



INDUSTRIAL SPECIAL RISKS MARK IV

POLICY DOCUMENT

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Introduction

Welcome and thank You for choosing the Allianz Industrial Special Risk Mark IV Policy.

About Allianz

The insurer of this product is Allianz Australia Insurance Limited ABN 15 000 122 850 (Allianz) AFS Licence No. 234708.

Allianz is one of Australia's largest general insurers. We utilise years of local expertise, combined with global experience to offer a wide range of products and services to Our customers. As a member of the worldwide Allianz Group, We are committed to continuous improvement of Our products and services and strive to achieve this through knowledge transfer within the Group, dedicated technical research units, sharing globally new product developments and a wide range of risk management services.

About this Insurance

This is an important document. You should read it carefully before making a decision to purchase this insurance.

It will help You to:

- decide whether this insurance will meet Your needs; and
- compare it with other products You may be considering.

Please note that any recommendation or opinion in this document is of a general nature only and does not take into account Your objectives, financial situation or needs.

You need to decide if this insurance is right for You and You should read all of the documents that make up the Policy to ensure You have the cover You need.

Our Contract with You

Where We agree to enter into a Policy with You it is a contract of insurance between Us and You (see the definition of "You" for details of who is covered by this term).

The Policy consists of:

- this document which sets out the standard terms of Your cover and its limitations;
- Your current Schedule issued by Us. The Schedule is a separate document, which shows the insurance details relevant to You. It may include additional terms, conditions and exclusions relevant to You that amend the standard terms of this document. Only those sections shown as covered in Your Schedule are insured; and

- any other change to the terms of the Policy otherwise advised by Us in writing (such as an endorsement) before the Insured enters into the Policy. These written changes may vary or modify the above documents where required or permitted by law.

These are all important documents and should be carefully read together and kept in a safe place for future reference.

We reserve the right to change the terms of this insurance where permitted to do so by law.

Any new or replacement schedule We may send You, detailing changes to Your insurance or the period of insurance, will become the current Schedule, which You should carefully read and retain.

Renewal Procedure

Before Your Policy expires, We will advise You whether We intend to offer renewal and if so on what terms.

This document also applies for any other renewal We make, unless We tell You otherwise.

It is important that You check the terms of any renewal before renewing to satisfy Yourself that the details are correct. In particular check the sum insured amounts to ensure the levels of cover are appropriate for You or if You are insuring for reinstatement or replacement value, the full replacement value of Your property, to ensure that You are properly covered in the event of a major loss.

Please note that You need to comply with Your Duty of Disclosure before each renewal (see below).

Average/Underinsurance

Both Section 1 Material Loss or Damage and Section 2 Consequential Loss are subject to Average/Underinsurance clauses that may limit the amount that We pay when You have a claim. This will only happen if You understate a Declared Value.

Examples

Section 1. Material Loss or Damage – 85% Average/Underinsurance clause

Property Assets Declared	\$3,000,000
Damage to Property	\$500,000
The value of Your Property Assets at the commencement of the Policy	\$6,000,000
Policy Deductible/Excess	\$5,000

Claim payment	
Step 1: \$6,000,000 @ 85%	= \$5,100,000
Step 2: \$3,000,000/\$5,100,000	= 0.5882
Step 3: \$500,000 @ 0.5882	= \$294,100
Step 4: \$294,100-\$5,000	= \$289,100 payable

The 85% Average/Under-insurance clause does not apply if the Declared Value is greater than 85% of the actual value, or where the amount of the loss is less than 5% of the Declared Value.

Section 2. Consequential Loss (Gross Profit and Pay-Roll)

– 100% Average/Under-insurance clause

Gross Profit Declared \$2,000,000

Loss of Gross Profit \$400,000

Value of Gross Profit at the
commencement of the Policy \$2,500,000

Claim payment

Step 1: $\$2,000,000 / \$2,500,000 = 0.8$

Step 2: $\$400,000 \times 0.8 = \$320,000$ payable

Your duty of disclosure

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

You have the same duty to disclose those matters to Us before You renew, extend, vary or reinstate the contract.

This duty of disclosure applies until the contract is entered into (or renewed, extended, varied or reinstated as applicable).

Your duty however does not require disclosure of any matter:

- that diminishes the risk to be undertaken by Us; or
- that is of common knowledge; or
- that We know or, in the ordinary course of Our business as an insurer, ought to know; or
- as to which compliance with Your duty is waived by Us.

Non-disclosure

If You fail to comply with Your duty of disclosure, We may be entitled to cancel the contract, reduce our liability under the contract in respect of a claim to the extent Our interests are prejudiced by Your failure to comply with the duty of disclosure, or both.

If Your non-disclosure is fraudulent, We may also have the option of avoiding the contract from its beginning.

Privacy Notice

At Allianz, We give priority to protecting the privacy of Your personal information. We do this by handling personal information in a responsible manner and in accordance with the *Privacy Act 1988 (Cth)*.

How We Collect Your Personal Information

We usually collect Your personal information from You or Your agents. We may also collect it from Our agents and service providers; other insurers and insurance reference bureaus; people who are involved in a claim or assist Us in investigating or processing claims, including third parties claiming under Your policy, witnesses and medical practitioners; third parties who may be arranging insurance cover for a group that You are a part of; law enforcement, dispute resolution, statutory and regulatory bodies; marketing lists and industry databases; and publicly available sources.

Why We Collect Your Personal Information

We collect Your personal information to enable Us to provide Our products and services, including to process and settle claims; make offers of products and services provided by Us, Our related companies, brokers, intermediaries, business partners and others We have an association with that may interest You; and conduct market or customer research to determine those products or services that may suit You. You can choose not to receive product or service offerings from Us (including product or service offerings from Us on behalf of Our brokers, intermediaries and/or Our business partners) or Our related companies by contacting Us by calling the Allianz Direct Marketing Privacy Service Line on 1300 360 529, EST 8am to 6pm Monday to Friday, or going to Our website's Privacy section at www.allianz.com.au

Who We Disclose Your Personal Information To

We may disclose Your personal information to others with whom We have business arrangements for the purposes listed in the paragraph above or to enable them to offer their products and services to You. These parties may include insurers, intermediaries, reinsurers, insurance reference bureaus, related companies, Our advisers, persons involved in claims, external claims data collectors and verifiers, parties that We have an insurance scheme in place with under which You purchased Your policy (such as a financier or motor vehicle manufacturer and/or dealer). Disclosure may also be made to government, law enforcement, dispute resolution, statutory or regulatory bodies, or as required by law.

Disclosure Overseas

Your personal information may be disclosed to other companies in the Allianz Group, business partners, reinsurers and service providers that may be located in Australia or overseas. The countries to which this information may be disclosed will vary from time to time, but may include Canada, Germany, New Zealand, United Kingdom, United States of America and other countries in which the Allianz Group has a presence or engages subcontractors. We regularly review the security of Our systems used for sending personal information overseas. Any information disclosed may only be used for the purposes of collection detailed above and system administration.

Access to Your Personal Information and Complaints

You may ask for access to the personal information we hold about You and seek correction by calling 1300 360 529 EST 8am-6pm, Monday to Friday. Our Privacy Policy contains details about how You may make a complaint about a breach of the privacy principles contained in the *Privacy Act 1988 (Cth)* and how We deal with complaints. Our Privacy Policy is available at www.allianz.com.au.

Telephone Call Recording

We may record incoming and/or outgoing telephone calls for training or verification purposes. Where We have recorded a telephone call, We can provide You with a copy at Your request, where it is reasonable to do so.

Your consent

By providing Us with personal information You and any other person You provide personal information for, consent to these uses and disclosures until You tell Us otherwise. If You wish to withdraw Your consent, including for things such as receiving information on products and offers by Us or persons We have an association with, please contact Us.

General Insurance Code of Practice

The General Insurance Code of Practice was developed by the Insurance Council of Australia to further raise standards of practice and service across the insurance industry.

The Code Governance Committee (CGC) is an independent body that monitors and enforces insurers' compliance with the Code.

You can obtain more information on the Code of Practice and how it assists You by contacting Us. Contact details are provided on the back cover of this PDS.

For more information on the Code Governance Committee (CGC) go to <https://insurancecode.org.au/>

Terrorism Insurance Act

We have determined that this Policy (or part of it) is a policy to which the Terrorism Insurance Act 2003 applies. We may elect to reinsure part or all of Our liability under the Act with the Commonwealth Government reinsurer, the Australian Reinsurance Pool Corporation (ARPC).

As a consequence, We may be required to pay a premium to ARPC and that amount (together with the cost of that part of the cover provided by Us and administrative costs associated with the legislation) is reflected in the premium charged to You. As with any other part of Our premium, it is subject to government taxes and charges such as GST, Stamp Duty and where applicable, Fire Service Levy.

For further information contact Allianz or the intermediary.

Contact for assistance or confirmation of cover

If You need to confirm any Policy transaction or clarify any of the information contained in this Document or if You have any other queries, please contact Us via the details on the back cover.

Section 1 – Material Loss or Damage

The Indemnity

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

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

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

- (e) Costs of replacing locks and/or keys and/or combinations where if as a result of burglary, theft or any attempt thereat the keys and/or combinations are stolen or if there are reasonable grounds to believe the keys may have been duplicated also the cost of opening safes and/or strongrooms as a result of theft of keys and/or combinations.

- (f) Costs and expenses necessarily and reasonably incurred in respect of:

- (i) the removal, storage and/or disposal of debris or the demolition, dismantling, shoring up, propping, underpinning or other temporary repairs consequent upon damage to property insured by the Policy and occasioned by a peril hereby insured against;
- (ii) the Insured’s legal liability in respect of removal, storage and/or disposal of debris, notwithstanding Excluded Peril 8 in relation to premises, roadways, services, railways or waterways of others, for such costs together with the cost of cleaning provided that such liability is neither recoverable under any other policy of insurance nor was assumed by the Insured under an agreement entered into after the commencement of the period of insurance or any renewal thereof unless liability would have attached in the absence of such agreement

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

- (iii) the demolition and removal of any property belonging to the Insured which is no longer useful for the purpose it was intended, provided such demolition and removal is necessary for the purpose of the reinstatement or replacement of Property Insured under this Section and is consequent upon damage to insured property by a peril hereby insured against.

- (g) Damage to clothing and tools of trade belonging to directors and employees of the Insured whilst on the insured premises.

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

The Property Insured

All real and personal property of every kind and description (except as hereinafter excluded) belonging to the Insured or for which the Insured is responsible, or has assumed responsibility to insure prior to the occurrence of any damage, including all such property in which the

Insured may acquire an insurable interest during the Period of Insurance.

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

Basis of Settlement

- (a) On Buildings, Machinery, Plant and all other Property and Contents (other than those specified below): the cost of Reinstatement, Replacement or Repair in accordance with the provisions of the Reinstatement or Replacement and Extra Cost of Reinstatement Memoranda set out herein.
- Provided that if the Insured elects to claim the indemnity value of any damaged property, the Insurer(s) will pay to the Insured the value of such property at the time of the happening of the damage or at its/their option reinstate, replace or repair such property or any part thereof. In any event the Insurer(s) will pay costs incurred by the Insured in accordance with the provisions of the Extra Cost of Reinstatement Memorandum.
- (b) On raw materials, supplies and other merchandise not manufactured by the Insured: the replacement cost at the time and the place of replacement or, if such property is not replaced, the value thereof at the time and place of the damage.
- (c) On Material in Process of Manufacture: the replacement value of the raw materials and the value of labour and other overhead charges expended thereon at the time and the place of the damage.
- (d) On Finished Goods: the replacement value of the raw materials and the value of labour and other overhead charges expended thereon before any allowance for profit or the cost of re-stocking such goods, whichever is the lesser.
- (e) On Electronic Data processing media, computer systems records, documents, manuscripts, securities, deeds, specifications, plans, drawings, designs, business books and other records of every description: the cost of reinstating, replacing, reproducing or restoring same (but not the cost of research, engineering, gathering or assembling), including information contained therein or thereon or, if such items are not repaired, replaced or restored the basis of valuation shall be the cost of the blank media or stationery only. This Policy does not insure any amount pertaining to the value of such items or Electronic Data to the Insured or any other party, even if it cannot be recreated, reproduced, gathered or assembled.
- (f) On patterns, models, moulds, dies or lasts: the cost of repair or replacement (if actually replaced) otherwise the indemnity value to the Insured of such property.
- (g) On glass: the cost of repairing or replacing the broken glass including:
- Temporary Shuttering and/or hiring of security service pending replacement of broken glass;
 - Signwriting or Ornamentation on glass;
 - Replacement Burglar Alarm Tapes on glass;
 - Removing and re-fixing of Window and Show Case Frames and Fittings; and
 - Heat Reflecting Material or process on glass.
- (h) On Directors' and Employees' clothing and tools of trade: the current replacement cost at the time of replacement subject to due allowance for wear and tear, depreciation and betterment.
- (i) On empty premises awaiting demolition: the salvage value of the building materials and/or landlords fixtures and fittings.

Memoranda to Section 1

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

Interests of Other Parties

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

Where the insurance covers the interest of more than one party, any act or neglect of an individual party will not prejudice the rights of the remaining party/parties, provided the remaining party/parties shall as soon as reasonably possible, on becoming aware of any act or neglect whereby the risk of damage has increased, give notice in writing to the Insurer(s) and on demand pay such reasonable additional premium as the Insurer(s) may require in order to maintain cover that the Insurer(s) may agree to provide for the increased risk as a result of the act or omission.

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

Branded Goods

Any salvage of branded goods and/or merchandise, the Insured's own or held by the Insured in trust or on commission, and/or goods sold but not delivered, shall not be disposed of by sale without the consent of the Insured. If such salvage is not disposed of by sale then the damage will be assessed at the value agreed between the Insured and the Insurer(s) after brands, labels or names have been removed by or on behalf of the Insured.

Declared Values

The Schedule of Declared Values at each Situation (in accordance with the applicable Basis of Settlement) attaches to and forms part of this Policy for the purpose of the application of Co-insurance.

Reinstatement or Replacement

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

The Basis upon which the amount payable is to be calculated shall be the cost of reinstatement of the

damaged property at the time of its reinstatement, subject to the following provisions and subject also to the terms, conditions and Limit(s) or Sub-Limit(s) of Liability of this Policy.

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

- (a) Where property is lost or destroyed: in the case of a building, the rebuilding thereof, or in the case of property other than a building, the replacement thereof, by similar property, in either case in a condition equal to but not better or more extensive than its condition when new.
- (b) Where property is damaged: the repair of the damage and the restoration of the damaged portion of the property to a condition substantially the same as but not better or more extensive than its condition when new.

Provisions

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

In the event of damage to any property insured hereunder at any situation caused by an event hereby insured against, the Insurer(s) shall be liable for no greater proportion of such damage than the amount that the Insured's declaration of value of property insured at such situation on the day of the commencement of the Period of Insurance bears to the sum representing eighty-five per cent (85%) per cent of the cost which would have been incurred in reinstatement if the whole of the such property had been destroyed on that day, but not exceeding the Limit of Liability expressed in the Schedule, provided that if the sum actually incurred or expended in rebuilding or replacing the damaged property, within the meaning of sub-paragraph (a) of the above mentioned definition of reinstatement,

exceeds the amount which would have been payable under this Policy if this memorandum had not been incorporated herein, but is less than the cost of reinstatement as above defined, then the sum so actually incurred or expended shall, for all purposes of this memorandum, be deemed to be the cost of reinstatement of the property.

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

- (iv) No payment beyond the amount which would have been payable under the Policy if this Memorandum had not been incorporated herein shall be made until a sum equal to the cost of reinstatement shall have been actually incurred, provided that where the Insured reinstates or replaces any lost or destroyed property at a cost which is less than the cost of reinstatement (as defined) but greater than the value of such property at the time of the happening of its loss or destruction, then the cost so incurred shall be deemed to be the cost of reinstatement. The Insurer(s) may make progress payments in settlement of any claim for reinstatement of any property.
- (v) All other Industrial Special Risks and/or Fire and Named Perils insurances covering the property effected by or on behalf of the Insured shall be on a similar reinstatement basis.

Extra Cost of Reinstatement

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

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

Provisions

- (i) The work of reinstatement (which may be carried out wholly or partially upon any other site(s), if the requirements of the aforesaid Act, Regulation or By-Law so necessitate, subject to the liability of the Insurer(s) not being thereby increased, must be commenced and carried out with reasonable dispatch, failing which the Insurer(s) shall not be liable to make any payment beyond the amount which would have been payable under this Policy if this memorandum had not been incorporated herein. The claim will not be affected to the extent that the Insurer(s) caused or contributed to the delay.

- (ii) The amount recoverable shall not include the additional cost incurred in complying with any such Act, Regulation, By-Law or requirement with which the Insured had been required to comply prior to the happening of the damage.
- (iii) Co-insurance shall not be applied to the amount recoverable under this memorandum and any amount specified shall not be taken into account for co-insurance purposes in terms set out in any clause contained in the Policy.
- (iv) All other Industrial Special Risks and/or Fire and Named Perils insurances covering the property effected by or on behalf of the Insured shall be on a similar basis.
- (v) If the cost of reinstatement of the damaged property insured is less than fifty per cent (50%) of that which would have been the cost of reinstatement if such property had been destroyed, the amount recoverable shall be limited to:
 - (a) the extra cost necessarily incurred in reinstating only that portion damaged; or
 - (b) whilst applying to such property insured, the Sub Limit stated herein,

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

Floor Space Ratio Index (Plot Ratio)

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

the Insurer(s) agree(s) to pay in addition to any amount payable on reinstatement of the such building(s) the difference between:

- (a) the actual cost of reinstatement incurred in accordance with the reduced floor space ratio index and
- (b) the cost of reinstatement which would have been incurred had a reduced floor space ratio index not been applicable.

In arriving at the amount payable under (a) and (b) above any payments made by the Insurer(s) shall include the extra cost of reinstatement, including demolition or dismantling of the insured property, necessarily incurred

to comply with the requirements of any Act of Parliament or Regulation made thereunder or any By-Law or Regulation of any Municipal or other Statutory Authority.

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

Acquired Companies

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

For the purposes of this Memorandum a controlling interest shall in the case of a Company, mean the acquisition of shares carrying more than fifty per cent (50%) of votes capable of being cast at a general meeting of ordinary shareholders in such Company.

Co-Insurance

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

In the event of damage to property insured hereunder at any situation caused by any event hereby insured against, the Insurer(s) shall be liable for no greater proportion of such damage than the amount of the Insured's declaration of value of such property on the day of the commencement of the Period of Insurance bears to the sum representing eighty five per cent (85%) of the actual value of property insured at such situation on the day of commencement of the Period of Insurance but not exceeding the Limit of Liability expressed in the Schedule.

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

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

Section 2 – Consequential loss

The Indemnity

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

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

Basis of Settlement

Item No. 1

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

a) In respect of Reduction in Turnover:

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

b) In respect of Increase in Cost of Working

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

less any sum saved during the Indemnity Period in respect of such of the charges and expenses of the

Business payable out of Gross Profit as may cease or be reduced in consequence of the Damage.

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

Item No. 2

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

Item No. 3

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

(a) In respect of Reduction of Turnover:

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

Note:

At the option of the Insured the number of weeks referred to in clause (a)(i) above may be increased to the number of weeks specified in the Schedule under the heading

"Consolidated Period"; provided that the amount arrived at under the provisions of clause (a)(ii) shall not exceed such amount as is deducted under clause (a)(i) for savings effected during the said increased number of weeks.

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

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

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

Item No. 4

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

Definitions

Gross Profit

the amount by which:

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

Note:

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

Turnover

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

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

Indemnity Period

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

Pay-Roll

the remuneration (including but not limited to pay-roll tax, bonuses, holiday pay, workers' compensation insurance premiums and/or accident compensation levies, superannuation and pension fund contributions and the like) of all employees.

Shortage in Turnover

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

Rate of gross profit

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

Annual turnover

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

Standard turnover

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

Rate of pay-roll

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

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

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

Memoranda to Section 2

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

Turnover Elsewhere after Damage

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

Departmental Clause

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

New Business

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

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

Accumulated Stocks

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

Books of Account

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

Rate of gross profit

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

Annual turnover

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

Standard turnover

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

Rate of pay-roll

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

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

Public Utilities Extension

Any loss resulting from interruption of or interference with the Business caused by Damage (not otherwise excluded) covered by Section 1 of the Policy to any land based premises or property in Australia of any company or authority producing, supplying, providing or delivering electricity, gas, water, sewerage or communications services to the Insured's Business shall be deemed to be loss resulting from Damage to Property used by the Insured at the Premises.

Turnover/Output Alternative

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

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

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

Computer

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

Salvage Sale

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

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

(a) In respect of Reduction in Turnover:

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

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

Shortage in Turnover shall mean:

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

Premises in the Vicinity (Prevention of Access)

Where:

- (a) there is damage to a property within a 5km radius of the Premises; and
- (b) that damage was caused by a peril (damage as a result of which is insured hereunder); and
- (c) as a result, a competent government, public or statutory authority has ordered the closure or evacuation of the whole or part of the Premises during the Period of Insurance

then any loss as insured by this Policy which has resulted from interruption of or interference with the Business following (a) (b) and (c) above, shall be deemed to be loss resulting from Damage to property used by the Insured at the Premises whether the Premises or property of the Insured therein shall be damaged or not.

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

Provided that the damage to property referred to above resulted in an order by a competent government, public or statutory authority to close or evacuate of the whole or part of the complex of which the Premises forms part during the Period of Insurance.

No cover will be provided for any loss under this clause unless the closure or evacuation exceeds a period of 48 hours.

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

Registered Vehicles and/or Trailers

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

Infectious or Contagious Diseases; Vermin, Pests or Defective Sanitary Arrangements; Food or Drink Poisoning; Rape, Murder or Suicide

Loss as insured by the Policy resulting from interruption of or interference with the Business arising from closure or evacuation of the whole or part of the Premises during the Period of Insurance:

- (a) by order of a competent government, public or statutory authority as a result of a notifiable human infectious or contagious disease manifested by any person while at the Premises;
- (b) by order of a competent government, public or statutory authority as a result of vermin or pests or defects in the drains or other sanitary arrangements at the Premises;
- (c) by order of a competent government, public or statutory authority as a result of injury, illness or disease caused by the consumption of food or drink provided on the Premises or the wilful threat of contamination of food or drink at the premises;
- (d) as a result of rape, murder or suicide occurring in or at the Premises,

shall be deemed to be loss resulting from Damage to Property used by the Insured at the Premises.

Provided that paragraphs (a), (b) and (c) will not indemnify loss resulting from interruption of or interference with the Business directly or indirectly caused by, arising out of or in any way connected with:

- (i) an human infectious or contagious disease (regardless of whether or not it is a notifiable human infectious or contagious disease) that is a 'listed human disease' under the *Biosecurity Act 2015 (Cth)* and any of its subsequent amendments or any similar such listing or declarations of diseases under any subsequent statute that repeals and replaces the *Biosecurity Act 2015 (Cth)* in whole or part, whether or not such declaration has taken place before or after the inception of this Policy; or
- (ii) highly pathogenic avian influenza in humans, Severe Acute Respiratory Syndrome (SARS), Middle East Respiratory Syndrome (MERS), SARS-CoV-2 (Covid 19) or any other disease caused by a coronavirus, whether or not these diseases are also listed in (i) above; or
- (iii) any disease infectious in humans forming part of the Quarantinable Infectious Diseases as defined under the *Health Act 1956 (NZ)* and any of its subsequent amendments or any similar such listing of diseases under any subsequent statute that repeals and replaces the *Health Act 1956 (NZ)* in whole or part, whether or not such declaration has taken place before or after inception of this Policy; or

- (iv) any pandemic or epidemic, as declared as such by the World Health Organisation; or
- (v) poor hygiene at the Premises being a cause or a contributing cause of any closure of the Business.

No cover will be provided for any loss under this clause unless the closure or evacuation due to a notifiable human infectious or contagious disease exceeds a period of 48 hours.

For the purposes of this clause:

- (i) “notifiable human infectious or contagious disease” means any human infectious or contagious disease which is required to be notified under any Commonwealth, State or Territory legislation in force during the policy period; and
- (ii) “loss” does not include any costs of cleaning up or sanitising the Premises as a result of a notifiable disease

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

Exclusions Applicable to All Sections

Property Exclusions

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

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

Provided that where in the ordinary course of business the Insured enters into an agreement with such carriers and such agreement provides that the Insured shall indemnify and/or hold harmless and/or release from liability such carriers in respect of loss, destruction or damage which may occur as a result of any event hereby insured against, this insurance shall operate as if this Property Exclusion 2(a) had been deleted.

- (b) stolen from an unlocked and unattended vehicle.
- (c) stolen from a safe or strongroom opened by a key or by use of details of a combination, either of which had been left at the Situation outside business hours, unless such key or combination details have been properly secured.
- (d) where the loss is not discovered within five (5) working days of the event.
- (e) where the loss arises out of:
 - (i) kidnapping;
 - (ii) bomb threat;
 - (iii) hoax;
 - (iv) extortion;
 or any attempt thereat.

3. jewellery, furs, bullion, precious metals or precious stones other than as stock and/or merchandise of the Business.
4. (a) any locomotive or rolling stock or watercraft other than as stock or merchandise of the Business; provided always that no cover shall apply hereunder whilst any watercraft is on the water.
(b) any aircraft (including its accessories and/or spare parts) other than as stock or merchandise of the Business; provided always that no cover shall apply hereunder during taxiing, take-off, flight or landing.
5. vehicles or trailers registered or licensed to travel on a public road; provided that this exclusion shall not apply to mobile plant and equipment (excluding cars, sedans, panel vans and trucks) not otherwise insured by a policy entered into by a third party or a policy required by law whilst on any premises occupied or used by the Insured.
6. livestock, animals, birds or fish.
7. standing timber, growing crops and pastures.
8. land, provided that this exclusion shall not apply to structural improvements on or in the land if such structural improvements are not otherwise excluded in this Policy.
9. bridges, canals, roadways and tunnels, railway tracks (other than on the premises occupied or used by the Insured), dams and reservoirs (other than tanks) and their contents.
10. docks, wharves and piers not forming part of any building.
11. mining property located beneath the surface of the ground unless otherwise expressly stated in this Policy.
12. property during the course of, and as a result of, its processing.
13. (a) gates, fences, retaining walls, textile awnings and blinds.
(b) property in the open air unless such property comprises or forms part of a permanent structure designed to function without the protection of the walls or roof.
caused by wind, rainwater or hail.
14. (a) property undergoing construction, erection, alteration or addition when the value of work exceeds 10% of the Limit of Liability or \$500,000 whichever is the lesser.
(b) empty premises undergoing demolition.
15. oil and gas drilling and/or production rigs whilst offshore.

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

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

For the purpose of Property Exclusion 16, Machinery means:

any apparatus whether or not functioning independently or as a component part of a collection of apparatus which generates, contains, controls, transmits, receives, transforms or utilises any form or source of energy or power.

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

Perils Exclusions

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

1. Physical loss, destruction of or damage to the Property Insured:
 - (a) directly or indirectly occasioned by or happening through or connected with war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power; or
 - (b) resulting from confiscation, nationalisation, requisition or damage to property by or under the order of any Government or Public or Local Authority.

Notwithstanding the provisions of Perils Exclusion 1(b) the Insurer(s) shall be liable for loss, destruction or damage to, or the cost of removal of, sound property at the Premises for the purpose of preventing

or diminishing imminent damage by, or inhibiting the spread of, fire or any other peril insured against under this Policy.

2. (a) physical loss, destruction of or damage to the Property Insured; or
- (b) any legal liability of whatsoever nature, directly or indirectly caused by or contributed to by or arising from:
 - (i) ionising radiations or contamination by radioactivity from any nuclear waste or from the combustion of nuclear fuel; or

For the purpose of this exclusion only, "combustion" shall include any self-sustaining process of nuclear fission.

- (ii) nuclear weapons materials.

3. physical loss, destruction or damage occasioned by or happening through:

- (a) flood, which shall mean the covering of normally dry land by water that has escaped or been released from the normal confines of any of the following:

- i) a lake (whether or not it has been altered or modified);
- ii) a river (whether or not it has been altered or modified);
- iii) a creek (whether or not it has been altered or modified);
- iv) another natural watercourse (whether or not it has been altered or modified);
- v) a reservoir;
- vi) a canal;
- vii) a dam.

- (b) water from or action by the sea, tidal wave or high water.

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

4. physical loss, destruction or damage occasioned by or happening through:

- (a) moths, termites or other insects, vermin, rust or oxidation, mildew, mould, contamination or pollution, wet or dry rot, corrosion, change of colour, dampness of atmosphere or other variations in temperature, evaporation, disease, inherent vice or latent defect, loss of weight, change in flavour, texture or finish, smut or smoke

from industrial operations (other than sudden and unforeseen damage resulting therefrom).

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

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

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

- (a) incorrect siting of buildings consequent upon
 - (i) error in architectural design or specification
 - (ii) faulty workmanship
 - (iii) non compliance by the Insured (or anyone acting on behalf of the Insured) with the necessary permits issued by Government, Public or Local Authorities

- (b) demolitions ordered by Government or Public or Local Authorities due to failure on the part of the Insured or their agents to obtain the necessary permits required

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

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

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

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

- (a) Fraudulent or dishonest acts, fraudulent misappropriation, embezzlement, forgery, counterfeiting data corruption, unauthorised amendment of data and erasure by electronic or non-electronic means involving the Property Insured by the Insured or any employee(s) of the Insured acting alone or in collusion with any other person(s).

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

- (b) (i) the cessation of work whether total or partial;
- (ii) the cessation, interruption or retarding of any process or operation; as a result of strikes, labour disturbances or locked out workers,

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

- (c) erosion, subsidence, earth movement or collapse resulting therefrom unless caused by and occurring within 72 hours of an insured event
- (d) kidnapping, bomb threat, threat of contamination, hoax, extortion or any attempt thereat

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

- 8. any legal liability of whatsoever nature other than as herein provided
- 9. consequential loss of any kind. This means cover is not provided for anything not expressly described in the cover sections of the Policy, including, for example, consequential loss due to delay, lack of performance, loss of contract or depreciation in the value of land or stock, except as herein provided in Section 2.

10. Pollution, Contamination and Debris

The words "Contamination or pollution" are deleted from Perils Exclusion 4(a) and the perils exclusions are extended to include Perils Exclusion 10, which shall read

10. Notwithstanding anything to the contrary contained herein, this policy does not cover loss or destruction or damage resulting from pollution or contamination except (unless otherwise excluded) loss or destruction of or damage to property or any part thereof used by the Insured at the premises for the purpose of the business caused by

- (a) Pollution or contamination at the premises which itself result from fire, lightning, explosion, aircraft or other aerial devices or articles dropped therefrom, riot, civil commotion, strikers, locked-out workers, persons taking part in labour disturbances, malicious persons, earthquake, storm, flood, bursting overflowing discharging or leaking of water tanks, apparatus or pipes, sprinkler leakage or impact by any road vehicle or animal;
- (b) Any of the perils listed in (a) above which itself results from pollution or contamination.

In Section 1 – Material Loss or Damage, the whole of paragraph (f) of the Indemnity is deleted and replaced by the following new paragraph (f):

- (f) costs and expenses necessarily and reasonably incurred in respect of
 - (i) the removal, storage and/or disposal of debris or the demolition, dismantling, shoring up, propping, underpinning, or other temporary repairs consequent upon damage to property insured by this Policy and occasioned by a peril against;
 - (ii) the Insured's legal liability in respect of removal, storage and/or disposal of debris, notwithstanding Excluded Peril 8 in relation to premises, roadways, services, railways or waterways of others, consequent upon damage to the Property insured by a peril hereby insured against, for such costs together with the cost of cleaning provided that such liability was not assumed by the Insured under an agreement entered into after the commencement of the Period of Insurance or any renewal thereof unless liability would have attached in the absence of such agreement;
 - (iii) the demolition and removal of any property belonging to the Insured which is no longer useful for the purpose it was intended, providing such demolition and removal is necessary for the purpose of the reinstatement or replacement of Property Insured under this section and is consequent upon damage to the Property Insured by a peril hereby insured against.

An additional memorandum applicable to all sections is included and shall read:

Definitions of "Pollution and Contamination" and "Debris".

Where the words "pollution" or "contamination" are used as part of this policy or its endorsements or attachments they shall have the specific meaning given below:

Damage or loss arising out of the discharge, dispersal, release or escape of smoke, vapours, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials or other irritants, contaminants or pollutants into or upon any property, land, atmosphere or any watercourse or body of water (including groundwater).

Where the word "debris" is used as a part of this policy or its endorsements or attachments it shall have the specific meaning given below:

- (a) the residue of damage Insured Property; or
 - (b) materials deposited on the insured premises as a result of the operation of an insured peril;
- excluding any material which can cause pollution or contamination and which is deposited beyond the boundaries of the insured premises.

Perils Exclusion 7 (d) is amended to read:

- (d) kidnapping, threat, hoax, extortion or any attempt thereat.

11. Terrorism Exclusion Endorsement

Notwithstanding any provision to the contrary within this Policy or any endorsement thereto, it is agreed that this Policy excludes loss, damage, cost or expense directly or indirectly caused by, contributed to by, resulting from or arising out of or in connection with any Act of Terrorism, as defined herein, regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

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

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

This Policy also excludes loss, damage, cost or expense directly or indirectly caused by, contributed to by, resulting from, or arising out of or in connection with any action in controlling, preventing, suppressing, retaliating against, or responding to any Act of Terrorism.

12. Cyber & Electronic Data Exclusion

Notwithstanding any provision to the contrary in the Policy or any endorsement thereto, it is understood and agreed as follows:

This Policy does not insure:

- (i) damage, loss, destruction, distortion, erasure, corruption, alteration, theft or other dishonest, criminal, fraudulent or unauthorised manipulation of **Electronic Data** from any cause whatsoever (including, but not limited to **Computer Attack** and/ or a **Cyber War & Terrorism Event**) or loss of use, reduction in functionality, loss, cost expense and/ or fee of whatsoever nature resulting therefrom, regardless of any other cause or event contributing concurrently or in any other sequence to the loss or damage;
- (ii) error in creating, amending, entering, deleting or **Electronic Data**; or
- (iii) 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.

Computer Attack - any malicious direction of network traffic, introduction of malicious computer code, or other malicious attack directed at, occurring within, or utilising the computer system or network of whatsoever nature.

Cyber War & Terrorism Event - any Act of Terrorism (as defined within Perils Exclusion 11) or Cyberterrorism, regardless of any other cause or event contributing concurrently or in any other sequence to the loss or Damage.

Cyberterrorism - any premeditated politically, religiously, or ideologically (or similar objective) motivated attack or disruptive activity, or the threat thereof, by a group or individual against a computer system or network of whatsoever nature or to intimidate any person in furtherance of such objectives.

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

However, but for this Perils Exclusion, in the event that any Damage results from any of the matters described in the above paragraph (except for a **Cyber War & Terrorism Event**), or theft consequent upon forcible and violent entry or felonious concealment upon premises committed by an employee of the Insured, the Policy, subject to all its terms, provisions, conditions, exclusions and limitations, will cover direct physical Damage and/ or consequential loss arising therefrom occurring during the Period of Insurance to Property Insured.

Any terrorism exclusion in this Policy or any endorsement thereto prevails over this endorsement.

13. Sanctions

Notwithstanding anything contained in this Policy to the contrary, the insurer shall not be liable to provide any cover or benefit or pay any claim where the provision of cover or benefit or payment of claim would constitute a breach of any trade or economic sanction, embargo, prohibition or restriction imposed by any of the following: United Nations, United State of America, Australia, European Union, UK, or New Zealand. This clause shall apply where such geographical location, provision of goods, services or other reasons shall contravene such sanction, embargo, prohibition or restriction.

14. Communicable Disease

Notwithstanding any provision to the contrary in the Policy or any endorsement thereto, it is understood and agreed that this Policy does not insure any loss, destruction or damage, claim, cost or expense of whatsoever nature, directly or indirectly caused by, contributed to by, resulting from, arising out of, or in connection with a Communicable Disease or the fear or threat (whether actual or perceived) of a Communicable Disease (e.g. any action taken in controlling, preventing or suppressing a Communicable Disease) regardless of any other cause or event contributing concurrently or in any other sequence thereto.

- (a) 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:
- (i) 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
 - (ii) the method of transmission, whether direct or indirect, includes but is not limited to, airborne transmission, bodily fluid transmission, transmission from or to any surface or object, solid, liquid or gas or between organisms, and
 - (iii) the disease, substance or agent can cause or threaten 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.

Provided that this Perils Exclusion 14, shall not apply to the "Infectious or Contagious Diseases; Vermin, Pests or Defective Sanitary Arrangements; Food or Drink Poisoning; Rape, Murder or Suicide." Clause as stated under Memoranda to Section 2.

Memoranda Applicable to All Sections

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

Amount of Policy not Reduced by Loss

Unless the Insured requests otherwise, the insurance under each section and/or item of this Policy and the Indemnity Period shall be automatically reinstated in the event of any loss provided that the Insured pays a pro-rata additional premium calculated on the amount of the loss settlement at the rate agreed for the Period of Insurance.

Event

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

Subrogation Waiver

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

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

Adjustment of Premium

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

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

Conditions Applicable to All Sections

1. Misrepresentation and Non-Disclosure

If the Insured:

- (i) failed to disclose any matter which the Insured was under a duty of disclosure to the Insurer(s); or
- (ii) made a misrepresentation to the Insurer(s) before this Policy was entered into and if the Insurer(s) would not have entered into this Policy for the same premium and on the same terms and Conditions expressed in this Policy but for the failure to disclose or the misrepresentation.

then:

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

2. Alteration

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

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

Provided that any such alteration, upon coming to the knowledge of the Insured's officer responsible for insurance, shall be notified to the Insurer(s) as soon as reasonably possible and, if agreed to by the Insurer(s) in writing, an appropriate additional premium paid if required in order to maintain cover that the Insurer(s) may agree to provide for the increased risk as a result of

the variation or change. The policy may be cancelled if there is a change and the Insured and the Insurer(s) can't reach an agreement on altered terms and conditions or premium; or the Insurer(s) is no longer prepared to insure the Insured because there has been a material change to the risk.

3. Sprinkler Installations – Applicable to Owned Premises or Installations for which The Insured is Responsible

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

The Insured further warrants that provision will be made for the regular maintenance of the installation in accordance with Australian Standard AS 1851 part 3 Automatic Sprinkler Installation by the installing engineers or firm or, failing this, by person or organisation who must be approved by the Insurer to carry out such maintenance.

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

4. Other Insurance

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

5. Cancellation

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

- (iv) the Insured or any person who was at any time the Insured failed to comply with a provision of this Policy, including a provision with respect to the payment of the Premium;
- (v) the Insured has made a fraudulent claim under this Policy or any other policy of insurance (whether with the Insurer(s) or some other insurer) that provided Insurance cover during any part of the period during which this Policy provides insurance cover;
- (vi) the Insured failed to notify the Insurer(s) of any specific act or omission where such notification is required under the terms of this Policy; or
- (vii) the Insured acted in contravention of or omitted to act in compliance with any condition of this Policy which empowers the Insurer(s) to refuse to pay, or reduce its/their liability in respect of, a claim in the event of such contravention or omission.

- (c) the Insurer(s) notice of cancellation takes effect at the earlier of the following times:
 - (i) the time when another policy of insurance between the Insured and the Insurer(s) or some other insurer, being a policy that is intended by the Insured to replace this Policy, is entered into; or
 - (ii) 4.00 pm on the thirtieth business day after the day on which notice was given to the Insured.

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

6. Notification of Claims

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

The Insured shall use due diligence and do and concur in doing all things reasonably practicable to minimise any interruption of or interference with the Business to avoid or diminish the loss and shall also deliver to the Insurer(s) a statement in writing of any claim certified

by the Insured's auditor, with all particulars and details reasonably practicable of the loss and shall produce and furnish all books of accounts and other business books, invoices, vouchers and all other documents, proofs, information, explanations and other evidence and facilities as may reasonably be required for investigation and verification of the claim together with (if demanded) a statutory declaration of the truth of the claim and of any matters connected therewith.

A claim under this Policy may be reduced or refused to the extent the Insurer(s) is prejudiced if the Insured has not complied with the terms of this condition.

7. Fraud

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

8. Reinstatement

If the Insurer(s) elect(s) or become(s) bound to reinstate or replace any property, the Insured shall at the Insured's own expense produce and deliver to the Insurer(s) all such plans, documents and information as the Insurer(s) may reasonably require. Where the Insurer(s) are not able to reinstate exactly or completely, (for example if exact materials are no longer manufactured), the Insurer(s) will reinstate in a reasonable manner and shall not in any case be bound to expend more than the applicable Limit of Liability.

9. Insurer(s) Rights

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

This condition shall be evidence of the leave and licence of the Insured to the Insurer(s) so to do. If the Insured or any one acting on the Insured's behalf shall not comply with the reasonable requirements of the Insurer(s) or

shall hinder or obstruct the Insurer(s) in doing any of the abovementioned acts, then all benefits under this Policy shall be forfeited to the extent the Insurer(s) is prejudiced. The Insured shall not in any case be entitled to abandon any property to the Insurer(s) whether taken possession of by the Insurer(s) or not.

10. Subrogation

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

11. Precautions to Prevent Loss

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

12. Insured's Action after Theft or Damage

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

13. Termination of Cover Under Section 2

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

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

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

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

14. Observance of Terms and Conditions

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

15. Progress Payments

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

16. Headings

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

For all enquiries please talk to your broker

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