

Industrial Special Risks (ISR MKIV)

Policy Wording

Mark IV Modified with Endorsements

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ISR MARK IV MODIFIED POLICY

JUA Underwriting Agency Pty Limited (JUA) ABN 70 004 566 465 AFSL 235411 was established in Australia in 1979 and has been supporting the Australian Insurance market continuously during that time. JUA acts as agents for certain Underwriters at Lloyds and is able to enter into, renew, cancel and administer the policy and deal with claims under it on the Insurer's behalf.

In this policy document You will find all the information You will need to know about the type of cover(s) available, the Underwriters' terms and conditions, and making a claim.

Please read this booklet and make sure that You are satisfied with what the Underwriter(s) offer.

This booklet and the insurance schedule the Underwriter(s) sends You form Your legal contract with the Underwriter(s), so please keep them together in a safe place.

Please do not hesitate to contact Your Broker or Agent if You have any questions about this policy booklet or Your Insurance cover.

This policy is underwritten by the Underwriters / Insurers whose name and proportions underwritten by them appears in the schedule attached.

Please check that the Schedule(s) accurately states what You have insured. Especially check that the Sums Insured are adequate.

Important Information

Duty of Disclosure

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

You have that same duty to disclose those matters to us before you renew, extend, vary or reinstate a contract of general insurance.

Your duty does not require the disclosure of anything that:

- Diminishes the risk;
- Is of common knowledge
- the Insurer already knows or ought to know in the ordinary course of our business as an Insurer or;
- the Insurer indicates it does not want to know.

Non-disclosure

If you fail to comply with your duty of disclosure, we may be entitled to reduce our liability under the contract in respect of a claim, or cancel the contract.

If your non-disclosure is fraudulent, we may refuse to pay a claim and treat the contract as never being in place.

The General Insurance Code of Practice

JUA is a signatory to the General Insurance Code of Practice.

The Code aims to:

- Commit us to high standards of service
- Promote better, more informed relations between us and you
- Maintain and promote trust and confidence in the general insurance industry
- Provide fair and effective mechanisms for the resolution of complaints and disputes between us and you
- Promote continuous improvement of the general insurance industry through education and training

Privacy Notice

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

What to do if you have a complaint?

About Lloyd's

Lloyd's is the world's specialist insurance and reinsurance market, bringing together an outstanding concentration of underwriting expertise and talent.

In Australia, Lloyd's is proud to be a member of the Insurance Council of Australia. Lloyd's has adopted the General Insurance Code of Practice, subject to certain specific qualifications. Your Lloyd's intermediary ("the coverholder") or claim administrator must also meet the requirements of the Code. You can obtain a copy of the Code at www.codeofpractice.com.au

Lloyd's aims to provide the highest level of service to our Australian policyholders and have developed procedures, applicable to the entire Lloyd's market, for the honest, fair and timely handling of complaints.

How can we help you?

You can make a complaint about any aspect of your relationship with us, including your policy or claim and our service, staff or handling of a complaint.

If you wish to make a complaint, please contact either the Lloyd's coverholder or the administrator handling your claim in the first instance. They will attempt to resolve it in accordance with our Internal Dispute Resolution ("IDR") procedure, which complies with Code and ASIC guidelines, and our commitment below.

Our commitment to you

As part of our IDR procedure, we will:

- Acknowledge your complaint
- Provide you with the name and contact details of the person assigned to reviewing it
- Do our utmost to resolve the complaint to your satisfaction within 10 business days
- If we cannot resolve your complaint within 10 business days, we will provide updates every 10 business days, unless you agree to a different timeframe
- Provide a final decision within 30 calendar days of the date on which you first made your complaint
- If we cannot provide a final decision in this timeframe, we will tell you, in writing, the reasons for the delay and your right to take the complaint to the Australian Financial Complaints Authority (AFCA)
- Give you the information we relied on when making a decision about your complaint within 10 business days of you asking for it

Depending on the outcome of our review, we may refer your complaint to Lloyd's Australia, who will determine whether it will be reviewed further by their office or the Lloyd's UK Complaints Team.

Lloyd's contact details are:

Telephone +61 (2) 8298 0783
Email ldraustralia@lloyds.com
Post Lloyd's Australia Limited
Level 16, 1 Macquarie Place
Sydney NSW 2000

External review

You may refer your complaint to AFCA at any time. If your complaint is not resolved to your satisfaction within 30 calendar days of the date on which you first made the complaint, AFCA may review it, subject to its Rules.

AFCA's contact details are:

Telephone 1800 931 678
Email info@afca.org.au
Post Australian Financial Complaints Authority
GPO Box 3
Melbourne VIC 3001

Your complaint must be referred to AFCA within 2 years of the final decision, unless AFCA considers special circumstances apply. If your complaint is not eligible for consideration by AFCA, you may be referred to the Financial Ombudsman Service (UK) or seek independent legal advice.

How much will this procedure cost you?

This service is free of charge.

1 July 2021

Jurisdiction

Any dispute arising from this Policy will be determined by Australian courts and in accordance with the laws of the state or territory of Australia in which the Policy was issued.

Preventing the Underwriters' Right of Recovery

If you have agreed not to seek compensation from another person who is liable to compensate You for any loss, damage or liability, which is covered by the Policy, the Underwriters will not cover You under this Policy for that loss, damage or liability

Other Parties' Interests

You must tell the Underwriters about all parties (e.g. financiers, lessors) to be covered by this insurance. The Underwriters will protect their interests only if You have told the Underwriters about them and the Underwriters have noted them on the Schedule.

Contracts or Agreements

The Underwriters will not cover any liability or obligation assumes by You under any contract, agreement or representation which would not have otherwise arisen or been implied by law unless You have told the Underwriters about them and the Underwriters has/have noted them on the Schedule.

Goods and Services Tax (GST)

GST and *Input Tax Credit* 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.

Where the Underwriters pay a claim and You have paid an amount of GST on acquisitions in connection with Your claim, the Underwriters will cover you for that GST, less and Input Tax Credit you may be able to claim for Your acquisitions.

This amount is included in the Sum Insured shown in the schedule. This is the maximum amount the Underwriters will pay inclusive of GST

You must advise the Underwriters of Your correct Taxable Percentage. Any GST liability arising from Your incorrect advice is payable by You.

Providing Proof

So that any claim can be assessed quickly you should keep –
Receipts or other confirmation of purchase of all property insured by this Policy

Maintenance records
We may ask you for these if you make a claim.

1. Definitions

For the purpose of this Policy, the following definitions apply:-

1.1 **The Insurer** is the company or companies or Underwriter(s) named in the Schedule. If there is more than one company/ Underwriter, each company/Underwriter shall be separately liable only to indemnify the Insured for that proportion of any claim as is set out in the Schedule.

The Insurer is deemed to include the Underwriter(s) wherever mentioned in this Policy.

1.2 **The Insured** is as described in the Schedule and includes all subsidiary companies, organisations and other entities in which the Insured has a controlling interest to the extent only that each of them is engaged in carrying on the Business described in the Schedule or activities which are substantially of the same kind or related to that Business. For the purpose of this definition, a controlling interest shall in the case of a company mean the beneficial ownership of shares carrying more than 50% of votes capable of being cast at a general meeting of all shareholders in the company.

1.3 **Property Insured** means all tangible property both real and personal of every kind and description belonging to the Insured or for Damage to which property the Insured is legally responsible or which the Insured has assumed responsibility to insure prior to the occurrence of any Damage, and includes more specifically Money. Property Insured includes all such property acquired after the commencement of the Period of Insurance.

1.4 **Situation** is the Situation or Situations shown in the Schedule.

1.5 **Schedule** means the Schedule attached to this Policy or any later Schedule issued on renewal or variation or by way of endorsement.

1.6 **Period of Insurance** is the period referred to in the Schedule or any further period for which renewal has been agreed.

1.7 **Policy** means this document, the Schedule and any Endorsement(s).

1.8 **The Limit of Liability** is the maximum amount payable by the Insurer for any one loss or series of losses suffered by the Insured arising out of any one original source or cause at any one Situation, subject to any Sub-Limits of Liability and the application of any Deductible. The Limits of Liability and Sub-Limits of Liability are as set out in the Schedule.

If more than one Limit or Sub-Limit of Liability applies, the lesser amount shall be payable.

Each Sub-Limit shall not increase the liability of the Insurer beyond the Limit of Liability. Each of the Deductibles will apply to each Sub-Limit, but will not be cumulative.

1.9 **Declared Values** are the values of Property Insured at each Situation/Gross Profit/Payroll declared by the Insured and calculated as applicable in accordance with the Basis of Settlement Clauses. The Insured shall

complete a statement of Declared Values at the commencement of the Period of Insurance, on the acquisition of Property Insured and as at the end of the Period of Insurance.

- 1.10 **Deductibles** is the first amount of each claim which is payable by the Insured as stated in the Schedule. Should more than one Deductible apply under this Policy for any claim or series of claims arising from the one original source or cause, such Deductibles shall not be aggregated and the highest single level of Deductible only shall apply.
- 1.11 **Pollution or Contamination** means the discharge, dispersal, release or escape of smoke, vapours, soot, fumes, acids, alkalis, chemicals, liquids or gases, waste materials or other irritants, contaminants or pollutants into or upon any property, land, atmosphere or any water course or body of water (including ground water).
- 1.12 **Debris** means the residue of Damage Property Insured excluding any material which is itself a pollutant or contaminant and which is deposited beyond the boundaries of the Situation.
- 1.13 **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, 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 worker 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, water or other liquids or substances discharged, overflowing or leaking from apparatus, appliances, pipes or any other system at the premises or elsewhere.
- 1.14 **Flood** means the covering of normally dry land by water that has escaped or been released from the normal confines of any of the following:
- (a) lake (whether or not it has been altered or modified);
 - (b) a river (whether or not it has been altered or modified);
 - (c) a creek (whether or not it has been altered or modified);
 - (d) another natural watercourse (whether or not it has been altered or modified);
 - (e) a reservoir;
 - (f) a canal;
 - (g) a dam
- 1.15 **Damage** (with Damaged having a corresponding meaning) means physical loss, damage or destruction.
- 1.16 **Money** means current coin, bank notes, currency notes, cheques, travellers' cheques, credit card sales and discount house vouchers, postal orders, money orders, unused postage and revenue stamps and including the value of stamps contained in franking machines.
- 1.17 **Machinery** means any apparatus which is designed, intended or used for the purpose of receiving, utilising, generating, containing, controlling, transmitting, transforming, applying or directing any form or source of energy or power, whether the apparatus itself is powered, partially or wholly, manually, mechanically, electrically or by any other form or source of energy or power and whether the apparatus functions independently or as a component part of another apparatus together with all supporting and associated systems, including computers and other electronic equipment but excluding:
- 1.17.1 anything designed, intended or used for the purpose of fixing the apparatus to the Situation, any part of the Situation or anything within the Situation; and
 - 1.17.2 reticulating liquid, gas, air and electrical systems; and
 - 1.17.3 Boilers and Pressure Vessels.
- 1.18 **Boiler and Pressure Vessel** mean those parts of the permanent structure of a boiler, pressure vessel, economiser or superheater which are normally subject to steam gas or fluid pressure or vacuum up to and including fittings and attachments subject to such pressure which are connected to the boiler, pressure vessel,

economizer or superheater without an intervening valve or cock and in respect of which a certificate is required to be issued under the terms of any statute or regulation.

2. *This document is the "Policy".*

Documents headed up **Schedule Certificate of Insurance**, **Schedule Renewal Certificate**, **Schedule Endorsement**, **Schedule Expiration Notice** and **Schedule Notice of Cancellation** collectively make up the **"Schedule"**, which together with the Policy, contain the terms and conditions of the **"Contract of Insurance"**.

Wherever the words **"You" & "Your"** appear in this policy it is referring to the party insured under this policy. If the insured party is a Company or other Organization "You" is that Company or Organization.

Wherever the words **"We" or "Our"** appears, it is referring to JUA Underwriting Agency Pty Limited (or "JUA") as agent for Underwriters and where the context is appropriate – JUA and Underwriters collectively.

The word **"Underwriters"** means **"Insurers"** and vice versa, on whose behalf JUA enters into a contract of insurance with *You* and the *"Insurers"* who insure *You*, and on whose behalf JUA deals with and settles your claims under the Contract of Insurance.

"Period Insured and "the Period of Insurance" means the duration of the period of cover under the contract of insurance, specified in the Schedule and throughout this Policy.

"Excess" is the amount specified in the Schedule payable by you being the first part of any loss which *You* must bear. Any excess is specified in the Schedule or where appropriate under a particular section of the Policy.

"Sum Insured" is the monetary limit of indemnity available to you for the *Period of Insurance* under this Policy, or where appropriate, under a particular clause of this Policy.

"Business" is the activity carried on by *You* at *Your* address which are the **"Premises"** referred to in the *Schedule* under the heading "Situation".

"Market Value" is the retail value of items of a similar type, age and condition, with adjustment for its special features, if any. Price guides and any other information may be used to assist in determining the market value.

About This ISR Mark IV Modified Policy

This Policy incorporates the Schedule, Sections, Definitions, Conditions, Exclusions, Endorsements, Memoranda 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.

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, 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.

Insurer(s) – as per Schedule

The Business – as per Schedule

The Situation and/or Premises – as per Schedule

Period – as per Schedule

The Premium – as per Schedule

Limits of Liability – as per Schedule

Sub-Limits of Liability – as per Schedule

Deductibles – As per Schedule

Section Two – Consequential Loss – Indemnity period – as per Schedule.

Section One – Material Loss or Damage

The Indemnity

In the event of any physical loss, destruction or damage (hereinafter in Section One 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 One 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 fine and/or penalties imposed upon the Insured by any such Authorities;

- (c) costs and expenses necessarily and reasonably incurred for the purpose of extinguishing a 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 replenishing of fire fighting appliances and charges incurred for the purpose of shutting off the supply of water, or other substances 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 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 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 the 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 above shall not be subject to application of any Co - insurance clause or memorandum contained in this Policy.

The Property Insured

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

It is understood and agreed that the term "personal property" shall include Money (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 authorized 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.

The basis of settlement by property classification is set out below.

(a) Buildings, machinery, plant and all other property and contents (other than those specified below):

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

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

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

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

(c) On material in process of manufacture:

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

(d) On finished goods manufactured by the Insured:

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

(e) On computer systems records, documents, manuscripts, securities, deeds, specifications, plans, drawings, design, 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 dispatch, the replacement cost of materials as blank stationery at the time and place of the damage.

(f) On patterns models, moulds, jigs, templates, dies or casts:

The cost or repair or replacement (if actually repaired or replaced with reasonable dispatch) 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 of repairing or replacing the broken glass including:

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

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

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

(i) On empty premises awaiting demolition:

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

Provided that if the Insured elects to claim the indemnity value of any damaged property, the Insurer(s) will pay to the Insured the value of such property at the time of the happening of the damage or at its/their option reinstate, replace or repair such property of 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 One

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 the event of damage.

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

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

Branded Goods

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

Declared Values

The Schedule of Declared Values at each situation (in accordance with the applicable Basis of Settlement) shall not include any allowance for Extra Cost of Reinstatement, nor any of the costs and expenses referred to under clause (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 dispatch, failing which the Insurer(s) shall not be liable to make payment greater than the indemnity value of the damaged property at the time of the happening of the damage.
- (ii) When any property insured to which this memorandum applies is damaged in part only, the liability of the Insurer(s) shall not exceed the sum representing the cost which the Insurer(s) could have been called upon to pay for reinstatement if such property had been wholly destroyed.
- (iii) Property insured under this memorandum is separately subject to the following Co-Insurance clause:

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

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

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

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

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

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

Extra Cost of Reinstatement

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

This policy extends to include the extra cost of reinstatement (including demolition or dismantling) of damaged property necessarily incurred to comply with the requirements of any Act of Parliament or Regulation made thereunder or any By-Law or Regulation of any Municipal or other Statutory Authority; subject to the following Provisions and subject also to the terms, Conditions and Limit(s) or Sub-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 B-Law so necessitate, subject to the liability of the Insurer(s) not being thereby increased) must be commenced and carried out with reasonable dispatch, failing which the Insurer(s) shall not be

liable to make any payment beyond the amount which would have been payable under this Policy if this memorandum had not been incorporated herein.

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

Floor Space Ratio Index (Plot Ratio)

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

- (a) The actual cost of reinstatement incurred in accordance with the reduced floor space ratio index.

AND

- (b) The cost or reinstatement which would have been incurred had a reduced floor space index not been applicable.

In arriving at the amount payable under (a) and (b) above, any payment made by the Insurer(s) shall include the extra cost or 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 the 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 organizations a controlling interest in which is acquired by the Insured during the currency of this Policy; subject to the Insured declaring details of such acquisition within a reasonable period following the date of acquisition. Provided the business of the new acquisition shall be similar to the Business as stated in the Schedule.

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

Co-Insurance

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

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

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

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

Section Two - Consequential Loss

The Indemnity

In the event of any building or 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 out by the Insured being in consequence thereof interrupted or interfered with, the Insurer(s) will, subject to the provisions of this Policy including the limitation on the Insurer(s) liability, pay to the Insured the amount of loss resulting from such interruption or interference in accordance with the applicable Basis of Settlement.

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

Basis of Settlement

Item No. 1 – 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 – Claims 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 – Payroll

The insurance under this item is limited to loss in respect of Payroll 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 Payroll to the Shortage in Turnover during the said portion of the Indemnity Period, through reduction in consequence of the Damage in the amount of Payroll paid.
- (ii) during the remaining portion of the Indemnity Period: the sum produced by applying the Rate of Payroll to the Shortage in Turnover during the said remaining portion of the Indemnity Period, through reduction in consequence of the Damage in the amount of Payroll paid: but not exceeding the sum produced by applying the percentage of the Rate of Payroll, specified in the Schedule to the Shortage in Turnover during the said remaining portion of the Indemnity Period, increased by such amount as is deducted for savings under the terms of Clause (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)(i) 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 Clause (a)(i) and (ii) of this item had such expenditure not been incurred.

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

Item No. 4 – (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, with 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.

Payroll

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

Shortfall 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 Payroll

The rate of Payroll 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 Payroll as may be necessary to provide for the trend of the Business and for variations on 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.

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

Turnover elsewhere after damage

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

Departmental Clause

If the Business be conducted in departments the independent trading results of which are ascertainable, the provisions of clause (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 Payroll" 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 commencement of the Business and the date of the Damage.

Annual Turnover

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

Rate of Payroll

The rate of Payroll to Turnover during the period between the date of the commencement of the Business and the date of the Damage.

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

Accumulated Stocks

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

Books of Account

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

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

Public Utilities Extension

Any loss resulting from interruption of or interference with the Business in consequence of damage to property, caused by a peril damage as a result of which is insured hereunder, at any electricity station or substation, gas works or water

works of a public supply undertaking which is situated on or immediately adjacent to the Premises shall be deemed to be loss resulting from Damage to property used by the Insured at the Premises.

Turnover / Output Alternative

If the Insurer(s) and the Insured agree, the term "Output" may be substituted for the term "Turnover" and, for the purpose of 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 utilized 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 Payroll paid out of the proceeds of the salvage sale."

Premises in the Vicinity (Prevention of Access)

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

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

Registered vehicles and/or trailers

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

Exclusions to All Sections

Property Exclusions

This Policy does not cover physical loss destruction of or damage to the following property or loss under Section Two 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 cause by fire, lightning, explosion, earthquake, aircraft, riots, strikes, malicious damage and storm and/or tempest.
2. Money:
 - (a) Whilst being carried by 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 the Property Exclusion 2(a) had been deleted.
 - (b) Stolen from an unlocked and unattended vehicle:
 - (c) Stolen from a safe or strongroom opened by a key or by use of details of a combination, either of which has been left at the Situation outside business hours, unless such key or combination details have been properly secured.
 - (d) where the loss is not discovered within five (5) working days of the event;
 - (e) where the loss arises out of:
 - (i) kidnapping;
 - (ii) bomb threat;
 - (iii) hoax;
 - (iv) extortionor any attempt thereat.
3. Jewellery, furs, bullion, precious metals or precious stones other than as stock and/or merchandise of the Business.
4. (a) Any locomotive or rolling stock or watercraft other than as stock or merchandise of the Business; provided always that no cover shall apply hereunder whilst any watercraft is on water.

(b) Any aircraft (including its accessories and/or spare parts) other than as stock or merchandise of the Business, provided always that no cover shall apply hereunder during taxiing, take-off, flight or landing.
5. Vehicles or trailers registered or licensed to travel on a public road, provided that this exclusion shall not apply to mobile plant and equipment (excluding cars, sedans, panel vans and trucks) not otherwise insured whilst on any premises occupied or used by the Insured.
6. Livestock, animals, birds or fish.

7. Standing timber, growing crops and pastures.
8. Land, unmined or unrecovered oil, gas and mineral deposits, provided that this exclusion shall not apply to structural improvements on or in the land if such structural improvements are not otherwise excluded in this Policy.
9. (a) Bridges, canals, roadways and tunnels, dams and reservoirs (other than tanks) and their contents.
(b) Railway tracks, (other than on the premises occupied or used by the Insured for the purpose of its business).
10. Docks, wharves and piers not forming part of any building.
11. Mining property located beneath the surface of the ground unless otherwise expressly stated in this Policy.
12. Property during the course of, and as a result of, its processing.
13. (a) Gates, fences, retaining walls, textile awnings and blinds; or
(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 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 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 utilizes any form or source of energy or power.
17. Any boiler (other than a boiler used for domestic purposes), economizer 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; provide 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 Two as specifically stated therein.
18. LMA5393 - Communicable Disease
 1. This policy, subject to all applicable terms, conditions and exclusions, covers losses attributable to direct physical loss or physical damage occurring during the period of insurance. Consequently and notwithstanding any other provision of this policy to the contrary, this policy does not insure any loss, damage, claim, cost,

expense or other sum, directly or indirectly arising out of, attributable to, or occurring concurrently or in any sequence with a Communicable Disease or the fear or threat (whether actual or perceived) of a Communicable Disease.

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

19. Electronic Data

Notwithstanding any provision to the contrary in the Policy or any endorsement thereto:

(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) 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, lightning, thunderbolt, explosion, implosion, earthquake, subterranean fire, volcanic eruption, impact by aircraft or aerial object dropped therefrom, impact by road vehicle or animal, sonic boom, theft which is a consequence of theft of any computer and/or computer hardware and/or firmware and/or microchip and/or integrated circuit and/or similar device containing such Electronic Data, breakage of glass, the acts of persons taking part in riots or civil commotions or of strikers or of locked out workers or of persons taking part in labour disturbances, storm and/or tempest and/or rainwater and/or wind and/or hail, water and other liquids and/or substances discharged and/or overflowing and/or leaking from any apparatus and/or pipes at the premises.

For the purposes of the Basis of Settlement provision in this policy, computer system records includes Electronic Data as defined in paragraph (a) above.

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.

(c) Any act of terrorism

For the purpose of this exclusion an act of terrorism means an act, including but not limited to the use of force or violence and/or threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This exclusion also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to a and/or c above.

If the Insurers allege that by reason of this exclusion, any loss, damage, cost or expense is not covered by this insurance the burden of proving the contrary shall be upon the Insured.
In the event any portion of this exclusion is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

2. Radioactivity

- (a) Loss or destruction of or damage to any property whatsoever or any loss or expenses whatsoever resulting or arising from or any consequential loss
- (b) Any legal liability of whatsoever nature

Directly or indirectly caused by or contributed to by or arising from

- (i) ionizing radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel
- (ii) the radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof.

3. Asbestos Clause

This Policy only insures asbestos physically incorporated in an insured building or structure, and then only that part of the asbestos which has been physically damaged during the policy period by one of these Listed Perils:

Fire; Explosion; Lightning; Windstorm; Hail, Direct impact of vehicle, aircraft or vessel; Riot or civil commotion; Vandalism or malicious mischief; or Accidental discharge of fire protective equipment.

This coverage is subject to all limitations in the Policy to which this wording forms part and, in addition, to each of the following specific limitations:

- 1) The said building or structure must be insured under this Policy for damage by the Listed Peril.

- 2) The Listed Peril must be the immediate, sole cause of the damage to the damage to the asbestos.
- 3) You must report to Underwriters the existence and cost of the damage as soon as practicable after the Listed Peril first damaged the asbestos.
- 4) Insurance under this Policy in respect of asbestos shall not include any sum relating to:
 - (i) any faults in the design, manufacture or installation of the asbestos.
 - (ii) asbestos not physically damaged by the Listed Peril including any governmental or regulatory authority direction or request of whatsoever nature relating to undamaged asbestos.
- 5) Policy excess is 10% of Sum Insured listed under Fire Section, subject to a minimum excess applying of \$100,000
- 6) Basis of settlement is limited to the Indemnity Value to repair damaged portion. Any additional costs for improvement required to meet any State or Federal Government or any Council Legislation are not covered by this policy and would be at the Insured's own cost. This also extends to exclude improvements under any benefits of the policy (including but not limited to Extra Cost of Reinstatement or Additional Extra Cost of Reinstatement or Government Fines & Penalties)
- 7) Any damage to any property (including Contents, Stock, Raw Materials, Machinery & Plant) due to Asbestos debris or particles is limited to 10% of the Sum Insured listed under the Fire Section, subject to a maximum sum insured of \$500,000 applying.
- 8) Where there is any benefit paid under this Policy relating to Asbestos Damage, the Business Interruption section will not be applicable.
- 9) The Insured needs to ensure there is an Asbestos Register & Management Plan prepared and kept at the Premises.

Coverage provided for properties with Asbestos have additional terms and conditions imposed. In instances where JUA have not been previously advised of Asbestos construction, our Underwriters will consider there is no cover provided for any damage caused by or from any Asbestos construction.

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

Provided that Perils Exclusions 4 (a) and 4 (b) shall not apply if loss, destruction or damage is caused by or arises out of an earthquake or seismological disturbance;

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

- (a) moths, termites or other insects, vermin, rust or oxidation, mildew, mould, contamination or pollution, wet or dry rot, corrosion, change of colour, dampness or atmosphere or other variations in temperature, evaporation, disease, inherent vice or latent defects, loss of weight, change in flavor texture or finish, smut or smoke from industrial operations (other than sudden and unforeseen 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; or

(e) faulty materials or faulty workmanship.

Provided that these Exclusions 5 (a) to (e) 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;

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

(a) Incorrect sitting of building consequent upon:

(i) Error in architectural design or specification;

(ii) faulty workmanship;

(iii) non-compliance by the Insured (or anyone acting on behalf of the Insured) with the necessary permits issued by Government, Public or Local Authorities;

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

7. 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; or

(ii) spontaneous fermentation or heating or any process involving the direct application of heat.

Provided that the Perils Exclusions 7(c)(i) and 7(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;

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

(a)

(i) fraudulent or dishonest acts, fraudulent misappropriation, embezzlement, forgery, counterfeiting, data corruption, unauthorized 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 the premises or felonious concealment upon premises committed by an employee of the Insured.

(b)

(i) the cessation of work whether total or partial; or

(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 Exclusion 8(b)(i) and 8(b)(ii) shall not apply in respect of physical loss, destruction or damage directly caused by strikers, locked out workers or similar persons;

(iii) Erosion, subsidence, earth movement or collapse resulting therefrom;

(iv) Kidnapping, bomb threat, threat of contamination, hoax, extortion or any attempt thereat;

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

9. Any legal liability of whatsoever nature other than as herein provided;

10. Consequential loss of any kind including consequential loss due to delay, lack of performance, loss of contract or depreciation in the value of land /or stock, except as herein provided in Section Two.

Memoranda Applicable To All Sections

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

Amount of Policy not reduced by loss

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

Event

Only for the purpose of the application of any deductible: all loss, destruction or damage resulting from earthquake, occurring during each period of 72 consecutive hours shall be considered as one event whether such earthquake is continuous or sporadic in its sweep and/or scope and the loss, destruction or damage was due to the same seismological conditions.

Each event shall be deemed to have commenced on the first happening of any such loss, destruction or damage not within the period of any previous event.

Subrogation Waiver

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

(a) Any corporation or organisation (including its directors, officers, employees or servants) owned or controlled by any Insured named herein or 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; and

(ii) Gross Profit and Insured Payroll;

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

Conditions Applicable To All Sections

1. *Misrepresentation and Non-Disclosure*

If the Insured:

- (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 avoid this Policy.

2. *Alteration*

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

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

Provided that any such alteration, upon coming to the knowledge of the Insured's officer responsible for insurance, shall be immediately notified to 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.

It is a condition 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.

It is a further condition 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 organization who must be approved by the Insurer(s) to carry out such maintenance.

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

4. *Other Insurance*

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

5. *Cancellation*

(a) This Policy may be cancelled at any time at the request of the Insured, in which case the Insurer(s) will retain a pro-rated proportion of the premium 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 the 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 which this Policy provides insurance cover;
- (vi) the Insured failed to notify the Insurer(s) of any specific acts 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.

(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 pro-rated proportion of the Premium for the unexpired Period of Insurance from the date of cancellation.

6. Notification of Claims

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

The Insured shall use due diligence and do and concur in doing all things reasonably practicable to minimize 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 for the truth of the claim and of any matters connected therewith.

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

7. Fraud

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

8. Reinstatement

If the Insurer(s) elect(s) or become(s) bound to reinstate or replace any property, the Insured shall at the Insured's own expense, produce and deliver to the Insurer(s) all such plans, documents and information as the Insurer(s) may reasonably require.

The Insurer(s) shall not be bound to reinstate exactly or completely, but only as circumstances permit and in reasonably sufficient manner and shall not in any case be bound to expend more than the applicable Limit of Liability.

9. Insurer(s) Rights

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

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

10. Subrogation

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

making good any destruction or damage under this Policy or paying any moneys under Section Two 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. Insureds action after Theft or Damage

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

13. Termination of Cover under Section Two

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;
- (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 Two 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 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 are conditions precedent to any liability of the Insurer(s) to make any payment under this Policy.

15. Progress payments

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

Claims Conditions

JUA Underwriting Agency Pty Limited is an underwriting agency authorised under written agreement to deal with and settle claims under this Policy as an agent for the Underwriter(s) rather than You.

What You must do if you want to make a claim.

You must follow these procedures if something happens which causes loss or damage which may lead to a claim. If You do not, We may refuse Your claim or reduce the amount We pay You.

1. When loss or damage occurs You must:

- a. Inform the Police as soon as practicable if property is Lost (Burglary or Theft) or Maliciously Damaged or it is considered that a crime may have been committed to cause the insured loss.
- b. Take all reasonable steps to reduce the loss or damage and to prevent further damage, including temporary repairs;
- c. promptly inform us by telephone, in person or by facsimile;
- d. preserve any damaged property and make it available for inspection by Our Representative or Agent (including a loss adjuster);
- e. not authorise the repair or replacement of anything without Our agreement, other than temporary repairs.

2. If you want to make a claim You must:

- a. fill in Our claim form
- b. return it to us as soon as possible after the event that gave rise to the claim;
- c. give us all the information and documentation which We request. If We ask for it, You must provide us with a Statutory Declaration verifying the truth of Your Claim and any matters connected with it;
- d. provide Us and Our assessor / adjuster / investigator / solicitor with any assistance We or they require in relation to the claim.

3. Inspection of Loss

You must give Us access to Your property and the Location or make them available to Us for inspection if You make a claim.

4. Control of Claims and Recoveries

- 1.1 We control all claims
- 1.2 We may recover from others any amount We have paid for a claim and You must allow Us to take legal action in Your name against another person to recover any payment We have made on a claim. We may keep any amount We recover in priority to Your right to recover any amount that You have lost which is not insured under this Policy, whether or not We have paid Your claim in whole or part.

5. Several Liability

The liability of the Underwriters is several and not joint and is limited solely to the extent of their individual proportions as shown in the attached table of security in the Contract wording. The Underwriters are not responsible for the subscription of any co-subscribing underwriter or any other insurer or co-insurer who for any reason does not satisfy all or part of its obligations.

6. Limits and Excesses

- 6.1 The Sum Insured wherever referred to in this Policy is a limit both as to each claim and an aggregate limit of all claims in an Insured Period.
- 6.2 You must pay the amount of any Excess shown in the Schedule for each claim You make. Payment of Your Excess may be requested when You lodge Your claim form or the Excess may be deducted from Our payment to You. In all cases the Excess applies as the first part of any loss, the remainder of the admitted loss is born by Us.

7. Salvage

Upon payment by Us of any claim the property damaged, if unrepairable, which was the subject of the claim becomes Our property and You must allow us to take possession of it and We may deal with it and sell it as We see fit.

If We are prevented from taking possession of the movable damaged property or fail to do so (unless that failure is unreasonable in all the circumstances), You cannot abandon the property thereby prejudicing Our rights.

8. False Claims

If You, or someone acting on Your behalf, makes a false claim or causes loss or damage deliberately, We may:

- a. refuse to pay the claim;
- b. cancel this Policy; or
- c. take legal action against You.

9. Insurance Contracts Act

The contract of insurance (of which this Policy forms part) is governed by the terms of the Insurance Contracts Act 1984 or any amendments.

If by reason of Your act in failing to comply with any term, condition or provision of this Policy, We may refuse to pay a claim or reduce our liability for a claim.

If after Your act You may be in the position of having to prove that a loss (or part of it) was not caused by the act (Section 54 (3) of the Insurance Contracts Act).

Endorsements

Attaching to **ISR MKIV Modified Policy Wording JUAMMK4 - 01.03.2024** for which amounts (as sub-limits) are specified in the schedule, or where the schedule specifies any particular Endorsement(s), or where the particular endorsement extends any description or amends or defines the cover:

Sub-Limit(s) of Liability

The liability of the Insurer(s) shall be further limited in respect of any one loss or series of losses arising out of any one event at any one Situation as set out hereunder and it is understood and agreed that such Sub-Limits shall not increase the liability of the Insurer(s) beyond the Limit(s) of Liability expressed above and it is agreed that such Sub-limits apply above the undermentioned deductibles which shall not be cumulative. Any specific Sub-limit will replace any Sum Insured mentioned in any Endorsement.

Loss or Destruction of or damage by/to:

Section 1 – Material Loss Or Damage

Abandoned Undamaged Portion of a Building

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

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.

Accidental Damage (as defined below)

Any peril or event (except fire; thunderbolt; explosion; implosion; smoke; earthquake; subterranean fire; volcanic eruption; impact; aircraft or other aerial devices or articles dropping therefrom; sonic boom; the acts of persons taking part in riots or civil commotion 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 any catastrophe; storm; tempest; wind; rainwater; hail; snow; sleet; ice; steam; surface run-off; water or other liquids discharged or leaking from any apparatus, appliance, pipe, sprinkler or other water system, drain or water main) not more specifically mentioned under any other sub-limit in this schedule nor specifically excluded by this policy but this sublimit does not apply to money.

Accompanied Baggage in Australia

The following Clause is added to “The Indemnity Section One – Material Loss or Damage”;

Loss or 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 the clause shall be limited to \$5,000 in respect of each person (limit \$10,000 any one event) and shall not be subject to any deductible referred to in the schedule of the policy. It is also agreed that no cover applies whilst the property is contained in an unattended vehicle.

Acquired Companies (C) (Endorsement Code – ACQCCXS4)

Notwithstanding the provisions of the Acquired Companies Memorandum, the term “controlling interest” where used therein shall also extend to include companies and other organisations over which the Insured acquires the capacity during the Period of Insurance to directly or indirectly dominate decision-making in relation to financial and operational policies.

Capital Additions or Escalation Clause

This insurance extends to include alterations and additions to the property insured (excluding Stock in Trade and/or Merchandise) to an amount not exceeding 10 percent of the sum insured by this Policy on such property or where separate Limits of Liabilities are specified for different situations, 10% on the Limit of Liability at the situation, whichever is the lesser. Subject to a licensed valuer's written assessment of the Market Value of the property concerned and advice to JUA Underwriting Agency Pty Ltd for acknowledgement. No additional premium to be charged for this amendment. Subject to the maximum sum insured or Limit not exceeding \$7,500,000. at any one location.

Fire Extinguishing Cost &/OR Fire Brigade Attendance Fees

The Indemnity by Section 1 – Material Loss or Damage is extended to include any statutory liability incurred by the Insured for fire extinguishing costs &/or fire brigade attendance fees.

Provided that the liability of the Insurer(s) shall not exceed the amount of the sub-limit stated in the schedule of the policy against "Fire Extinguishing Costs &/or Fire Brigade Attendance Fees" for any one loss or series of losses arising out of one event or occurrence at any one location.

Cost of Clearing Drains

The following Clause is added to "The Indemnity, Section 1 – Material Damage".

Costs of clearance of drains including expenses necessarily incurred in clearing and/or repairing drains, gutters, sewers and the like, at or in the vicinity of property hereby insured, consequent upon damage recoverable hereunder.

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

Cost of Cleaning Up

The Indemnity Clause is extended to cover the cost of cleaning up at the Situation, including the removal and disposal of water and/or other substances used to extinguish or suppress fire or to otherwise minimise the Damage during the Period of Insurance.

Damage Diminution & Accidental Discharge Costs (B)

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

The indemnity under paragraph (c) extends to include costs and expenses incurred to switch off and re-set alarms following an occurrence caused by any 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. Provided that the liability of the Insurer(s) shall not exceed the amount of the sub-limit stated in the schedule of the policy against "Liability for Duty" for any one loss or series of losses arising out of one event or occurrence at any one location.

Depreciation of Undamaged Stocks

Notwithstanding the provisions of Perils Exclusion 9 concerning depreciation in the value of stock, the policy extends to include loss sustained by the Insured resulting from depreciation in value of undamaged raw materials, work in progress or finished goods, due solely to the Insured's inability to process raw materials and/or work in progress or to transport finished goods following damage to Property Insured. The amount payable as indemnity hereunder shall be the amount by which the price at which the Insured would have sold the finished goods exceeds the proceeds of any sale of raw materials and/or work in progress and/or finished goods as scrap, less production costs saved. Provided that the liability of the Insurer(s) shall be limited to the amount of the sub-limit stated in the schedule of the policy against "Depreciation of Undamaged Stocks" for any one loss or series of losses arising out of any one event or occurrence at any one location.

Expediting Expenses

The policy extends to include costs and expenses incurred by the Insured of 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.

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

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.

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

Flood

Page 24 paragraph 4(a) of Perils Exclusion 4 is deleted

Fusion

The policy extends to indemnify the Insured against loss, destruction of or damage to any part or parts of the electrical, electro-mechanical and electronic machines, switchboards, installations or apparatus forming part of the Property Insured (excluding rectifiers, radio, television or amplifying equipment of any description) caused by the actual burning out of such part or parts by the electric current therein.

The Insurer(s) shall not be liable under this endorsement for:

- (a) Loss of use, depreciation, wear and tear.
- (b) Loss, destruction of or damage to:
 - (i) Lighting or heating elements, fuses or protective devices;
 - (ii) Electrical contacts at which sparking or arcing occurs in ordinary working.

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

Liability for Duty

This policy extends to cover 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.

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

Liability to make enquiries

This policy extends to include costs and expenses incurred by the Insured in respect of any legal liability to make enquiries consequent upon physical loss, destruction or damage insured by this policy.

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

Loss Minimisation (B)

Clause (c) of The Indemnity in Section 1 is extended to incorporate such reasonable cost (including travelling expenses) incurred to avert or minimise losses by perils insured by the Policy, including the protection, safeguard or recovery of Property Insured.

Loss of Land Value

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, 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.

Definitions

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

Special Conditions

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

Personal Property of Employees and Clubs

The wording of Clause (g) of the Indemnity is amended to read:

- (g) Damage to personal property, tools and effects (including Money) of directors and employees or the property of welfare, sports and social clubs of the Insured whilst on the Insured's premises or at work sites and damage to visitors' personal effects (including Money) whilst on the Insured's premises, but only to the extent that such property is not otherwise insured. No deductible shall apply under this clause (unless one is expressly stated in the Schedule).

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

Pressure Vessel Explosion (Endorsement Code – PVEXPB4)

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

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

Collapse shall mean the sudden and dangerous distortion of any part of the permanent structure of plant by bending or crushing caused by force of steam or fluid pressure whether attended by rupture or not. Except in the case of a steam test at a pressure not exceeding the maximum pressure permitted by the inspecting authority, the term collapse shall not mean failure under any test. The following defects do not constitute Explosion or Collapse even though repair or replacement may be necessary:

- (i) Wearing away or wasting of the material of the plant whether by leakage, corrosion or by the action of the fuel or otherwise;
- (ii) Slowly developing deformation or distortion of any part of the plant;
- (iii) Cracks, fractures, blisters, laminations, flaws or grooving even when accompanied by leakage or damage to tubes, headers or other parts of the plant caused by overheating or leakage at seams, tubes or other parts of the plant;
- (iv) Failure of joints;

But Explosion or Collapse arising from any such defect is not excluded hereby. The term Boiler and Pressure Vessel Plant includes any connected superheaters, economisers, mountings, fittings, valves and steam piping.

Specific Exclusions to Endorsement

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

- (a) The load on the safety valve or safety valves upon the particular item of plant was in excess of that permitted by the latest certificate issued in accordance with Boiler Inspection Regulations applicable thereto, or,
- (b) If any safety valve limiting the pressure is removed or rendered inoperative, or,
- (c) Where certificates of inspection are issued by a Government Department, if the particular item of plant was not so certified then the Insured shall not be entitled to any indemnity under this endorsement.

The under noted "Exclusions – Applicable to All Sections" shall not apply to the cover granted by this endorsement.

| | |
|-----------|--------|
| Exclusion | Number |
| Property | 16 |
| Perils | 4(c) |
| Perils | 4(e) |

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

Securities (Endorsement Code – SECURXS4)

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 the Securities can, with the approval of the Insurer(s), 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 the loss to Australian dollars at the market rate 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.

Statutory Inquiries

Paragraph (a) of The Indemnity shall extend to include the costs and expenses incurred by the Insured in connection with statutory inquiries following Damage to Property Insured. 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 Memorandum, the Insured’s declared values at any Situation shall not include any allowance for the costs and expenses referred to in this extension.

Unpacking Expenses

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.

Provided that the liability of the Insurer(s) shall not exceed the amount of the sub –limit stated in the schedule of the policy against “Unpacking Expenses” for any one loss or series of losses arising out of one event or occurrence at any one location.

The Property Insured

Customers' Goods

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.

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

Docks, Wharves and Piers

Property Exclusion 10 is deleted.

Money – Extended Definition

The definition of Money extends to include travellers' cheques, securities and negotiable instruments.

Loss Discovered Date – Money

Property Exclusion 2 paragraph (d) is amended to read:

- (d) Where the loss is not discovered within fourteen (14) working days of the event.

First Loss Insurance – Theft and Money

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

Property in Open Air (Excluding Theft)

Property Exclusion 13(b) is hereby deleted – Subject to sub-limit shown in the Schedule.

Theft in Open (Except Money) Exclusion Modified

Perils Exclusion 6 (a) is amended to read:

Theft, without forcible entry or threat of violence, of property in the open air.

The liability of the Insurer(s) shall not exceed the sub-limit stated in the Schedule of the Policy against "Theft of Property in the open air" for any loss or series of losses arising out of any one event or occurrence at any one location.

Basis Of Settlement

Art Works and Curios

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

On art works and curios; the cost of restoring and repairing to a condition substantially the same as before the loss plus the reduction in market value caused by such loss, damage or destruction.

When restoration or repair is not possible; the market value of the Property Insured immediately before the loss, destruction or damage, but not exceeding the sub limit stated in the schedule.

Designation

The following sentence is added to the first paragraph of Basis of Settlement (a):

For the purpose of ascertaining the classification under which any property is insured, the Insurer(s) agree to accept the designation to such property by the Insured.

Glass

Basis of Settlement (g) is amended to read:

(g) On glass, the cost of repairing or replacing the broken glass in accordance with Australian Standard AS 1288-1989, including the cost of temporary shuttering and hiring of security services pending replacement of broken glass, the cost of replacing signwriting, ornamentation, burglar alarm tapes or protective films on the glass, the removal and refixing of window or showcase frames and fittings and heat reflective material or process on the glass.

Goods Sold but not Delivered

The basis of settlement under Section 1 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.

Landscaping

The Property Insured and the Basis of Settlement (a) of Section 1 are extended to include landscaping, which term includes trees, shrubs, plants and lawns. Property Exclusion 7 and 8 shall not apply to the cover granted by this endorsement.

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

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. 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 Memoranda 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.

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 premise; the replacement cost at the time and place of replacement.

Memoranda To Section 1

Acquired Companies

The Acquired Companies memorandum to Section 1 of the policy is amended to read as follows:

The policy extends to include property in Australia (to the extent that such property is not otherwise insured) belonging to

Companies and/or other entities purchased or otherwise acquired and/or over which the Insured acquires direct or indirect managerial control and/or responsibility to arrange insurance during the currency of this policy. The Insured shall declare details of such acquisition or responsibility within a reasonable period following the date of acquisition of control and/or responsibility.

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 hereon or any part thereof.

Pecuniary or Economic Interest of Others

The term "insurable interest" in the memorandum to Section 1 headed Interest of Other Parties is amended to read "pecuniary or economic interest".

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.

Additional 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).

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 requirement 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 the clause:

- (a) Shall be limited in respect of each loss or series of losses arising out of any one event to the Sub Limit of Liability stated in the Schedule against "Additional Extra Cost of Reinstatement".
- (b) Shall not include the additional cost incurred in complying with any such Act, regulation, by-law or requirement with which the Insured has been duly required to comply prior to the happening of the damage;
- (c) Shall not be subject to the Co-insurance memorandum contained in Section 1 of the policy.

The work of reinstatement (which may be carried out wholly or partially upon another site or sites if the aforesaid Act, bylaw or regulation so necessitates subject to the liability of the Insure(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 the policy if this memorandum had not been incorporated therein.

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 which would otherwise have been payable hereunder had such reinstatement been carried out by outside contractors.

Undamaged Ancillary and/or Peripheral Equipment

If plant and/or machinery is destroyed but its ancillary and/or peripheral equipment is not destroyed but upon replacement of the destroyed plant and/or machinery the ancillary and/or peripheral equipment is rendered superfluous, then such equipment shall be deemed to be destroyed and its salvage value shall be payable to the Insurer(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.

Undamaged Foundations

Where any property insured hereunder is damaged but the foundations thereof are undamaged and (due to the exercising of any statutory powers and/or delegated legislation and/or authority by any Government Department, Local Government or Statutory Authority) reinstatement of damaged property has been carried out upon any other site or sites, the abandoned foundations will be considered as being destroyed.

Provided that if the presence of such abandoned foundations increases the resale value of the original building site, then such an increase in resale value 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 amount otherwise payable by the Insurer(s) under the policy, whichever shall occur. All differences pertaining 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 the policy. If the two valuers fail to agree, their difference 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.

Section 2 – Consequential Loss

Basis of Settlement Accounts Receivable

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 or accounts receivable.

The Insurer(s) will also pay:

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

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

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

Contractual Fines and Penalties

The insurance under this item is limited to fines and/or damages for breach of contract and the amount payable as indemnity hereunder shall be such sum or sums as the Insured shall be legally liable to pay in discharge of fines and/or damages incurred in consequence of the Damage for the non-compliance or late completion of orders, inability to meet contract specifications or cancellation of orders.

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

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.

Gross Profit and Dual Payroll – Co-insurance Amended

The final paragraph of Item No. 1 and the final paragraph of Item No. 3. In Section 2 of the policy are deleted and the following clause shall apply to both items:

In the event of the Insured suffering interruption of or interference with the Business in consequence of Damage occurring during a period of insurance, the Insurer(s) shall be liable for no greater proportion of the loss than the estimated Gross Profit and insured Payroll declared at inception of that period of insurance bear to 85% of the sum produced by applying the Rate of Gross Profit and Rate of Payroll to the Annual Turnover (or its proportionately increase multiple if the Indemnity Period exceeds twelve months) which would have been achieved if the Damage had occurred on the day of commencement of that period of insurance.

This memorandum shall not apply if the amount of the loss does not exceed 5% of the sum of the estimated values of Gross Profit and insured Payroll declared at inception of that period of insurance. For the purpose of this memorandum the terms "Rate of Gross Profit", Rate of Payroll" and "Annual Turnover" shall bear the following meanings and not as otherwise defined elsewhere in the Policy:

Rate of Gross Profit: the rate of Gross Profit earned on the Turnover during the financial year immediately before the day of commencement of each Period of Insurance.

Rate of Payroll: the rate of Payroll to Turnover during the financial year immediately before the day of commencement of each Period of Insurance.

Annual Turnover: the Turnover during the 12 months immediately before the day of commencement of each Period of Insurance.

Pay-roll: Amended definition

The definition of Pay-Roll in Section 2 of the Policy is amended to read:

The remuneration paid to all employees of the Insured other than those whose remuneration is insured in Item No. 1 Gross Profit. The term Pay-Roll includes but is not limited to holiday pay, sick pay, long service leave pay, commission, bonus and overtime, plus payments for pay-roll tax, fringe benefits tax, superannuation and pension fund contributions, workers compensation premiums, accident compensation levies and the like.

Gross Rentals Specification

The following clauses are deleted from the policy:

Item No. 1 (Gross Profit)
Item No. 3 (Pay-Roll)

Definitions of:

Gross Profit
Turnover

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

Memoranda entitled:

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

And replaced by the following clauses:

Item No. 1

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

- (a) **In respect of reduction in Gross Rentals:** The amount by which the Gross Rentals during the Indemnity Period shall, in consequence of the Damage, fall short of the Standard Gross Rentals,
- (b) **In respect of increase in Cost of Working:** The additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in Gross Rentals which but for that expenditure would have taken place during the Indemnity Period in consequence of the Damage, but not exceeding the loss of Gross Rentals thereby avoided, less any sum saved during the Indemnity Period in respect of such charges and expenses of the Business as may cease or be reduced in consequence of the Damage. Provided that if the estimated value of Gross Rentals declared at the commencement of each Period of Insurance is less than the Annual Gross Rentals (or the appropriate multiple if the Indemnity Period exceeds twelve months), the amount payable hereunder shall be proportionately reduced

Definitions

Gross Rentals: The money paid or payable to the Insured by tenants in respect of rental of the premises and for services rendered by or on behalf of the Insured.

Standard Gross Rentals: The Gross Rentals during that period in the twelve months immediately before the date of the damage

To which 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.

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 the completion of the first year's trading of business, the terms "Standard Gross Rentals" and "Annual Gross Rentals" shall bear the following meanings and not as within stated:

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

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

To which 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.

Deductible – Time

Wherever a deductible or excess (Deductible), contained in this Policy is described as a period of time, such Deductible shall be subject to the following conditions:

1. The Deductible will only apply to loss in respect of: *The Gross Profit, Gross Income and if applicable to the Payroll items*
2. The Deductible will not apply to Any other Section Two sub-limits.
3. In respect of a loss as described under 1 above, the monetary value of the Deductible shall be calculated in accordance with the following formula:

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

IP

Where D = The period of the Deductible expressed in days*
 L = The total value of the loss to which the Deductible applies
 IP = The indemnity period in days applicable to the loss

*If the deductible is expressed in hours then the day equivalent will be that number of hours divided by 24.

Tax Audit

Definitions

In this Section the terms and words appearing below have the following meanings:

“Audit” means the investigation of Your Business, financial or tax affairs by:

- The Australian Tax Office (ATO) following lodgement of Your tax returns; or
- The responsible Commonwealth, State or Territory Department, Body or Agency following lodgement of Your returns and the making of an assessment (including a self-assessed liability) or relevant document in regard to Your obligation to pay an amount under the Commonwealth, State or Territory legislation, in relation to:
 1. Income tax;
 2. Fringe benefits tax;
 3. Capital gains tax;
 4. Wholesale and sales tax;
 5. Payroll tax;
 6. Goods & services tax; or
 7. Superannuation contributions tax.

For the purpose of this Section, the Audit commences at the time You first receive notice that the Auditor proposes to conduct an Audit, and is completed when:

- a. The Auditor has given written notice to You to that effect,
- b. The Auditor notifies You that it has made findings in connection to an Audit and notified You of those findings and/or the actions the Auditor proposes to take in connection with those findings, or
- c. When the Auditor has issued an assessment or amended assessment as to Your liability to pay an amount under any relevant legislation.

“Auditor” is an officer authorised under Commonwealth, State or Territory legislation to conduct Audits of taxation or financial affairs.

“Professional Fees” means:

1. Fees paid to registered tax agents, financial advisers, company auditors, accountants and solicitors who are not Your employees, for the preparation of evidence to be submitted to the Auditor;
2. Fees charged to You for preparation of evidence by Your financial service providers;
3. Overtime paid by You to Your employees to prepare for or represent You in any Audit;
4. Travelling and accommodation expenses incurred by You or Your employees in order to attend an Audit.

1. Insuring Clause

If you have selected this cover and it is noted in the *Schedule*, We will cover You, less the Excess in respect of the Professional Fees reasonably and necessarily incurred within the Commonwealth of Australia in connection with an Audit which commences during the Period of Insurance.

We will not pay You more than the amount shown in the Schedule during any one Period of Insurance.

2. Excess

You will bear as an uninsured contribution, 10% of all Professional Fees incurred with a minimum contribution of \$500 in respect of each and every claim under this Section. All payments of Professional Fees made by Us in settlement of a claim under this Section will be exclusive of Your contribution directly to the supplier(s) of the service for which Professional Fees are payable.

3. Specific exclusions applicable to Tax Audit

We will not pay:

1. For any legal liability, court costs, fines, penalties, tax, penalty tax or interest;
2. In relation to routine enquiries from an Auditor which are not identified as being either preliminary to or relating to an Audit being conducted by an Auditor:
 - a. For Professional Fees incurred: After the Audit has been completed,
 - b. Due to Your improper, unwarranted or unjustified refusal or failure to comply with any lawful request for the production of documents or the supply of information. Refusal or failure to comply will not be deemed to be improper, unwarranted or unjustified if You refuse or fail to comply upon the written advice of Your accountant or solicitor,
 - c. From Audits under customs legislation,
 - d. From Audits which You were notified or knew of prior to the Period of Insurance.
 - e. From Audits of income received or earned, or where the source of income is outside the Commonwealth of Australia or where the service giving rise to the claim are performed by people or entities ordinarily resident outside the Commonwealth of Australia.
 - f. From any fraudulent act or omission committed by You or on Your behalf or by Your employee(s),
 - g. Which are ordinarily associated with the maintenance and upkeep of Your Business accounts, returns, taxation and financial records and the preparation prior to lodgement of Your accounts, returns, taxation and financial records as required by any relevant legislation,
 - h. Incurred more than twelve (12) months after the commencement of the Audit, unless You can show that completion of the Audit has been delayed as a result of the conduct of the Auditor;
3. If the return in relation to which the Audit is proposed to be conducted was not reviewed by an accountant prior to dispatch;
4. If You have not maintained all records that You are required to maintain or should or would maintain in the ordinary course of Your Business.

4. Specific conditions applicable to Tax Audit

If You do not meet the following conditions, We may reduce or refuse to pay a claim.

1. Errors

If You or any person acting on Your behalf becomes aware of any error in any return of income or other documents supplied to a Commonwealth, State or Territory Commissioner of Taxation, You must notify the Commissioner of Taxation without delay.

2. Tax Returns

You must submit all returns and documents within the time limits prescribed by all relevant statutes or regulations or within any extensions of time as lawfully granted by a Commissioner of Taxation.

3. Income Disclosure

You must make full and complete disclosure of all income (including capital gains), turnover and expenses required by any tax legislation. If the final assessment of Your taxable income for the period being audited is more than 20% higher than the taxable income which You originally declare, We will not pay any part of Your claim.

4. Claims

If You have a claim under this Section You agree to:

- a. Keep Us fully informed of all material matters in relation to Your claim;
- b. Send Us copies of all correspondence in relation to Your claim within five (5) working days of receiving them;
- c. Instruct Your accountants and solicitors to provide Us with all relevant documents and information in relation to Your claim; and

- d. Permit Us, when necessary, to instruct Your accountants and solicitors in matters relating to Your claim and for the cost of these instructions to form part of Your claim. This does not mean We will take over or represent You in the Audit or investigation.

We or Our duly appointed agent may conduct Our own investigation to any matter which is or may be the subject of a claim under this Policy.

Memoranda To Section 2

Goods & Services Tax

The premium charged for this policy will include an amount of GST.

The insured must inform the Insurer of the extent to which it is entitled to an input tax credit for the premium each time that a claim is made under this policy. No payment will be made to the Insured for any GST liability that may acquire on the settlement of a claim if the Insured has not informed the Insurer of its entitlement or correct entitlement to an input tax credit.

Despite the other provisions of this insurance (including provisions in the wordings, any schedules and any endorsements), the Insurer's liability will be calculated taking into account:

- a) Any input tax credit to which the Insured is entitled for any acquisition relevant to the claim, or to which the insured would have been entitled were the insured to have made a relevant acquisition: and
- b) Also for the claims for Business Interruption, the GST exclusive amount of any supply made by the Insured's business which is relevant to the Insured's claim.

If the sum insured or policy limit is not sufficient to cover the Insured's loss, the Insured will only pay GST (less any relevant input tax credit) that relates to the Insured's proportion of the Insured's loss. The Insured will pay the GST amount in addition to the Sum Insured or policy limit.

"GST", "input tax credit", "acquisition" and "supply" have meaning given in A New Tax System (Goods and Services Tax) Act 1999.

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

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 or Situation by order of a competent public authority consequent upon:

- (a) vermin or pests or defects in the drains or other sanitary arrangements at the Insured Premises or Situation;
- (b) poisoning directly caused by the consumption of food or drink provided on or from the Insured Premises or Situation;
- (c) murder or suicide occurring in or at the Insured Premises or Situation;

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

Interdependency - Australia

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 and/or used by the Insured for the purpose of the Business or any other business shall be deemed to be loss resulting from Damage to property used by the Insured at the Premises.

Public Utilities Memorandum Expanded

Any loss resulting from interruption of or interference with the Business directly or indirectly in consequence of Damage anywhere in Australia to any communication link, subterranean or undersea pipe or cable and/or electrical power station or sub-station, gasworks, waterworks or supply line of the public or privatised supply undertaking from which the Insured obtains electric current, gas or water 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 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 sum insured stated in the schedule against "Public or Privatised Utilities".

Unspecified Suppliers Extension (Australia Only)

Loss resulting from interruption of or interference with the business in consequence of Damage to property at the Premises, anywhere in Australia, of any producer (or in the vicinity of such premises which prevents or hinders the use of or access to such premises) 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 sum insured stated in the schedule against "Unspecified Suppliers' Premises (Single Limit)".

For the purpose 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 (including any constituents of such goods) or services used by the Insured are produced, assembled or stored.

Unspecified Customers' Premises (Australia Only)

Loss resulting from interruption of or interference with the business in consequence of Damage to property at the premises, anywhere in Australia, of any merchant (or in the vicinity of such premises which prevents or hinders the use of or access to such premises) 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 to any one loss or series of losses arising out of any one event or occurrence at any one premises, shall be limited to the sum insured stated in the schedule against "Unspecified Customers' Premises (Single Limit)".

For the purpose of this endorsement, the term "premises of a merchant" refers to premises to which the Insured provides goods or services.

Premises in the Vicinity (Prevention of Access)

The memorandum headed "Premises in the Vicinity (Prevention of Access)" is amended to read:

Loss as insured by this policy resulting from interruption or interference with the Business in consequence of Damage to property in a radius of 5 kilometres 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 a radius of 5 kilometres 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 of or diminution of the 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.

Exclusions To All Section Property Exclusions

Electronic Data

Notwithstanding any provisions 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 programs, 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 the 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, 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.

Perils Exclusion

NMA1622 - Radioactive Contamination and Explosive Nuclear Assemblies Exclusion Clause

This Policy does not cover

- a) loss or destruction of or damage to any property whatsoever or any loss or expense whatsoever resulting or arising therefrom or any consequential loss
- 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 fuel or from any nuclear waste from the combustion of nuclear fuel
- (ii) the radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof.

Transmission & Distribution Lines Exclusion

Notwithstanding any provision to the contrary in the Policy or any endorsement thereto, it is understood and agreed that this Policy does not cover losses in respect of overhead transmission and distribution lines and their supporting structures of power-generating authorities or companies and telecommunication companies, but this exclusion shall not apply in respect of the aforementioned lines (and their supporting structures) that extend from the public highway to the insured premises and are the responsibility of the insured.

It is understood and agreed that public utilities extension and/or suppliers extension and/or contingent business

interruption coverages are not subject to this exclusion, provided that these are not a part of transmitters' or distributors' policy.

NMA2984A - Australian Terrorism and Cyclone Insurance Act 2003 Notice

The Underwriters have treated this Insurance (or part of it) as an Insurance to which the Australia Terrorism and Cyclone Insurance Act 2003 (ATACIA) applies.

ATACIA and the supporting regulations made under the Act deem cover into certain policies and provide that the Terrorism exclusion to which this Insurance is subject shall not apply to any "eligible terrorism loss" as defined in ATACIA.

Any coverage established by ATACIA is only in respect of any "eligible terrorism loss" resulting from a "terrorist act" which is a "declared terrorist incident" as defined in ATACIA. The Terrorism exclusion to which this Insurance is subject applies in full force and effect to any other loss and any act or event that is not a "declared terrorist incident".

All other terms, conditions, insured coverage and exclusions of this Insurance including applicable limits and deductibles remain unchanged.

If any or all of the Underwriters have reinsured this Insurance with the Australian Reinsurance Pool Corporation, then any such Underwriters will not be liable for any amounts for which they are not responsible under the terms of ATACIA due to the application of a "reduction percentage" as defined in ATACIA which results in a cap on the Underwriter's liability for payment for "eligible terrorism losses".

NMA2918 - War and Terrorism Exclusion Endorsement

Notwithstanding any provision to the contrary within this insurance or any endorsement thereto it is agreed that this insurance excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss;

- (1) war, invasion, acts of foreign enemies, hostilities or warlike 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
- (2) any act of terrorism.

For the purpose of this endorsement an act of terrorism means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This endorsement also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to

- (1) and/or (2) above.

If the Underwriters allege that by reason of this exclusion, any loss, damage, cost or expense is not covered by this insurance the burden of proving the contrary shall be upon the Assured.

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

Misdescription, Non-Disclosure and Alteration (Undisxb4)

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 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.

Definitions

Burglary

(A) BURGLARY shall mean:-

- (a) Theft consequent upon actual forcible and violent entry upon the insured situations where property is located or any attempt thereat.
- (b) Theft or any attempt thereat by a person concealed on the premises at the said situations for the purpose of committing an indictable offence.

But shall not include theft of money, as defined.

(B) THEFT shall mean:

Theft without forcible entry or larceny or any attempt thereat.

In all other respects the Policy remains unaltered.

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.

Memoranda To All Sections

LMA3100A - Sanction Limitation Clause

No (re)insurer shall be deemed to provide cover and no (re)insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that (re)insurer to any sanction, prohibition or restriction under United Nations' resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

NMA1191 - Radioactive Contamination Exclusion Clause Physical Damage-Direct

This policy does not cover any loss or damage arising directly or indirectly from nuclear reaction nuclear radiation or radioactive contamination however such nuclear reaction nuclear radiation or radioactive contamination may have been caused "NEVERTHELESS if Fire is an insured peril and a Fire arises directly or indirectly from nuclear reaction nuclear radiation or radioactive contamination any loss or damage arising directly from that Fire shall (subject to the provisions of this policy) be covered

EXCLUDING however all loss or damage caused by nuclear reaction nuclear radiation or radioactive contamination arising directly or indirectly from that Fire.

NOTE - If Fire is not an insured peril under this policy the words from "NEVERTHELESS" to the end of the clause do not apply and should be disregarded.

LMA5401 - Property Cyber and Data Exclusion

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

- 1.1 Cyber Loss;
- 1.2 loss, damage, liability, claim, cost, expense of whatsoever nature directly or indirectly caused by, contributed to by, resulting from, arising out of or in connection with any loss of use, reduction in

- functionality, repair, replacement, restoration or reproduction of any Data, including any amount pertaining to the value of such Data;
regardless of any other cause or event contributing concurrently or in any other sequence thereto.
- 2 In the event any portion of this endorsement is found to be invalid or unenforceable, the remainder shall remain in full force and effect.
 - 3 This endorsement supersedes and, if in conflict with any other wording in the Policy or any endorsement thereto having a bearing on Cyber Loss or Data, replaces that wording.

Definitions

- 4 Cyber Loss means any loss, damage, liability, claim, cost or expense of whatsoever nature directly or indirectly caused by, contributed to by, resulting from, arising out of or in connection with any Cyber Act or Cyber Incident including, but not limited to, any action taken in controlling, preventing, suppressing or remediating any Cyber Act or Cyber Incident.
- 5 Cyber Act means an unauthorised, malicious or criminal act or series of related unauthorised, malicious or criminal acts, regardless of time and place, or the threat or hoax thereof involving access to, processing of, use of or operation of any Computer System.
- 6 Cyber Incident means:
 - 6.1 any error or omission or series of related errors or omissions involving access to, processing of, use of or operation of any Computer System; or
 - 6.2 any partial or total unavailability or failure or series of related partial or total unavailability or failures to access, process, use or operate any Computer System.
- 7 Computer System means:
 - 7.1 any computer, hardware, software, communications system, electronic device (including, but not limited to, smart phone, laptop, tablet, wearable device), server, cloud or microcontroller including any similar system or any configuration of the aforementioned and including any associated input, output, data storage device, networking equipment or back up facility, owned or operated by the Insured or any other party.
- 8 Data means information, facts, concepts, code or any other information of any kind that is recorded or transmitted in a form to be used, accessed, processed, transmitted or stored by a Computer System.

NMA2962 - Biological or Chemical Materials Exclusion

It is agreed that this Insurance excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with the actual or threatened malicious use of pathogenic or poisonous biological or chemical materials regardless of any other cause or event contributing concurrently or in any other sequence thereto.

LMA5544 - General Insurance Code of Practice

The Insurance Council of Australia Limited has developed the General Insurance Code of Practice ("the Code"), which is a voluntary self-regulatory code. The Code aims to raise the standards of practice and service in the insurance industry.

Lloyd's has adopted the Code on terms agreed with the Insurance Council of Australia. For further information on the Code please visit www.codeofpractice.com.au.

The Code Governance Committee (CGC) is an independent body that monitors and enforces insurers' compliance with the Code. For more information on the Code Governance Committee (CGC) go to www.insurancecode.org.au

Complaints and disputes

If you have any concerns or wish to make a complaint in relation to this policy, our services or your insurance claim, please let us know and we will attempt to resolve your concerns in accordance with our Internal Dispute Resolution procedure. Please contact JUA Underwriting Agency Pty Ltd in the first instance:

Complaints Officer
Complaints@jua.com.au

We will acknowledge receipt of your complaint and do our utmost to resolve the complaint to your satisfaction within 10 business days.

If we cannot resolve your complaint to your satisfaction, we will escalate your matter to Lloyd's Australia who will determine whether it will be reviewed by their office or the Lloyd's UK Complaints team. Lloyd's contact details are:

Lloyd's Australia Limited
Email: ldraustralia@lloyds.com
Telephone: (02) 8298 0783
Post: Suite 1603 Level 16, 1 Macquarie Place, Sydney NSW 2000

A final decision will be provided to you within 30 calendar days of the date on which you first made the complaint unless certain exceptions apply.

You may refer your complaint to the Australian Financial Complaints Authority (AFCA), if your complaint is not resolved to your satisfaction within 30 calendar days of the date on which you first made the complaint or at any time. AFCA can be contacted as follows:

Telephone: 1800 931 678
Email: info@afca.org.au
Post: GPO Box 3 Melbourne VIC 3001
Website: www.afca.org.au

Your complaint must be referred to AFCA within 2 years of the final decision, unless AFCA considers special circumstances apply. If your complaint is not eligible for consideration by AFCA, you may be referred to the Financial Ombudsman Service (UK) or you can seek independent legal advice. You can also access any other external dispute resolution or other options that may be available to you.

The Underwriters accepting this Insurance agree that:

- (i) if a dispute arises under this Insurance, this Insurance will be subject to Australian law and practice and the Underwriters will submit to the jurisdiction of any competent Court in the Commonwealth of Australia;
- (ii) any summons notice or process to be served upon the Underwriters may be served upon:

*Lloyd's Underwriters' General Representative in Australia
Suite 1603
Level 16
1 Macquarie Place
Sydney NSW 2000*

- (iii) who has authority to accept service on the Underwriters' behalf;
if a suit is instituted against any of the Underwriters, all Underwriters participating in this Insurance will abide by the final decision of such Court or any competent Appellate Court.

In the event of a claim arising under this Insurance notice should be given as soon as possible to:

John Melville
JUA Underwriting Agency Pty Ltd
Claims@jua.com.au

LMA5136 - Australian Non-Litigation Dispute Resolution Endorsement

Any enquiry or complaint relating to this insurance should be referred to the Coverholder in the first instance. If this does not resolve the matter or you are not satisfied with the way a complaint has been dealt with, you should write to:

Lloyd's Underwriters' General Representative in Australia
1603, Level 16
1 Macquarie Place
Sydney NSW 2000

Telephone Number: (02) 8298 0783
Facsimile Number: (02) 8298 0788
Email: idraustralia@lloyds.com

If your dispute remains unresolved you may be referred to the Australian Financial Complaints Authority (AFCA). AFCA can be contacted by phone 1800 931 678 or email info@afca.org.au or www.afca.org.au. For other disputes you will be referred to other proceedings for resolution. Details are available from Lloyd's Underwriters' General Representative in Australia at the address above.

Leased Building Agreements

When the Insured enters into a lease agreement for occupancy of any building or part of a building and the terms of the lease contain a disclaimer clause in favour of the lessor, then the insurance provided by the policy shall not be prejudiced by the Insured agreeing to such terms.

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

Storage Agreements

When the Insured enters into a contract for storage of property and the terms of the contract contain a disclaimer clause, then the insurance provided by the policy shall not be prejudiced by the Insured agreeing to such terms. The Insured's officer responsible for insurance shall, upon becoming aware of such contract, inform the Insurer(s) as soon as reasonably practicable and the Insured shall pay a reasonable additional premium if required by the Insurer(s).

Utilities

Any reference to "Public Utilities" is deemed to include "Private or Privatised Utilities".

LMA5018 - Microorganism Exclusion (Absolute)

This Policy does not insure any loss, damage, claim, cost, expense or other sum directly or indirectly arising out of or relating to: mold, mildew, fungus, spores or other microorganism of any type, nature, or description, including but not limited to any substance whose presence poses an actual or potential threat to human health.

This Exclusion applies regardless of whether there is (i) any physical loss or damage to insured property; (ii) any insured peril or cause, whether or not contributing concurrently or in any sequence; (iii) any loss of use, occupancy, or functionality; or (iv) any action required, including but not limited to repair, replacement, removal, cleanup, abatement, disposal, relocation, or steps taken to address medical or legal concerns.

This Exclusion replaces and supersedes any provision in the Policy that provides insurance, in whole or in part, for these matters.

LSW1001 - Several Liability Notice

The subscribing insurers' obligations under contracts of insurance to which they subscribe are several and not joint and are limited solely to the extent of their individual subscriptions. The subscribing insurers are not responsible for the subscription of any co-subscribing insurer who for any reason does not satisfy all or part of its obligations.

Asbestos Clause

This Policy only insures asbestos physically incorporated in an insured building or structure, and then only that part of the asbestos which has been physically damaged during the policy period by one of these Listed Perils:
Fire; Explosion; Lightning; Windstorm; Hail, Direct impact of vehicle, aircraft or vessel; Riot or civil commotion; Vandalism or malicious mischief; or Accidental discharge of fire protective equipment.

This coverage is subject to all limitations in the Policy to which this wording forms part and, in addition, to each of the following specific limitations:

1. The said building or structure must be insured under this Policy for damage by the Listed Peril.

2. The Listed Peril must be the immediate, sole cause of the damage to the damage to the asbestos.
3. You must report to Underwriters the existence and cost of the damage as soon as practicable after the Listed Peril first damaged the asbestos.
4. Insurance under this Policy in respect of asbestos shall not include any sum relating to:
 - a. any faults in the design, manufacture or installation of the asbestos.
 - b. asbestos not physically damaged by the Listed Peril including any governmental or regulatory authority direction or request of whatsoever nature relating to undamaged asbestos.
5. Policy excess
 - a. for Business Package Policies, 10% of Sum Insured listed under Fire Section, subject to a minimum excess applying of \$100,000
 - b. for Industrial Special Risks Policies, 10% of Section 1 Declared Values at the site damaged, subject to a minimum excess applying of \$100,000
6. Basis of settlement is limited to the Indemnity Value to repair damaged portion. Any additional costs for improvement required to meet any State or Federal Government or any Council Legislation are not covered by this policy and would be at the Insured's own cost. This also extends to exclude improvements under any benefits of the policy (including but not limited to Extra Cost of Reinstatement or Additional Extra Cost of Reinstatement or Government Fines & Penalties)
7. Any damage to any property (including Contents, Stock, Raw Materials, Machinery & Plant) due to Asbestos debris or particles is limited to 10% of the Sum Insured listed under the Fire Section, subject to a maximum sum insured of \$500,000 applying.
8. Where there is any benefit paid under this Policy relating to Asbestos Damage, the Business Interruption section will not be applicable.
9. The Insured needs to ensure there is an Asbestos Register & Management Plan prepared and kept at the Premises.

Coverage provided for properties with Asbestos have additional terms and conditions imposed. In instances where JUA have not been previously advised of Asbestos construction, our Underwriters will consider there is no cover provided for any damage caused by or from any Asbestos construction.

LSW969A - Fraudulent Claims Clause (Australia)

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

LMA5583B - Territorial Exclusion: Russia, Ukraine and Belarus

Notwithstanding anything to the contrary in this Policy, this Policy excludes any loss, damage, liability, cost or expense of whatsoever nature, directly or indirectly arising from or in respect of any:

- i. entity domiciled, resident, located, incorporated, registered or established in an **Excluded Territory**;
- ii. property or asset located in an **Excluded Territory**;
- iii. individual that is physically in an **Excluded Territory**;
- iv. claim, action, suit or enforcement proceeding brought or maintained in an **Excluded Territory**;
- v. payment in an **Excluded Territory**.

This exclusion will not apply to any coverage or benefit required to be provided by the insurer by law or regulation applicable to that insurer, however, the terms of any sanctions clause will prevail.

For purposes of this exclusion, “**Excluded Territory**” means:

- Belarus (Republic of Belarus); and
- Russian Federation; and
- Ukraine (including any disputed regions of Ukraine and including the Crimean Peninsula)

All other terms, conditions and exclusions remain unchanged.

NMA1483 - Overseas Jurisdiction Clause

It is hereby agreed that :-

1. this insurance shall be governed by the law of the Commonwealth of Australia whose Courts shall have jurisdiction in any dispute arising hereunder; and
2. any summons, notice or process to be served upon the Underwriters for the purpose of instituting any legal proceedings against them in connection with this insurance may be served upon

*Lloyd's Underwriters' General Representative in Australia
Suite 1603
Level 16
1 Macquarie Place
Sydney NSW 2000*

who have authority to accept service on their behalf.