



# Commercial Landlords Insurance

**QBE Australia**

Commercial Landlords Property Policy



## INDUSTRIAL SPECIAL RISKS INSURANCE POLICY

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

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

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

Signed on Behalf of the Insurer(s) at

Insurer	Policy Number	Proportion %	Signature / Date
QBE Insurance (Australia) Limited		100.00	.....

## Section 1

### The Indemnity

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

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

- (a) architects', surveyors', consulting engineers', legal and other fees and clerks of works' salaries for estimates, plans, specifications, quantities, tenders and supervision necessarily incurred in reinstatement consequent upon damage to property hereby insured but not such costs, fees and salary for preparing any claim hereunder;
- (b) any fee, contribution or other impost payable to any Government, Local Government or other Statutory Authority; where payment of such fee, contribution or impost is a condition precedent to the obtaining of consent to reinstate any building(s) insured hereunder; provided that the Insurer(s) shall not be liable for payment of any fines and/or penalties imposed upon the Insured by any such Authorities;
- (c) costs and expenses necessarily and reasonably incurred for the purpose of extinguishing fire at or in the vicinity of property hereby insured or threatening to involve such property or for the purpose of preventing or diminishing imminent damage to property hereby insured by any other peril insured against by this Policy, including damage to gain access and the cost of replenishment of fire fighting appliances and charges incurred for the purpose of shutting off the supply of water or other substance following accidental discharge from any fire protective equipment or otherwise escaping from intended confines;
- (d) costs and expenses necessarily and reasonably incurred for the temporary protection and safety of property hereby insured pending repair or replacement consequent upon damage recoverable hereunder;
- (e) cost of replacing locks and/or keys and/or combinations where if as a result of theft or any attempt thereat the keys and/or combinations are stolen or if there are reasonable grounds to believe the keys may have been duplicated; also the cost of opening safes and/or strongrooms as a result of theft of keys and/or combinations;
- (f) costs and expenses necessarily and reasonably incurred in respect of:
  - (i) the removal, storage and/or disposal of debris or the demolition, dismantling, shoring up, propping, underpinning or other temporary repairs consequent upon damage to property insured by this Policy and occasioned by a peril insured against;
  - (ii) the Insured's legal liability in respect of removal, storage and/or disposal of debris, notwithstanding Excluded Peril 8 in relation to premises, roadways, services, railway or waterways of others, consequent upon damage to the Property Insured by a peril hereby insured against for such costs together with the cost of cleaning provided that such liability was not assumed by the Insured under an agreement entered into after the commencement of the Period of Insurance or any renewal thereof unless liability would have attached in the absence of such agreement.

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

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

- (g) damage to clothing and tools of trade belonging to directors and employees of the Insured whilst on the Premises.

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

## **The Property Insured**

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

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

## **Basis of Settlement**

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

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

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

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

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

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

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

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

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

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

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



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

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

(g) *On glass:*

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

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

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

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

(i) *On empty premises awaiting demolition:*

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

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

## **Memoranda**

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

### **Interests of Other Parties**

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

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

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

## **Branded Goods**

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

## **Declared Values**

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

## **Reinstatement or Replacement**

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

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

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

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

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

(b) *Where property is damaged:*

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

## Provisions

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

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

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

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

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

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

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

### Extra Cost of Reinstatement

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

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

## Provisions

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

## Floor Space Ratio Index (Plot Ratio)

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

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

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

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



## **Acquired Companies**

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

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

## **Co-Insurance**

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

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

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

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

## Section 2

### The Indemnity

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

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

### Basis of Settlement

#### Item No. 1 - Loss of Gross Profit

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

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

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

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

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

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

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

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

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

#### Item No. 3 – Pay-Roll

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

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

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

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

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

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

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

#### **Item No. 4 – (Additional) Increased Cost of Working**

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

### **Definitions**

#### **GROSS PROFIT**

The amount by which:

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

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

#### **TURNOVER**

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

## **INDEMNITY PERIOD**

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

## **PAY-ROLL**

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

## **SHORTAGE IN TURNOVER**

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

## **RATE OF GROSS PROFIT**

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

## **ANNUAL TURNOVER**

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

## **STANDARD TURNOVER**

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

## **RATE OF PAY-ROLL**

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

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

## **Memoranda**

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

### **Turnover Elsewhere After Damage**

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

### **Departmental Clause**

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

## **New Business**

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

### **Rate of Gross Profit**

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

### **Annual Turnover**

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

### **Standard Turnover**

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

### **Rate of Pay-Roll**

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

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

### **Accumulated Stocks**

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

### **Books of Account**

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

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

### **Public Utilities Extensions**

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

### **Turnover/Output Alternative**

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



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

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

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

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

### **Computer**

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

### **Salvage Sale**

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

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

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

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

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

#### **"SHORTAGE IN TURNOVER**

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

### **Premises in the Vicinity (Prevention of Access)**

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

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

### **Registered Vehicles and/or Trailers**

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

## Exclusions

### Property Exclusions

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

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

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

7. Standing timber, growing crops and pastures.
8. Land, unmined or unrecovered oil, gas and mineral deposits, provided that this exclusion shall not apply to structural improvements on or in the land if such structural improvements are not otherwise excluded in this Policy.
9.
  - (a) Bridges, canals, roadways and tunnels, dams and reservoirs (other than tanks) and their contents.
  - (b) Railway tracks (other than on the premises occupied or used by the Insured for the purpose of its business).
10. Docks, wharves and piers not forming part of any building.
11. Mining property located beneath the surface of the ground unless otherwise expressly stated in this Policy.
12. Property during the course of, and as a result of, its processing.
13.
  - (a) Gates, fences, retaining walls, textile awnings and blinds;
  - (b) property in the open air unless such property comprises or forms part of a permanent structure designed to function without the protection of the walls or roof;

caused by wind, rainwater or hail.
14.
  - (a) Property included in a project of construction, erection, alteration or addition, including the partial dismantlement of existing structures, where the total contract value of all work to be carried out at any one situation during such activity exceeds 10% of the Limit of Liability or \$500,000, whichever is the lesser. Provided that this Exclusion 14(a) shall apply only to the works comprising such construction, erection, alteration or addition and not to any original or existing structures.
  - (b) Empty premises upon which demolition work has commenced.
15. Oil and gas drilling and/or production rigs whilst offshore.
16. All Machinery (as defined in this exclusion), electronic data processing equipment or electronic control equipment occasioned by or happening through any mechanical, electrical, electro-mechanical, electronic or hydraulic malfunction, failure, derangement, breakdown or non-operation of whatsoever kind.

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

For the purpose of Property Exclusion 16, "Machinery" means: any apparatus whether or not functioning independently or as any component part of a collection of apparatus which generates, contains, controls, transmits, receives, transforms or utilises any form or source of energy or power.
17. Any boiler (other than a boiler used for domestic purposes), economiser or other pressure vessel, including pipes, valves and other apparatus thereof in respect of which a certificate is required to be issued under the terms of any statute or regulation occasioned by or arising from explosion, rupture, collapse, bursting, cracking or overheating thereof; provided that this exclusion shall be limited to the aforementioned items immediately affected and shall not extend to other property as a result of such loss or destruction or damage. This exclusion shall not apply to Section 2 as specifically stated therein.

## Perils Exclusions

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

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

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

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

2. (a) Physical loss, destruction of or damage to the Property Insured;  
(b) any legal liability of whatsoever nature;

directly or indirectly caused by or contributed to, by or arising from:

- (i) ionising radiations or contamination by radioactivity from any nuclear waste or from the combustion of nuclear fuel.

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

- (ii) nuclear weapons materials;

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

- (a) flood, which shall mean the inundation of normally dry land by water escaping or released from the normal confines of any natural watercourse or lake (whether or not altered or modified), reservoir, canal or dam;
- (b) water from or action by the sea, tidal wave or high water.

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

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

- (a) moths, termites or other insects, vermin, rust or oxidation, mildew, mould, contamination or pollution, wet or dry rot, corrosion, change of colour, dampness of atmosphere or other variations in temperature, evaporation, disease, inherent vice or latent defects, loss of weight, change in flavour texture or finish, smut or smoke from industrial operations (other than sudden and unforeseen damage resulting therefrom);
- (b) wear and tear, fading, scratching or marring, gradual deterioration or developing flaws, normal upkeep or making good;
- (c) error or omission in design, plan or specification or failure of design;
- (d) normal settling, seepage, shrinkage or expansion in buildings or foundations, walls, pavements, roads and other structural improvements, creeping, heaving and vibration;
- (e) faulty materials or faulty workmanship.

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

5. Physical loss, destruction or damage occasioned by or happening through:
  - (a) incorrect siting of building consequent upon:
    - (i) error in architectural design or specification;
    - (ii) faulty workmanship; or
    - (iii) non-compliance by the Insured (or anyone acting on behalf of the Insured) with the necessary permits issued by Government, Public or Local Authorities;
  - (b) demolitions ordered by Government or Public or Local Authorities due to failure on the part of the Insured or their agents to obtain the necessary permits required;
6. Physical loss, destruction or damage occasioned by or happening through:
  - (a) theft of property (other than Money in transit) in the open air;
  - (b) unexplained or inventory shortage, disappearance resulting from clerical or accounting errors, shortage in the supply or delivery of materials to or from the Insured;
  - (c)
    - (i) spontaneous combustion;
    - (ii) spontaneous fermentation or heating or any process involving the direct application of heat.

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

7. Physical loss, destruction or damage occasioned by or happening through:
  - (a)
    - (i) fraudulent or dishonest acts, fraudulent misappropriation, embezzlement, forgery, counterfeiting, data corruption, unauthorised amendment of data and erasure by electronic or non-electronic, means involving the Property Insured by the Insured or any employee(s) of the Insured acting alone or in collusion with any other person(s);
    - (ii) access by any person(s) other than the Insured or the Insured's employee(s) to the Insured's computer system via data communication media that terminate in the Insured's computer system.

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

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

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

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

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

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

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



## Memoranda

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

### Amount of Policy not Reduced by Loss

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

### Event

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

### Subrogation Waiver

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

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

### Adjustment of Premium

- (a) The Premium shown is provisional and is calculated on the Declared Values of:
  - (i) Property Insured;
  - (ii) Gross Profit and Insured Pay-Roll;on the day of commencement of each Period of Insurance.
- (b) The Insured undertakes to declare to the Insurer(s) within a reasonable time after the day of expiry of the Period of Insurance:
  - (i) the value of the Property Insured on the day of expiry of the Period of Insurance. For the purpose of this declaration, stock in trade and/or merchandise shall be taken at its average value during the Period of Insurance;
  - (ii) the amount of the Gross Profit earned and Pay-Roll paid, in accordance with the cover afforded in the respective items of Section 2, in the course of the Business during the accounting period of 12 months most nearly concurrent with the Period of Insurance;
- (c) The provisional premium shall be adjusted by payment to the Insurer(s) of an additional premium or by allowance to the Insured of a return premium, as the case may be, calculated at the agreed rate on:
  - (i) fifty percent (50%) of the difference between property declared in accordance with Clauses (a)(i) and (b)(i);
  - (ii) the full agreed rate hereunder on the difference between the amounts declared under Clauses (a)(ii) and (b)(ii).

- (d) It is agreed to make allowance for any abnormal fluctuation in values and to charge a premium commensurate with the risk; such premium to be agreed between the parties to this agreement.
- (e) The Declaration of Values at the expiry of the Period of Insurance declared in accordance with this memorandum shall not be reduced as the result of loss, destruction or damage in respect of which a claim has been paid or is payable under this Policy.

## Conditions

### 1. Misrepresentation and Non-Disclosure

If the Insured:

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

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

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

### 2. Alteration

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

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

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

### 3. Sprinkler Installations

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

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

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

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

#### **4. Other Insurance**

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

#### **5. Cancellation**

- (a) This Policy may be cancelled at any time at the request of the Insured, in which case the Insurer(s) will retain the customary short-period rate for the time this Policy has been in force.
- (b) The Insurer(s) may also cancel this Policy by giving the Insured written notice to that effect where:
  - (i) the Insured or any person who was at any time the Insured failed to comply with the duty of utmost good faith;
  - (ii) the person who was the Insured at the time when this Policy was entered into failed to comply with the duty of disclosure;
  - (iii) the person who was the Insured at the time when this Policy was entered into made a misrepresentation to the Insurer(s) during the negotiations for this Policy but before it was entered into;
  - (iv) the Insured or any person who was at any time the Insured failed to comply with a provision of this Policy, including a provision with respect to the payment of the Premium;
  - (v) the Insured has made a fraudulent claim under this Policy or any other policy of insurance (whether with the Insurer(s) or some other insurer) that provided insurance cover during any part of the period during which this Policy provides insurance cover;
  - (vi) the Insured failed to notify the Insurer(s) of any specific act or omission where such notification is required under the terms of this Policy; or
  - (vii) the Insured acted in contravention of or omitted to act in compliance with any condition of this Policy which empowers the Insurer(s) to refuse to pay, or reduce its/their liability in respect of, a claim in the event of such contravention or omission.
- (c) The Insurer(s) notice of cancellation takes effect at the earlier of the following times:
  - (i) The time when another policy of insurance between the Insured and the Insurer(s) or some other insurer, being a policy that is intended by the Insured to replace this Policy, is entered into; or
  - (ii) 4:00pm on the thirtieth business day after the day on which notice was given to the Insured.

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

#### **6. Notification of Claims**

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

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

accounts and other business books, invoices, vouchers and all other documents, proofs, information, explanations and other evidence and facilities as may reasonably be required for investigation and verification of the claim together with (if demanded) a statutory declaration of the truth of the claim and of any matters connected therewith.

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

## **7. Fraud**

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

## **8. Reinstatement**

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

## **9. Insurer(s) Rights**

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

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

## **10. Subrogation**

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

## **11. Precautions to Prevent Loss**

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

## **12. Insured's Action after Theft or Damage**

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



property and to discover by whom the property was stolen or damaged, including reporting the matter to the police and any other responsible authority.

### **13. Termination of Cover under Section 2**

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

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

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

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

### **14. Observance of Terms and Conditions**

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

### **15. Progress Payments**

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

### **16. Headings**

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

**ENDORSEMENTS ATTACHING TO AND FORMING PART OF THE SCHEDULE TO THE  
INDUSTRIAL SPECIAL RISKS INSURANCE POLICY.**

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**PREAMBLE TO ENDORSEMENTS**

**OPENERH4      Preamble to Endorsements**

**ENDORSEMENTS ATTACHING TO AND FORMING PART OF INDUSTRIAL  
SPECIAL RISKS INSURANCE POLICY**

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

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

**SECTION 1 - MATERIAL LOSS OR DAMAGE**

**THE INDEMNITY**

UNSPECIFIED DAMAGE, for the purpose of any Limit or Sub-Limit of Liability or Deductible as shown in the Schedule, means Damage caused by any peril or circumstance not more specifically covered or excluded by this Policy other than: fire; lightning; thunderbolt; explosion; implosion; collapse; earthquake; subterranean fire; volcanic eruption; impact; aircraft and/or other aerial devices and/or articles dropped therefrom; sonic boom; theft; breakage of glass; loss of money; the acts of persons taking part in riots or civil commotions or of strikers or locked-out workers or of persons taking part in labour disturbances or of malicious persons or the acts of any lawfully constituted authority in connection with the foregoing acts or in connection with any conflagration or other catastrophe; storm and/or tempest and/or rainwater and/or wind and/or hail, and/or flood, and/or water or other liquids or substances discharged, overflowing or leaking from apparatus, appliances, pipes or any other system at the premises or elsewhere; or other peril mentioned under the heading in the Schedule, SUB-LIMITS OF LIABILITY.

**ENQUIXB4      Liability To Make Enquiries**

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

**PAYQCXS4      Statutory Inquiries**

Paragraph (a) of The Indemnity shall extend to include costs and expenses incurred by the Insured in connection with Statutory Inquiries following Damage to Property Insured but not exceeding the sub-limit stated in the Schedule

The term 'Statutory Inquiries' shall mean any judicial, coronial or other form of inquiry or hearing established by or at the direction of any government, semi-government, local or planning authority as a direct result of Damage to Property Insured.

For the purpose of the application of Provision (iii) of the Reinstatement or Replacement Memorandum or the Co-insurance Memorandum, the Insured's declared values at any Situation shall not include any allowance for the costs and

expenses referred to in this extension.

**NODAMPC4      Damage Diminution and Accidental Discharge Costs (B)**

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

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

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

Our liability shall not exceed the amount of the sub-limit stated in the Schedule of the policy against “Damage Diminution and Accidental Discharge Costs (B)” for any one loss or series of losses arising out of any one event or occurrence.

**LOSMPCB4      Loss Minimisation (B)**

Clause (c) of The Indemnity in Section 1 is extended to incorporate such reasonable costs (including travelling expenses) incurred to avert or minimise losses by perils insured by this Policy, including the protection, safeguard or recovery of Property Insured. Our liability shall not exceed the amount of the sub-limit stated in the Schedule of the policy against “Loss Minimisation (B)” for any one loss or series of losses arising out of any one event or occurrence.

**XPLORXS4      Exploratory Costs**

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

**HANDYVS4      Demolition and Removal of Owned Property**

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

**REFIXXS4      Reinstatement of Undamaged Property**

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

**PPROSTB4      Personal Property of Employees and Others (B)**

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

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

Our liability for any one loss or series of losses arising out of any one event or occurrence is limited to the amount of the sub-limits stated in the Schedule of the policy against “Personal Property of Employees and Others (B)”

**EXPEDXB4      Expediting Expenses**

The policy extends to include reasonable costs and expenses incurred by the Insured for express carriage rates and extra payments for overtime, night, Sunday or holiday working incurred in connection with the repair or reinstatement of the Property Insured directly or indirectly arising from an event insured by the policy. Our liability shall not exceed the amount of the sub-limit stated in the Schedule of the policy against "Expediting Expenses" for any one loss or series of losses arising out of any one event or occurrence.

**PIPESXP4      Cost of Clearing Blocked Drains, Pipes, Filters and Pumps (B)**

The Indemnity clause is extended to include additional costs necessarily and reasonably incurred by the Insured in the clearance of blocked pipes, drains, gutters, sewers, filters, pumping equipment and the like during the Period of Insurance, including exploratory costs, at the Premises as a direct result of damage as insured herein. Our liability shall not exceed the amount of the sub-limit stated in the Schedule of the policy against "Cost of Cleaning Blocked Drains, Pipes, Filters and Pumps (B)" for any one loss or series of losses arising out of any one event or occurrence.

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

**NOAVEXB4      Amended Proviso**

The proviso to The Indemnity is amended to read:

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

**THE PROPERTY INSURED**

**PROPBXS4      Property Insured (B)**

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

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

**TRCHQVS4      Money - Extended Definition**

The definition of Money extends to include travellers cheques.

## **BASIS OF SETTLEMENT**

### **LANDSCP4      Landscaping (C)**

This Policy extends to include damage to landscaping; which term shall mean lawns, gardens, plants, shrubs, trees, rockwork, ornamentation and the like. Our liability shall not exceed the amount of the sub-limit stated in the Schedule of the policy against "Landscaping (C)" for any one loss or series of losses arising out of any one event or occurrence.

### **INDCLPC4      Election to Claim Indemnity Value (B)**

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

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

### **BASIPCE4      Basis of Settlement (E)**

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

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

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

### **BASIPCG4      Basis of Settlement (G)**

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

"(g) On glass:

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

- (i) temporary shuttering and/or hiring of security service pending replacement of broken glass; and
- (ii) sign-writing or ornamentation on glass, replacement burglar alarm tapes or protective films on glass, removing and re-fixing of window and show-case frames and fittings, heat reflecting material or process on glass."

### **CLASSPC4      Classification of Property Insured**



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.

**VALPRXB4      Valuation of Property – Employees and Others**

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

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

**ANTIQXS4      Works of Art, Antiques and Curios**

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

"On works of art, antiques and curios, none of which form part of the stock in trade or merchandise of the Business:

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

Our liability shall not exceed the amount of the sub-limit stated in the Schedule of the policy against "Works of Art, Antiques and Curios" for any one loss or series of losses arising out of any one event or occurrence.

**PRSETXB4      Pairs and Sets (A)**

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

"On personal property comprising a pair or set:

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

**LEASEXB4      Leased Equipment (Residual Value)**

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

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

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

## MEMORANDA APPLICABLE TO SECTION 1

### **NODECPC4      Declared Values (B)**

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

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

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

### **RRFLEXB4      Reinstatement or Replacement Provision (vi)**

The following additional Provision (vi) is included:

"(vi) If the Insured elects to reinstate destroyed property with dissimilar property whether or not to be used for a similar purpose as the destroyed property, the Insurer(s) shall pay the lesser of:

- (a) the cost of the dissimilar property; or
- (b) an amount equal to the replacement cost that would have been payable if the destroyed property had been reinstated by similar property in a condition equal to but not better or more extensive than its condition when new."

### **UMAKEXB4      Reinstatement of Damage by the Insured**

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

### **RELOCXS4      Reinstatement Elsewhere**

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

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

### **THEFTXS4      First Loss Insurance - Theft and Money**

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

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

### **ADDECPC4      Additional Extra Cost of Reinstatement (B)**

(Applicable to buildings, machinery, plant and all other property and contents other

than those specified in items (b) to (i) under Basis of Settlement).

The policy extends to cover the additional extra cost of reinstatement including demolition or dismantling of the insured property damaged, necessarily incurred by the Insured to comply with the requirements of any Act of Parliament or regulation made thereunder or any by-law or regulation of any municipal or other statutory authority and not otherwise recoverable under the terms and conditions of the policy.

Provided that the indemnity afforded by this clause:

- (a) shall be limited in respect of each loss or series of losses arising out of any one event to the amount shown in the Policy Schedule against Additional Extra Cost of Reinstatement (B), which amount shall be separate from and additional to the Limit of Liability expressed in the Schedule of the policy in respect of buildings, machinery, plant and all other property and contents other than those specified in items (b) to (i) under Basis of Settlement;
- (b) shall not include the additional cost incurred in complying with any such Act, regulation, by-law or requirement with which the Insured has been duly required to comply prior to the happening of the damage; and
- (c) shall not be subject to the Co-insurance Memorandum contained in Section 1 of the policy.

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

Our liability shall not exceed the amount of the sub-limit stated in the Schedule of the policy against "Additional Extra Cost of Reinstatement (B)" for any one loss or series of losses arising out of any one event or occurrence.

**ECRELXS4      Extra Cost of Reinstatement Elsewhere**

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

**UNLIMXB4      Extra Cost of Reinstatement – Provision (v) Deleted**

Provision (v) of the Extra Cost of Reinstatement memorandum is deleted.

**FSRIAVS4      Floor Space Ratio Index (Plot Ratio) (A)**

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

**ACQCPC4      Acquired Companies (D)**

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

"This Policy extends to include:

- 1. property located in Australia belonging to companies and other organisations: a controlling interest in which is acquired by the Insured during the Period of

- Insurance;
2. property located in Australia for Damage to which such companies or other organisations are legally responsible or for which they have assumed responsibility to insure prior to the occurrence of any Damage; and
  3. any loss suffered by any such companies or organisations which is the subject of indemnity under Section 2 of this Policy.

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

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

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

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

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

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

#### **RUINSXB4      Abandoned Undamaged Portion of a Building**

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

Our liability shall not exceed the amount of the sub-limit stated in the Schedule of the policy against "Abandoned Undamaged Portion of a Building" for any one loss or series of losses arising out of any one event or occurrence.

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

**FDNOKVB4 Undamaged Foundations (A)**

When Property Insured is damaged but its foundations are not destroyed and, due to the exercising of statutory powers or delegated legislation or authority by any government department, local government or other statutory Authority, reinstatement of the Property Insured is carried out upon another site or sites, then the abandoned foundations shall be deemed to have been destroyed: If the presence of the abandoned foundations increases the sale value of the original site, then such increase shall be regarded as salvage and shall be payable to the Insurer(s) by the Insured upon completion of the sale, or shall be deducted from the total amount otherwise payable by the Insurer(s) under this Policy, whichever shall occur later.

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

**FOUNDXS4 Undamaged Foundations (B)**

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

**OBSOLXB4 Undamaged Ancillary and/or Peripheral Equipment**

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

**APPLYXS4 Application of Deductibles**

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

**SECTION 2 - CONSEQUENTIAL LOSS****The Indemnity****BOILBVS4 Pressure Vessel Perils (B)**

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

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

## BASIS OF SETTLEMENT

### ITEM1PC4      **Item No. 1 Amended**

In the first paragraph of this Basis of Settlement, the words "loss of Gross Profit" are amended to read: "actual loss of Gross Profit".

### BDEBPCB4      **Accounts Receivable (B)**

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

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

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

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

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

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



## MEMORANDA TO SECTION 2

### UTILXPC4 Remote Premises of Public Utilities (B)

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

"Any loss resulting from interruption of or interference with the Business directly or indirectly in consequence of Damage, anywhere in Australia to land based premises of any communication station, electric power station or sub-station, gasworks, waterworks, sewerage pumping or sewerage treatment works of a supply undertaking from which the Insured obtains communication services, electric current, gas, water or sewage service shall be deemed to be loss resulting from Damage to Property used by the Insured at the Premises. It shall not be a condition precedent to liability under this endorsement that payment shall be made or liability admitted for damage under Section 1 of the policy.

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

### GASTIZC4 Goods & Services Tax (C)

#### **The Basis of Settlement – Additional clause applicable to Section 1 and Section 2**

The amount of premium payable by you for this Policy includes an amount on account of the GST on the premium.

When we pay a claim, your GST status will determine the amount we pay.

When you are:

- a) not registered for GST, the amount we pay is the sum insured/limit of indemnity or the other limits of insurance cover including GST.
- b) registered for GST, we will pay the sum insured/limit of indemnity or the other limits of insurance and where you are liable to pay an amount for GST in respect of an acquisition relevant to your claim (such as services to repair a Damaged item insured under the Policy) we will pay for the GST amount.

We will reduce the GST amount we pay for by the amount of any input tax credits to which you are or would be entitled if you made a relevant acquisition. In these circumstances, the Input Tax Credit may be claimable through your Business Activity Statement (BAS).

You must advise us of your correct Australian Business Number & Taxable Percentage.

Any GST liability arising from your incorrect advice is payable by you.

Where the settlement of your claim is less than the sum insured/limit of indemnity or the other limits of insurance cover, we will only pay an amount for GST (less your entitlement for Input Tax Credit) applicable to the settlement. This means that if these amounts are not sufficient to cover your loss, we will only pay the GST relating to our settlement of the claim.

We will (where relevant) pay you on your claim by reference to the GST exclusive

amount of any supply made by any business of yours which is relevant to your claim.

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

Taxable Percentage is your entitlement to an Input Tax Credit on your premium as a percentage of the total GST on that premium.

**Infectious or Contagious Diseases; Vermin, Pests or Defective Sanitary Arrangements; Food or Drink Poisoning; Murder, Suicide (B)**

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

- (a) infectious or contagious disease manifested by any person whilst at the Premises;
- (b) vermin or pests or defects in the drains or other sanitary arrangements at the premises;
- (c) injury, illness or disease directly caused by the consumption of food or drink provided on the premises;
- (d) murder or suicide occurring in or at the Premises,

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

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

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

**EXCLUSIONS TO ALL SECTIONS**

**PROPERTY EXCLUSIONS**

**IMPERXS4      Impermanent Removals**

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

**AWAYBXS4      Temporary Removal Exemption (B)**

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

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

Our liability shall not exceed the amount of the sub-limit stated in the Schedule of the

policy against "Temporary Removal Exemption" for any one loss or series of losses arising out of any one event or occurrence.

**BUSHRXS4      Business Hours**

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

**LATERXB4      Loss Discovered Late**

Property Exclusion 2(d) is amended to read:

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

**ELECPCE4 Cyber Exclusion**

It is hereby agreed and declared that that the following new Property exclusion is added to this policy

**18. Electronic Data**

Provided that the Insurer will indemnify the Insured for any Damage to Electronic Data arising out of fire, lightning, thunderbolt, explosion, implosion, earthquake, subterranean fire, volcanic eruption, impact, aircraft and/or other aerial device and/or articles dropped therefrom, sonic boom, theft which is a consequence of theft of any computer and/or computer hardware and/or firmware and/or microchip and/or integrated circuit and/or similar device containing such Electronic Data, breakage of glass, the acts of persons taking part in riots or civil commotions or of strikers or of locked out workers or of persons taking part in labour disturbances which do not assume the proportions of or amount to an uprising, storm and/or tempest and/or rainwater and/or wind and/or hail, water and/or other liquids and/or substances discharged and/or overflowing and/or leaking from any apparatus and/or appliance and/or pipes at the premises.

For the purpose of this exclusion Electronic Data means any facts, concepts and/or information converted to a form usable for communications and/or displays and/or distribution and/or processing by electronic and/or electromechanical data processing and/or electronically controlled equipment which includes but is not limited to programs and/or software and/or other coded instructions for such equipment

It is further agreed and declared that Basis of Settlement (e) of this policy is amended to read as follows:

- (e) On computer systems records which includes Electronic Data as defined in Property exclusion 18., documents, manuscripts, securities, deeds, specifications, plans, drawings, designs, business books and other records of every description, the Basis of Settlement shall be the cost of repairing, replacing, reproducing or restoring them, including the information contained on or in them, but excluding the value to the insured of that information. If repairs, replacement, reproduction or restoration is not required, the Basis of Settlement shall be the replacement cost of the materials as blank stationery calculated at the time and place of the Damage, provided that replacement shall have been carried out with reasonable dispatch.

**CAGEFOP4 Decorative Livestock (Fire Cover Only)**

Property Exclusion 6 is amended to read:

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

Our liability shall not exceed the amount of the sub-limit stated in the Schedule of the policy against "Decorative Livestock (Fire Cover Only)" for any one loss or series of losses arising out of any one event or occurrence.

**PAVEDPC4 Paved Areas (B)**

This exclusion is amended to read:

"9(a) bridges, canals, roadways (other than driveways, vehicle parking or manoeuvring areas and other paved areas at the Premises used or occupied by the insured for the purposes of its business) and tunnels, dams and reservoirs (other than tanks) and their contents.

(b) railway tracks (other than on the premises occupied or used by the Insured for the purpose of its business.”

**STORMXB4 Weather Damage to Certain Property**

Property Exclusion 13 is deleted. Our liability shall not exceed the amount of the sub-limit stated in the Schedule of the policy against “Weather Damage to Certain Property” for any one loss or series of losses arising out of any one event or occurrence.

**EXISTPC4 Contract Works - Existing Structure (B)**

This exclusion is amended to read:

“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.”

**BOIL2VS4 Pressure Vessel Perils - Section 2**

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

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

**RDPVSVS4 Resulting Damage to Pressure Vessels**

Property Exclusion 17 is extended to include the following provision:

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

**PERILS EXCLUSIONS**

**DEMOLXS4 Demolition of Damaged Property**

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

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

**EVADEVS4 Prevention of Imminent Damage**

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

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

**FLOODXB4 Flood**

Paragraph (a) of Perils Exclusion 3 is deleted.

**DRAINXS4**

**Flood - Amended Definition**

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

the word 'flood' means the covering of normally dry land by water that has escaped or been released from the normal confines of any of the following:

- (a) a lake (whether or not it has been altered or modified);
- (b) a river (whether or not it has been altered or modified);
- (c) a creek (whether or not it has been altered or modified);
- (d) another natural watercourse (whether or not it has been altered or modified);
- (e) a reservoir;
- (f) a canal;
- (g) a dam.

**TEROLLE4**

**War & Terrorism Exclusion (E)**

It is hereby agreed and declared that Perils Exclusion 1 of this policy is deleted in full and replaced by the following:-

loss, destruction, damage, cost or expense of any nature directly or indirectly caused by, resulting from or in connection with any of the following regardless of any other cause or event contributing concurrently or in other consequence to the loss

- (a) war, invasion, act of foreign enemies, hostilities or war like operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or
- (b) any act of terrorism,

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

- i) involves violence against one or more persons; 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.

- (c) confiscation, nationalisation, requisition or damage to property by or under the order of any government or public or local authority.

Furthermore any loss, destruction, damage, cost or expense of any nature directly or indirectly caused by, contributed to by, resulting from or arising out of or in connection with any action taken in controlling, preventing, suppressing or in any way relating to 1(a) or 1(b) above is also excluded from this policy.



Notwithstanding 1(c) above the Insurer(s) will indemnify the Insured for loss, destruction, damage, cost or expense for the removal of sound property at the premises for the purpose of preventing or diminishing imminent damage by, or inhibiting spread of, fire or any other peril insured by this policy except for those events described in 1(a) or 1(b) above.

**THEFOAP4      Theft of Property in Open Air**

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

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

**RDAIRVS4      Theft in Open - Resultant Damage**

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

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

**FIDELPC4      Dishonest Acts by Employees (C)**

The following provision is added to Perils Exclusion 7(a)(i):

"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."

In addition, the following provision is included at the end of Perils Exclusion 7:

"Provided further that the term 'dishonest acts', in relation to any of the Insured's employees, shall not be deemed to mean acts of arson or vandalism for the purposes of Perils Exclusion 7."

**SUBSDVS4      Subsidence Caused by Seismological Disturbance**

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

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

**HOLDUPC4      Hold-up/Theft**

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

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

#### **LNDVPCB4      Loss of Land Value (B)**

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

(a) in the event of the absolute refusal by the competent local or government Authority to allow the reconstruction of the Premises following destruction or damage, the Insurer(s) shall pay by way of indemnity the amount of excess of the Land Value before the destruction or damage to improvements, over the Land Value after, the destruction or damage to improvements; or

(b) in the event of the competent local or government Authority allowing only partial reconstruction of the Premises after destruction or damage, the Insurer(s) shall pay by way of indemnity the deficiency between the Land Value after such reconstruction and the Land Value before the destruction or damage;

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

#### **Definition**

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

#### **Special Conditions**

1. Settlement shall be made following the ruling of the competent local or government Authority resulting in the loss of land value. Should settlement have been made however and subsequently the ruling of the competent local or government Authority be changed prior to completion of the reconstruction, resulting in an increase in the Land Value, that part of the claim paid in excess of the revised Land Value shall be refunded to the Insurer(s).
2. All differences relating to the Land Value arising out of the Policy shall forthwith be referred to the decision of two registered valuers; one to be appointed by each of the parties and in case the two registered valuers do not agree, of a third valuer, appointed by the President of the Australian Institute of Valuers as an expert, whose decision shall be binding.

### **MEMORANDA TO ALL SECTIONS**

#### **LETGOVS4      Amount of Policy not Reduced by Loss**

The Memorandum under this heading is amended to commence with the words: "Unless the Insured requests otherwise".

#### **TOPUPXS4      Automatic Reinstatement**

The Memorandum applicable to all Sections and headed "Amount of Policy not Reduced by Loss" is further amended to read:

**EVNTCVS4      Event (C)**

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

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

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

**NOSUBVS4      Public Authorities, Storage Lease and Hire Agreements**

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

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

1. release any statutory governmental, semi-governmental or municipal authority from any liability if required by any contract to do so;
2. agree to enter into a contract for storage of goods or merchandise even if the terms of the contract include a disclaimer clause; and
3. agree to enter into a lease for occupancy of any building or part of a building or a lease or hiring of property where the terms of the lease or hiring include a disclaimer clause in favour of the lessor or the owner."

**PTNERXB4      Subrogation Waiver (Partners)**

The wording of the memorandum to all Sections, headed "Subrogation Waiver", is amended to read:

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 Insured named or described by this policy (including its directors, partners, officers, employees or servants);
- (b) any corporation or organisation (including its directors, officers, partners, 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.

**OTHERXB4      Subrogation Waiver (Other Interested Parties)**

The wording of the memorandum to all Sections, headed "Subrogation Waiver", is extended to include the following paragraph:

Any party described in the memorandum to Section 1, headed "Interests of Other Parties", unless the Insured expressly agrees to the pursuit of recovery action against that party.

**SUBROPC4 Subrogation**

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

**ADJPMXB4 Adjustment of Premium**

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

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

**ACQPRPC4 Declarations of Acquired Property (B)**

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

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

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

**CONDITIONS APPLICABLE TO ALL SECTIONS****UNDISYB4 Misdescription, Non-Disclosure and Alteration**

Condition 1 of the policy is extended to include the following paragraph:

Notwithstanding the provisions of Conditions 1 and 2, the Insured shall not be prejudiced by any unintended and/or inadvertent error, omission or misdescription of the risk, interest or property insured under the policy, failure to advise the Insurer(s) of any change of risk, interest or property insured or failure to comply with any statutory requirement, provided that the Insured's officer responsible for insurance shall, upon becoming aware of any such unintended and/or inadvertent act, error or omission, inform the Insurer(s) as soon as reasonably practicable and that the Insured shall, upon request, pay any reasonable extra premium to the Insurer(s) from the date of the increase in risk.

**BREAKXB4 Breach Of Conditions**

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

**ALTERVS4      Alteration (A)**

Condition 2 is extended to include the following additional provision:

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

**ALTERXS4      Alteration (B)**

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

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

**SPRAYPC4      Sprinkler Installations (C)**

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

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

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

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

**CONTBXB4      Other Insurance**

Condition 4 is deleted.

**CANCNXS4      Cancellation by the Insured**

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

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

**CLMSBVS4      Notification of Claims (B)**

The first paragraph of Condition 6 is amended to read:

On the happening of any loss, destruction or damage, the Insured shall forthwith give notice thereof in writing to the Insurer(s) and shall as soon as reasonably practicable deliver to the Insurer( s) a claim in writing containing as particular an account as may be reasonably practicable of the items of property lost, destroyed or damaged and

the amount of Damage having regard to their value at the time this occurred and of the amount of any claim under Section 2 of this Policy, together with details of any other insurances which may apply to the claim.

**COND9VS4 Insurers' Rights**

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

**BITE1XS4 Order Of Priority – Subrogation Recoveries**

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

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

**BICOVXB4 Termination of Cover Under Section 2 (A)**

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

"If during the currency of the policy the Insured:

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

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

**BREAKXB4 Breach of Conditions**

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

**PAYGOVS4 Progress Payments**

The words "may be made" in Condition 15 are amended to read "shall be made".

**SANCVA4 Sanctions clause**

The insurer shall not be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would contravene any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of Australia.



## GROSS RENTAL SPECIFICATION (C)

The following clauses are deleted from the policy:

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

Definitions of:

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

Memoranda entitled:

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

and replaced by the following clauses:

### "Item No. 1

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

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

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

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

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

Provided further that;

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

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

### Definitions

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

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

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

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

### Memoranda

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

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

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

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

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

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

## Optional Cover 1

### Rent Default Cover

Where this Rent Default cover has been selected by the Insured, the applicable sub limit will be shown on the policy schedule. If no sub limit is noted, this cover does not apply.

#### Definitions

**Bond Money:** any money paid by or on behalf of the tenant held as security against any damage to the property insured, rent owed, re-letting costs, or any other expenses.

**Lease Agreement:** the written and enforceable agreement between the insured and the tenant to rent the property insured and which is subject to the relevant State or Territory legislation relating to the rental of commercial property. Whether the agreement is for a fixed term, periodical or a tenancy at will immediately following a lease agreement.

**Agent:** a person, company or entity acting on behalf of the insured who is

- A licensed real estate agent or,
- A licensed property manager or,
- An approved property manager.

**Notice to Remedy Breach** means a written document that informs the other party that they have broken the lease agreement. The notice informs the other party there is a problem or dispute and asks for the situation to be fixed within a certain timeframe.

**Rent Default** means the tenant fails to pay the rent in accordance with the Lease Agreement.

#### Scope of Cover

##### (A) Rent Default

The policy will indemnify the Insured for rent lost by reason of rent default if the tenant;

- absconds from the property insured before the end of the tenancy period stated in the lease agreement and does not give proper notice as per the lease agreement or,
- ceases to pay rent owed under the terms of the lease agreement or,
- Is legally evicted from the property insured

Where there is a periodic tenancy or a tenancy at will, the policy will indemnify the insured for the actual rent lost in accordance with the lease agreement. The policy will not respond where there is no liability to pay rent under the lease agreement by the tenant or ex-tenant.

##### (B) Failure of a Tenant to Give Vacant Possession

The policy will indemnify the Insured for rent lost where the tenant refuses to pay rent and also refuses to vacate the property insured after an order for eviction or possession has been served on them by a legal authority such as a bailiff, court or tribunal.

##### (C) Release from lease obligation due to hardship

The policy will indemnify the insured for rent lost because a court or tribunal has released the tenant from their obligation to pay rent due to hardship.

#### Basis of Settlement

For events (A) (B) and (C) the policy will indemnify the Insured for the actual weekly amount for which the property insured is leased as follows.

Weeks 1 to 4	No payment will be made for this period.
Weeks 5 to 12	100%
Weeks 13 to 26	75%

#### **(D) Legal Costs**

The policy will indemnify the Insured for legal costs up to \$10,000 incurred to;

- Legally evict tenants or,
- Recover amounts owed under the terms of a valid lease agreement or,
- Otherwise mitigate a loss under this Rent Default endorsement.

The policy will not indemnify the Insured for the legal costs incurred to recover any amount owed which relates solely to the payment or recovery of the first 4 weeks rent of any claim under this policy.

#### **Specific Conditions applicable to Rent Default Cover**

1. The Insured must have a valid lease contract with the tenant. The policy will only indemnify the Insured where the tenant breaches the lease agreement for the property insured.
2. The Rent Default cover will not indemnify the Insured if the rent is in arrears on or before the commencement of the period of insurance or, if mid term, when the Rental Default endorsement is requested. Cover for this Rent Default endorsement will not commence until any rent arrears have been paid in full and the tenant has paid rent in accordance with the lease agreement for a period of not less than four consecutive weeks.
3. Any claims for Rent Default Cover will be reduced by the balance of any Bond Money that can be legally used to reduce or pay for any loss or damage after the deduction of any other expense that the Insured is legally entitled to deduct from the Bond Money such as clean up costs, rent owing or reletting expenses.
4. The policy will only indemnify the Insured where the Insured has taken all reasonable steps legally available to them under the relevant State or Territory legislation relating to commercial leases to mitigate any loss and/or evict the tenant.

#### **Specific Exclusions applicable to Rent Default Cover**

The policy will not indemnify the insured;

1. Where the tenant has carried on their business in its current form or occupation for less than 12 months.
2. Where the insured property is not managed by an Agent as defined in this endorsement.
3. Where the Insured has failed to rectify a Notice to Remedy Breach issued by the tenant on the insured or their agent.

## Optional Cover 2

### Tax Audit Cover

Where this Tax Audit cover has been selected by the Insured, the applicable sub limit will be shown on the policy schedule. If no sub limit is noted, this cover does not apply.

Definitions applying to this section

Word or Term	Meaning
Accountant's fees	Fees, charges, expenses and disbursements rendered by any accountant, assessor, consultant, investigator or by any mediator appointed by any alternative dispute resolution centre which are reasonably and properly incurred in relation to any statutory tax audit.
Business	the business of the insured as described on the Policy Schedule.
Culpability component	A determination by a relevant statutory authority signifying circumstances consequent to which the insured incurs a culpability component signifying, or which has been imposed on the basis of, reckless or deliberate tax evasion or similar offence by the insured.
Occurrence	any occurrence which may give rise to a statutory tax audit.
Statutory tax audit	An official examination and verification of accounts and records from a relevant statutory body, related to a statutory tax audit which incurs accounting costs arising in the course of and in the normal conduct of its business.

#### Cover

The policy indemnifies the Insured up to the sum insured specified in the Policy Schedule in respect of their liability to pay the fees of an accountant engaged by them in connection with an audit of their Business conducted pursuant to a statutory tax audit, where:

- (a) notification of the audit occurred during the period of insurance, and
- (b) notification of the audit is given to the insurer during the period of insurance

less the amount of the excess shown on your Policy Schedule.

#### Limit of liability

The aggregate limit of liability in any one period of insurance for all claims arising out of the one Occurrence will not exceed \$25,000.

#### Our consent

The insurer shall be under no liability to make any payment in relation to accountant's fees incurred unless their prior written consent has been obtained in accordance with the terms and conditions of this Policy.

The Insurer shall be entitled at any time to withdraw the indemnity granted under this Policy if it appears to the insurer that the insured no longer has reasonable grounds for defending the tax audit whereupon insurers will not be liable in respect of any Accountant's fees incurred thereafter.

Insurer's agreement to make any payment in relation to statutory tax audit and accountant's fees and insurer's approval of the insured's accountant, do not constitute any acknowledgement that all accountant's fees charged by the insured's accountant are reasonable and are to be reimbursed in accordance with the terms of this Policy.

#### Substantiation of claim

Subject to the terms, conditions, limitations and exclusions of this Policy, the insurer agrees to indemnify the insured up to a maximum of \$1,000 any one claim for substantiation of a claim and for which documentary evidence only is required.

## **Exclusions**

Insurers will not pay accountant's fees:

- (a) unless insurers are satisfied that the applicable culpability component has not been or is not likely to be imposed in excess of 50% assessable related to the culpability scale imposed pursuant to the relevant culpability scale applicable to those Acts set out in the definition of statutory tax audit above of the appropriate State,
- (b) incurred in the defence of any statutory tax audit arising out of any directorship or the holding of any other position or office with any corporation,
- (c) arising out of an audit commenced outside the period of insurance,
- (d) in respect of work undertaken by the insured or income derived by the insured outside Australia,
- (e) arising out of any delay in the submission of an income tax return,
- (f) in circumstances where the insured, in respect of a final assessment of taxable income and/or income tax payable, incur a Culpability component signifying, or which has been imposed on the basis of, recklessness or deliberate tax evasion or similar offence by the insured,
- (g) arising out of the failure of a third party to submit an income tax return,
- (h) in respect of an audit where the returns for the period in question were not prepared by or approved by an independent accountant or registered tax agent prior to lodgement with the Australian Taxation Office.

Notwithstanding anything to the contrary in this Policy, insurers will not pay accountant's fees incurred in the defence of any statutory tax audit in circumstances where the insured:

- (i) are or become bankrupt or commit an act of bankruptcy;
- (ii) make or enter into a scheme of arrangement or compromise with creditors;
- (iii) being a corporation, are in liquidation or come under the control of a receiver or receiver and manager or an agent for a mortgagee in possession.

## **Conditions applying to this section**

The following conditions apply to this section of the Policy.

There are also general conditions which apply to all sections of this Policy.

### **The insured's obligations**

The insured must at all times exercise care and take all necessary precautions to avoid incurring any liability which might give rise to a claim under this Policy and must not recklessly pursue a course of action which will inevitably result in a claim under this Policy.

### **Notification of occurrences and claims**

- (a) If, during the period of insurance, the insured becomes aware of any occurrence which may give rise to a claim under this Policy the insured must give insurers immediate notice in writing. Any subsequent tax audit arising out of such Occurrence shall be deemed to have been commenced during the period of insurance.
- (b) The insured must, upon receipt of any notice, whether written or oral, of any intention to make a claim or demand or issue a writ or summons against the insured or upon becoming aware of any allegation which may give rise to any such claim, demand, writ or summons or upon the discovery of any Occurrence, immediately notify insurers in writing as soon as practicable during the period of insurance and shall provide full information in respect thereof. Notwithstanding anything to the contrary in this Policy, the accountant shall be appointed by and on the insured's behalf and the insured shall be primarily liable for the payment of Accountant's fees incurred by that accountant.
- (c) The insured must authorise and instruct the accountant:
  - (i) to disclose to insurers all such information and documentation as the insurers may require from time to time;
  - (ii) to keep the insurer fully and continually informed of all material developments in the tax audit and of the completion of the statutory tax audit;
  - (iii) to advise the insurer immediately of any offers or compromise proposals or recommendations to make offers or compromise proposals; and



- (iv) to advise the insurers if, in the accountant's opinion, there is no longer any reasonable prospect of success or if the prospects for success materially alter.
- (d) The insured must not unreasonably refuse to follow the advice of the accountant as to the conduct of the statutory tax audit including advice relating to the making or accepting of any offer to settle or the discontinuance of the statutory tax audit.
- (e) The insured must afford the accountant full co-operation in the pursuit or defence of the statutory tax audit.

#### **Taxation of costs**

- (a) The insured must forward copies of all accounts for Accountant's fees, and any correspondence relating to them to insurers upon receipt and must not pay or otherwise compromise or settle such account without giving us at least 14 days prior notice.
- (b) If instructed by insurers, the insured must direct any accountant or other person retained on the insured's behalf in the conduct of the statutory tax audit to have any account or charge referred to any relevant authority to be taxed, assessed or audited.

#### **Recovery of costs**

- (a) The insured must pay to insurers any and all costs, up to the amount of the Accountant's fees incurred by insurers, which are recovered by the insured in connection with the statutory tax audit and the insured will take at insurers expense every measure to recover such Accountant's fees from any third party.
- (b) Insurers shall not exercise any rights of subrogation that may accrue as a consequence of any payment made under this Policy against any director, partner or subcontractor of the insured, unless such payment has been brought about or contributed to by the dishonest, fraudulent or criminal act of such director, partner or subcontractor.
- (c) Insurers may limit or exclude their liability in relation to any Accountant's fees if the insured, without the insurers prior written consent which consent may be withheld in the insurer's absolute discretion, enter into any agreement or other arrangement of understanding which has the effect of limiting or denying the insurer's rights of subrogation in relation to such accountant's fees.

#### **Failure to comply with conditions**

If the insured fails to comply with any of the terms or conditions of this Policy, insurers may reduce the insurer's liability in relation to any Accountant's fees by an amount that fairly represents the extent to which insurer's interests have been prejudiced as a result of that failure or omission. If the act or omission giving rise to such failure could reasonably be regarded as being capable of or causing or contributing to a loss in respect of which cover is provided under this Policy, insurers may refuse to indemnify the insured in respect of the claim.

#### **Recovery**

In the event that any statutory tax audit results in the insured receiving an award of damages, the insured will pay a pro rata proportion of those damages to insurers calculated on the basis of the insurer's contribution to accountant's fees, up to but not exceeding the amount expended by insurers on such accountant's fees.

#### **Excess**

The amount of each claim otherwise payable shall be reduced by the amount of the excess shown on your Policy Schedule.

## Optional Cover 3

# MACHINERY BREAKDOWN (PHYSICAL DAMAGE AND EXPEDITING COSTS)

Where this Machinery Breakdown cover has been selected by the Insured, the applicable sub limit will be shown on the policy schedule. If no sub limit is noted, this cover does not apply.

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

For the purpose of this endorsement:

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

#### Property Exclusions:

physical loss or destruction of or damage to

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

#### Perils Exclusions:

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

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

Provided that Perils Exclusions (a)(i) and (ii) shall be limited to the part(s) of the Machinery immediately so affected and shall not apply to any other part(s) of the Machinery undergoing sudden and unforeseen damage in consequence thereof.

- (b) repair or renewal of non-metallic parts and expendable tools, blades, edges, moulds, dies, templates, screens, sieves, ropes, belts and like items subject to rapid wear and tear unless repair or renewal thereof is necessitated by the occurrence of damage (as insured by this endorsement) to any other part(s) of the Machinery;
- (c) damage:
  - (i) arising from the intentional application of any tool or process to the Machinery during the course of repair, alteration, modification, maintenance or overhaul thereof.
  - (ii) to the Machinery resulting from the imposition of abnormal conditions relating to testing or intentional overloading of or experiments with the Machinery, unless

- the Insurer(s) shall have agreed in writing to grant indemnity under this endorsement whilst the Machinery is being operated under such conditions.
- (iii) to the Machinery resulting from fault(s) or defect(s) therein known to the Insured or to responsible employees of the Insured but not disclosed to the Insurer(s) at the commencement of the period of insurance.
  - (d) consequential loss of any kind (including consequential loss due to lack of performance, loss of contract or payment in respect of any contractual fine or penalty due to late or non-performance of services by the Insured).

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

- (a) penalty rates for wages during overtime, shift, night, Sunday or holiday working;
- (b) payment for carriage by express passenger, fast goods or other rail or road transport;
- (c) payment for carriage by air freight via licensed airline(s) operating a regular scheduled service but not by aircraft chartered for such carriage, unless agreed in writing with the Insurer(s).

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

### **EDP BREAKDOWN**

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

The following "Exclusions - Applicable to all Sections" shall not apply to the cover granted by this endorsement:

Exclusion	Number
Property	16
Perils	4.(a)
Perils	4.(c)
Perils	4.(e)
Perils	6.(c)

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

### **PRESSURE VESSEL EXPLOSION**

Property Exclusion 17 is deleted and the policy is extended to include damage to boilers and pressure vessel plant caused by their own Explosion or Collapse.

Explosion shall mean the sudden and violent rending of the permanent structure of the plant by force of internal steam or fluid pressure or bodily displacement of any part of such structure together with forcible ejection of its contents. Except in the case of a steam test at a pressure not exceeding the maximum pressure permitted by the inspecting authority, the term explosion shall not mean failure under any test. Collapse shall mean the sudden and dangerous distortion of any part of the permanent structure of plant by bending or crushing caused by force of steam or fluid pressure whether attended by rupture or not. Except in the case of a steam test at a pressure not exceeding the maximum pressure permitted by the inspecting authority, the term collapse shall not mean failure under any test.

The following defects do not constitute Explosion or Collapse even though repair or replacement may be necessary:

- (i) wearing away or wasting of the material of the plant whether by leakage, corrosion or by the action of the fuel or otherwise;
- (ii) slowly developing deformation or distortion of any part of the plant;

- (iii) cracks, fractures, blisters, laminations, flaws or grooving even when accompanied by leakage or damage to tubes, headers or other parts of the plant caused by over-heating or leakage at seams, tubes or other parts of the plant;
- (iv) failure of joints;

but Explosion or Collapse arising from any such defect is not excluded hereby.

The term Boiler and Pressure Vessel Plant includes any connected super-heaters, economisers, mountings, fittings, valves and steam piping.

Specific Exclusions to this endorsement Damage arising during the application of hydraulic test of the plant and occasioned thereby. If at the time of Explosion or Collapse or other damage insured by this extension:

- (a) the load on the safety valve or safety valves upon the particular item of plant was in excess of that permitted by the latest certificate issued in accordance with Boiler Inspection Regulations applicable thereto, or,
- (b) if any safety valve limiting the pressure is removed or rendered inoperative, or,
- (c) where certificates of inspection are issued by a Government Department, if the particular item of plant was not so certified –

then the Insured shall not be entitled to any indemnity under this endorsement.

The undernoted "Exclusions - Applicable to All Sections" shall not apply to the cover granted by this endorsement.

Exclusion	Number
Property	16
Perils	4.(c)
Perils	4.(e)

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

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This Policy is underwritten by QBE Insurance (Australia) Limited  
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