



QBE Insurance (Australia) Limited

QBE Mark IV ISR Policy

Industrial Special Risk Insurance Policy

This is an important document about insurance. It explains what is and what is not covered under the insurance policy and your and our obligations. To check the policy meets your needs, you need to understand it. If you cannot read and understand English please seek assistance from someone who can help you understand it in your preferred language.

此乃關於保險的重要文件，它解釋了根据保單條款什麼是受保、什麼是不受保項目，以及你方和我方的責任條款。你必須要了解後才能決定這項保險是否能滿足你的需要。如果你不能閱讀和理解英文，請向能幫助你用你熟悉的語言理解內容的人求助。

هذه وثيقة هامة عن التأمين، تشرح ما تغطيه بوليصة التأمين وما لا تغطيه بالإضافة إلى التزاماتنا والتزاماتك. يجب عليك فهم محتوى البوليصة حتى تتأكد من أنها تفي باحتياجاتك. إذا لم تكن تجيد قراءة الإنجليزية وفهمها، أطلب المساعدة من شخص يستطيع أن يعينك على فهم هذه الوثيقة باللغة التي تفضلها.

此乃關於保險的重要文件，它解釋了根據保單條款什麼是受保、什麼是不受保項目，以及你方和我方的責任條款。你必須要了解後才能決定這項保險是否能滿足你的需要。如果你不能閱讀和理解英文，請向能幫助你用你熟悉的語言理解內容的人求助。

Đây là một tài liệu quan trọng về bảo hiểm. Nó giải thích những gì được và những gì không được bảo hiểm theo hợp đồng bảo hiểm cũng như những nghĩa vụ của quý vị và của chúng tôi. Để kiểm tra liệu hợp đồng bảo hiểm có đáp ứng được những nhu cầu của quý vị hay không, quý vị cần phải hiểu nó. Nếu quý vị không thể đọc và hiểu tiếng Anh, vui lòng nhờ ai đó có thể giúp giải thích hợp đồng cho quý vị bằng ngôn ngữ quý vị ưa dùng.

Questo è un documento importante sull'assicurazione. Spiega cosa è e cosa non è coperto in base alla polizza assicurativa ed i tuoi ed i nostri obblighi. Per verificare che la polizza soddisfi le tue esigenze, devi capirla. Se non puoi leggere e capire l'inglese, fatti assistere da qualcuno che possa aiutarti a capirla nella tua lingua preferita.

Αυτό είναι ένα σημαντικό έγγραφο σχετικά με την ασφάλιση. Εξηγεί τι είναι και τι δεν καλύπτεται από το ασφαλιστήριο συμβόλαιο και τις δικές σας και τις δικές μας υποχρεώσεις. Για να ελέγξετε αν αυτό ανταποκρίνεται στις ανάγκες σας, πρέπει να το κατανοήσετε. Εάν δεν διαβάζετε ή δεν κατανοείτε την αγγλική γλώσσα, παρακαλείστε να ζητήστε βοήθεια από κάποιον που μπορεί να σας βοηθήσει να το κατανοήσετε στη γλώσσα που προτιμάτε.

यह बीमा के बारे में एक महत्वपूर्ण दस्तावेज़ है। इसमें यह विवरण दिया गया है कि बीमा पॉलिसी में क्या कवर्ड (बीमे द्वारा सुरक्षित) है और क्या कवर्ड (बीमे द्वारा कवर्ड) नहीं है तथा इसमें आपके और हमारे दायित्वों के बारे में भी बताया गया है। यह जांच करने के लिए कि क्या पोलिसी आपकी आवश्यकताओं को पूरा करती है, आपको इसे समझने की आवश्यकता है। यदि आप अंग्रेज़ी पढ़ और समझ नहीं सकते/सकती हैं तो कृपया किसी ऐसे व्यक्ति से सहायता लें जो आपको इसे आपकी पसंदीदा भाषा में समझाने में मदद कर सकता हो।

Este es un documento importante sobre seguros. En él se explica lo que cubre y no cubre su póliza de seguro y tanto sus obligaciones como las nuestras. Deberá entenderlo para determinar si la póliza se adapta a sus necesidades. Si no lee ni entiende inglés, solicite la ayuda de alguien que le pueda ayudar a entenderlo en su idioma.

ਇਹ ਬੀਮੇ ਬਾਰੇ ਇੱਕ ਮਹਤਵਪੂਰਨ ਦਸਤਾਵੇਜ਼ ਹੈ। ਇਸ ਵਿੱਚ ਇਹ ਵੇਰਵਾ ਦਿਤਾ ਗਿਆ ਹੈ ਕਿ ਬੀਮਾ ਪਾਲਿਸੀ ਤਹਿਤ ਕੀ ਕਵਰਡ (ਬੀਮੇ ਦੁਆਰਾ ਸੁਰਖਿਅਤ) ਹੈ ਅਤੇ ਕਿ ਕਵਰਡ (ਬੀਮੇ ਦੁਆਰਾ ਸੁਰਖਿਅਤ) ਨਹੀਂ ਹੈ ਅਤੇ ਇਸ ਵਿੱਚ ਤੁਹਾਡੀਆਂ ਅਤੇ ਸਾਡੀਆਂ ਜ਼ੋਮੇਵਾਰੀਆਂ ਬਾਰੇ ਵੀ ਦਸਿਆ ਗਿਆ ਹੈ। ਇਹ ਜਾਂਚ ਕਰਨ ਲਈ ਕਿ ਕੀ ਪਾਲਿਸੀ ਤੁਹਾਡੀਆਂ ਲੋੜਾਂ ਨੂੰ ਪੂਰਾ ਕਰਦੀ ਹੈ, ਤੁਹਾਨੂੰ ਇਸਨੂੰ ਸਮਝਣ ਦੀ ਲੋੜ ਹੈ। ਜੇ ਤੁਸੀਂ ਅੰਗਰੇਜ਼ੀ ਪੜ੍ਹ ਤੇ ਸਮਝ ਨਹੀਂ ਸਕਦੇ ਹੋ ਤਾਂ ਕਿਰਪਾ ਕਰਕੇ ਕਿਸੇ ਅਜਿਹੇ ਵਿਅਕਤੀ ਤੋਂ ਮਦਦ ਲਵੋ ਜੋ ਤੁਹਾਡੀ ਪਸੰਦੀਦਾ ਭਾਸ਼ਾ ਵਿੱਚ ਤੁਹਾਨੂੰ ਇਸਨੂੰ ਸਮਝਣ ਵਿੱਚ ਮਦਦ ਦੇ ਸਕੇ।

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About this booklet

There are two parts to this booklet. The first part is Important Information about this Policy including information about how we'll protect your privacy and how to make a complaint or access our dispute resolution service.

The second part is your Policy Wording which sets out the detailed terms, conditions and exclusions of the Policy.

Because we don't know your own personal circumstances, you should treat any advice in this booklet as purely general in nature. It doesn't consider your objectives, financial situation or needs. You should carefully consider the information provided with regard to your personal circumstances to decide if it's right for you.

For more information or to make a claim

Please take the time to read through this booklet and if you have any questions, need more information or to confirm a transaction, please contact:

- your financial services provider. The contact details for your financial services provider are set out in the documentation they give you.

The section titled 'Claims' at the end of this booklet tells you the full details about what you need to do in the event of a claim. If you'd like to make a claim or to enquire about an existing claim please contact:

- your financial services provider.

About QBE

QBE Insurance (Australia) Limited ABN 78 003 191 035 AFSL 239545 (QBE) is a member of the QBE Insurance Group of companies. QBE Insurance Group Limited ABN 28 008 485 014 is the ultimate parent entity and is listed on the Australian Securities Exchange (ASX: QBE). We have been helping Australians protect the things that are important to them since 1886.

QBE in the community

Premiums4Good™

We are committed to giving back to the communities that we operate in. Through Premiums4Good, we invest a portion of customer premiums into impact investments that aim to make positive environmental or social change, alongside a financial return. It's just another way we help in enabling a more resilient future.

Important Information

In this first part of the booklet we explain important information about this Policy including how we'll protect your privacy and how to make a complaint or access our dispute resolution service.

General Insurance Code of Practice

QBE is a signatory to the General Insurance Code of Practice (Code) and is committed to providing high standards of service. The Code covers topics like buying insurance, how claims are handled, what happens if financial hardship occurs, and complaint handling. You can read the Code at insurancecouncil.com.au

The Code Governance Committee is an independent body that monitors and enforces insurers' compliance with the Code. For more information about the Code Governance Committee please visit insurancecode.org.au

We recognise that family and domestic violence is a complex issue and we take it seriously. For more information about support, our Family and Domestic Violence Customer Support Policy is available at qbe.com/au

Privacy

We take the security of your personal information seriously.

We will collect personal information directly from you when you deal with us, or sometimes through our agents, other companies in the QBE group or suppliers acting on our behalf. We will only ever collect the personal information we need in order to provide our services to you, such as issuing and administering our products and services and processing claims. We will obtain consent before collecting sensitive information, such as health information, unless we are required or permitted by law to collect it without consent. Sometimes we may store and disclose your personal information overseas. When we do this, we ensure your information is retained in accordance with the Australian *Privacy Act 1988* and local privacy laws.

Our Privacy Policy describes in more detail from whom we collect personal information, as well as where we store it and the ways we could use it. You can find it at qbe.com/au/about/governance/privacy-policy

If you would like to access or correct your personal information please contact us at customercare@qbe.com or on 1300 650 503.

Complaints

We're here to help. If you're unhappy with any of our products or services, or the service or conduct of any of our suppliers, please let us know and we'll do our best to put things right.

Step 1 – Talk to us

Your first step is to get in touch with the team looking after your Policy, direct debit or claim. You'll find their contact details on your policy documents, letters or emails from us.

Please provide our team with as much information as possible so they can try to fix the problem quickly and fairly.

For additional assistance in lodging a complaint, please refer to qbe.com/au

Step 2 – Customer Relations

If your complaint isn't resolved by the team looking after your Policy, direct debit or claim, you can ask them to refer your complaint on to our Customer Relations team. A Dispute Resolution Specialist will review your complaint independently and provide you with our final decision.

You can also contact the Customer Relations team directly:

Phone:	1300 650 503
Fax:	(02) 8227 8594
Email:	complaints@qbe.com
Post:	GPO Box 219, Parramatta NSW 2124

Step 3 – Still not resolved?

If we're unable to resolve your complaint to your satisfaction within a reasonable time, or you're not happy with our final decision, you can refer your complaint for external dispute resolution by contacting the Australian Financial Complaints Authority (AFCA). We are a member of AFCA and their decisions are binding on us.

Phone:	1800 931 678
Email:	info@afca.org.au
Post:	GPO Box 3, Melbourne VIC 3001

AFCA will inform you if your complaint falls within its jurisdiction. Time limits apply to most complaints to AFCA. For more information, visit afca.org.au

More information

You can find more information about how we deal with complaints on our website at qbe.com/au or you can call us on 133 723 to speak with us or request a copy of our complaints brochure at no charge by us.

Complaints just about privacy

If you're not happy with how we've handled your personal information, call us on 1300 650 503 or email us at customercare@qbe.com. If you're not satisfied with our response, you can contact the Office of the Australian Information Commissioner (OAIC):

Phone:	1300 363 992
Email:	enquiries@oaic.gov.au
Post:	GPO Box 5288, Sydney NSW 2001

Insurance Policy Mark IV (Modified) and further modified including QBE endorsements.

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.

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 indemnity value. If such property is obsolete, the Basis of Settlement, whether or not such property is replaced, shall be the indemnity value.

(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 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. The claim will not be affected to the extent that the Insurer(s) caused or contributed to the delay. If such goods are obsolete, the Basis of Settlement whether or not such goods are replaced shall be the indemnity value.

(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 indemnity value.

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

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

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

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

(g) *On glass:*

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

- (i) temporary shuttering and/or hiring of security service pending replacement of broken glass;
- (ii) 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, if it is economical to do so, reinstate, replace or repair such property or any part thereof. In any event the Insurer(s) will pay costs incurred by the Insured in accordance with the provisions of the Extra Cost of Reinstatement Memorandum.

Memoranda to Section 1

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

Interests of Other Parties

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

Where the insurance covers the interest of more than one party, any act or neglect of an individual party will not prejudice the rights of the remaining party/parties; provided the remaining party/parties shall, as soon as practicable, on becoming aware of any act or neglect whereby the risk of damage has increased, give notice in writing to the Insurer(s). Where the risk of damage has increased, the Insurer(s) may require the Insured to pay an additional premium to cover the increased risk. The Insurer(s) will inform the Insured if this is required.

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, other than to the extent that the insurer(s) caused or contributed to the delay.
- (ii) When any property insured to which this Memorandum applies is damaged in part only, the liability of the Insurer(s) shall not exceed the sum representing the cost which the Insurer(s) could have been called upon to pay for reinstatement if such property had been wholly destroyed.
- (iii) Property insured under this memorandum is separately subject to the following Co-insurance clause:

In the event of damage to any property insured hereunder at any situation caused by 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 85% of the cost which would have been incurred in reinstatement if the whole of such property had been destroyed on that day, but not exceeding the Limit of Liability expressed in the Schedule.

Provided that if the sum actually incurred or expended in rebuilding or replacing the damaged property, within the meaning of sub-paragraph (a) of the 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 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:

(A) 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.

(B) where requested by the Insured, the Insurer will make payments for the cost of reinstatement up to the amount payable under the Policy on presentation by the Insured of valid evidence of the costs of reinstatement that have been incurred. 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-Limit(s) 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. The claim will not be affected to the extent that the insurer(s) caused or contributed to the delay.
- (ii) The amount recoverable shall not include the additional cost incurred in complying with any such Act, Regulation, By-Law or requirement with which the Insured had been required to comply prior to the happening of the damage.
- (iii) Co-insurance shall not be applied to the amount recoverable under this memorandum and any amount specified shall not be taken into account for Co-insurance purposes in terms set out in any clause contained in 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 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.

And provided the Insured agrees to pay to the Insurer such reasonable additional premium required for the Period of Insurance to cover the added risk insured and comply with the risk improvement requirements of the Insurer for the security and/or safety of such property.

For the purposes 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 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 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 to Section 2

Except to the extent that 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 reasonably required by the Insurer(s) for the purpose of investigating or verifying any claim hereunder may be produced and certified by the Insured's auditors and their certificate shall be prima facie evidence of the particulars and details to which such certificate relates.

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

Public Utilities Extensions

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

Turnover/Output Alternative

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

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

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

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

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

Computer

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

Salvage Sale

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

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

'(a) In respect of Reduction in Turnover

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

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

'SHORTAGE IN TURNOVER

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

Premises in the Vicinity (Prevention of Access)

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

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

Registered Vehicles and/or Trailers

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

Exclusions

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 15 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 process of, and as a result of, its manufacture;

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 (which shall mean the discharge, dispersal, release or escape of smoke, vapours, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials or other irritants, contaminants or pollutants into or upon any property, land, atmosphere or any watercourse or body of water (including groundwater), 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. This means cover is not provided for anything not expressly described in the cover sections of the Policy, including, for example consequential loss due to delay, lack of performance, loss of contract or depreciation in the value of land or stock, except as herein provided in Section 2.

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 provided that the Insured pays a pro-rata additional premium calculated on the amount of the loss settlement at the rate(s) agreed for the Period of Insurance. If the Insured does not pay the additional premium, the Limit of Liability or Indemnity Period shall not be reinstated.

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) 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
 - (ii) if the non-disclosure or misrepresentation was fraudulent, the Insurer(s) may treat this Policy as if it had never existed.

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, as disclosed at the commencement or renewal of this Policy or in the Schedule, 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 as soon as reasonably practicable, be 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 agreed by the Insured and 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 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.
- (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 as soon as reasonably practicable give notice thereof in writing to the Insurer(s) and shall (as soon as reasonably practicable 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.

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

7. Fraud

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

8. Reinstatement

If the Insurer(s) elect(s) or become(s) bound to reinstate or replace any property, the Insured shall at the Insured's own expense, produce and deliver to the Insurer(s) all such plans, documents and information as the Insurer(s) may reasonably require. If the Insurer(s) are unable to reinstate exactly or completely, they shall reinstate 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, in consultation with the Insured, 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 the Insurer(s) may reduce the amount of any settlement to the extent that they are prejudiced. The Insured shall not in any case be entitled to abandon any property to the Insurer(s) whether taken possession of by the Insurer(s) or not.

10. Subrogation

- (a) Any person claiming under this Policy shall, at the request and at the expense of the Insurer(s), do and concur in doing and permit to be done such acts and things as may be reasonably 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 report to the police as soon as reasonably practicable after becoming aware of any loss by theft or of any wilful or malicious damage which may give rise to a claim under this Policy.

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.

The Insurer(s) may reduce or refuse to make any payment under this Policy to the extent the Insurer(s) are prejudiced by the noncompliance.

15. Progress Payments

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

16. Headings

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

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.

Liability To Make Enquiries

(This clause is only operative when a sub-limit is shown in the Schedule)

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.

Statutory Inquiries

(This clause is only operative when a sub-limit is shown in the Schedule).

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.

Damage Diminution and Accidental Discharge Costs

(This clause is only operative when a sub-limit is shown in the Schedule).

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' for any one loss or series of losses arising out of any one event or occurrence.

Loss Minimisation

(This clause is only operative when a sub-limit is shown in the Schedule).

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' for any one loss or series of losses arising out of any one event or occurrence.

Unpacking Expenses

(This clause is only operative when a sub-limit is shown in the Schedule).

This policy extends to include costs and expenses incurred by the Insured in taking inventory (including unpacking, repacking and restocking) to identify, quantify and value any property physically lost, destroyed or damaged by any peril insured against by this Section including examination of property not belonging to but in the care, custody or control of the Insured. Our liability shall not exceed the amount of the sub-limit stated in the Schedule of the policy against 'Unpacking Expenses' for any one loss or series of losses arising out of any one event or occurrence.

Exploratory Costs

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

Demolition and Removal of Owned Property

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

Reinstatement of Undamaged Property

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

Award Liability for Employees' Clothing and/or Tools (B)

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

Personal Property of Employees and Others

(This clause is only operative when a sub-limit is shown in the Schedule).

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).'

Accompanied Baggage in Australia

(This clause is only operative when a sub-limit is shown in the Schedule).

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

'Damage occurring anywhere in the Commonwealth of Australia other than on the premises of the Insured or of directors or employees of the Insured, to personal property belonging to directors and employees of the Insured whilst they are engaged on the business of the Insured to the extent that such property is not otherwise insured.

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

Expediting Expenses

(This clause is only operative when a sub-limit is shown in the Schedule).

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.

Cost of Clearing Blocked Drains, Pipes, Filters and Pumps

(This clause is only operative when a sub-limit is shown in the Schedule).

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' 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.

Liability for Duty

(This clause is only operative when a sub-limit is shown in the Schedule).

The policy extends to include the Insured's liability for customs, excise and other duties which the Insured becomes liable to pay in the event of Damage to Property Insured, but not exceeding the sub-limit specified in the Schedule.

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

Customers' Goods

(This clause is only operative when a sub-limit is shown in the Schedule).

The policy extends to insure goods belonging to the Insured's customers at the Premises, to the extent that such goods are not otherwise insured. Our liability shall not exceed the amount of the sub-limit stated in the Schedule of the policy against 'Customers' Goods' for any one loss or series of losses arising out of any one event or occurrence.

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.'

Money - Extended Definition

The definition of Money extends to include travellers' cheques.

BASIS OF SETTLEMENT

Landscaping

(This clause is only operative when a sub-limit is shown in the Schedule).

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' for any one loss or series of losses arising out of any one event or occurrence.

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 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.'

Basis of Settlement (B)

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

'(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. If such property is obsolete, the Basis of Settlement (whether or not such property is replaced) shall be the indemnity value.'

Basis of Settlement (D)

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

'(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.'

Securities

(This clause is only operative when a sub-limit is shown in the Schedule)

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

- (a) if, with the approval of the Insurer(s), the Securities can be replaced, the cost of replacement paid or payable by the Insured; or
- (b) if the Securities cannot or are not to be replaced by the Insured, the greater of:
 - (i) the price for which the Insured purchased them; and
 - (ii) the closing market value on the last business day prior to the date of discovery by the Insured of the loss or destruction of the Securities or, if the time of discovery by the Insured is after the close of the market, their closing market value on the day of discovery by the Insured of the loss or destruction of the Securities.
- (c) in the case of a loss of subscription, conversion or redemption privileges through the loss of any Security, the value of such privileges immediately preceding the expiration thereof.

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

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

Our liability shall not exceed the amount of the sub-limit stated in the Schedule of the policy against 'Securities' for any one loss or series of losses arising out of any one event or occurrence.

Basis of Settlement (E)

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

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

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

Basis of Settlement (G)

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

‘(g) On glass:

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

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

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.

Valuation of Property – Employees and Others

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

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

Jewellery and Furs of Employees and Others (B)

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

Goods Sold But Not Delivered (A)

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

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

Works of Art, Antiques and Curios

(This clause is only operative when a sub-limit is shown in the Schedule).

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.

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.’

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

Labels, Containers and Wrappings

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

Declared Values (B)

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

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

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

Reinstatement or Replacement Provision (vi)

The following additional Provision (vi) is included:

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

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

Reinstatement of Damage by the Insured

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

Reinstatement Elsewhere

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

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

First Loss Insurance - Theft and Money

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

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

Additional Extra Cost of Reinstatement

(This clause is only operative when a sub-limit is shown in the Schedule).

(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 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
- (b) 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. The claim will not be affected to the extent that the Insurer(s) caused or contributed to the delay.

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

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'.

Extra Cost of Reinstatement – Provision (v) Deleted

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

Floor Space Ratio Index (Plot Ratio) (A)

The words 'in the event of any building(s) being damaged so as to constitute total loss or constructive total loss' are amended in the Memorandum under this heading to read:

‘if any building(s) being Property Insured is/are damaged and the cost of reinstatement is more than 50% of the cost of reinstatement if the building(s) had been totally destroyed’.

Acquired Companies

(This clause is only operative when a sub-limit is shown in the Schedule).

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:

- (a) 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;
- (b) 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
- (c) 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 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 reasonable additional premium required and comply with any reasonable directions of the Insurer(s) with respect to the security or safety of that property to cover the added risk insured.

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.'

Our liability shall not exceed the amount of the sub-limit stated in the Schedule of the policy against 'Acquired Companies' for any one loss or series of losses arising out of any one event or occurrence.

Co-Insurance Clause

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

The following additional memorandum shall apply to Section 1 of the Policy:

Average/Under-Insurance

The Insured is required to insure for full value calculated in accordance with the appropriate Basis of Settlement Clauses, as at the commencement of the Period of Insurance and, in relation to any Property Insured acquired after the commencement of the Period of Insurance, as at the time of acquisition of that property.

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

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

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

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

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

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

Output Replacement

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

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

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

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

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

Constructive Total Loss

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

- (a) because its actual total loss seems unavoidable; or
- (b) because it could not be preserved from actual total loss without an expenditure which would exceed its repaired and/or recovered value.

It is understood and agreed that the words 'actual total loss' shall mean loss, destruction or damage (and not merely physical loss, destruction or damage) of or to the Property Insured specified herein or any part thereof.

Abandoned Undamaged Portion of a Building

(This clause is only operative when a sub-limit is shown in the Schedule).

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.

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.

Undamaged Foundations (B)

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

Undamaged Ancillary and/or Peripheral Equipment

If plant and 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.

Application of Deductibles

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

Section 2 - Consequential Loss

The Indemnity

Property at Outside Stores and Outworkers Premises (B)

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

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

Pressure Vessel Perils (B)

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

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

BASIS OF SETTLEMENT

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'.

Gross Profit – Average/Under-Insurance Amended (B)

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

'Provided that if the estimated value of Gross Profit declared at the commencement of the Period of Insurance is less than 80% of the sum produced by applying the Rate of Gross Profit to the Annual Turnover (appropriately increased if the Indemnity Period exceeds 12 months) which would have been achieved if the Damage had occurred on the day of commencement of the Period of Insurance, the amount payable hereunder shall be appropriately reduced.'

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

Provided further that the proviso to Item No 1 is deleted where the estimated value of Gross Profit declared at the commencement of the Period of Insurance has been stated in a Valuation prepared by LMI Group, MSM Loss Management, Martin Minett Claims Preparation or a valuer approved by the Insurer.

Contractual Fines and Penalties (B)

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

'Item No. 5.

The Insured is indemnified with respect to fines and penalties for breach of contract and the amount payable as indemnity hereunder shall be such sum(s) as the Insured shall be legally liable to pay and shall pay in discharge of fines and/or penalties incurred in consequence of the Damage, for non completion or late completion of orders, inability to meet contract specifications or cancellation of orders.'

Our liability shall not exceed the amount of the sub-limit stated in the Schedule of the policy against 'Contractual Fines and Penalties (B)' for any one loss or series of losses arising out of any one event or occurrence.

Dual Pay-Roll - 80% Average/Under-Insurance

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

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

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

Gross Rental Specification (C)

(This clause is only operative when a sub-limit is shown in the Schedule)

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:

- 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;
- 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 12 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.

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 12 months immediately before the date of the Damage which corresponds with the Indemnity Period.

Annual Gross Rentals: The Gross Rentals earned during the 12 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 12 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.'

Severance pay

(Inoperative unless a sub-limit for Severance Pay is shown in the Schedule).

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

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 12 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 12 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'.

DEFINITIONS

Government Incentives

The definition of 'Turnover' is extended to include financial incentives or concessions granted to the Insured by any Australian or State Government Department in recognition of specific performance in the development of market opportunities or employment of disadvantaged persons.

Consolidated Period

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

Insured Pay-Roll

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

Payroll: Amended Definition

The definition of Payroll in Section 2 of the policy is amended to read:

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

MEMORANDA TO SECTION 2

Departmental Clause

The Memorandum under this heading is amended to read:

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

Accumulated Stocks

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

Remote Premises of Public Utilities

(This clause is only operative when a sub-limit is shown in the Schedule).

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.'

Other Contributing Properties

(This clause is only operative when a sub-limit is shown in the Schedule).

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

Our liability shall not exceed the amount of the sub-limit stated in the Schedule of the policy against 'Other Contributing Properties' for any one loss or series of losses arising out of any one event or occurrence.

Turnover/Output Alternative Amended

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

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

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

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

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

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

Salvage Sale

In the Salvage Sale memorandum, the final paragraph is amended to read:

'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.'

Unspecified Suppliers' and/or Customers' Premises - (Australia and New Zealand) (Single Limit)

(This clause is only operative when a sub-limit is shown in the Schedule).

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

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

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

Unspecified Suppliers' and/or Customers' Premises - (Worldwide) (C)

(This clause is only operative when a sub-limit is shown in the Schedule).

Notwithstanding anything contained in this Policy to the contrary, loss resulting from interruption of or interference with the business in consequence of Damage (as herein defined) to property at any situation anywhere, which affects any direct supplier and/or direct customer of the Insured shall be deemed to be loss resulting from Damage to property used by the Insured at the Premises. The liability of the Insurer(s) under this endorsement, in respect of any one loss or series of losses arising out of any one event or occurrence at any one premises, shall be limited to the amount stated in the Sub-Limit of Liability noted in the Schedule against 'Unspecified Suppliers' and/or Customers' Premises - Worldwide'.

It is understood and agreed that:

- (a) supplier is any person, body or entity from which the Insured obtains supplies of commodities, material, components, goods or services other than those services referred to under the Utilities Extension;
- (b) a customer is a person, body or entity to which the Insured supplied or provides commodities, materials, components, goods or services;
- (c) suppliers and customers based in the following countries are excluded:

Afghanistan, Albania, Angola, Armenia, Azerbaijan, Belarus, Bosnia-Herzegovina, Bulgaria, Caribbean, Cambodia, Croatia, Cuba, Democratic Republic of Congo, El Salvador, Eritrea, Estonia, Ethiopia, Georgia, Guam, Republic of Guinea, Haiti, Iran, Iraq, Israel, Ivory Coast (Republic of Côte d'Ivoire), Kazakhstan, Kosovo, Kyrgyzstan, Laos, Latvia, Lebanon, Liberia, Libya, Lithuania, Macedonia, Maquiladora, Moldova, Mongolia, Montenegro, Myanmar (Burma), Nicaragua, Nigeria, North Korea, Outer Mongolia, Pakistan, Romania, Russian Federation, Rwanda, Serbia, Sierra Leone, Slovenia, Somalia, South Sudan, Sudan, Syria, Tajikistan, Tibet, Turkmenistan, Ukraine, Uzbekistan, Venezuela, Yugoslavia, Zaire, Zimbabwe.

It is understood and agreed that the following peril exclusions will apply to overseas customers and suppliers:

- Flood in locations outside the Commonwealth of Australia;
- Hurricane, Cyclone or Typhoon occurring outside the Commonwealth of Australia;
- Earthquake, volcanic eruption and resultant fire damage occurring in the USA, Greece, Italy, Japan, Turkey, Malaysia, Mexico, New Zealand, Taiwan, Indonesia, People's Republic of China, Philippines and Vietnam;
- National Catastrophes in France;

- Calamidad Nacional in Spain;
- SASRIA in South Africa;
- Storm Surge in Germany (Sturmflut)/Foreseeable flooding;
- NASRIA in Namibia;
- Excluding cover where any Local Overseas Pool exists.

Interdependency - Australia

(This clause is only operative when a sub-limit is shown in the Schedule).

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

Our liability shall not exceed the amount of the sub-limit stated in the Schedule of the policy against 'Interdependency' for any one loss or series of losses arising out of any one event or occurrence.

Vermin, Pests or Defective Sanitary Arrangements, Food or Drink Poisoning; Murder, Suicide

(This clause is only operative when a sub-limit is shown in the Schedule).

Notwithstanding anything contained herein to the contrary, it is hereby agreed that the following Endorsement is made to the policy.

Cover is provided for loss insured by this Policy resulting from interruption of or interference with the Business directly or indirectly arising from closure or evacuation of the whole or part of the Insured Premises (within Australia and New Zealand Only) by order of a competent public authority consequent upon:

- (i) vermin or pests or defects in the drains or other sanitary arrangements at the Insured Premises;
- (ii) poisoning directly caused by the consumption of food or drink provided on or from the Insured Premises;
- (iii) murder or suicide occurring in or at the Insured Premises.

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

Royalties Receivable

(This clause is only operative when a sub-limit is shown in the Schedule).

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

Trade Exhibitions

(This clause is only operative when a sub-limit is shown in the Schedule).

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

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

Reduced Margin

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

Goods and 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 and 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.

Exclusions to all Sections

Sanctions clause

The Insurer will not be liable to provide any cover, pay any claim or provide any benefit under this Policy, to the extent that to do so may expose the Insurer to any sanction, prohibition or restriction under United Nations resolutions or any applicable trade or economic sanctions, laws or regulations of any country.

Laws impacting cover

The Insurer will not be liable to provide any cover, pay any claim or provide any benefit under this Policy, to the extent that it is unlawful for the Insurer to do so.

PROPERTY EXCLUSIONS

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.

Temporary Removal Exemption

(This clause is only operative when a sub-limit is shown in the Schedule).

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.

Money Carriers - Other Insurance

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

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

Business Hours

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

Loss Discovered Late

Property Exclusion 2(d) is amended to read:

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

Electronic Data

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

(a) this policy does not insure:

- (i) total or partial destruction, distortion, erasure, corruption, alteration, misinterpretation or misappropriation of Electronic Data;
- (ii) error in creating, amending, entering, deleting or using Electronic Data; or
- (iii) total or partial inability or failure to receive, send, access or use Electronic Data for any time or at all, from any cause whatsoever, regardless of any other contributing cause or event whenever it may occur.

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

(b) however, in the event that a peril listed below (being a peril insured by this policy but for this exclusion) is caused by any of the matters described in paragraph (a) above, this Policy, subject to all its provisions, will insure:

- (i) physical loss of or damage or destruction to Property Insured directly caused by such listed peril; and/or
- (ii) consequential loss insured by this Policy.

Further, this exclusion does not apply in the event that a peril listed below (being a peril insured by this policy but for this exclusion) causes any of the matters described in paragraph (a) above.

Fire, Explosion, Lightning, Windstorm, Hail, Tornado, Cyclone, Hurricane, Earthquake, Volcano, Tsunami, Flood, Freezing, Weight of Snow, Impact by Aircraft or other aerial objects dropped therefrom, Impact by any Road Vehicle or Animal, Bursting Overflowing Discharging or Leaking of Water Tanks Apparatus or Pipes, or Theft of Electronic Data solely where such Theft is accompanied by Theft of the computer hardware, firmware, medium, microchip, integrated circuit or similar device containing such Electronic Data.

(c) for the purposes of the Basis of Settlement provision in this Policy, computer systems records includes Electronic Data as defined in paragraph (a) above.

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

Property Risk Cyber

Notwithstanding anything contained herein to the contrary, it is hereby agreed that the following Endorsement is made to the policy. This policy does not provide cover for any loss, damage, liability, claim, cost or expense directly or indirectly caused by, contributed to by, resulting from, arising out of or in connection with any Cyber Incident.

However, this policy shall provide cover for physical loss or damage, to the property insured, which is caused by an insured peril, including business interruption resulting therefrom, directly occasioned by a Cyber Incident. Nevertheless, any loss, damage, destruction, distortion, erasure, corruption or alteration of Electronic Data directly occasioned by a Cyber Incident shall not be recoverable hereunder, nor be considered as physical loss or damage for the purposes of this exclusion clause.

Notwithstanding the foregoing, in the event that hardware or Electronic Data storage device of a Computer System insured under this policy, sustains physical damage caused by an insured peril noted under the Electronic Data exclusion and directly occasioned by a Cyber Incident, which results in damage to or loss of Electronic Data stored on that hardware or Electronic Data storage device, then the damage to or loss of such Electronic Data shall be recoverable hereunder and the basis of valuation for the recovery of the damaged or lost Electronic Data under this policy shall only be the costs of reproducing Electronic Data. Such costs shall include all reasonable and necessary expenses incurred in recreating, gathering or assembling such Electronic Data, but does not include the value of the Electronic Data to the insured or any other party even if such Electronic Data cannot be recreated, gathered or assembled.

Definitions

- (a) 'Cyber Incident' shall include:
- (i) unauthorised or malicious acts regardless of time and place, or the threat or hoax thereof;
 - (ii) Malware or Similar Mechanism;
 - (iii) programming or operator error whether by the insured or any other person or persons;
 - (iv) any unintentional or unplanned - wholly or partially - outage of the insured's Computer System not directly caused by physical loss or damage.
- (b) 'Computer System' means any computer, hardware, information technology and communications system or electronic device, including any similar system or any configuration of the aforementioned and including any associated input, output or Electronic Data storage device, networking equipment or back up facility.
- (c) 'Electronic Data' means facts, concepts and information converted to a form useable for communications, interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment and includes programmes, software and other coded instructions for the processing and manipulation of data or the direction and manipulation of such equipment.
- (d) 'Malware or Similar Mechanism' means any programme code, programming instruction or other set of instructions intentionally constructed with the ability to damage, interfere with or otherwise adversely affect computer programmes, data files or operations (whether involving self-replication or not), including but not limited to 'Virus', 'Trojan Horses', 'Worms', 'Logic Bombs' or 'Denial of Service Attack'.

Decorative Livestock (Fire Cover Only)

(This clause is only operative when a sub-limit is shown in the Schedule)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.

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).'

Weather Damage to Certain Property

(This clause is only operative when a sub-limit is shown in the Schedule).

Property Exclusion 13 is deleted. The policy is extended to include Damage by wind, rainwater, or hail to Certain Property Insured.

The liability of the Insurer(s) shall be limited to the Sub-Limit of Liability stated in the Schedule against 'Weather Damage to Certain Property' for any one loss or series of losses arising out of any one event or occurrence at any one Situation.

Certain Property means:

- (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.

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.'

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

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.'

Prevention of Imminent Damage

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

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

Nuclear: Exempt Equipment

Perils Exclusion 2 is amended by adding the following:

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

Flood

Provided that a Sub-Limit of Liability is shown in the Schedule under the heading 'Flood', Paragraph (a) of Perils Exclusion 3 is deleted.

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:

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

Communicable Disease (Additional Perils Exclusion)

- (a) This policy, subject to all applicable terms, conditions and exclusions, covers losses attributable to direct physical loss or physical damage occurring during the period of insurance. Consequently and notwithstanding any other provision of this policy to the contrary, this policy does not insure any loss, damage, claim, cost, expense or other sum, directly or indirectly arising out of, attributable to, or occurring concurrently or in any sequence with a Communicable Disease or the fear or threat (whether actual or perceived) of a Communicable Disease.

- (b) For the purposes of this endorsement, loss, damage, claim, cost, expense or other sum, includes, but is not limited to, any cost to clean-up, detoxify, remove, monitor or test:
 - (i) for a Communicable Disease; or
 - (ii) any property insured hereunder that is affected by such Communicable Disease.
- (c) As used herein, a Communicable Disease means any disease which can be transmitted by means of any substance or agent from any organism to another organism where:
 - (i) the substance or agent includes, but is not limited to, a virus, bacterium, parasite or other organism or any variation thereof, whether deemed living or not; and
 - (ii) the method of transmission, whether direct or indirect, includes but is not limited to, airborne transmission, bodily fluid transmission, transmission from or to any surface or object, solid, liquid or gas or between organisms; and
 - (iii) the disease, substance or agent can cause or threaten damage to human health or human welfare or can cause or threaten damage to, deterioration of, loss of value of, marketability of or loss of use of property insured hereunder.
- (d) This endorsement applies to all coverage extensions, additional coverages, exceptions to any exclusion and other coverage grant(s).

War and Terrorism Exclusion

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.

Theft of Property in Open Air

(This clause is only operative when a sub-limit is shown in the Schedule).

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.

The liability of the Insurer(s) shall be limited to the Sub-Limit of Liability stated in the Schedule against 'Theft of Property in Open Air' for any one loss or series of losses arising out of any one event or occurrence at any one Situation.

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.'

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.'

Subsidence Caused by Seismological Disturbance

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

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

Hold-up/Theft

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

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

Depreciation of Undamaged Stocks (B)

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

'(j) Notwithstanding anything contained in this Policy to the contrary, in particular Property Exclusion 12 and Perils Exclusion 9, the Insurer will, to an extent not exceeding the value of the goods in storage remaining after its liability for any such direct loss has been determined and subject otherwise in all respects to the terms and conditions of this insurance, except as specifically varied hereby, also hold themselves liable for damage caused by deterioration of such goods due to the Insured's inability to process the goods in the normal way as a result of damage caused by any peril or circumstance insured by this Policy to any property used by the Insured.'

Loss of Land Value

(This clause is only operative when a sub-limit is shown in the Schedule) 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

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).

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.

Transmission And Distribution Lines Exclusion

Notwithstanding any provision to the contrary within this insurance or any endorsement thereto it is agreed that this insurance excludes all above ground transmission and distribution lines, including wire, cables, poles, pylons, standards, towers, other supporting structures and any equipment of any type which may be attendant to such installations of any description, for the purpose of transmission or distribution of electrical power, telephone or telegraphic signals, and all communication signals whether audio or visual.

This exclusion applies to all equipment other than that which is on or within 1,000 metres of any insured structure.

This exclusion applies both to physical loss or damage to the equipment and all business interruption, consequential loss, and/or other contingent losses related to transmission and distribution lines, other than contingent property damage / business interruption losses (including expenses), arising from loss and/or damage to lines of third parties.

Memoranda to all Sections

Amount of Policy not Reduced by Loss

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

Automatic Reinstatement

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

'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. If the Insured does not pay the additional premium, the Limit of Liability or Indemnity Period shall not be reinstated.'

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.'

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:

- (a) release any statutory governmental, semi-governmental or municipal authority from any liability if required by any contract to do so;
- (b) agree to enter into a contract for storage of goods or merchandise even if the terms of the contract include a disclaimer clause; and
- (c) 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.'

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.

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.

Subrogation

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

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.'

Declarations of Acquired Property

(Inoperative unless a sub-limit for Declarations of Acquired Property is shown in the Schedule).

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', 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 'Declarations of Acquired Property' 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

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.'

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.

Alteration (A)

Condition 2 is extended to include the following additional provision:

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

Alteration (B)

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

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

Sprinkler Installations (C)

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

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

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

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

Other Insurance

Condition 4 is deleted.

Cancellation by the Insured

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

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

Notification of Claims (B)

The first paragraph of Condition 6 is amended to read:

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

Insurers' Rights

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

Order Of Priority – Subrogation Recoveries

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

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

Termination of Cover Under Section 2 (A)

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

'If during the currency of the policy the Insured:

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

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

Breach of Conditions

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

Progress Payments

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

Contribution and other insurance

When making a claim, the Insured must notify the Insurer of any other insurance that the Insured is aware will or may, whether in whole or in part, cover any loss insured under this Policy.

If at the time of any loss, damage or liability there is any other insurance (whether issued to the Insured or any other person) which covers the same loss, damage or liability you must provide us with any reasonable assistance the Insurer require to make a claim for contribution from any other insurer.

Preventing our right of recovery

If you've agreed with or told someone who caused you loss, damage or liability covered by your Policy that you won't hold them responsible then, to the extent we've been prejudiced by this act, we won't cover you for that loss, damage or liability.

References to legislation

The following condition is added:

'17. References to legislation

Legislation referenced in this Policy includes subsequent legislation. Any term used in this Policy and defined by reference to legislation will have the meaning given in any replacement definition or definition with materially the same object or purpose in subsequent legislation.

'Subsequent legislation' means:

- an act or regulation as amended, replaced or re-enacted;
- where an act or regulation has been repealed, the current equivalent act or regulation (Commonwealth, State or Territory) with materially the same object or purpose whether in whole or in part.'

