the **Damage** to finance the reimbursement of any accommodation bonds and /or any other refunds required; and

15.27.2 any lost interest income of the **Insured** during the **Indemnity Period** in consequence of the **Damage** due to the **Insured** having to reimburse any accommodation bonds,

under the terms of any agreement entered into by the **Insured** to comply with the requirements of any statute or regulation.

Conditions applying to Sections 1 and 2

15.28 Coverage Extended Beyond Australia

This **Policy** is extended to provide cover beyond Australia to those countries designated in the **Situation** in the **Schedule**. The following additional Conditions shall apply:

15.28.1 References to “Australia” wherever appearing in this **Policy** (other than in Condition 14.15) shall be substituted by references to those countries designated in the **Situation** in the **Schedule**.

15.28.2 Representation Overseas

In each territory outside Australia to which this **Policy** applies, the **Insurer** (or if there is more than one **Insurer**, any one of the **Insurers** represented there and authorised by the **Insured**) or its accredited representative shall act on behalf of the **Insurer** of this **Policy** and shall issue a local policy in that territory if necessary. All such policies shall be subordinate to this **Policy** except to the extent that the terms and conditions of any such policy are wider in scope than this **Policy**.

15.28.3 Difference in Conditions

Subject to the limitations expressed elsewhere in this **Policy** and in this Clause, loss sustained by the **Insured** in any territory outside Australia in which the **Insured** carries on business shall be covered by this **Policy**:

15.28.3.1 when no local Property Insurance and/or Interruption Insurance policy/ies protecting the **Insured's** interests are in force;

15.28.3.2 to the extent that the amount recoverable under the local Property Insurance and/or Interruption Insurance policy/ies is less than the loss sustained by the **Insured**, whether due to the application, exhaustion or aggregation of any Limit of Liability, sum insured or indemnity period or the application of an under-insurance or average clause or condition; and/or

15.28.3.3 to the extent that the amount recoverable under the local Property Insurance and/or Interruption Insurance policy/ies is less than the loss sustained by the **Insured**, due to an official government devaluation of the currency in which the local policy is written; and/or

15.28.3.4 when the terms and Conditions set forth in this **Policy** are broader in meaning and/or scope than those contained in any other policy or policies issued to comply with local statutory requirements or to provide local coverage underlying this **Policy**.

Unless prior consent is given by the **Insurer** of this **Policy**, all such local coverage shall be maintained in force by the **Insured** during the currency of this **Policy** and any such local policies issued by the accredited representative(s) of the **Insurer** of this **Policy** shall be renewed without restricting their coverage. The failure of the **Insured** to comply with the foregoing shall not invalidate this **Policy** but in the event of such failure the **Insurer** shall only be liable to the same extent as if the **Insured** had complied with this condition.

In respect of any claim payable under this Clause, the **Insured** shall bear as a self-insured loss the greater of any applicable **Deductibles** under this **Policy** and any underlying local policy.

15.28.4 Currency

The currency applicable to this **Policy** shall be Australian dollars. When conversion from or to any other currency is required, the exchange rate applicable shall be:

15.28.4.1 in respect of claims; the market rate at the time of settlement.

15.28.4.2 in respect of Premiums; the market rate at the time of payment by the **Insured**.

15.28.4.3 in respect of **Declared Values**; the market rate at the date on which such declarations are made, in accordance with Definition 1.5 of the **Policy**.

15.29 Coverage Extended to Anywhere in the World

This **Policy** is extended to provide cover anywhere in the World except in prohibited countries specified herein. The following additional Conditions shall apply:

15.29.1 References to "Australia" wherever appearing in this **Policy** (other than in Condition 14.15 and Endorsement 15.28.4) shall be substituted by references to "the World" or, where applicable, by references to those countries designated in the **Situation** in the **Schedule**.

15.29.2 **Prohibited Countries:** Afghanistan, Albania, Angola, Armenia, Azerbaijan, Balkans, Bulgaria, Belarus, Bosnia-Herzegovina, Caribbean, Caribbean-Macquiladora, Cambodia, Croatia, Cuba, Democratic Republic of Congo, El Salvador, Georgia, Guam, Haiti, Iran, Iraq, Kazakhstan, Kampuchea (Cambodia), Kyrgyzstan, Laos, Lebanon, Liberia, Libya, Macedonia, Mongolia, Moldova, Montenegro, Myanmar, Nicaragua, North Korea, Pakistan, Romania, Rwanda, Serbia, Sierra Leone, Somalia, Sudan, Syria, Tajikistan, Tibet, Turkmenistan, Ukraine, Uzbekistan, Yugoslavia, Zaire, Zimbabwe and all former countries of the USSR.

15.29.3 Tenants and Neighbours Liability

Notwithstanding Exclusion 6.4 where **Property Insured** is located in a country which is subject to the Napoleonic or similar civil code, in the event of **Damage** to such property or any part thereof, the **Insurer** will indemnify the **Insured** for liability imposed by that code in respect of:

15.29.3.1 tenant's liability, being those financial consequences of the liability which the **Insured** may incur as tenant, in respect of **Damage**, under articles of any civil code;

15.29.3.2 neighbour's liability, being those financial consequences of the liability which the **Insured** may incur under articles of any civil code for any **Damage** caused to the property of neighbours and co-tenants; and

15.29.3.3 tenant's claims against the **Insured** as landlord, being those financial consequences of the liability incurred under articles of any civil code by the **Insured**, for any **Damage** caused to property of the said tenant(s), as a result of constructional defects or lack of maintenance.

15.29.4 Representation Overseas

In each territory outside Australia to which this **Policy** applies, the **Insurer** (or if there is more than one **Insurer**, any one of the **Insurers** represented there and

authorised by the **Insured**) or its accredited representative shall act on behalf of the **Insurer** of this **Policy** and shall issue a local policy in that territory if necessary. All such policies shall be subordinate to this **Policy** except to the extent that the terms and conditions of any such policy are wider in scope than this **Policy**.

15.29.5 **Difference in Conditions**

Subject to the limitations expressed elsewhere in this **Policy** and in this Clause, loss sustained by the **Insured** in any territory outside Australia in which the **Insured** carries on business shall be covered by this **Policy**:

- 15.29.5.1 when no local Property Insurance and/or Interruption Insurance policy/ies protecting the **Insured's** interests are in force;
- 15.29.5.2 to the extent that the amount recoverable under the local Property Insurance and/or Interruption Insurance policy/ies is less than the loss sustained by the **Insured**, whether due to the application, exhaustion or aggregation of any limit of liability, sum insured or indemnity period or the application of an under-insurance or average clause or condition;
- 15.29.5.3 to the extent that the amount recoverable under the local Property Insurance and/or Interruption Insurance policy/ies is less than the loss sustained by the **Insured**, due to an official government devaluation of the currency in which the local policy is written; or
- 15.29.5.4 when the terms and Conditions set forth in this **Policy** are broader in meaning and/or scope than those contained in any other policy or policies issued to comply with local statutory requirements or to provide local coverage underlying this **Policy**.

Unless prior consent is given by the **Insurer** of this **Policy**, all such local coverage shall be maintained in force by the **Insured** during the currency of this **Policy** and any such local policies issued by the accredited representative(s) of the **Insurer** of this **Policy** shall be renewed without restricting their coverage. The failure of the **Insured** to comply with the foregoing shall not invalidate this **Policy** but in the event of such failure the **Insurer** shall only be liable to the same extent as if the **Insured** had complied with this condition.

In respect of any claim payable under this Clause, the **Insured** shall bear as a self-insured loss the greater of any applicable **Deductibles** under this **Policy** and any underlying local policy.

15.29.6 **Jurisdiction**

Any dispute concerning interpretation of the terms, Conditions, limitations and/or Exclusions of this **Policy** shall be subject to Australian law, unless any other legal code shall be mutually agreed between the **Insured** and the **Insurer** as more appropriate.

Each party hereby agrees to submit to the jurisdiction of any Court of competent jurisdiction within Australia (unless any other jurisdiction shall be mutually agreed by the **Insured** and the **Insurer** as more appropriate) and will comply with all requirements necessary to give such Court jurisdiction and all matters arising hereunder shall be determined in accordance with the law and practice of such Court.

Service of process in such suit in a territory outside Australia may be made upon the accredited representative of the **Insurer** in that territory, who is duly authorised to accept service of process on behalf of the Insurer of this **Policy**.

It is further agreed that in any suit instituted against any one **Insurer** under this **Policy**, the **Insurers** will abide by the final decision of such Court or of any Appellate Court in the event of an appeal.

At the request of the **Insured**, the person authorised to accept service of process shall give a written undertaking to the **Insured** that he or she will enter a general appearance on behalf of the **Insurer** in the event such suit shall be instituted.

Further, pursuant to any statute of any state, territory or district of the United States of America which so provides, the **Insurer** of this **Policy** hereby designates the Superintendent, Commissioner or Director of Insurance or other successors in office as their true and lawful attorney, upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the **Insured** arising out of this contract of insurance and hereby designates their accredited representative in the United States of America as the person to whom that officer is authorised to mail such process or a true copy thereof.

15.29.7 **Currency**

The currency applicable to this **Policy** shall be Australian dollars. When conversion from or to any other currency is required, the exchange rate applicable shall be:

15.29.7.1 in respect of claims; the market rate at the time of settlement.

15.29.7.2 in respect of Premiums; the market rate at the time of payment by the **Insured**.

15.29.7.3 in respect of **Declared Values**; the market rate at the date on which such declarations are made, in accordance with Definition 1.5 of the **Policy**.

15.30 **Foreign Entity Loss Endorsement**

In the event that a payment pursuant to Clause 15.29.5 of Endorsement 15.29 is not permitted under the laws of the country in which a **Local Policy** is issued, and solely with respect to the provisions of this Clause:

15.30.1 the **Insurer** will indemnify the First Named Insured for its financial loss arising from a **Foreign Territory Event**, under the following terms and conditions and subject always to all of the other provisions of this **Policy**:

15.30.1.1 where at the time of the **Foreign Territory Event** the **Ownership Interest** is a **Controlling Interest**; the First Named Insured's financial loss shall be an amount equal to the **Foreign Entity Loss**; or

15.30.1.2 subject to sub-clauses 15.30.2.1 and 15.30.2.2 of this Endorsement 15.30, where at the time of the **Foreign Territory Event** the **Ownership Interest** is not a **Controlling Interest**; the First Named Insured's financial loss shall be an amount equal to its **Ownership Interest** multiplied by the **Foreign Entity Loss**.

15.30.2 If, at the date of the **Foreign Territory Event**, the First Named Insured does not have an **Ownership Interest** or has an **Ownership Interest** which is not a **Controlling Interest** but, in either case, the First Named Insured or an intervening subsidiary is responsible:

15.30.2.1 for reimbursing the **Foreign Entity** for the **Foreign Entity Loss**; or

15.30.2.2 for obtaining insurance for the **Foreign Entity** pursuant to any agreement or arrangement which the First Named Insured, or an intervening subsidiary has in relation to the **Foreign Entity** (an "Obligation"),

the **Insurer** will indemnify the **First Named Insured** for its insured loss, the value of which is agreed and shall be deemed conclusively to be equal to the **Foreign Entity Loss** to the extent that the **First Named Insured** has an Obligation to indemnify the **Foreign Entity** for such **Foreign Entity Loss**.

15.30.3 Conditions

15.30.3.1 The **Insurer** will treat any **Foreign Entity Loss** in accordance with all of the terms and Conditions of this **Policy**, including, but not limited to, Exclusions and other limitations in this **Policy**, as if the **Foreign Entity Loss** occurred to the First Named Insured.

15.30.3.2 Information material to this insurance which is known to the **Foreign Entity** shall be deemed to be known to the First Named Insured.

15.30.3.3 The **First Named Insured** shall, when directed by the **Insurer**:

- (a) retain in its own name, but at the **Insurer's** expense, a loss adjusting expert ("loss adjuster") authorised in the jurisdiction in which the **Foreign Entity Loss** occurred and approved by the **Insurer**, to adjust the **Foreign Entity Loss**;
- (b) where permitted by applicable law, grant the **Insurer** the full right to collaborate with such loss adjuster;
- (c) grant the **Insurer** full access to any records produced by such loss adjuster; and
- (d) obtain the right to control the investigation, adjustment, defence and settlement of a **Foreign Entity Loss**, including access to books, records, bills invoices, vouchers and other information.

15.30.3.4 The First Named Insured shall make best endeavours to ensure that the **Foreign Entity** shall, to the extent permitted by the laws and/or regulations to which the **Foreign Entity** is subject, 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** for the purpose of enforcing any rights and remedies, or of obtaining relief, indemnity or settlement sums from other parties, including without limit, governmental or state entities, including guarantee funds.

In the event any such recovery is subsequently received by the **Foreign Entity** in respect of which a payment or settlement is or has been made by the **Insurer** to the First Named Insured in relation to the **Foreign Entity Loss**, the First Named Insured shall immediately pay to the **Insurer** a sum equivalent to such payment or settlement.

15.30.3.5 Where a claim covered under the terms and conditions of a **Local Policy** is made under such policy, and is not paid due to the financial impairment of the **Local Insurer** this **Policy** will provide an indemnity

in accordance with Clauses 15.30.1 or 15.30.2 above, but only to the extent that the **Insurer** would have accepted the claim had it been made under this **Policy**.

The **Insurer** shall not be liable to pay the amount of any excess that would have applied under such **Local Policy**. This provision shall not apply to any claim by any conservator, liquidator or statutory successor of any insurer of a **Local Policy**.

15.30.3.6 The First Named Insured agrees that it shall:

- (a) give the **Insurer** immediate written notice as soon as the First Named Insured becomes aware of any financial impairment of any **Local Insurer**;
- (b) comply with all duties and obligations under this **Policy** and take all necessary steps to ensure the **Foreign Entity** under the **Local Policy** complies with all duties and obligations under such **Local Policy**;
- (c) submit, if requested by the **Insurer**, a sworn statement of loss, even if such a statement has already been submitted by the **Foreign Entity** under the **Local Policy**;
- (d) reimburse the **Insurer** for any payment made under this provision if payment is ultimately made with respect to a previously uncollectible claim under a **Local Policy**.

15.30.3.7 For the purposes of this Endorsement 15.30 and Endorsement 15.31 where relevant, the following additional Definitions apply:

Controlling Interest means an **Ownership Interest** which is either:

- (a) Greater than 50%; or
- (b) Greater than 15%, provided that such **Ownership Interest** is the largest shareholding in the **Foreign Entity**.

Foreign Entity means:

an entity located in a country or territory in which the **Insurer** is not lawfully permitted to insure that entity and in which the First Named Insured has an economic interest as a result either of benefiting financially from the continued operation of the **Foreign Entity** or of being prejudiced by loss or damage to or liability of a **Foreign Entity** or its business or for which the First Named Insured is responsible for arranging insurance.

Foreign Entity Loss means:

loss, injury, damages, compensation, defence costs and expenses and all other loss, cost or expense that is not indemnified under a **Local Policy** and which a **Foreign Entity** has suffered, incurred or become legally obligated to pay because of injury, damage, loss, or liability to which this **Policy** would respond if the First Named Insured were directly liable for such amounts.

Foreign Territory Event means:

an event which may result in a **Foreign Entity Loss**.

Local Insurer means:

an insurer licensed and authorised to issue and make payments under a policy in the jurisdiction of the **Foreign Entity**, and which is named in the Schedule of Underlying Insurance as the insurer of the relevant **Local Policy**.

Local Policy means:

any insurance policy which provides indemnity to a **Foreign Entity** in the jurisdiction of the **Foreign Entity**.

Ownership Interest means:

the percentage ownership interest that the First Named Insured has in the **Foreign Entity**, either directly or through intervening subsidiaries.

15.30.4 The **Foreign Entity** is not insured by this **Policy** and has no rights under it.

15.31 Non-Admitted Increased Tax Liability

This **Policy** covers the Non-Admitted Increased Tax Liability as described herein of the **Insured** for a loss covered under this **Policy**.

15.31.1 If a loss recovery under this **Policy** cannot be paid in the country of its occurrence because of local law or otherwise, such loss is to be paid in the currency of this **Policy** in a country designated by the **Insured** where such payment is legally permissible. In the event of such a payment, the **Insurer** will pay in addition to the loss, the net amount required to offset local taxes on income with due consideration to any tax relief/credit that accrues because of such payment. The amount of such additional payment is to be calculated as follows:

$$\text{Additional Payment} = [a (1 + c) / (1-b)] - a$$

Where:

- a = Loss otherwise payable under this **Policy** except for operation of this coverage, after due consideration for any applicable **Deductible**.
- b = The net effective rate of the sum of: any taxation (a positive number) plus tax any relief/credit (a negative number) that accrues in the country where loss payments are received.
- c = The net effective rate of the sum of: any taxation (a positive number) plus tax any relief/credit (a negative number) that accrues in the country where the loss occurred.

15.31.2 The formula herein will not apply if the calculation of additional payment results in an amount less than zero. The rates referred to herein will be the respective corporate income tax rates in effect on the date of the loss.

15.31.3 The **Insured** will cooperate with the **Insurer** in making every reasonable effort to pay the loss or portion thereof locally in the country in which the loss occurred.

- 15.31.4 Any payment under this coverage will be made only after completion and acceptance by the **Insured** of audited tax returns for the period in question for both the country where a payment hereunder is made and the country where the loss occurred. The actual payment under this coverage will be adjusted and reduced by all appropriate tax credits and/or tax relief entitled and/or received by the **Insured** and/or the local entity where the loss occurred provided that an income tax liability is incurred.

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