

Industrial Special Risks Insurance Policy

Please read this policy in conjunction with the
Certificate of Insurance



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Ansvar Insurance – Insurance products with flexible solutions

Our history

Ansvar Insurance has been a trusted name in Australia since 1961. Owned by UK insurance company, Ecclesiastical Insurance Office plc, we enjoy substantial financial backing and are proud to meet the rigorous regulatory requirements of an insurer serving Australians.

Why insure through Ansvar Insurance?

With almost 50 years of experience in Australia we understand what customers are seeking in their insurance company: a trusted, responsible and professional organisation where you are treated with respect and care and offered choice and flexibility. Offering value for money, personal service and a demonstrated commitment to community programs explains why we are the insurer of choice for our Australia wide customers.

Developing our young Australians

We are honoured to provide support to many community organisations throughout Australia. Each organisation provides valuable support to improve and enrich the lives of Australian youth so that they may contribute positively to the community in which they live. To find out more about our grants to Community Education Program please visit our website ansvar.com.au

Our insurance advantage

Ansvar Insurance is a specialist insurance company with a deep understanding of the issues confronting our customers.

We believe in offering more than just insurance. Our dedicated staff are committed to helping clients protect their assets by providing:

- specialist insurance advice in our core markets
- flexibility in underwriting
- independent, on-site, risk management inspections and expert advice to find solutions
- risk management seminars and advice on helping clients develop their risk management programs

Who is the insurer and how can we be contacted?

Ansvar Insurance Limited, ABN 21007 216 506, is the issuer of this insurance policy. The registered office of Ansvar Insurance is Level 12, 432 St Kilda Road, Melbourne, 3004 Victoria. The Ansvar Insurance Australian Financial Services Licence number is 237826.

You can contact us by:

- calling in person at any Ansvar Insurance office
- telephoning 1300 650 540
- facsimile on 03 9804 5001
- writing to any office of Ansvar Insurance
- email to insure@ansvar.com.au

Cooling off period

We will refund the entire premium you have paid for cover under this insurance policy if you cancel the policy within 21 days of its commencement. To do this, you must advise us in writing and return the insurance policy and certificate of insurance to your nearest Ansvar Insurance office.

You will **not** receive a refund if you have made a claim, or intend to make a claim, under the insurance policy.

Terrorism

This policy excludes cover as a result of terrorism.

In the event that property damage and/or property owners liability occur linked to an event declared a terrorism incident by the responsible Minister, then you may be afforded protection within the limits of indemnity of this policy by virtue of the Terrorism Insurance Act 2003. The operations of this Act may also serve to reduce the settlement of your loss to a percentage of the otherwise recoverable loss. In the event that the settlement is reduced then this will be at the direction of the Minister.

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

Costs

The premium payable by you is shown in your Certificate of Insurance. The factors used to determine the premium payable under this policy include:

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

The premium is payable either when the product is purchased or by direct bank debit when you elect to pay it monthly. If you elect to pay monthly there is an additional fee. A cancellation fee may apply if you cancel your insurance policy before expiry.

Premiums and fees are subject to Commonwealth and State taxes and levies which include the Goods and Services Tax and Stamp Duty, if applicable to your state. All are shown on your Certificate of Insurance.

Code of Practice and Privacy Act

As a signatory to The General Insurance Code of Practice we are committed to raising standards of service to our customers. This voluntary code sets out the minimum standards we will uphold in the services we provide to you.

The Privacy Act sets out how we are to collect, use, disclose and protect your personal information. It also describes the circumstances for you to access and, if necessary correct your personal information.

Complaints

If you are not satisfied with our service we recommend that you use the complaints procedure set out below. The type of complaint could relate to the behaviour of or advice given by an Ansva Insurance employee or authorised representative, a decision on a claim, the privacy of your personal information or any other matter relating to your insurance that is of concern to you. These procedures are available free of charge to you.

First, contact the employee or authorised representative with whom you have had contact to see if he or she can resolve the problem. If that is not possible, then contact the Regional Manager in your state. The Regional Manager will review the information and give you a response as quickly as possible; but no later than three working days from the date when the complaint is received.

If you are not satisfied with the response given by the Regional Manager, then please put your unresolved complaint in a letter and address it to:

The Secretary
Internal Dispute Resolution Committee
Ansvar Insurance Limited
GPO Box 1655, Melbourne VIC 3001

You can also telephone the Secretary with your complaint on (03) 8630 3100, fax it on (03) 9804 5001, or choose to email your complaint to the Secretary at insure@ansvar.com.au

The Secretary will refer your complaint to the Committee which comprises the CEO, an Executive Manager and one of the non executive directors of Ansvar Insurance Limited, for a decision.

The Internal Dispute Resolution Committee has appropriate authority to deal with unresolved complaints. You will receive a response within seven (7) working days from the time the Internal Dispute Resolution Committee receives your unresolved complaint, or alternatively you will be asked for further information. If further information is required, you will receive a decision within seven (7) working days from the time Ansvar Insurance receives the additional information.

What if we don't resolve your problem?

Once the Internal Dispute Resolution Committee gives you an answer, we will provide you with information about external dispute resolution if that is available.

For many complaints that is the Financial Ombudsman Service (FOS). FOS provides a free and independent dispute resolution service for consumers which have general insurance disputes that are covered by its Terms of Reference. If you wish your dispute to be reviewed by FOS, you must refer your dispute to FOS within three calendar months of receiving the Internal Disputes Resolution Committee's decision. You can do this by contacting FOS at:

Financial Ombudsman Service
GPO Box 3, Melbourne VIC 3001
Ph: 1300 78 08 08 (National toll free)
Ph: (03) 9613 7366
Fax: (03) 9613 6399
Email: info@fos.org.au
Website: www.fos.org.au.

Alternatively, you may further pursue your unresolved complaint through a formal legal process such as the courts, mediation, or arbitration.

For privacy complaints you may approach the Federal Privacy Commissioner. A copy of the General Insurance Code of Practice and privacy principles can be obtained from our website ansvar.com.au or from one of our offices.

Important notice to Policyholders

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

- this document
- your current Certificate of Insurance

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

Duty of disclosure

Before you enter into an insurance contract with us, you are required to tell us every matter that is known to you, being a matter that:

- you know to be relevant to the decision by us to accept the risk and if so, on what terms; or
- a reasonable person in the circumstances could be expected to know to be a matter so relevant.

If you have not disclosed all relevant information, or if you have misinterpreted the facts, then we may be entitled to cancel the policy, reduce the sum insured, or treat the policy as never having existed.

If you do not tell us all relevant matters we can reduce the amount we pay for any claim or cancel this insurance policy. If your non disclosure is fraudulent we can void the insurance policy from the beginning.

Goods and Services Tax (GST)

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

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

Industrial Special Risks Insurance Policy

Interpretation

This policy incorporates the certificate of insurance, and the sections, definitions, conditions, exclusions, memoranda and warranties (if any) and any other terms contained in this document, and in any endorsement or memorandum hereon or attached hereto, which are to be read together and any word or expression to which a specific meaning has been given in any part of the policy shall bear this meaning wherever it may appear, unless such meaning is inapplicable to the context in which the word or expression appears.

Definitions

For the purpose of this policy, the following definitions apply:

the insurer(s) means Ansvar Insurance Limited ABN 21 007 216 506, AFS Licence No 237826 and, when coinsurance applies, Ansvar Insurance Limited and the other insurance companies listed in the certificate of insurance for the proportion stated against their name.

the insured means the individual or the entity named in the certificate of insurance and includes all subsidiary companies, organisations and other entities in which the entity has or acquires a controlling interest to the extent only that each of them is engaged in carrying on the business described in the certificate of insurance or activities which are substantially the same kind or related to that business.

A 'controlling interest' shall in the case of a company mean the beneficial ownership of shares carrying more than 50% of votes capable of being cast at a general meeting of all shareholders of the company.

property insured is as defined in Section 1 of this policy.

money means 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

situation means anywhere in Australia where the insured has property or carries on business, has goods or other property stored or being processed or has work done, including the main place of business specified in the certificate of insurance and the other premises listed in the schedule of declarable assets.

declared values mean the sum total of all property insured (other than money) at each situation and gross revenue/profit/payroll declared by the Insured and calculated as applicable in accordance with the basis of settlement clauses, plus foreseeable expenses, such as planning and architects fees necessary for the reinstatement of damaged property insured, claim preparation costs, additional increased costs of working and all additional covers that may be included by endorsement of the policy.

The insured shall complete a statement of declared values as at the commencement of the period of insurance and as at the end of the period of insurance. The values declared as at the end of the period of insurance shall include the value of all such property in which the insured may acquire an insurable interest during the period of insurance.

The insured's declared values shall also include an allowance for property of others the insured is legally responsible for or has assumed responsibility to insure during the period of insurance.

certificate of insurance	means the certificate of insurance attaching to this wording confirming currency of the policy or the certificate of insurance subsequently issued on renewal or variation or by way of endorsement.
period of insurance	means the period referred to in the certificate of insurance or any further period for which renewal has been agreed.
earthquake deductible	means the deductible applicable to all claims under Section 1 of this policy as a result of earthquake, subterranean fire or volcanic eruption. It is equivalent to \$20,000, or 1% of the total declared values at the situation where damage occurs, whichever is the lesser, except where specifically altered in the certificate of insurance.
damage	means physical loss, destruction or damage with 'damaged' having a corresponding meaning.
flood	means the inundation of normally dry land by water escaping or released from the normal confines of any natural water course or lake (whether or not altered or modified) or any reservoir canal or dam.
accidental damage	means damage accidental from the standpoint of the insured to property insured, other than from fire, lightning, thunderbolt, explosion, implosion, smoke and/or steam, earthquake, subterranean fire, volcanic eruption, erosion, subsidence, landslip, collapse, impact, aircraft and/or other aerial devices and/or articles dropped there from, sonic boom, theft, loss of money, breakage of glass, the acts of persons taking part in riots or civil commotions or of strikers or locked-out workers or of persons taking part in labour disturbances or of malicious persons, the acts of any lawfully constituted authority in connection with the foregoing acts or in connection with any conflagration or other catastrophe, storm and/or tempest and/or flood and/or rainwater and/or wind and/or hail, water or other liquids or substances discharged, overflowing or leaking from apparatus, appliances, pipes or any other system at the premises, or any other peril or circumstance specifically described, insured or excluded by this policy.
debris	means the residue of damaged property insured, excluding any material which is itself a pollutant or contaminant and which is deposited beyond the boundaries of the situation.
pollution or contamination	means the discharge, dispersal, release or escape of smoke or soot from industrial operations (other than sudden and unforeseen discharge, dispersal, release or escape consequent upon damage at the situation), vapours, fumes, acids, alkalis, chemicals, liquids or gases, waste materials or other irritants, contaminants or pollutants into or upon any property, land, atmosphere or any water course or body of water (including ground water).

indemnity period	means the period beginning with the occurrence of the damage and ending not later than the number of months specified in the schedule thereafter, during which the results of the business shall be affected in consequence of the damage. The indemnity period is stated in the certificate of insurance.
turnover	means the total of all sums paid or payable to the insured for goods sold and delivered and for services rendered in the course of the business at the premises.
annual turnover	means the turnover during the twelve months immediately before the date of the damage, adjusted for trends and variations as required.
standard turnover	means the turnover during that period in the twelve months immediately before the date of the damage, which corresponds with the indemnity period, adjusted for trends and variations as required.
shortage in turnover	means the amount by which the turnover during a period shall, in consequence of the damage, fall short of the standard turnover which relates to that period.
gross revenue	means the money paid or payable to the insured for services rendered and/or goods sold in the course of business at the situation. If payroll is shown in the certificate of insurance as an insured item, then gross revenue shall not include payroll.
gross profits	means the amount by which <ul style="list-style-type: none"> a. the sum of the turnover, closing stock and work in progress shall exceed b. the sum of the opening stock, work in progress and the uninsured working expenses as set out in the certificate of insurance. <p><u>Note</u> The value 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.</p>
uninsured working expenses	(in connection with the definition of gross profits) means those expenses specified by the insured, listed in the certificate of insurance, which partially or totally diminish or reduce as a consequence of the damage, and for which indemnity is not required to be insured under the policy.
rate of gross profit	means the proportion of gross profits (as defined) to turnover during the financial year immediately before the date of the damage. Adjustments shall be made as required to provide for trends or other circumstances affecting or which would have affected the business had the damage not occurred, so that the figures thus adjusted shall reasonably represent the results which would have been obtained but for the damage.
payroll	means the remuneration paid to all employees of the Insured (including but not limited to holiday pay, sick pay, long service leave pay and bonus) plus payments for payroll tax, fringe benefits tax, superannuation and pension fund contributions, workers compensation insurance premiums, accident compensation levies and the like.
rate of payroll	means the proportion which payroll bears to turnover during the financial year immediately before the date of the damage, adjusted for trends and variations as required.

dual payroll basis means the insurance of payroll on a tiered basis, where 100% of payroll is covered for a selected number of weeks and a reduced percentage of payroll is covered for the remainder of the indemnity period, subject to the sub limit of liability for payroll not being exhausted.

The consolidation period is the alternative number of weeks where, at the option of the insured, 100% of the payroll shall be paid instead of the application of the dual payroll basis.

If insurance for payroll is provided on a dual payroll basis, the periods and percentage of cover applicable are stated in the certificate of insurance.

terrorism act 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 of that nation, or in pursuit of political, religious, ideological, ethnic or similar purposes or reasons to intimidate the public or a section of the public of any nation, by any person or groups of persons whether acting alone or on behalf of or in connection with any organisation or government de jure or de facto, and which:

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

Cover

Whereas the insured named in the certificate of insurance has paid or agreed to pay to the insurer(s) the premium shown on the certificate, the insurer(s) agrees, subject to the terms, conditions, exclusions, memoranda, warranties, limitations and other provisions contained herein or endorsed hereon, to indemnify the insured as specified herein against loss arising from any insured events which occur during the period of insurance as defined.

Limits of indemnity

Provided that the total liability of the insurer(s) at any one 'situation' shall not exceed the limit of liability for any one loss or series of losses arising out of any one event stated in the certificate of insurance, nor any lesser limit of liability specified elsewhere in the policy, or such amounts as may be substituted therefore by endorsement or memorandum hereon or attached hereto.

If more than one limit or sub limit of liability applies in respect of any one event, the lesser amount is payable. Each sub limit does not increase the liability of the insurer(s) beyond the limit of liability applying to the section of the policy. The limit or sub limit of liability includes the amount of any deductible.

The Insured shall bear the amount stated in the certificate of insurance being the deductible in respect of each claim or series of claims arising out of any one event. Should more than one deductible apply under this policy for any claim, such deductibles shall not be aggregated and the highest single level of deductible shall apply.

Section 1 – Material loss or damage

The indemnity

In the event of any physical loss, damage or destruction (hereinafter in Section 1 referred to as 'damage' with 'damaged' having a corresponding meaning) not otherwise excluded happening during the period of insurance at the situation to the property insured described in section 1, the insurer(s) will, subject to the provisions of this policy including the limitation of 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:

1. 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;
2. 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;
3. 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 this purpose of preventing or diminishing imminent damage to property hereby insured by any other peril insured against by this policy, including damage to gain access and the cost of replenishment of fire fighting appliances and charges incurred for the purpose of shutting off the supply of water or other substance following accidental discharge from any fire protective equipment or otherwise escaping from intended confines;
4. 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;
5. Costs of replacing locks and/or keys and/or combinations, where if as a result of theft or any attempt thereat, the keys and/or combinations are stolen or if there are reasonable grounds to believe the keys may have been duplicated, and also the cost of opening safes and/or strongrooms as a result of theft of keys and/or combinations.
6. Costs and expenses necessarily and reasonably incurred in respect of:
 - a. the removal, storage and/or disposal of debris or the demolition, dismantling, shoring up, propping, underpinning or other temporary repairs consequent upon damage to property insured by this policy and occasioned by a peril insured against;
 - b. the insured's legal liability in respect of removal, storage and/or disposal of debris, notwithstanding excluded peril 8, in relation to premises, roadways, services, railway or waterways of others, consequent upon damage to the property insured by a peril hereby insured against, for such costs together with the cost of cleaning, provided that such liability was not assumed by the insured under an agreement entered into after the commencement of the period of insurance unless liability would have attached in the absence of such agreement;
 - c. 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 the property insured by a peril hereby

insured against;

7. Damage to clothing and tools of trade belonging to directors and employees of the insured whilst on the premises;

Provided that the insurance under clauses (2) to (7) inclusive above shall not be subject to application of any co-insurance clause or memorandum contained in this policy.

The property insured

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

It is understood and agreed that the term 'personal property' shall include money (as defined) whilst contained in the situation and whilst in transit to and from the situation anywhere in Australia, including whilst contained in the night safe of any Bank or financial institution where the Insured transacts business, and in the personal custody of the Insured and/or persons authorised by the Insured whilst contained in their private residences.

Basis of settlement

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

1. On buildings, machinery, plant and all other property and contents (other than those specified below): the cost of reinstatement, replacement or repair in accordance with the provisions of the 'reinstatement and replacement' and 'extra cost of reinstatement' memoranda as set out herein.

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.

2. On raw materials, supplies and other merchandise not manufactured by the Insured: the replacement cost at the time and the place of replacement, provided that replacement shall have been carried out with reasonable despatch or, if such property is not replaced, the original cost to the Insured of such property or the indemnity value, whichever is the lesser. If such property is obsolete, the basis of settlement, whether or not such property is replaced, shall be the original cost to the Insured of such property or the indemnity value whichever is the lesser.
3. On material in process of manufacture: the replacement cost of the raw materials and the cost of labour and other overhead charges expended thereon at the time and the place of the damage.

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

On computer systems records, documents, manuscripts, securities, deeds, specifications, plans, drawings, designs, business books and other records of every description: the cost of repairing, replacing, reproducing or restoring same, including information contained therein or thereon, but excluding the value to the Insured of the said information; or, if repair, replacement, reproduction or restoration is not carried out with reasonable despatch, the replacement cost of materials as blank stationery at the time and place of the damage.

On patterns, models, moulds, jigs, templates, dies or lasts: the cost of repair or replacement (if repaired or replaced with reasonable despatch), otherwise the value of such property to the Insured calculated at the time and place of the damage, but not exceeding the cost of replacement.

On glass: the cost of repairing or replacing the broken glass including:

- a. temporary shuttering and/or hiring of security service pending replacement of broken glass;
- b. signwriting or ornamentation on glass;
- c. replacement burglar alarm tapes on glass;
- d. removing and re-fixing of window and show case frames and fittings;
- e. heat reflecting material or process on glass.

On directors' and employees' clothing and tools of trade: the replacement cost at the time of replacement subject to due allowance for wear and tear, depreciation and betterment.

On empty premises awaiting demolition: the salvage value of the building materials and/or landlords fixtures and fittings, net of saved demolition costs.

Memoranda to Section 1

Except to the extent that this policy is hereby modified under the following memoranda, the terms, conditions and limitations of this policy shall apply.

Interests of other parties

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

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

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

Branded goods

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

Declared values

The schedule of declared values (as defined) at each situation (in accordance with the applicable basis of settlement) shall not include any allowance for extra cost of reinstatement nor any of the costs and expenses referred to under clauses (2) to (7) of the indemnity.

Reinstatement or replacement

(Applicable to buildings, machinery, plant and all other property and contents; other than those specified in items (2) to (9) under basis of settlement).

The basis upon which the amount payable is to be calculated shall be the cost of reinstatement of the damaged property insured at the time of its reinstatement, subject to the following provisions and subject also to the terms, conditions and limit(s) or sub limit(s) of liability of this policy.

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

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

Provisions

1. 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.
2. 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.
3. Property insured under this memorandum is separately subject to the following co-insurance clause:

In the event of damage to property insured hereunder at any situation caused by any peril hereby insured against, the insurer(s) shall be liable for no greater proportion of such damage than the amount of the insured's declaration of value of 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%) of the cost which would have been incurred in reinstatement if the whole of such property had been destroyed on that day, but not exceeding the limit of liability expressed in the schedule;

Provided that if the sum actually incurred or expended in rebuilding or replacing the damaged property within the meaning of sub-paragraph A of the above-mentioned definition

of reinstatement, exceeds the amount which would have been payable under the policy if this memorandum had not been incorporated therein, 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 per cent (5%) of the amount of the insured's declaration aforementioned.

4. No payment beyond the amount which would have been payable under this policy if this memorandum had not been incorporated herein shall be made until a sum equal to the cost of reinstatement shall have been actually incurred;

Provided that where the insured reinstates or replaces any lost or destroyed property at a cost 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.

5. All other industrial special risks and/or fire and named perils insurances covering the property affected 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 (2) to (9) under basis of settlement).

This policy extends to include the extra cost of reinstatement (including demolition or dismantling) of damaged property necessarily incurred to comply with the requirements of any act of parliament or regulation made there under or any by-law or regulation of any municipal or other statutory authority; subject to the following provisions and subject also to the terms, conditions and limit(s) or sub limits of liability of this policy.

Provisions

1. 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.
2. 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.
3. Co-insurance shall not be applied to the amount recoverable under this memorandum and any amount specified shall not be taken into account for co-insurance purposes in terms set out in any clause contained in this policy.
4. All other industrial special risks and/or fire and named perils insurances covering the property affected by or on behalf of the insured shall be on a similar basis.
5. If the cost of reinstatement of 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 hereunder shall be limited to:
 - a. the extra cost necessarily incurred in reinstating only that portion damaged; or;
 - b. whilst applying to such property insured, the sub limit stated herein; whichever is the greater.

In the event of a sub limit not being stated in this policy the insurer's liability shall be limited to the amount as described in sub-paragraph a. of this provision.

Floor space ratio index (plot ratio)

Subject to the terms, conditions and limit(s) or sub-limit(s) of liability of this policy, in the event of any building(s) being damaged so as to constitute total loss or constructive total loss and as a result of the exercise of statutory powers and/or authority by any government departments, local government or any other statutory authorities reinstatement of such building(s) as before is prohibited and reinstatement is only permissible subject to a reduced floor space ratio index,

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

- A. the actual cost of reinstatement incurred in accordance with the reduced floor space ratio Index; and
- B. the cost of reinstatement which would have been incurred had a reduced floor space ratio index not been applicable.

In arriving at the amount payable under A and B above, any payments made by the insurer(s) shall include the extra cost of reinstatement including demolition or dismantling of the insured property necessarily incurred to comply with the requirements of any Act of Parliament or regulation made there under 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 in which a controlling interest is acquired by the insured during the currency of this policy, subject to the insured declaring details of such acquisition within a reasonable period following the date of acquisition; Provided the business of the new acquisition shall be similar to the business as stated in the certificate of insurance.

Co-insurance

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

In the event of damage to property insured hereunder at any situation caused by any peril hereby insured against, the insurer(s) shall be liable for no greater proportion of such damage than the amount of the insured's declaration of value of such property insured, at the situation where the damage occurred, on the day of the commencement of the period of insurance bears to the sum representing eighty-five 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 the damage does not exceed five per cent (5%) of the amount of the insured's declaration aforementioned.

It is expressly understood and agreed that the provisions of this co insurance memorandum shall not apply in respect of that part of any claim which is made under the provisions of the reinstatement and replacement memorandum.

Section 2 – Consequential loss

The Indemnity

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

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

Basis of settlement

Item No. 1

The insurance under this item is limited to actual loss of gross profit as defined due to (1) reduction in turnover and (2) increase in cost of working and the amount payable as indemnity there under shall be:

1. In respect of reduction of turnover:

The sum produced by applying the rate of gross profit as defined to the amount by which the turnover during the indemnity period shall, in consequence of the damage, fall short of the standard turnover as defined

2. In respect of increase in cost of working

The additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in turnover which but for that expenditure would have taken place during the indemnity period in consequence of the damage, but not exceeding the sum produced by applying the rate of gross profit to the amount of the reduction thereby avoided.

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 the insured's material damage and consequential loss insurance policies and the insurer(s) shall indemnify the insured for such reasonable fees and expenses.

Item No. 3

The insurance under this item is limited to loss in respect of payroll and the amount payable as indemnity there under shall be:

1. In respect of reduction of turnover:
 - a. 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 payroll 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 payroll paid;
 - b. during the remaining portion of the indemnity period, the sum produced by applying the rate of payroll to the shortage in turnover during the said remaining portion of the indemnity period, less any saving during the said remaining portion of the indemnity period through reduction in consequence of the damage in the amount of payroll paid, but not exceeding the sum produced by applying the percentage of the rate of payroll specified in the schedule to the shortage in turnover during the said remaining portion of the indemnity period, increased by such amount as is deducted for savings under the terms of clause 3.1.a.

NOTE: At the option of the insured, the number of weeks referred to in clause 3.1.a 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 3.1.b shall not exceed such amount as is deducted under clause 3.1.a for savings effected during the said increased number of weeks

2. In respect of increase in cost of working

So much of the additional expenditure described in clause 2 of item 1 as exceeds the amount payable there under but not more than the additional amount which would have been payable in respect of reduction in turnover under the provisions of clauses 3.1.a and 3.1.b had such expenditure not been incurred.

Provided that if the declared value of insured payroll at the commencement of each period of insurance be less than the sum produced by applying the payroll limits to the sum produced by applying the rate of payroll 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.

Memoranda to Section 2

Except to the extent this policy is hereby modified under the following memoranda the terms, conditions and limitations of this policy shall apply.

Turnover elsewhere after damage

If during the indemnity period goods shall be sold or services shall be rendered elsewhere than at the premises for the benefit of the business either by the insured or by others on the insured's behalf the money paid or payable in respect of such sales or services shall be brought into account in arriving at the turnover during the indemnity period.

Departmental clause

If the business be conducted in departments the independent trading results of which are ascertainable the provisions of item numbers 1 and 3 shall apply separately to each department affected by the damage.

New business

In the event of damage occurring at 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 payroll' shall bear the following meanings and not as stated in earlier definitions:

rate of gross profit - the rate of gross profit earned on the turnover during the period between the date of the commencement of the business and the date of the damage

annual turnover – the proportional equivalent, for a period of 12 months of the turnover realised during the period between the commencement of the business and the date of the damage

standard turnover - the proportional equivalent, for a period equal to the indemnity period, of the turnover realised during the period between the commencement of the business and the date of the damage

rate of payroll - the rate of payroll to turnover during the period between the date of the commencement of the business and the date of the damage

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

Accumulated stocks

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

Books of account

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

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

Public utilities extension

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

Turnover/output alternative

If the insurer(s) and the insured agree, the term 'output' may be substituted for the term 'turnover' and, for the purpose of the policy, 'output' shall mean the difference between the sale and/or invoice value of goods manufactured and/or processed by the insured in the course of the business at the premises and the amount of the uninsured working expenses; 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' 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:

1. Clause 1 of item 1 of section 2 shall, for the purpose of such claim, read as follows:

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.

2. 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 payroll paid out of the proceeds of the salvage sale.

Premises in the vicinity (prevention of access)

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

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

Registered vehicles and/or trailers

Notwithstanding the provisions of property exclusion 5, this policy extends to include loss resulting from interruption of or interference with the business occasioned by damage to registered vehicles and/or trailers whilst such vehicles or trailers are at the premises owned or occupied by the insured; provided always that this policy does not cover loss resulting from physical loss, destruction of or damage to such vehicles and/or trailers whilst they are being used on any public highway or thoroughfare.

Applicable to all Sections of the Policy

Property exclusions

This policy does not cover physical loss, destruction of or damage to the following property under section 1 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, storm and/or tempest, flood, collision and/or overturning of conveying vehicle or theft from a securely locked vehicle.

2. Money:
 - a. whilst being carried by professional money carriers, professional carriers or common carriers which is more specifically insured excepting the excess amount over and above such more specific insurance which excess is held to be covered hereunder; Provided that where in the ordinary course of business the insured enters into an agreement with such carriers and such agreement provides that the insured shall indemnify and/or hold harmless and/or release from liability such carriers in respect of loss, destruction or damage which may occur as a result of any event hereby insured against, this insurance shall operate as if this property exclusion 2(a) had been deleted;
 - b. stolen from an unlocked and unattended vehicle;
 - c. stolen from a safe or strongroom opened by a key or by use of details of a combination, either of which has been left at the situation outside business hours, unless such key or combination details have been properly secured;
 - d. where the loss is not discovered within five (5) working days of the event;
 - e. where the loss arises out of:
 - i. kidnapping;
 - ii. bomb threat;
 - iii. hoax;
 - iv. extortionor any attempt thereat.
3. Jewellery, furs, bullion, precious metals or precious stones other than as stock and/or merchandise of the business.
4.
 - a. Any locomotive or rolling stock or watercraft other than as stock or merchandise of the business, provided always that no cover shall apply hereunder whilst any watercraft is on water;
 - b. Any aircraft (including its accessories and/or spare parts), other than as stock or merchandise of the business, provided always that no cover shall apply hereunder during taxiing, take-off, flight or landing.
5. Vehicles or trailers registered or licensed to travel on a public road, provided that this exclusion shall not apply to mobile plant and equipment (excluding cars, sedans, panel vans and trucks) not otherwise insured whilst on any premises occupied or used by the insured.
6. Livestock, animals, birds or fish.
7. Standing timber, growing crops and pastures.

8. Land, unmined or unrecovered oil, gas and mineral deposits, provided that this exclusion shall not apply to structural improvement on or in the land if such structural improvements are not otherwise excluded in the policy.
9.
 - a. Bridges, canals, roadways, tunnels, dams and reservoirs (other than tanks) and their contents;
 - b. Railway tracks (other than on the premises, occupied or used by the Insured for the purpose of its business).
10. Docks, wharves and piers not forming part of any building.
11. Mining property located beneath the surface of the ground, unless otherwise expressly stated in this policy.
12. Property during the course of, and as a result of, its processing.
13.
 - a. Gates, fences, retaining walls, textile awnings and blinds;
 - b. Property in the open air, unless such property comprises or forms part of a permanent structure designed to function without the protection of the walls or roof; caused by wind, rainwater or hail.
14.
 - a. Property included in a project of construction, erection, alteration or addition, including the partial dismantlement of existing structures, where the total contract value of all work to be carried out at any one situation during such activity exceeds 10% of the limit of liability or \$500,000 whichever is the lesser;
Provided that this exclusion 14(a) shall apply only to the works comprising such construction, erection, alteration or addition and not to any original or existing structures;
 - b. Empty premises 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 any component part of a collection of apparatus which generates, contains, controls, transmits, receives, transforms or utilises any form or source of energy or power.

17. Any boiler (other than a boiler used for domestic purposes) economiser or other pressure vessel, including pipes, valves and other apparatus thereof in respect of which a certificate is required to be issued under the terms of any statute or regulation occasioned by or arising from explosion, rupture, collapse, bursting, cracking or overheating thereof;

Provided that this exclusion shall be limited to the aforementioned items immediately affected and shall not extend to other property as a result of such loss or destruction or damage.

This exclusion shall not apply to section 2 as specifically stated therein.

Perils exclusions

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

1. Physical loss, destruction of or damage to the property insured:
 - a. directly or indirectly occasioned by or happening through or connected with war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power;
 - b. resulting from confiscation, nationalisation, requisition or damage to property by or under the order of any government or public or local authority.
 - c. arising directly or indirectly from or based upon or attributable to or in consequence of any terrorism act, regardless of any other cause or event contributing concurrently or in any other sequence to the loss, or any action taken in controlling, preventing, suppressing, retaliating against, responding to or in any way relating to a terrorism act.

Notwithstanding the provisions of perils exclusion 1(b) the insurer(s) shall be liable for loss, destruction of or damage to, or the cost of removal of, sound property at the premises for the purpose of preventing or diminishing imminent damage by, or inhibiting the spread of, fire or any other peril insured against under this policy.

2. Physical loss, destruction of or damage to the property insured or any legal liability of whatsoever nature directly or indirectly caused by or contributed to by or arising from:
 - a. ionising radiations or contamination by radioactivity from any nuclear waste or from the combustion (including any self-sustaining process of nuclear fission) of nuclear fuel;
 - b. nuclear weapons materials.
3. Physical loss, destruction or damage occasioned by or happening through:
 - a. flood (as defined);
 - b. water from or action by the sea, tidal wave or high water;Provided that perils exclusions 3(a) and 3(b) shall not apply if loss, destruction or damage is caused by or arises out of an earthquake or seismological disturbance.
4. Physical loss, destruction or damage occasioned by or happening through:
 - a. moths, termites or other insects, vermin, rust or oxidation, mildew, mould, 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 of design;
 - d. normal settling, seepage, shrinkage or expansion in buildings or foundations, walls, pavements, roads and other structural improvements, creeping, heaving and vibration;
 - e. faulty materials or faulty workmanship;Provided that this exclusion 4(a) to 4(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:
 - b. error in architectural design or specification;
 - c. faulty workmanship;
 - d. non-compliance by the insured (or anyone acting on behalf of the Insured) with the necessary permits issued by government, public or local authorities;
 - e. 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. spontaneous combustion or spontaneous fermentation or heating or any process involving the direct application of heat;

Provided that perils exclusion 6(c) shall be limited to the item or items immediately affected and shall not extend to other property damaged as a result of such spontaneous combustion, fermentation or heating or process involving the direct application of heat.
7. Physical loss, destruction or damage occasioned by or happening through:
 - a.
 - i. fraudulent or dishonest acts, fraudulent misappropriation, embezzlement, forgery, counterfeiting, data corruption, unauthorised amendment of data and erasure by electronic or non-electronic means involving the property insured by the insured or any employee(s) of the insured acting alone or in collusion with any other person(s);
 - ii. access by any person(s) other than the insured or the insured's employee(s) to the insured's computer system via data communication media that terminate in the insured's computer system;

Provided that this exclusion 7(a) shall not apply to theft consequent upon forcible and violent entry upon premises or felonious concealment upon premises committed by an employee of the insured;
 - b.
 - i. cessation of work whether total or partial;
 - ii. cessation, interruption or retarding of any process or operation;
 - iii. 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 person(s);
 - c. erosion, subsidence, earth movement or collapse resulting therefrom;
 - d. kidnapping, threat, 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, including consequential loss due to delay, lack of performance, loss of contract or depreciation in the value of land or stock, except as herein provided in Section 2.
10. Pollution or contamination of any kind except where caused directly by fire, lightning, explosion, impact by aircraft or other aerial devices or articles dropped from them, riot, civil commotion, persons taking part in an industrial dispute, persons acting maliciously, earthquake, storm, bursting, overflowing and discharging of water tanks, apparatus or pipes, sprinkler leakage or impact by any road vehicle or animal.
11. Loss or damage arising as a result of any highly pathogenic avian influenza in humans or diseases declared to be quarantinable diseases under the Quarantine Act (1908) and any subsequent amendments.

Memoranda applicable to all Sections

Except to the extent that this policy is hereby modified under the following memoranda the terms, conditions and limitations of this policy shall apply.

Amount of policy not reduced by loss

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

Event

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

Subrogation waiver

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

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

Adjustment of premium

1. The premium shown is provisional and is calculated on the declared values (as defined) of:
 - a. property insured,
 - b. gross profit and insured payroll,on the day of commencement of each period of insurance.
2. The insured undertakes to declare to the insurer(s) within a reasonable time after the day of expiry of the period of insurance:-
 - a. the value of property insured on the day of expiry of the period of insurance (For purpose of this declaration stock-in-trade and/or merchandise shall be taken at its average value during the period of insurance);
 - b. the amount of the gross profit earned and payroll 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 twelve months most nearly concurrent with the period of insurance.
3. 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:
 - a. fifty per cent (50%) of the difference between property declared in accordance with clauses 1(a) and 2(a);
 - b. the full agreed rate hereunder on the difference between the amounts declared under 1(b) and 2(b).
4. 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.
5. 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

Misrepresentation and non disclosure

If the insured failed to disclose any matter which the insured was under a duty to disclose to the insurer(s); or 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

1. 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
2. if the non-disclosure or misrepresentation was fraudulent, the insurer(s) may avoid this policy

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:

1. by removal of such property from the premises other than as provided under the terms of property exclusion 1;
2. 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;
3. whereby any premises containing any property insured hereunder shall become unoccupied, and so remain for a period of more than thirty days; or
4. whereby the insured's interest ceases except by will or the operation of law;

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

Sprinkler installations

For owned premises which the law requires to be protected by automatic sprinklers, automatic external alarm signal and automatic alarm signal connected with a fire brigade station, in or on the premises, or installations for which the insured is responsible, the insured warrants that due diligence shall be used so that such installations 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 2118 automatic sprinkler installation by the installing engineers or firm (if their services are available) or, failing this, by a person or organisation who must be approved by the Insurer(s) to carry out such maintenance.

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

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.

Cancellation

1. 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.
2. The insurer(s) may also cancel this policy by giving the insured written notice to that effect where:
 - a. the insured or any person who was at any time the insured failed to comply with the duty of utmost good faith;
 - b. the person who was the insured at the time when this policy was entered into failed to comply with the duty of disclosure;
 - c. the person who was the insured at the time when this policy was entered into made a misrepresentation to the insurer(s) during the negotiations for this policy but before it was entered into;
 - d. 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;
 - e. 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;
 - f. 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
 - g. 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.
3. The insurer's notice of cancellation takes effect at the earlier of the following times:
 - a. 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
 - b. 4.00p.m. on the thirtieth business day after the day on which notice was given to the Insured.

In the event that the insurer(s) cancels 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.

Notification of claims

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

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

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

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.

Reinstatement

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

Insurer(s) rights

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

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

Subrogation

Any person claiming under this policy shall at the request and at the expense of the insurer(s) do and concur in doing and permit to be done all such acts and things as may be necessary or reasonably required by the insurer(s) for the purpose of enforcing any rights and remedies, or of obtaining relief or indemnity from other parties to which the insurer(s) shall be or would become entitled or subrogated upon the insurer(s) paying for or making good any destruction or damage under this policy.

If the insurer(s) makes 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.

Precautions to prevent loss

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

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.

Termination of cover on liquidation

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

1. 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
2. the insured (being a corporation) is placed in liquidation (or provisional liquidation), is placed under official management, enters into a scheme of arrangement, has receivers and/or managers appointed over its assets or undertaking(s); or
3. the insured (being a natural person) becomes a bankrupt or enters into a scheme of arrangement or compromise or composition with creditors;

then the insurance cover provided under 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).

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.

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.

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.

Jurisdiction

This insurance policy shall be governed and construed in accordance with the laws of Australia. Any dispute shall be resolved in accordance with the laws of Australia.

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