

Ansvar Industrial Special Risks Mark IV Consolidated Insurance

POLICY WORDING

Contents

About Ansvr

Insurance from one of Australia's specialist insurers

About Ansvr	5
Our approach	5
Supporting our community	5
Duty of disclosure	5
Our contract with You	6
Cooling off period	6

Important information

Changes to the insurance policy wording	7
Terrorism	7
Costs	7
General Insurance Code of Practice	8
Privacy	8
Complaints and Disputes Resolution process	8
Average/underinsurance	9
Examples	9
Goods and services tax (GST)	10

Industrial Special Risks Mark IV Consolidated Insurance

Definitions Applicable to All Sections

Act of Terrorism	11
Approved Valuer	11
Burglary	11
Business	11
Business Hours	12
Computer Crime	12
Computer System	12
Consequential Loss	12
Cyber Attack	12
Damage/Damaged	12
Data	12
Debris	12
Declared Value(s)	12

5	Deductible	13
	Electronic Data	13
	Flood	13
5	Green Standards	13
5	Indemnity Value	13
5	Landscaping	13
5	Land Value	13
5	Limit(s) of Liability	13
6	Malicious Damage	13
6	Money	13
	Period of Insurance	14
7	Policy	14
7	Policy Schedule	14
7	Pollution or Contamination	14
7	Premises	14
8	Property Insured	14
8	Securities	14
8	Situation	14
9	Solar Panels	14
9	Statutory Inquiries	14
	Storm	15
	Sub-Limit of Liability	15
	Theft	15
11	Unspecified Damage	15
	Watercraft	15
	We, Us, Our and Insurer	15
	You, Your and Insured	15
	Section 1 Material loss or damage	16
	The Indemnity	16
	Basis of settlement	18
	Memoranda to Section 1	21
	Branded goods	21
	Offsetting Declared Values	21
	Environment improvement – better green coverage	21
	Indemnity Value	21
	Interests of other parties	21
	Labels, containers and wrappings	22

ContentsContents (continued)

Reinstatement or replacement	22	Memoranda to Section 2	34
Reinstatement of Damage by the Insured	23	Temporary accommodation	34
Average/underinsurance	23	Accommodation bonds	34
Co-insurance	23	Severance pay	34
Dissimilar property	23	Rent payable	34
First loss insurance - Theft and Money	23	Rent receivable	34
Extra cost of reinstatement	23	Contractual fines and penalties	35
Additional extra cost of reinstatement	24	Accounts receivable	35
Floor space ratio index (plot ratio)	24	Government incentives	35
Acquired companies	24	Turnover elsewhere after Damage	35
Loss of Land Value	25	Departmental	35
Output replacement	25	New business	35
Constructive total loss	26	Accumulated stocks	36
Buildings of architectural and historic interest	26	Books of account	36
Abandoned undamaged portion of a building	26	Public utilities	36
Undamaged foundations	26	Other contributing properties	36
Undamaged ancillary and/or peripheral equipment	27	Turnover/output alternative	37
Application of Deductibles	27	Specified suppliers' and/or customers' premises	37
		Unspecified suppliers' and/or customers' premises (Australia & New Zealand)	37
Section 2 Business Interruption	27	Royalties receivable	37
The indemnity	27	Interdependency – Australia	37
Basis of settlement	27	Infectious or contagious diseases; vermin, pests or defective sanitary arrangements; food or drink poisoning; murder, suicide	38
Item No. 1 – Loss of Gross Profit	27	Trade exhibitions	38
Item No. 2 – Claim preparation fees	28	Reduced margin	38
Item No. 3 – Pay-Roll	28	Computer	38
Item No. 4 – Additional increased cost of working	28	Salvage sale	38
Item No. 5 – Refundable accommodation deposits (RAD)	28	Premises in the vicinity (prevention of access)	39
Item No. 6 – Gross Rentals	29	Registered vehicles and/or trailers	39
Definitions	30		
Memoranda	30	Exclusions applicable to all sections	39
Item No. 7 – Gross Revenue	30	Property exclusions	39
Definitions	31	Electronic Data Exclusion	41
Memoranda	32		
Item No. 8 – Research establishment expenses	32	Computer Systems and Data Exclusion	41
Definitions	32	Perils exclusions	41
		General exclusions	43
Definitions applicable to Section 2	33		
Gross Profit	33	Memoranda applicable to all sections	44
Turnover	33	Amount of Policy not reduced by loss	44
Indemnity Period	33	Event	44
Consolidated Period	33	Subrogation waiver	44
Insured Pay-Roll	33	Adjustment of premium	44
Pay-Roll	33		
Shortage in Turnover	33	Conditions applicable to all sections	45
Rate of Gross Profit	33	1. Misrepresentation and non-disclosure	45
Annual Turnover	33	2. Alteration	45
Standard Turnover	33		
Rate of Pay-Roll	33		
Items Insured	34		

ContentsContents (continued)

3. Sprinkler installations	45
4. Cancellation	46
5. Notification of claims	46
6. Fraud	46
7. Reinstatement	46
8. Insurer(s) rights	46
9. Subrogation	47
10. Precautions to prevent loss	47
11. Insured's action after Theft or Malicious Damage	47
12. Termination of cover under section 2	47
13. Observance of terms and conditions	47
14. Progress payments	47
15. Jurisdiction	47
16. Headings	47
Optional covers	48
Golf clubs	48
Changes in a temperature controlled environment	48
Fusion	48
Machinery breakdown (Damage and expediting expenses)	48
EDP breakdown	49
General property cover – Australia	50
Property in transit – Australia	50
Endorsements	50

About Ansvar

Insurance from one of Australia's specialist insurers

Our ISR Mark IV Consolidated insurance policy wording is specifically designed to protect You against Damage to Your property and financial loss as a result of property Damage.

ABOUT ANSVAR

The issuer of this insurance product is Ansvar Insurance Limited (Ansvar), ABN 21 007 216 506 and Australian Financial Services Licensee 237826.

Ansvar is a specialist insurer offering tailored insurance and risk management services to the Care, Community Services (including Not-for-Profit), Education, Faith and Heritage sectors. With more than 60 years of experience in the Australian insurance industry we have a deep understanding of our clients' needs, risks and operational challenges.

Ansvar is a proud member of the Benefact Group, an independent, specialist financial services group that exists to give its profit to charity.

Our registered office is Level 5, 1 Southbank Boulevard, Southbank, Victoria.

Our contact details are: Ansvar Insurance

Phone: 1300 650 540

Post: GPO Box 1655, Melbourne, Victoria 3001

Email: insure@ansvar.com.au

Website: ansvar.com.au

OUR APPROACH

Service is paramount at Ansvar, and our team is committed to consistently providing the best client experience possible.

Our in house Client Solutions and Claims teams are focused on understanding and resolving issues important to our clients. We offer practical solutions to help our clients protect their assets and importantly, their people.

SUPPORTING OUR COMMUNITY

We remain committed to supporting local communities through our Community Education Program.

Each year, Ansvar donates a percentage of our profits to organisations that provide valuable support to improve and enrich the lives of young Australians, so they may contribute positively to the community in which they live.

DUTY OF DISCLOSURE

Before You enter into an insurance contract, You have a duty of disclosure under the Insurance Contracts Act 1984 (Cth). If We ask You questions that are relevant to Our decision to insure You and on what terms, You must tell Us anything that You know and that a reasonable person in the circumstances would include in answering the questions.

You have this duty until We agree to insure You.

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

If You do not tell Us something

If You do not tell Us anything You are required to tell Us, We may cancel Your contract or reduce the amount We will pay You if You make a claim, or both.

If Your failure to tell Us is fraudulent, We may refuse to pay a claim and treat the contract as if it never existed.

OUR CONTRACT WITH YOU

This policy is a contract of insurance between Ansvar and You (The Policy). The Policy is comprised of:

- This insurance policy wording, which sets out the general terms and conditions of cover;
- The Policy Schedule (often referred to as the Schedule), which is a document unique to You which includes any changes, exclusions, terms and conditions relevant to Your specific circumstances;
- The Schedule of declared assets including business interruption figures insured under Your Policy; and
- Any other written change (such as an endorsement) which may change or modify the above documents.

You will need to read the entirety of the Policy for the full description of the terms, conditions and limitations of Your insurance cover.

It is important that you read the policy documents carefully in conjunction with Your quotation, before making a decision to purchase this insurance.

In consideration of payment of Your premium, We will insure You under this Policy, and as shown in Your Policy Schedule. Your insurance commences from the time We accept Your application or variation and premium and concludes at 4.00pm local standard time on the date shown in Your Policy Schedule.

If the terms of this Policy are not observed, cover may be reduced or cancelled.

COOLING OFF PERIOD

We will refund the entire premium You have paid for cover under this Policy if You cancel the Policy within fourteen (14) days of its commencement. To do this, You must advise Us in writing of Your decision. The Policy will be cancelled with effect from the inception date. You will not receive a refund if You have made a claim or intend to claim under the Policy.

Important information

CHANGES TO THE INSURANCE POLICY WORDING

Information in this insurance policy wording is subject to change from time to time.

Changes in Your insurance policy wording will be communicated to You in several ways and these are:

- If a change will affect You adversely, Ansvr will issue You with a new insurance policy wording prior to the renewal of the insurance each year
- For minor changes which are not materially adverse to You, We will communicate the changes to You in writing at the earliest opportunity
- Information can be obtained by telephoning Our toll free number (1300 650 540) or visiting Our website at www.ansvar.com.au to find out what changes might have occurred
- We will be pleased to provide You with a paper copy of any changes on request.

TERRORISM

This Policy does not cover terrorism.

In the event that Damage and/or property owners' liability occur linked to an event declared a terrorism incident by the responsible Government Minister, then You may be afforded protection within the limits of indemnity of this Policy by virtue of the Terrorism and Cyclone Insurance Act 2003 (Cth), including any subsequent amendment, re-enactment, replacement or successor legislation, and any regulations made thereunder.

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

COSTS

The premium payable by You is shown in Your Policy Schedule.

The premium payable will be determined considering factors such as:

- The nature, age and size of the Business;
- The main occupation of the Insured and the activities the Business is engaged in;
- The products and services of the Business;
- The construction, location and occupancy of the Business Premises;
- The nature and value of the assets to be insured;
- The annual income of the Insured and the Indemnity Period (where Business Interruption insurance is required);
- The physical protection and other loss minimisation features i.e. fire/intruder alarms etc.;
- The extent of cover and any extensions required;
- The Declared Values or limits of liability;
- The Period of Insurance (short-term/annual);
- The Deductible selected;
- Past claims/incidents history.

Your premium may alter if You make changes to Your insurance cover or Your circumstances change during the Period of Insurance.

Premiums and fees are subject to Commonwealth and State taxes and levies which include Goods and Services Tax, Stamp Duty and Fire or Emergency Services Levy (if applicable in Your State).

All are shown in Your Policy Schedule.

GENERAL INSURANCE CODE OF PRACTICE

We are signatories to the General Insurance Code of Practice (the Code) and are committed to continually improving Our standards of service.

The Code sets out the standards that general insurers must meet when providing services to their customers, such as being open, fair and honest. It also sets out timeframes for insurers to respond to claims, complaints and requests for information from customers.

Further information about the Code and Your rights under it is available at codeofpractice.com.au or by contacting Us.

PRIVACY

Ansvar is bound by the Privacy Act 1988 (Cth). We collect, disclose and handle personal information about You (Your Details) to assist Us in assessing Your application for insurance, administering policies, contacting You and as well as managing claims (Our Purposes). If You do not provide Us with Your personal information, We may not be able to do those things. By providing Us, Our representatives or Your intermediary with information, you consent to Us using, disclosing to third parties and collecting from third parties Your Details for the Purposes.

In order to carry out Our Purposes, We may disclose Your Details to relevant third party suppliers including agents, lawyers, other insurance companies, assessors, investigators, loss adjusters, market research and mailing houses. These third parties are bound by confidentiality and non-disclosure agreements and are permitted to only use Your Details for Our Purposes. Where relevant, these service providers are aware of their obligations under the Privacy Act 1988 (Cth) and the Code.

We may also have to disclose Your Details to regulators, law enforcement bodies and as required by law, within Australia and overseas.

We may obtain your details from relevant third parties, including those listed above. Before giving us information about another person, please give them a copy of this document. Laws authorising or requiring us to collect information include the Insurance Contracts Act 1984 (Cth), Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth), Corporations Act 2001 (Cth), Autonomous Sanctions Act 2011 (Cth), A New Tax System (Goods and Services Tax) Act 1999 (Cth) and other financial services, crime prevention, trade sanctions and tax laws.

Our Privacy Policy includes further information about how We handle Your Details including how You can access and correct Your Details or make a complaint. For more information, please visit Our website: ansvar.com.au or contact Us on 1300 650 540.

COMPLAINTS AND DISPUTES RESOLUTION PROCESS

Ansvar is committed to resolving any complaint or dissatisfaction You may have in relation to Our products, services or handling of Your Details.

Our process has 3 key stages.

1. Make a complaint

Please contact Your intermediary or contact Us directly using one of the following options:

Phone: 1300 650 540

Email: insure@ansvar.com.au

Post: Ansvar Customer Disputes Resolution
GPO Box 1655, Melbourne, Victoria 3001

Ansvar will acknowledge receipt of Your complaint within 1 business day of Us receiving notice of Your complaint. Your complaint will be reviewed and a response provided within 7 business days. Please ensure You provide a telephone number at which You may be contacted.

2. Refer for internal dispute resolution

If You are not satisfied with Our response, You may ask Us to refer Your complaint to Our Internal Dispute Resolution Committee (Committee). The Committee is made up of representatives from across Our organisation that have the appropriate knowledge and authority to deal with Your complaint. The Committee will review Your complaint and provide their decision in writing to You within 7 business days from the date of receiving all necessary information about Your concerns.

3. Refer for external dispute resolution

Ansvar is a member of the Australian Financial Complaints Authority (AFCA).

AFCA was established in 2018 as an independent dispute resolution scheme to deal with complaints from consumers and small businesses about financial services and products. If We are unable to resolve Your complaint, You may take your complaint to AFCA.

AFCA's contact details are:

Website: afca.org.au

Phone: 1800 931 678

Email: info@afca.org.au

Post: GPO Box 3, Melbourne, Victoria 3001

If Your complaint or dispute falls outside the AFCA Rules, You can seek independent legal advice or access any other external dispute resolution options that may be available to You.

Important information (continued)

AVERAGE/UNDERINSURANCE

Section 1 Material loss or damage and Section 2 Consequential loss are subject to average/underinsurance clauses that may limit the amount We pay when You have a claim.

For Section 1 Material loss or damage, underinsurance applies if:

- the total value of the assets declared for insurance is less than 85% of the actual full replacement value at the commencement of the Period of Insurance; and

We have clearly notified You in writing of the nature of the effect of the provision including whether the provision is based on indemnity or on replacement value of the Property Insured. Any average/underinsurance clause will not apply if the Declared Value is greater than 85% of the actual value of all Property Insured at the loss Situation at the commencement of the Period of Insurance or if the amount of the loss is less than 5% of the Declared Value for that Situation.

Section 2 Consequential loss is subject to proportionate reduction for inadequacy based on an 85% average provision.

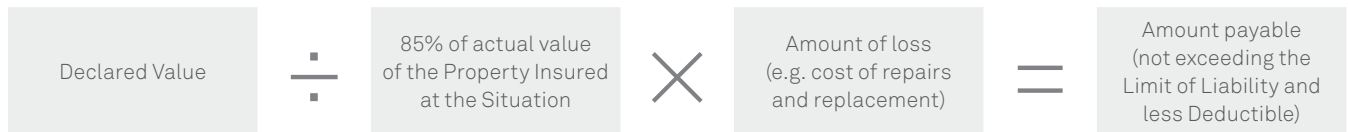
Examples of the effect of these average/underinsurance clauses are shown below.

EXAMPLES

Section 1 Material loss or damage – 85% Average/ Underinsurance clause

- Total Declared Value of Property Insured is **\$5,000,000**.
- Assessment of the cost of repairs and replacement of all lost and Damaged property (e.g. by fire) is **\$750,000**.
- Actual value of the Property Insured at the commencement of the Period of Insurance in accordance with the basis of settlement is **\$10,000,000**.
- Underinsurance is applied because the Declared Value of Property Insured is less than 85% of the value at the commencement of the Period of Insurance.

The Formula:



Claim Payment Calculation:

$$\frac{\$5,000,000}{\$8,500,000} \times \$750,000$$

In this example, We pay **\$438,676** (i.e. \$441,176 less the amount of any Deductible applicable under Section 1 - \$2,500) and the uninsured loss or amount You will pay is **\$311,324**.

Section 2 Business Interruption loss (Gross Profit and Pay-Roll) – 85% average/underinsurance clause

- Gross Profit and Payroll declared is **\$3,000,000**.
- Amount of loss is **\$500,000**.
- Amount required to fully indemnify You is **\$4,000,000**.
- Underinsurance is applied because the Declared Values of Gross Profit and Payroll is less than 85% of the value at the commencement of the Period of Insurance.

The Formula:



Claim Payment Calculation:

$$\frac{\$3,000,000}{\$3,400,000} \times \$500,000$$

In this example, We pay **\$441,176** and the uninsured loss or amount You will pay is **\$58,824**.

Important information (continued)

GOODS AND SERVICES TAX (GST)

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

- by You in relation to premiums
- by Us in relation to claims

Industrial Special Risks Mark IV Consolidated Insurance

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

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

Provided that the total liability of the Insurer(s) at any one Situation shall not exceed the appropriate Limit or Sub-Limit(s) of Liability as stated in the Schedule or such amount(s) as may be substituted therefore by endorsement or memorandum hereon or attached hereto. If there is more than one Insurer is subscribing to this insurance each Insurer shall be liable to contribute to any loss covered by this Policy only for that percentage as shown against its name in the Schedule.

Definitions Applicable to All Sections

Words with particular meanings when used in this Policy, or in endorsements or attachments that form part of this Policy, are defined. For the purpose of identification, the first letter of such words will be capitalised and if comprising a group of words, the first letter of the principal words will be capitalised.

ACT OF TERRORISM

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

- a) involves violence against one or more persons; or
- b) involves Damage to property; or
- c) endangers life other than that of the person committing the action; or
- d) creates a risk to health or safety of the public or a section of the public; or
- e) is designed to interfere with or to disrupt an electronic system.

APPROVED VALUER

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

BURGLARY

Burglary means Theft or attempted Theft by any person:

- a) consequent upon forcible and violent entry to the Situation or to locked cabinets, counters or showcases in which Property Insured is located, including any attempt thereat;
- b) feloniously concealed in an enclosed building at the Situation; or
- c) threatening or committing physical violence against persons including armed hold up;

but does not mean intentional or malicious Damage to Property Insured even though caused by persons engaged in Burglary, Theft or attempted Theft.

BUSINESS

Business means the occupation of the named Insured described in the Schedule including all incidental activities.

BUSINESS HOURS

Business Hours means the period during which the Insured's Premises at the Situation are actually occupied for Business purposes and during which the Insured or employees of the Insured are in or on the Premises.

COMPUTER CRIME

Computer Crime means:

- a) the theft of Property Insured under the direct or indirect control of a Computer System by manipulation of computer hardware or software programmes or system by any person or entity to whom the Insured has not given authorised access;
- b) loss of funds from an account which the Insured maintains at a financial institution through fraudulent electronic, telephone or written instructions to debit, transfer or deliver funds from such account, where such instructions must appear to have been given by the Insured or by someone to whom the Insured has given authorisation but have in fact been fraudulently retransmitted, issued or fraudulently altered by an unauthorised person or entity; or
- c) any 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.

COMPUTER SYSTEM

Computer System means 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.

CONSEQUENTIAL LOSS

Consequential Loss means direct or indirect financial or economic loss.

CYBER ATTACK

Cyber Attack means a set of instructions that are designed to modify, alter, damage, destroy, delete, record or transmit Data and/or Electronic Data without the Insured's authorisation including those instructions that are self-replicating or self-propagating and are designed to contaminate other computer programs or Data and/or Electronic Data, consume computer resources or usurp the normal operation of internet activities causing undesired program or computer operation.

DAMAGE/DAMAGED

Damage/Damaged means physical loss of or physical destruction of or physical damage to property.

DATA

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.

DEBRIS

Debris means:

- a) the residue of Damaged Property Insured and/or other substance (other than landlords property if that property is not insured under this Policy), following Damage to Property Insured by a peril or event covered by this Policy and includes liquids and/or chemicals used in the extinguishment or suppression of Damage or in preventing imminent Damage to Property Insured by fire or any other peril or event covered by this Policy; or
- b) material deposited on the insured Situation as a result of the operation of an insured peril, excluding any material which can cause Pollution or Contamination and which is deposited beyond the boundaries of the insured Situation.

DECLARED VALUE(S)

Declared Value(s) means the values of Property Insured at each Situation, Gross Profit, Insured Pay-Roll, Refundable accommodation deposits, Gross Rentals, Gross Revenue and Research establishment expenses declared by You and calculated as applicable in accordance with the Basis of Settlement clauses.

The schedule of Declared Values at each Situation (in accordance with the applicable Basis of Settlement) shall represent the estimated cost of reinstatement/replacement of the property covered by this Policy (or the value of such property where Indemnity Value is insured) on the day of the commencement of the Period of the Insurance.

DEDUCTIBLE

Deductible means the first amount of each claim or series of claims arising out of any one original source or cause at any one Situation which is payable by the Insured.

ELECTRONIC DATA

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

FLOOD

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

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

GREEN STANDARDS

Green Standards means the Green Star certified rating system of the Green Building Council of Australia or equivalent Energy Star qualified requirements applicable to buildings or areas within the Situation.

INDEMNITY VALUE

Indemnity Value means the cost necessary to replace, repair or rebuild the Property Insured to a condition substantially the same as but not better or more extensive than its condition at the time the Damage occurred taking into consideration its age, condition and remaining useful life.

LANDSCAPING

Landscaping means lawns, gardens, plants, shrubs, trees, rockwork, ornamentation and the like, but not vines, growing crops or pastures.

LAND VALUE

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

LIMIT(S) OF LIABILITY

Limit(s) of Liability mean(s) the maximum amount payable by Us for any one loss or series of losses suffered by You arising out of any one original source or cause at any one Situation, subject to any Sub-Limit(s) of Liability and the application of any Deductible. The Limit(s) of Liability and Sub-Limit(s) of Liability are as set out in the Schedule and this Policy.

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

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

MALICIOUS DAMAGE

Malicious Damage means the intentional and wilful Damage to the Property Insured by any person or persons (other than the Insured), including persons engaged in Burglary, Theft or any attempt thereat.

MONEY

Money means current coin, bank notes, currency notes, cheques, travellers cheques, stored value cards, securities and negotiable instruments, valuable documents (but limited to certificates of stock, bonds, coupons and all other types of securities), credit card sales and/or discount house vouchers, postal orders, money orders, unused postage and revenue stamps and including the value of stamps

Industrial Special Risks Mark IV Consolidated Insurance (continued)

contained in franking machines and shall also include any cash carrying bag used with the transit; whilst contained at the Situation and whilst in transit to and from the Situation anywhere in Australia, including whilst contained in the night safe of any bank or financial institution where the Insured transacts business, and in the personal custody of the Insured and/or persons authorised by the Insured whilst contained in their private residences.

Money does not include stamp collections or coin collections, or any kind of crypto currency.

PERIOD OF INSURANCE

Period of Insurance means the period shown in the Schedule.

POLICY

Policy means this document, the Schedule, the Schedule of assets or Property Insured and any endorsement(s).

POLICY SCHEDULE

The Policy Schedule, also referred to as the Schedule, means the Schedule attached to this Policy or any later Schedule issued on renewal or variation by way of endorsement(s).

POLLUTION OR CONTAMINATION

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

PREMISES

Premises means the Situation or Situations shown in the Schedule and any other Situation in Australia owned or occupied by the Insured for the purposes of the Business or elsewhere in Australia where used by the Insured or where the Insured is undertaking work or has goods or property.

PROPERTY INSURED

Property Insured means all tangible property both real and personal of every kind and description (except as excluded by this Policy) included in the Insurer's Schedule of Declared Values of property to be covered under this Policy, 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 a pecuniary or economic interest during the Period of Insurance.

It is understood and agreed that the term 'personal property' shall include Money unless specified otherwise.

However, Property Insured shall not include premises not owned or leased by the Insured, but temporarily occupied by the Insured without any contractual liability for insurance thereof.

For customers' goods not within the definition of Property Insured, where the Insured has elected to insure customers' goods not otherwise insured and a Sub-Limit of Liability is shown in the Schedule for 'Customers' Goods', Property Insured shall include such customers' goods to the extent that they are not otherwise insured. Any average, underinsurance or co-insurance clause or memorandum contained in this Policy will not apply to the customers' goods referred to in this clause.

SECURITIES

Securities means certificates of stock, bonds, coupons and all other types of securities.

SITUATION

Situation means the Situation or Situations shown in the Schedule and any other Situation in Australia owned or occupied by the Insured for the purposes of the Business or elsewhere in Australia where used by the Insured or where the Insured is undertaking work or has goods or property.

SOLAR PANELS

Solar Panels means panels designed to absorb the sun's rays as a source of energy for generating electricity or heating, as well as all fixings, mountings, inverters and all associated wiring.

STATUTORY INQUIRIES

Statutory Inquiries means 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.

STORM

Storm means a violent disturbance of the atmosphere which can include strong winds, rain, rainwater (water falling from the skies that runs off over the surface of the land (and may include overflowing water from stormwater drains)), lightning, hail, snow or dust. Storm does not mean Storm Surge or a cyclone named by the Bureau of Meteorology.

SUB-LIMIT OF LIABILITY

Sub-Limit of Liability means the maximum amount which, in given circumstances, the Insurer(s) are obliged to pay.

THEFT

Theft means the physical removal of property without the consent of the owner with the intention of depriving the owner of the rightful possession of that property or its use.

UNSPECIFIED DAMAGE

Unspecified Damage means Damage caused by any peril or circumstance not more specifically covered or excluded by this Policy. Unspecified Damage never includes Damage or loss caused by: fire; lightning; thunderbolt; explosion; implosion; fusion; collapse; smoke and/or steam; spontaneous fermentation or heating; spontaneous combustion; earthquake, subterranean fire, volcanic eruption and/or tsunami; impact; aircraft and/or other aerial devices and/or articles dropped therefrom; sonic boom and/or space debris; impact by any water vessel or craft, land vehicles or animals; Burglary; Theft; breakage of glass; loss of Money; the acts of persons taking part in riots or civil commotions or of strikers or locked-out workers or of persons taking part in labour disturbances or of other malicious persons (including those engaged in Theft or attempted Theft) or the acts of any lawfully constituted authority in connection with the foregoing acts or in connection with any conflagration or other catastrophe; fraudulent or dishonest acts; subsidence, erosion, earth movement or collapse resulting therefrom, or landslide; cyclone; water from or action by the sea, tsunami, tidal wave or high water; Storm and/or tempest and/or rainwater and/or wind and/or hail, and/or Flood, and/or snow and/or ice and/or water or other liquids or substances discharged, overflowing or leaking from apparatus, appliances, pipes or any other system at the Situation or elsewhere or any other peril or circumstance which is more specifically mentioned under any other Sub-Limit of Liability and/or Deductible stated in the Schedule.

WATERCRAFT

Watercraft means any vessel, craft or thing made or intended to float on or through water and that is powered or designed to be powered by motor, or that is a sailing craft exceeding 3 metres in length.

WE, US, OUR AND INSURER

We, Us, Our and Insurer means Ansvar Insurance Limited ABN 21 007 216 506. AFSL 237826

If two or more entities are shown as subscribing to this Policy, We, Us, Our and Insurer means each of them separately for the percentage (%) of the indemnity subscribed against their name.

YOU, YOUR AND INSURED

You, Your and Insured means the Person or entity shown on the Schedule as the Insured. If two or more Persons or entities are shown, You, Your and Insured means each of them jointly and separately, subject to Our total liability not exceeding the Limit(s) and Sub-Limit(s) of Liability described in the Policy.

Person means a natural person, firm, company, partnership, incorporated association, incorporated body or statutory body.

You, Your and Insured extends to include:

- a) subsidiary companies, organisations and other associated companies as defined under Section 50AAA of the Corporations Act 2001 (Cth);
- b) social and sports clubs (including the committees and officers from time to time of unincorporated bodies) and the trustees of the named parties' superannuation and pension funds and welfare organisations; and
- c) all organisations and other entities to whom (whether mortgagees, lessors, joint ventures or other parties with a legal or equitable interest in the Property Insured) the named party has a responsibility to maintain insurance;

for their respective interests, rights and liabilities but only to the extent that they are not more specifically insured.

Section 1 Material loss or damage

THE INDEMNITY

In the event of any Damage not otherwise excluded by this Policy, happening during the Period of Insurance at the Situation to the Property Insured described in this Section 1 the Insurer(s) will, subject to the provisions of this Policy including the limitation on the Insurer(s) liability, indemnify the Insured in accordance with the applicable Basis of Settlement.

Subject to the liability of the Insurer(s) not being increased beyond the Limit(s) of Liability and/or relevant Sub-Limit(s) of Liability already stated in the Schedule, 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 incurred in reinstatement consequent upon Damage to Property Insured but not such costs, fees and salary for preparing any claim hereunder.
- b) costs and expenses necessarily and reasonably incurred by the Insured in connection with Statutory Inquiries following Damage to Property Insured. Provided always that the liability of the Insurer(s) shall not exceed the Sub-Limit of Liability shown in the Schedule against 'Statutory Inquiries'.
- c) any fee, contribution or other impost payable to any Government, Local Government or other Statutory Authority; where payment of such fee, contribution or impost is a condition precedent to the obtaining of consent to reinstate any building(s) insured hereunder; provided that the Insurer(s) shall not be liable for payment of any fines and/or penalties imposed upon the Insured by any such authorities.
- d) costs and expenses necessarily and reasonably incurred for the purpose of extinguishing fire at or in the vicinity of Property Insured or threatening to involve such property, including Damage to gain access and the cost of replenishment of firefighting appliances and charges incurred for the purpose of shutting off the supply of water or other substance following accidental discharge from any fire protective equipment or otherwise escaping from intended confines, or for the purpose of preventing imminent Damage or minimising Damage to Property Insured by any other peril insured against by this Policy. Provided always that the liability of the Insurer(s) shall not exceed the Sub-Limit of Liability shown in the Schedule against each of 'Damage Diminution & Accidental Discharge Costs' and 'Exploratory Costs'.
- e) costs and expenses necessarily and reasonably incurred to switch off and re-set alarms following an occurrence caused by an insured peril.
- f) costs (including travelling expenses) necessarily and reasonably incurred to avert or minimise losses by perils insured by this Policy, including the protection, safeguarding or recovery of Property Insured.
- g) costs and expenses necessarily and reasonably incurred for the temporary protection and safety of Property Insured pending repair or replacement consequent upon Damage recoverable hereunder.
- h) cost of replacing locks and/or keys and/or electronic access or swipe cards, 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. Provided always that the liability of the Insurer(s) shall not exceed the Sub-Limit of Liability shown in the Schedule against 'Replacement of locks & keys including electronic access/swipe cards'.
- i) costs and expenses necessarily and reasonably incurred in respect of:
 - i. the removal, storage and/or disposal of Debris or the demolition, dismantling, shoring up, propping, underpinning or other temporary repairs consequent upon Damage to Property Insured by this Policy and occasioned by a peril insured against;
 - ii. the Insured's legal liability in respect of removal, storage and/or disposal of Debris, notwithstanding Excluded Peril 9 in relation to premises, roadways, services, railway or waterways of others, consequent upon Damage to the Property Insured by a peril hereby insured against for such costs together with the cost of cleaning provided that such liability was not assumed by the Insured under an agreement entered into after the commencement of the Period of Insurance or any renewal thereof unless liability would have attached in the absence of such agreement.

Provided that the insurance under this sub-clause i) ii. does not extend to any liability that the Insured may incur as a consequence of Pollution or Contamination of any kind.

- iii. the demolition and removal of any property belonging to the Insured, providing such demolition and removal is necessary for the purpose of the reinstatement or replacement of property insured under this Section and is consequent upon Damage to the Property Insured by a peril hereby insured against;
- iv. reinstating any property belonging to the Insured that has been necessarily demolished and removed for the purpose of reinstatement or replacement of Property Insured Damaged by any peril insured against by this Policy.

Provided always that the liability of the Insurer(s) shall not exceed the Sub-Limit of Liability shown in the Schedule against 'Removal of Debris'.

- j) Damage not otherwise excluded (limited to the amount shown in the Schedule per person or club but subject to the amount shown in the Schedule for any one event) to personal effects (excluding Money) belonging to directors and/or employees of the Insured or the property of welfare, sports and social clubs of the Insured, whilst on the Premises. The indemnity under this paragraph j) shall apply whether or not Damage occurs to Property Insured in circumstances giving rise to indemnity under Section 1 of this Policy.

Industrial Special Risks Mark IV Consolidated Insurance (continued)

- k) Damage not otherwise excluded to personal effects (excluding Money) belonging to directors or employees of the Insured whilst they are engaged on the Business of the Insured occurring anywhere in Australia, other than on the Premises of the Insured or on the premises of directors or employees of the Insured, but only to the extent that such property is not otherwise insured.
- Provided that the indemnity afforded by this clause shall be limited to the amount specified in the Schedule in respect of each person but subject to the amount shown in the Schedule for any one event and shall be subject to the Deductible referred to in the Schedule of the Policy against 'Accompanied Baggage in Australia'. If no Deductible is shown in the Schedule against this descriptor, a \$2,500 Deductible will apply.
- l) additional costs necessarily and reasonably incurred by the Insured in the clearance of blocked pipes, drains, gutters, sewers, filters, pumping equipment and the like during the Period of Insurance, including exploratory costs, at the Situation as a direct result of Damage as insured herein. Provided always that the liability of the Insurer(s) shall not exceed the Sub-Limit of Liability shown in the Schedule against 'Cost of Clearing Blocked Drains, Pipes, Filters & Pumps'.
- m) emergency evacuation of residents in connection with Damage or threat of Damage to Your Situation by an insured peril or where evacuation is ordered by a competent public authority. Provided always that the liability of the Insurer(s) shall not exceed the Sub-Limit of Liability shown in the Schedule against 'Emergency Evacuation Costs'.
- n) costs and expenses necessarily and reasonably incurred by the Insured in respect of any legal liability to make enquiries consequent upon Damage insured by this Policy. But the liability of the Insurer(s) shall not exceed the Sub-Limit of Liability stated in the Schedule against 'Liability to Make Enquiries'.
- o) Damage not otherwise excluded to the personal effects of residents whilst in the confines of Your Situation, but only to the extent that such property is not otherwise insured. Provided always that the liability of the Insurer(s) shall not exceed the Sub-Limit of Liability shown in the Schedule against 'Personal Property of Residents'. Provided further that Damage to such personal property of residents must occur in circumstances giving rise to indemnity under this Section 1.
- p) Damage not otherwise excluded to the personal effects of the Insured's guests and/or lodgers whilst such property is in the Insured's physical custody or control, or for which the Insured may be legally liable in the event of Damage thereto, at the Situation. For the purpose of this sub-clause p) only, Property Exclusion 3 and Perils Exclusion 9 shall be deemed to be inoperative. Provided always that the liability of the Insurer(s) shall not exceed the Sub-Limit of Liability shown in the Schedule against 'Personal Property of Guests and/or Lodgers'. Provided further that Damage to such property belonging to the Insured's guests and/or lodgers must occur in circumstances giving rise to indemnity under this Section 1.
- q) Damage not otherwise excluded to Landscaping. This cover applies despite Property Exclusion 7. Provided always that the liability of the Insurer(s) shall not exceed the Sub-Limit of Liability shown in the Schedule against 'Landscaping'.
- r) Damage not otherwise excluded to the religious artefacts and scrolls in the Insured's care, custody or control kept at the Situation which are the property of members of the Insured's congregation. Cover shall only apply to the extent that such property is not otherwise insured. Provided always that the liability of the Insurer(s) shall not exceed the Sub-Limit of Liability shown in the Schedule against 'Religious Artefacts and Scrolls'. Provided further that Damage to such religious artefacts and scrolls must occur in circumstances giving rise to indemnity under this Section 1.
- s) legal liability under any Federal or State Award or Determination for Damage to employees' clothing and/or tools.
- t) costs and expenses necessarily and reasonably incurred by the Insured for express carriage rates and extra payments for overtime, night, Sunday or holiday working in connection with the repair or reinstatement of the Property Insured directly or indirectly arising from an event insured by this Policy. Provided always that the liability of the Insurer(s) shall not exceed the Sub-Limit of Liability shown in the Schedule against 'Expediting Expenses'.
- u) customs, excise and other duties that the Insured becomes liable to pay in the event of Damage not otherwise excluded to Property Insured. Provided always that the liability of the Insurer(s) shall not exceed the Sub-Limit of Liability shown in the Schedule against 'Liability for Duty'.
- v) costs and expenses necessarily and reasonably incurred by the Insured in taking inventory (including unpacking, repacking and restocking) to identify, quantify and value any property 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 always that the liability of the Insurer(s) shall not exceed the Sub-Limit of Liability shown in the Schedule against 'Unpacking Expenses'.

Provided that the insurance under clauses b) to v) inclusive shall not be subject to the application of any average, underinsurance or co-insurance clause or memorandum contained in this Policy.

Further, for the purpose of the application of any average, underinsurance or co-insurance clause or memorandum, the Insured's Declared Values at any Situation shall not include any allowance for the costs, expenses and insurance referred to under clauses b) to v) inclusive of 'The indemnity'.

BASIS OF SETTLEMENT

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

A Sub-Limit of Liability may be shown on the Schedule for any of the items of property described in these Basis of Settlement clauses.

i. On buildings, machinery, plant and all other property and contents (other than those specified below):

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

Provided that if the Insured elects to claim the Indemnity Value of any Damaged Property Insured, the Insurer(s) will pay to the Insured the value of such property at the time of the happening of the Damage in accordance with the provisions of the Indemnity Value memorandum.

Notwithstanding anything contained in this Policy to the contrary, in particular Property Exclusion 12 and Perils Exclusion 10, the Insurer(s) will, to an extent not exceeding the value of the goods in storage remaining after its liability for any such direct loss has been determined and subject otherwise in all respects to the terms and conditions of this insurance, except as specifically varied hereby, also hold themselves liable for Damage caused by deterioration of such goods due to the Insured's inability to process the goods in the normal way as a result of Damage caused by any peril or circumstance insured by this Policy to any property used by the Insured.

In the case of a building with architectural features and/or structural materials possessing an ornamental or historical character, or for which the original materials are not available, which are legally protected for preservation by national, state or local legislation or regulation, the Basis of Settlement described in the first paragraph above shall be deemed to be amended to read:

The cost necessary to replace, repair, rebuild or restore the building to a reasonably equivalent appearance and capacity, using the original design and suitably equivalent materials as approved by the relevant public authority or in compliance with the relevant legislation or regulation. The provisions of the Reinstatement or Replacement and Extra Cost of Reinstatement Memoranda shall still apply unless they conflict with anything described herein.

In the case of a building with architectural features and/or structural materials possessing an ornamental or historical character, or for which the original materials are not available, but which is not legally protected for preservation by national, state or local legislation or regulation, the Basis of Settlement described in the first paragraph above shall be deemed to be amended to read:

If the building is Damaged, the cost, up to, but not exceeding the cost of rebuilding thereof in a condition equal to but not better or more extensive than its condition when new, necessary to repair the Damage and restore the Damaged portion to a condition substantially the same as, but not better or more extensive than its condition when new. If the cost of repairing the Damage and restoring the Damaged portion exceeds the said cost of rebuilding, the building may, at the Insured's option, be deemed to be destroyed. If the building is destroyed, the Basis of Settlement shall be the cost necessary to replace the building with one that is no more expensive but of equivalent or improved utility, using current design techniques and modern materials. The provisions of the Reinstatement or Replacement and Extra Cost of Reinstatement Memoranda shall still apply unless they conflict with anything described herein.

The above clause i. as applicable shall not be subject to the provisions of any average, underinsurance or co-insurance clause or memorandum contained in Section 1 of the Policy for property forming part of the Property Insured, which has been insured under this Policy for the full reinstatement or replacement value stated in a valuation prepared by an Approved Valuer not less than three (3) years before the commencement of the Period of Insurance, and which an Approved Valuer has updated not more than twelve (12) months prior to the commencement of the Period of Insurance.

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

The cost of restoring and repairing to a condition substantially the same as before the Damage plus any reduction in market value caused by the Damage. If restoration or repair is not possible, the market value immediately before the Damage.

iii. On raw materials, supplies and other merchandise not manufactured by the Insured:

The replacement cost at the time and the place of replacement, provided that replacement shall have been carried out with reasonable despatch or, if such property is not replaced, the Indemnity Value. If such property is obsolete, the Basis of Settlement whether or not such property is replaced shall be the Indemnity Value. This Basis of Settlement will not be adversely affected if the delay is caused by the Insurer(s) and such delay causes further loss or Damage.

iv. 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.

v. On finished goods manufactured by the Insured:

The replacement cost of the raw materials and the cost of labour and other manufacturing costs expended thereon before any allowance for profit, calculated at the time and place of the Damage or the cost of re-stocking such goods within a reasonable time, whichever is the lesser. If such goods are obsolete, the Basis of Settlement whether or not such goods are replaced shall be the Indemnity Value. This Basis of Settlement will not be adversely affected if the delay is caused by the Insurer(s) and such delay causes further loss or Damage.

Industrial Special Risks Mark IV Consolidated Insurance (continued)

vi. 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.

vii. On documents, manuscripts, Securities, deeds, specifications, plans, drawings, designs, business books, and other records of every description (except Data or Electronic Data):

The cost of repairing, replacing, reproducing or restoring same, including information contained therein or thereon, but excluding the value to the Insured of the said information or, if repair, replacement, reproduction or restoration is not carried out with reasonable despatch, (provided that such delay is not caused by the Insurer(s)) the replacement cost of materials as blank stationery at the time and place of the Damage.

In the case of Securities, the basis of valuation shall be:

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

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

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

viii. On Data or Electronic Data:

The costs of copying the Data or Electronic Data from back up or from originals of a previous generation. These costs will not include research and engineering nor any costs of recreating, gathering or assembling the Data or Electronic Data. This Policy further excludes any amount pertaining to the value of such Data or Electronic Data, to the Insured or any other party, even if such Data or Electronic Data cannot be recreated, gathered or assembled.

ix. On patterns, models, moulds, jigs, templates, dies or lasts:

The cost of repair or replacement (if repaired or replaced with reasonable despatch) otherwise the value of such property to the Insured calculated at the time and place of the Damage, but not exceeding the cost of replacement. This Basis of Settlement will not be adversely affected if the delay is caused by the Insurer(s) and such delay causes further loss or Damage.

x. On glass:

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

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

xi. On personal effects (excluding Money) belonging to directors or employees or visitors to the Insured's Premises:

The necessary cost of replacement or repair at the time and place of replacement or, if not replaced with reasonable despatch, the replacement cost at the time and place of the Damage subject to due allowance for wear and tear, and depreciation. The claim for replacement cost will not be adversely affected if the delay is caused by the Insurer(s) and such delay causes further loss or Damage.

xii. On personal property comprising a pair or set:

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

xiii. On empty premises awaiting demolition:

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

xiv. On religious artefacts and scrolls:

The cost of restoring and repairing to a condition substantially the same as before the Damage in accordance with relevant religious law, plus any reduction in market value caused by the Damage. If restoration or repair is not possible, the market value immediately before the Damage plus the cost of complying with relevant religious laws

xv. 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 Damage and ending on the retirement date(s) of such lease(s), plus the current market value of the property immediately before its loss or Damage or the Residual Value, whichever is the greater, less any salvage value, but in any case not exceeding 10% above replacement value. In the event of Damage which does not amount to a constructive total loss, the cost of repair in accordance with the provisions of the Reinstatement or Replacement and Extra Cost of Reinstatement 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.

Memoranda to Section 1

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

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.

OFFSETTING DECLARED VALUES

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

ENVIRONMENT IMPROVEMENT – BETTER GREEN COVERAGE

Applicable to buildings and other property not rated and certified under the Green Star systems of Green Building Council of Australia or equivalent Energy Star qualification requirements.

Following Damage to Property Insured by a peril or event covered by this Policy, the Insured may elect to repair or replace Damaged Property Insured (building and contents excluding stock in trade of the Business) with materials or equipment that comply with Green Standards applicable at the date of the Damage to improve the energy or water efficiency of the Property Insured and reduce environmental impacts.

Subject to the liability of the Insurer(s) not being increased beyond the Limit(s) of Liability stated in the Policy Schedule, the Insurer(s) will pay the following additional costs necessary and reasonably incurred by the Insured for environmental enhancements:

- a) The fees and charges for the service of a Green Star accredited professional person or any competent environment verifier to specify the work required to comply with Green Standards in the repair or replacement of Damaged Property Insured.
- b) The reasonable additional costs of performing the specified work.
- c) For air quality management in flushing out the air in the repaired, replaced or rebuilt property with one hundred percent (100%) outside air as required by The Green Building Council of Australia Green Star® or LEED® standards.

The amount recoverable under this memorandum is excluded from the calculation of any average, underinsurance or co-insurance clause or memorandum.

The Insurer's liability under this Green Standards memorandum is limited in the aggregate in any one Period of Insurance to twenty percent (20%) of the amount that would have otherwise been payable to repair or replace the Damaged Property Insured had this memorandum not been effected but not exceeding the Sub-Limit of Liability stated in the Policy Schedule against 'Environmental improvements – Better Green Coverage'.

INDEMNITY VALUE

For the purpose of the insurance under this memorandum 'Indemnity Value' shall mean:

- a) Where property comprising machinery, plant and all other property and contents other than buildings is Damaged so as to constitute total loss or constructive total loss as deemed by the Insurer(s): the Indemnity Value of such property at the time when the Damage occurred; or
- b) Where property comprising machinery, plant and all other property and contents other than buildings is Damaged so as to constitute partial loss: the difference in the Indemnity Value of such property before and after the occurrence of Damage; or
- c) Where property comprising buildings is Damaged: what the value of the land and building(s) were just before the Damage occurred, after deducting the amount the Insurer(s) estimate as the value of such land and building(s) after the Damage occurred.

INTERESTS OF OTHER PARTIES

The pecuniary or economic 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, as soon as reasonably practicable on becoming aware of any act or neglect whereby the risk of Damage has increased, give notice in writing to the Insurer(s) and cover will be provided for the increased risk but only if the Insured pays such reasonable additional premium as the Insurer(s) may require.

Industrial Special Risks Mark IV Consolidated Insurance (continued)

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.

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 value of the Damaged merchandise at the time of the happening of its Damage.

REINSTATEMENT OR REPLACEMENT

Applicable to buildings, machinery, plant and all other property and contents; other than those specified in items ii. to xv. 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 otherwise 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 wholly or partially upon any other sites and in any manner suitable to the requirements of the Insured, but subject to the liability of the Insurer(s) not being thereby increased), must be commenced and carried out with reasonable despatch, failing which the Insurer(s) shall not be liable to make any payment greater than the Indemnity Value of the Damaged property at the time of the happening of the Damage, arrived at in accordance with the provisions of the Indemnity value memorandum. This proviso shall not apply if the delay is caused by the Insurer(s).
- 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 average/underinsurance clause:

In the event of Damage to any Property Insured hereunder at any Situation caused by any peril hereby insured against, the Insurer(s) shall be liable for no greater proportion of such Damage than the amount 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 which would have been incurred in reinstatement if the whole of such property had been destroyed on that day, but not exceeding the Limit of Liability expressed in the Schedule; provided that if the sum actually incurred or expended in rebuilding or replacing the Damaged property, within the meaning of sub-clause a) of the abovementioned definition of reinstatement, exceeds the amount which would have been payable under this Policy if this memorandum had not been incorporated herein, but is less than the cost of reinstatement as above defined, then the sum so actually incurred or expended shall, for all purposes of this memorandum, be deemed to be the cost of reinstatement of the property.

Provided further that the above clause shall not apply if the amount of the Damage does not exceed five (5) percent of the amount of the Insured's declaration aforementioned.
- iv. No payment beyond the amount that would have been payable under this Policy if this memorandum had not been incorporated herein shall be made until a sum equal to the cost of reinstatement shall have been actually incurred; provided that where the Insured reinstates or replaces any lost or destroyed property at a cost that is less than the cost of reinstatement (as defined) but greater than the value of such property at the time of the happening of its loss or destruction, then the cost so incurred shall be deemed to be the cost of reinstatement.
- v. All other Industrial Special Risks and/or Fire and Named Perils insurances covering the property effected by or on behalf of the Insured shall be on a similar reinstatement basis.

REINSTATEMENT OF DAMAGE BY THE INSURED

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

AVERAGE/UNDERINSURANCE

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

For the purposes of the application of this memorandum, the Insured's Declared Values at any Situation shall not include any allowance for Extra Cost of Reinstatement or for the costs, expenses and insurance referred to in clauses b) to v) inclusive of 'The indemnity'.

CO-INSURANCE

If the Insured elects to claim the Indemnity Value of any Damaged Property Insured, the Insurer(s) shall be liable for no greater proportion of the loss of such property than the amount that the Insured's declaration, made at the time of commencement of the Period of Insurance, of the value of such property at the Situation to which the Damaged item or items belong, bears to eighty five percent (85%) of the actual value of such property at the time of commencement of the Period of Insurance, but not exceeding the Limit of Liability expressed in the Schedule. Any amount recoverable under the Extra Cost of Reinstatement Memorandum shall not be taken into account in determining the Insurer's proportion of the loss of such property.

Provided that this 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.

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

DISSIMILAR PROPERTY

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

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

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 one or more Sub-Limits of Liability apply as stated in the Schedule.

EXTRA COST OF REINSTATEMENT

Applicable to buildings, machinery, plant and all other property and contents; other than those specified in items ii. to xv. under Basis of Settlement.

This Policy extends to include the extra cost of reinstatement (including demolition or dismantling) of Damaged Property Insured necessarily incurred to comply with the requirements of any Act of Parliament or regulation made thereunder or any By-law or regulation of any municipal or other statutory authority; subject to the following Provisions and subject also to the terms, Conditions and Limit(s) or Sub-Limits of Liability of this Policy.

Provisions

- i. The work of reinstatement (which may be carried out wholly or partially upon any other site(s), subject to the liability of the Insurer(s) not being thereby increased), must be commenced and carried out with reasonable despatch, failing which the Insurer(s) shall not be liable to make any payment beyond the amount which would have been payable under this Policy if this memorandum had not been incorporated herein. This proviso shall not apply if the delay is caused by the Insurer(s).
- 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. Any average, underinsurance or co-insurance clause or memorandum shall not be applied to the amount recoverable under this memorandum and any amount specified shall not be taken into account for average, underinsurance or co-insurance purposes in terms set out in any clause or memorandum 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.

Industrial Special Risks Mark IV Consolidated Insurance (continued)

- 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 of Liability stated herein;
- whichever is the greater. In the event of a Sub-Limit of Liability 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.

ADDITIONAL EXTRA COST OF REINSTATEMENT

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

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

Provided that the indemnity afforded by this clause:

- a) shall be limited in respect of each loss or series of losses arising out of any one event to the amount shown in the Policy Schedule against 'Additional Extra Cost of Reinstatement';
- b) shall not include the additional cost incurred in complying with any such Act, regulation, by-law or requirement with which the Insured has been duly required to comply prior to the happening of the Damage; and
- c) shall not be subject to any average, underinsurance or co-insurance clause or memorandum contained in Section 1 of the Policy.

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

FLOOR SPACE RATIO INDEX (PLOT RATIO)

Subject to the terms, Conditions and Limit(s) or Sub-Limit(s) of Liability of this Policy, if any building(s) being Property Insured is/are Damaged and the cost of reinstatement is more than 50% of the cost of reinstatement if the building(s) had been totally destroyed, and, as a result of the exercise of statutory powers and/or authority by any Government departments, local government or any other statutory authorities reinstatement of such building(s) as before is prohibited and reinstatement is only permissible subject to a reduced floor space ratio index; the Insurer(s) agree(s) to pay in addition to any amount payable on reinstatement of such building(s) the difference between:

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

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

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

ACQUIRED COMPANIES

This Policy extends to include:

- a) property located in Australia belonging to companies and other organisations a controlling interest in which is acquired by the Insured during the Period of Insurance;
- b) property located in Australia for Damage to which such companies or other organisations are legally responsible or for which they have assumed responsibility to insure prior to the occurrence of any Damage; and
- c) any loss suffered by any such companies or organisations which is the subject of indemnity under Section 2 of this Policy.

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

- i. the name of the company or other organisation and the nature of its business;
- ii. the nature and extent of the property to be insured;
- iii. the value of the indemnity provided, calculated in accordance with the relevant Basis of Settlement clauses;

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

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

Industrial Special Risks Mark IV Consolidated Insurance (continued)

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 all shareholders in the company.

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

Provided always that the liability of the Insurer(s) under this memorandum shall not exceed the Sub-Limit of Liability shown in the Schedule against 'Acquired Companies'.

LOSS OF LAND VALUE

Notwithstanding the provisions of Perils Exclusion 10 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 Damage, the Insurer(s) shall pay by way of indemnity the amount of excess of the Land Value before the Damage to improvements, over the Land Value after the Damage to improvements; or
- b) in the event of the competent public authority allowing only partial reconstruction of the Premises after 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 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 of Liability 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 Situation.

Special conditions

- i. 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 relevant 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).
- ii. 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 Chair of the Australian Valuers Institute as an expert, whose decision shall be binding.

OUTPUT REPLACEMENT

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

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

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

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

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

CONSTRUCTIVE TOTAL LOSS

There shall be deemed to be a constructive total loss when the Property Insured specified herein or any part thereof is reasonably abandoned:

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

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

BUILDINGS OF ARCHITECTURAL AND HISTORIC INTEREST

Despite clause i. of Basis of Settlement, in consideration of the architectural features or structural materials of any building(s) insured under this Policy possessing a particularly ornamental, antiquarian or historical character or in consideration of the architectural features now being outdated or the materials not being readily available or in consideration of the said building(s) now being too large for the needs of the Insured, it is agreed that in the event of that building being so Damaged that the amount of such Damage exceeds the Declared Value of the said building(s), the basis upon which the amount payable under the Policy is to be calculated shall be the cost of erecting a similar type of building of current design and modern materials but not necessarily as large as the Damaged building and it is further agreed that the Declared Value has been based accordingly. Subject to the following special provisions and subject also to the terms and Conditions of the Policy except insofar as the same may be varied hereby.

Special Provisions

- a) In no case shall the Insurers' liability under this memorandum exceed the amount which would have been payable in erecting a new building in the same condition, size and style as the Damaged building when new.
- b) The work of erecting a new building (which may be carried out upon another site or sites and in any manner suitable to the requirements of the Insured but subject to the liability of the Insurer(s) not being thereby increased) 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. This proviso will not apply if the delay is caused by the Insurer(s).
- c) When any building insured under this memorandum sustains Damage and where the amount of such Damage is less than the Declared Value of that building, the rights and liabilities of the Insurer(s) and the Insured in respect of such Damage shall be subject to the terms and Conditions of the Policy, as if this memorandum had not been incorporated therein.
- d) No payment beyond the amount which would have been payable under the Policy if this memorandum had not been incorporated therein shall be made until a sum equal to the cost of erecting the new building (as defined in the first paragraph of this memorandum) shall have been actually incurred.
- e) All other insurances covering the property effected by or on behalf of the Insured shall be on a similar reinstatement basis.

Provided that this memorandum shall not apply to any building registered for preservation under any National or State Act.

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 Chair of the Australian Valuers Institute as an expert, whose decision shall be binding.

Provided always that the liability of the Insurer(s) under this memorandum shall not exceed the Sub-Limit of Liability shown in the Schedule against 'Abandoned Undamaged Portion of a Building'.

UNDAMAGED FOUNDATIONS

When Property Insured is Damaged but its foundations are not destroyed 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 the Property Insured is carried out upon another site or sites, then the abandoned foundations shall be deemed to have been Damaged. If the presence of the abandoned foundations increases the sale value of the original site, then such increase shall be regarded as salvage and shall be payable to the Insurer(s) by the Insured upon completion of the sale of the site or shall be deducted from the total amount otherwise payable by the Insurer(s) under the Policy, whichever shall occur later.

Industrial Special Risks Mark IV Consolidated Insurance (continued)

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 fail to agree, their differences shall be referred to the decision of a third valuer, appointed by the Chair of the Australian Valuers Institute as an expert, whose decision shall be binding.

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

UNDAMAGED ANCILLARY AND/OR PERIPHERAL EQUIPMENT

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

APPLICATION OF DEDUCTIBLES

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

Section 2 Business Interruption

THE INDEMNITY

In the event of any building or any other property or any part thereof used by the Insured at the Situation for the purpose of the Business being Damaged during the Period of Insurance by any cause or event not hereinafter excluded and the Business carried on by the Insured being in consequence thereof interrupted or interfered with, the Insurer(s) will, subject to the provisions of this Policy including the limitation on the Insurer(s) liability, pay to the Insured the amount of loss resulting from such interruption or interference in accordance with the applicable Basis of Settlement.

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

Provided that the Insurer(s) will not be liable for any loss under this Section unless the Insured's property Damaged is insured against such Damage (but this does not apply to loss arising out of destruction or damage by the explosion, implosion, rupture, collapse, bursting, cracking or overheating of any boiler, economiser or other pressure vessel, including pipes, valves, and other apparatus forming part of any of these and in respect of any of which a certificate is required to be issued under the terms of any statute or regulation) and the insurer(s) 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 only because of the operation of a provision in such insurance excluding indemnity for loss below a specific amount.

BASIS OF SETTLEMENT

We will only indemnify You if You identify the Items Insured You want and provide Declared Values particular to them.

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 estimated value of Gross Profit declared at the commencement of the Period of Insurance is less than eighty-five percent (85%) of the sum produced by applying the Rate of Gross Profit to the Annual Turnover (appropriately increased if the Indemnity Period exceeds twelve months), the amount payable hereunder shall be proportionately reduced.

Industrial Special Risks Mark IV Consolidated Insurance (continued)

This provision shall not apply if the amount of the loss does not exceed five per cent (5%) of the estimated value of Gross Profit declared at the commencement of the Period of Insurance.

Provided further that:

- i. the above proviso to Item No. 1 is deleted; and
- ii. the definition for Annual Turnover is deleted,

where the estimated value of Gross Profit declared at the commencement of the Period of Insurance is in accordance with a professionally audited value that represents as nearly as may be reasonably practical the Gross Profit which would have been achieved during the maximum Indemnity Period but for the Damage.

Item No. 2 – Claim preparation fees

The insurance under this item is to cover such reasonable professional fees as may be payable by the Insured, and such other reasonable expenses necessarily incurred by the Insured and not otherwise recoverable, for preparation of claims under Section 1 and 2 of the Policy and the Insurer(s) shall indemnify the Insured for such reasonable fees and expenses.

Item No. 3 – Pay-Roll

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

a) In respect of Reduction of Turnover:

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

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

b) In respect of Increase in Cost of Working:

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

Provided that if the estimated value of Insured Pay-Roll declared at the commencement of the Period of Insurance is less than eighty five percent (85%) of the sum produced by applying the Pay-Roll Limits set out in the Schedule to the amount produced by applying the Rate of Pay-Roll to the Annual Turnover (appropriately increased if the Indemnity Period exceeds twelve months), the amount payable hereunder shall be proportionately reduced.

This provision shall not apply if the amount of the loss does not exceed five percent (5%) of the estimated value of Insured Pay-Roll declared at the commencement of the Period of Insurance.

Provided further that the above proviso to Item No. 3 is deleted where the estimated value of Insured Pay-Roll declared at the commencement of the Period of Insurance is in accordance with a professionally audited value that represents as nearly as may be reasonably practical the Insured Payroll which would have been payable during the maximum Indemnity Period but for the Damage.

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.

Item No. 5 – Refundable accommodation deposits (RAD)

The Insurer(s) will indemnify the Insured in the event of Damage under Section 1, for the loss of interest the Insured would have reasonably earned from refundable accommodation deposits (RAD) during the Indemnity Period had the Damage not occurred.

The Insurer(s) will also pay any additional interest payments and/or costs incurred in connection with re-financing the funds required for reimbursing the refundable accommodation deposits and/or entry fees paid by residents which the Insured is contractually required to refund under the terms of any occupancy agreement.

The cover provided shall be limited to the amount stated in the Schedule of the Policy against 'Refundable Accommodation Deposits' for any one loss or series of losses arising from any one event or cause at any one Situation.

Industrial Special Risks Mark IV Consolidated Insurance (continued)

Item No. 6 – Gross Rentals

Gross rental 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 Damage
- Departmental
- 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 eighty five percent (85%) of the Annual Gross Rentals (or the appropriate multiple if the Indemnity Period exceeds twelve (12) months), the amount payable hereunder shall be proportionately reduced.

This provision shall not apply if the amount of the loss does not exceed five percent (5%) of the estimated value of Annual Gross Rentals declared at the commencement of the Period of Insurance.

Provided further that:

- i. the above proviso to Item No. 1 is deleted; and
- ii. the definition for Annual Gross Rentals is deleted,

where the estimated value of Gross Rentals declared at the commencement of the Period of Insurance is in accordance with a professionally audited value that represents as nearly as may be reasonably practical the Gross Rentals which would have been achieved during the maximum Indemnity Period but for the Damage.

DEFINITIONS

Gross Rentals

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

Standard Gross Rentals

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

Annual Gross Rentals

The Gross Rentals earned during the twelve months immediately before the date of the Damage.

Such adjustments shall be made to Standard Gross Rentals and Annual Gross Rentals as may be necessary to provide for the trend of the Business and for variations in or other circumstances affecting the Business either before or after the Damage or which would have affected the Business had the Damage not occurred, so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which, but for the Damage, would have been obtained during the relative period after the Damage. In the event that the Insured and the Insurer(s) cannot agree to the rate of adjustment, the Insured and the Insurer(s) may agree to submit to arbitration.

MEMORANDA

Gross Rentals elsewhere after Damage

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

New business

In the event of Damage occurring at the Situation before completion of the first year's trading of the 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 (12) 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 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.

Item No. 7 – Gross Revenue

Gross revenue 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

Industrial Special Risks Mark IV Consolidated Insurance (continued)

Memoranda entitled:

- Turnover elsewhere after Damage
- Departmental
- 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 Revenue due to a) Reduction in Gross Revenue and b) Increase in Cost of Working and the amount payable as indemnity thereunder shall be:

a) in respect of Reduction in Gross Revenue:

The amount by which the Gross Revenue during the Indemnity Period shall, in consequence of the Damage, fall short of the Standard Gross Revenue;

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 loss of Gross Revenue which, but for that expenditure, would have taken place during the Indemnity Period in consequence of the Damage but not exceeding the amount of the reduction in Gross Revenue 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 Revenue declared at the commencement of each Period of Insurance is less than eighty per cent (85%) of the Annual Gross Revenue (or the appropriate multiple if the Indemnity Period exceeds twelve months) the amount payable hereunder shall be proportionately reduced.

This provision shall not apply if the amount of the loss does not exceed five percent (5%) of the estimated value of Annual Gross Revenue declared at the commencement of the Period of Insurance.

Provided further that:

- i. the above proviso to Item No. 1 is deleted; and
- ii. the definition for Annual Gross Revenue is deleted,

where the estimated value of Gross Revenue declared at the commencement of the Period of Insurance is in accordance with a professionally audited value that represents as nearly as may be reasonably practical the Gross Revenue which would have been achieved during the maximum Indemnity Period but for the Damage.

DEFINITIONS

Gross Revenue

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

Standard Gross Revenue

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

Annual Gross Revenue

The Gross Revenue earned during the twelve months immediately before the date of the Damage.

Such adjustments shall be made to the Standard Gross Revenue and Annual Gross Revenue as may be necessary to provide for the trend of the Business and for variations in or other circumstances affecting the Business either before or after the Damage or which would have affected the Business had the Damage not occurred, so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which, but for the Damage, would have been obtained during the relative period after the Damage. In the event that the Insured and the Insurer(s) cannot agree to the rate of adjustment, the Insured and the Insurer(s) may agree to submit to arbitration.

MEMORANDA

Gross Revenue elsewhere after Damage

If during the Indemnity Period services shall be rendered or goods shall be sold elsewhere than at the Situation 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 Gross Revenue during the Indemnity Period.

New business

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

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

Annual Gross Revenue: the proportional equivalent, for a period of twelve months of the Gross Revenue realised during the period between the commencement of the Business and the date of the Damage.

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

Item No. 8 – Research establishment expenses

The insurance under this item is limited to the loss sustained by the Insured in consequence of the Damage in respect of a) Research Establishment Expenditure and b) Increase in Cost of Working and the amount payable as indemnity hereunder shall be:

- a) In respect of Research Establishment Expenditure: for each working week in the Indemnity Period during which the activities of the research establishment are, in consequence of the Damage:
 - i. totally interrupted or totally given over to the reworking of projects affected by the Damage, the Insured Amount per Week;
 - ii. partially interrupted or partially given over to the reworking of projects affected by the Damage, an equitable proportion of the Insured Amount per Week based upon the time rendered ineffective by reason of the Damage;
- b) In respect of Increase in Cost of Working: the additional expenditure necessarily and reasonably incurred in consequence of the Damage to minimise the interruption to the activities of the research establishment. The amount payable under this heading shall not exceed the amount payable under a) for loss of Research Establishment Expenditure if no such Increase in Cost of Working had been incurred,

less any sum saved during the Indemnity Period in respect of such of the Research Establishment Expenditure as may cease or be reduced in consequence of the Damage.

Provided that if the estimated value of Research Establishment Expenditure declared at the commencement of the Period of Insurance is less than eighty-five percent (85%) of the Annual Research Expenditure (appropriately increased if the Indemnity Period exceeds twelve months) on the day of commencement of the Period of Insurance, the amount payable hereunder shall be proportionately reduced.

This provision shall not apply if the amount of the loss does not exceed five percent (5%) of the estimated value of Research Establishment Expenditure declared at the commencement of the Period of Insurance.

DEFINITIONS

Research Establishment Expenditure means the total expenditure on research by the Insured at the Situation less the relative cost of raw materials consumed.

Insured Amount per Week means one fiftieth part of the Research Establishment Expenditure incurred during the financial year immediately before the date of the Damage.

Annual Research Expenditure means the aggregate amount of the Research Establishment Expenditure incurred during the twelve months immediately before the date of the Damage.

Adjustments shall be made to the Insured Amount per Week and Annual Research Expenditure as may be necessary to provide for the trend of the research establishment activities and for variations in or other circumstances affecting the research establishment activities either before or after the Damage so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for the Damage would have been obtained during the relative period after the Damage. In the event that the Insured and the Insurer(s) cannot agree to the rate of adjustment, the Insured and the Insurer(s) may agree to submit to arbitration.

Premium adjustment clause: In the event of the Research Establishment Expenditure during the accounting period of twelve months most nearly concurrent with the Period of Insurance being less than the estimated value of Research Establishment Expenditure declared at the commencement of the Period of Insurance, a pro rata return of premium not exceeding 50% of the premium paid on such Declared Value will be made in respect of the difference. If any Damage shall have occurred, giving rise to a claim under this item, such return shall be made only in respect of so much of the said difference as is not due to such Damage.

Definitions applicable to Section 2

Words with particular meanings when used in this Section 2, or in endorsements or attachments that form part of this Policy, are defined. For the purpose of identification, the first letter of such words will be capitalised and if comprising a group of words, the first letter of the principal words will be capitalised.

GROSS PROFIT

The amount by which:

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

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

TURNOVER

The amount (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 Situation.

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.

CONSOLIDATED PERIOD

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

INSURED PAY-ROLL

The Declared Value of estimated Pay-Roll in respect of the Consolidated Period referred to in Item No. 3 and specified in the Schedule, declarable as at the day of commencement of the Period of Insurance.

PAY-ROLL

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

SHORTAGE IN TURNOVER

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

RATE OF GROSS PROFIT

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

ANNUAL TURNOVER

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

STANDARD TURNOVER

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

RATE OF PAY-ROLL

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

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

Industrial Special Risks Mark IV Consolidated Insurance (continued)

as may be reasonably practicable the results which, but for the Damage, would have been obtained during the relative period after the Damage. In the event that the Insured and the Insurer(s) cannot agree to the rate of adjustment, the Insured and the Insurer(s) may agree to submit to arbitration.

ITEMS INSURED

Those items described in Basis of Settlement under Section 2 of this Policy for which a Declared Value or Sub-Limit of Liability is shown in the Schedule or which are otherwise indicated in the Schedule as being operative.

Memoranda to Section 2

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

TEMPORARY ACCOMMODATION

The insurance under this memorandum is limited to the reasonable and necessary cost of providing temporary accommodation for residents and resident staff where the Property Insured includes residential accommodation and such accommodation becomes uninhabitable as a consequence of a peril insured by this Policy.

The Insurer(s) will also indemnify the Insured for:

- a) the cost to initially transport residents and resident staff from the Situation to the site of such temporary accommodation;
- b) the additional costs of alternative accommodation incurred by the Insured during the Indemnity Period; and
- c) the reasonable cost of return transport from the temporary accommodation site to the Situation once the Premises are habitable.

The cover granted shall be subject to the Sub-Limit of Liability stated in the Schedule against 'Temporary Accommodation'.

ACCOMMODATION BONDS

The Insurer(s) will indemnify the Insured in the event of Damage under Section 1, for the loss of interest the Insured would have reasonably earned from accommodation bonds during the Indemnity Period had the Damage not occurred. The Insurer(s) will also pay any additional interest payments and/ or costs incurred in connection with re-financing the funds required for reimbursing the accommodation bonds and/or entry fees paid by residents which the Insured is contractually required to refund under the terms of any occupancy agreement.

The cover provided shall be limited to the amount stated in the Schedule of the Policy against 'Accommodation Bonds' for any one loss or series of losses arising from any one event or cause at any one Situation.

SEVERANCE PAY

The insurance under this memorandum is limited to such further additional expenditure beyond that recoverable under clause a) of Item No. 3 as the Insured is obligated or has agreed to pay under industrial awards, determinations, decisions or agreements for severance pay and/or in lieu of notice to employees whose services are terminated during the Indemnity Period in consequence of the Damage. The cover hereby granted shall be subject to the Sub-Limit of Liability stated in the Schedule against 'Severance Pay'.

RENT PAYABLE

The insurance under this memorandum is in respect of rent and other expenses payable and insurable by the Insured in accordance with the terms of any lease agreement and the amount payable as indemnity hereunder shall be such sum as the Insured shall be legally liable to pay and the lessor shall be legally entitled to receive during the Indemnity Period under the terms of the lease. The cover hereby granted shall be subject to the Sub-Limit of Liability stated in the Schedule against 'Rent Payable'.

The insurance under this memorandum is limited to such further rent payable beyond that recoverable under clause a) of Item No. 1 during which the results of the Business shall be affected in consequence of the Damage.

RENT RECEIVABLE

The insurance under this memorandum is limited to the loss of rent receivable (including amounts due for services rendered and recoverable expenses) and the amount payable as indemnity hereunder shall be the amount by which rent (including amounts for services rendered and recoverable expenses) received or receivable during the Indemnity Period shall fall short of the amount which it may be reasonably estimated would have been received during that period had the Damage not occurred including the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the loss of rent (including amounts for services rendered and recoverable expenses), less any sum saved during that period in respect of the charges or expenses payable out of rent as may cease or be reduced in consequence of the Damage. The cover hereby granted shall be subject to the Sub-Limit of Liability stated in the Schedule against 'Rent Receivable'.

CONTRACTUAL FINES AND PENALTIES

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

ACCOUNTS RECEIVABLE

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

- a) interest charges at the ruling rate of the Insured's bank on any loan to offset impaired collections pending repayment of such amounts rendered uncollectible in consequence of the Damage;
- b) interest lost by the Insured in consequence of such impaired collections;
- c) additional expenditure necessarily and reasonably incurred in tracing and establishing the amounts of accounts receivable; and
- d) collection expenses in excess of normal collection costs, incurred in consequence of the Damage.

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

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

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

GOVERNMENT INCENTIVES

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

TURNOVER ELSEWHERE AFTER DAMAGE

If during the Indemnity Period goods shall be sold or services shall be rendered elsewhere than at the Situation 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

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

NEW BUSINESS

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

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

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

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

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

Industrial Special Risks Mark IV Consolidated Insurance (continued)

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

ACCUMULATED STOCKS

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

BOOKS OF ACCOUNT

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

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

PUBLIC UTILITIES

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

The cover provided by this memorandum shall be subject to the Sub-Limit of Liability stated in the Schedule against 'Remote Premises of Public Utilities'.

OTHER CONTRIBUTING PROPERTIES

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

The cover provided by this memorandum shall be subject to the Sub-Limit of Liability stated in the Schedule against 'Other Contributing Properties'.

TURNOVER/OUTPUT ALTERNATIVE

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

When the Insurer(s) may indemnify the Insured in accordance with the 'Output' alternative:

- a) If the interruption of or interference with the Business is of such short duration that it would not be practical, or even possible, to measure the effect of such interruption or interference by turnover; or
- b) If there is a time lag of relatively long duration between loss of production and the ultimate loss of turnover.

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

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

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

SPECIFIED SUPPLIERS' AND/OR CUSTOMERS' PREMISES

Loss resulting from interruption of or interference with the Business in consequence of Damage to property at the specified premises anywhere in the world of any producer or merchant identified in the Schedule against 'Specified Suppliers' and/or Customers' 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 memorandum shall be limited to the percentage(s) stated in the Schedule against each premises specified, in respect of any one loss or series of losses arising out of any one event or occurrence at the particular premises specified. The percentage(s) specified in the Schedule shall be applied to the total of the values of Gross Profit and Insured Pay-Roll declared as at the day of commencement of the Period of Insurance.

For the purposes of this memorandum, the term 'premises of a producer' refers to premises, other than those described in the Public utilities memorandum under 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. The term 'premises of a merchant' refers to premises to which the Insured provides goods or services.

UNSPECIFIED SUPPLIERS' AND/OR CUSTOMERS' PREMISES (AUSTRALIA & NEW ZEALAND)

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

The liability of the Insurer(s) under this memorandum, in respect of any one loss or series of losses arising out of any one event or occurrence at any one premises, shall be limited to the amount stated in the Sub-Limit of Liability noted in the Schedule against 'Unspecified Suppliers' and/or Customers' Premises (Australia & New Zealand)'.

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

ROYALTIES RECEIVABLE

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

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.

INFECTIOUS OR CONTAGIOUS DISEASES; VERMIN, PESTS OR DEFECTIVE SANITARY ARRANGEMENTS; FOOD OR DRINK POISONING; MURDER, SUICIDE

Loss as insured by the Policy resulting from interruption of or interference with the Business arising from closure or evacuation of the whole or part of the Situation due to an order or direction made during the Period of Insurance by a government authority or official acting with legislative authority consequent upon:

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

shall be deemed to be loss resulting from Damage to property used by the Insured at the Situation.

Provided that paragraph a) above will not indemnify loss resulting from interruption of or interference with the Business directly or indirectly caused by, contributed to by, resulting from, arising out of or otherwise in connection with:

- i. any highly pathogenic avian or animal influenza in humans;
- ii. rabies;
- iii. cholera;
- iv. any pandemic or epidemic as declared by the World Health Organization;
- v. any disease determined to be a 'listed human disease' under the Biosecurity Act 2015 (Cth) as amended from time to time or any disease that is determined, listed or otherwise specified in an equivalent manner under any legislation that either replaces the Biosecurity Act 2015 (Cth) or has an equivalent object or objects;
- vi. any fear or threat (whether actual or perceived) of the diseases, conditions or circumstances described above; or
- vii. any action taken by a competent public authority in controlling, preventing or suppressing the diseases, conditions or circumstances described above.

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

TRADE EXHIBITIONS

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

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

REDUCED MARGIN

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

COMPUTER

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

Where the insurance under this memorandum conflicts with any of the 'Electronic Data', 'Computer Systems, Data' and/or 'Computer Crime, Cyber Attack' exclusions, the foregoing exclusions shall take precedence over the said insurance provided under this memorandum.

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 No. 1 contained under the Basis of Settlement heading 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.

Industrial Special Risks Mark IV Consolidated Insurance (continued)

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

Shortage in Turnover

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

PREMISES IN THE VICINITY (PREVENTION OF ACCESS)

Loss as insured by this Policy resulting from interruption of or interference with the Business in consequence of Damage to property in the vicinity of the Premises caused by a peril, Damage as a result of which is insured under this Policy, 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.

The cover provided by this memorandum shall be subject to the Sub-Limit of Liability stated in the Schedule against 'Prevention of Access'.

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 Damage to such vehicles and/or trailers whilst they are being used on any public highway or thoroughfare.

Exclusions applicable to all sections

PROPERTY EXCLUSIONS

This Policy does not cover Damage to the following property or loss under Section 2 resulting therefrom:

1. Property (except Money) whilst in transit other than during the incidental movement of such property within Situations occupied by the Insured. This Exclusion shall not apply during Temporary Removal of property (other than stock and/or merchandise), including unregistered motor vehicles other than where used as stock and/or merchandise of the Business, to any situation within the Commonwealth of Australia and whilst at such situation. Whilst such property is in transit (excluding loading, unloading and storage in transit), cover is limited to Damage caused by fire, lightning, explosion, earthquake, aircraft, riot, strikes, Malicious Damage and storm and/or tempest.

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

Provided always that any claim arising out of Temporary Removal shall not exceed the Sub-Limit of Liability shown in the Schedule against 'Temporary Removal Exemption'.

2. Money:
 - a) whilst being carried by professional money carriers, professional carriers or common carriers which is insured by any person or entity other than the Insured except to the extent of any Damage in excess of the amount of that insurance. 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 Damage which may occur as a result of any event hereby insured against, this insurance shall operate as if this Property Exclusion 2 a) had been deleted.
 - b) stolen from an unlocked and unattended vehicle;
 - c) stolen from a safe or strongroom opened by a key or by use of details of a combination, either of which has been left at the Situation outside Business Hours, unless such key or combination details have been properly secured;
 - d) where the loss is not discovered within fifteen (15) working days of the event;
 - e) where the loss arises out of:
 - i. kidnapping;
 - ii. bomb threat;
 - iii. hoax;
 - iv. extortion,or an attempt of any of these.

Industrial Special Risks Mark IV Consolidated Insurance (continued)

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 for Damage sustained 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 Situation occupied or used by the Insured.
6. Livestock, animals, birds or fish (other than birds or fish used solely for decorative purposes and only in respect of Damage arising from fire only). But the liability of the Insurer(s) shall not exceed the Sub-Limit of Liability stated in the Schedule against 'Decorative Livestock (Fire Only)'.
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. Bridges, canals, roadways (other than driveways, vehicle parking or manoeuvring areas and other paved areas at the Situation) and tunnels, railway tracks (other than on the Situation occupied or used by the Insured), dams and reservoirs (other than tanks) and their contents.
10. Docks, wharves and piers not forming part of any building.
11. Mining property located beneath the surface of the ground unless otherwise expressly stated in this Policy.
12. Property during the course of, and as a result of, any treatment, manufacturing or assembly.
13. Property in the open air unless such property is designed to function without the protection of walls or roof caused by wind, rainwater or hail. Provided that the liability of the Insurer(s) for gates, fences, retaining walls, exterior awnings and blinds, shade cloths and shade sails shall be limited to the Sub-Limit of Liability stated in the Schedule of the Policy against 'Property In Open Air (Storm)' for any one loss or series of losses arising out of any one event or occurrence.
14. 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 \$2,000,000, whichever is the lesser. Provided that this Exclusion 14 shall apply only to the works comprising such construction, erection, alteration or addition and not to any original or existing structures.
15. Empty premises upon which demolition work has commenced.
16. Oil and gas drilling and/or production rigs whilst offshore.
17. All Machinery (as defined in this exclusion), electronic data processing equipment or electronic control equipment occasioned by or happening through any mechanical, electrical, electro-mechanical, electronic or hydraulic malfunction, failure, derangement, breakdown or non-operation of whatsoever kind.

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

Provided that the Insurer(s) will indemnify the Insured for any Damage to the aforementioned items caused directly by any circumstances not excluded under Section 1 of this Policy, notwithstanding that these circumstances may in turn have been caused by any of the circumstances specified in this Property Exclusion 18.
19. Overhead transmission and distribution lines and their supporting structures other than those that extend from the public highway to the insured Situation and are the responsibility of the Insured. But this Exclusion 19 does not apply to the cover the Insured is entitled to under the Public utilities memorandum and/or any other contingent business interruption coverages referred to in Section 2.

ELECTRONIC DATA EXCLUSION

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

- a) This Policy does not insure:
 - i. total or partial destruction, distortion, erasure, corruption, alteration, misinterpretation or misappropriation of Electronic Data;
 - ii. error in creating, amending, entering, deleting or using Electronic Data, or
 - iii. total or partial inability or failure to receive, send, access or use Electronic Data for any time or at all from any cause whatsoever, regardless of any other contributing cause or event whenever it may occur.
- b) However, in the event that a Listed Peril (as defined in this clause) first causes any of the matters described in paragraph a) above, this Policy, subject to all its provisions, will insure:
 - i. Damage to Property Insured directly caused by such Listed Peril, and
 - ii. consequential loss as insured under Section 2 of this Policy.

For the purpose of this Electronic Data exclusion, Listed Peril means fire, explosion, lightning, windstorm, hail, tornado, cyclone, hurricane, earthquake, volcano, tsunami, Flood (not otherwise excluded), 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) It is further understood and agreed that:
 - i. Perils Exclusion 7; or
 - ii. any terrorism exclusion in this Policy, including any endorsement thereto,prevail over this exclusion to the extent that any losses referred to in this exclusion directly result from any of the circumstances specified in Perils Exclusion 7 or an Act of Terrorism.

Computer Systems and Data Exclusion

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

- a) This Policy does not insure any loss, damage, liability, cost or expense of whatsoever nature directly or indirectly caused by, contributed to by, resulting from, arising out of or otherwise in connection with:
 - i. any loss of, alteration of, or Damage to or a reduction in the functionality, availability or operation of a Computer System; or
 - ii. 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,unless subject to the provisions of paragraph b) below.
- b) Subject to the other terms, conditions and exclusions contained in this Policy, this Policy will cover physical loss of or physical damage to Property Insured or loss under Section 2 directly resulting therefrom where such Damage is directly occasioned by one or more of the perils otherwise covered under this Policy, even if such peril(s) may in turn have been caused by any of the circumstances referred to in this exclusion.

PERILS EXCLUSIONS

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

1. All actual or alleged losses, liabilities, damages, injuries, defence costs, cost or expense(s) directly or indirectly arising out of, contributed to by, caused by, resulting from, or otherwise in connection with any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss:
 - a) war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, mutiny, revolution, rebellion, insurrection, uprising, military or usurped power;
 - b) confiscation, nationalisation, requisition or destruction of or Damage to property by or under the order of any competent public authority, unless such order involves the demolition of property deemed unsafe following Damage by any peril not otherwise excluded by this Policy.
 - c) martial law;
 - d) any Act of Terrorism; or
 - e) any action taken in controlling, preventing, suppressing, retaliating against, responding to or in any way relating to an Act of Terrorism.

Notwithstanding the provisions of Perils Exclusion 1 b) above the Insurer(s) shall be liable for Damage to, or the cost of removal of, sound property at the Situation 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;

Industrial Special Risks Mark IV Consolidated Insurance (continued)

2. a) Damage to the Property Insured;

b) any legal liability of whatsoever nature;

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

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

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

ii. nuclear weapons materials; or

iii. biological weapons or substances or contamination resulting therefrom.

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

3. Damage occasioned by or happening through:

a) Flood; or

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

Provided that Perils Exclusions 3 a) and 3 b) shall not apply if Damage is caused by or arises out of an earthquake or seismological disturbance.

4. Damage occasioned by or happening through:

a) moths, termites or other insects, vermin, rust or oxidation, mildew, mould, contamination or pollution, wet or dry rot, corrosion, change of colour, dampness of atmosphere or other variations in temperature, evaporation, germs, disease, virus, bacteria or other contagion, inherent vice or latent defect, loss of weight, change in flavour texture or finish, smut or smoke from industrial operations (other than sudden and unforeseen Damage resulting therefrom);

b) wear and tear, fading, scratching or marring, gradual deterioration or developing flaws, normal upkeep or making good;

c) error or omission in design, plan or specification or failure of design;

d) normal settling, seepage, shrinkage or expansion in buildings or foundations, walls, pavements, roads and other structural improvements, creeping, heaving and vibration;

e) faulty materials or faulty workmanship.

Provided that Exclusions 4 a) to e) shall not apply to subsequent Damage to the Property Insured occasioned by a peril (not otherwise excluded) resulting from any event or peril referred to in these exclusions.

5. Damage occasioned by or happening through:

a) incorrect siting of buildings consequent upon:

i. error in architectural design or specification;

ii. faulty workmanship; or

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

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

6. Damage occasioned by or happening through:

a) Theft of property (other than Money in transit) in the open air (but not if that property is within the boundaries of the Insured's Situations, as specified on the Schedule provided that the Insurer(s) liability shall be limited to the Sub-Limit of Liability stated in the Schedule of the Policy against 'Theft of Property in Open Air' for any one loss or series of losses arising out of any one event or occurrence.);

b) unexplained or inventory shortage, disappearance resulting from clerical or accounting errors, shortage in the supply or delivery of materials to or from the Insured;

c) i. spontaneous combustion;

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

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

7. Damage occasioned by or happening through:

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

Provided that Exclusion 7 a) shall not apply to Theft consequent upon forcible and violent entry upon Situation or felonious concealment upon Situation committed by an employee of the Insured.

Industrial Special Risks Mark IV Consolidated Insurance (continued)

- 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 Exclusions 7 b) i. and 7 b) ii. shall not apply in respect of Damage directly caused by strikers, locked out workers or similar persons.

- c) erosion, subsidence (which shall mean the sinking of land to a level lower than normal), earth movement or collapse resulting therefrom. Provided that this Exclusion 7 c) shall not apply if Damage is caused by or arises out of an earthquake or seismological disturbance.
- d) kidnapping, bomb threat, threat of contamination, hoax, extortion or any attempt thereat. But this exclusion shall not apply to loss caused by hold-up and/or Theft or any attempt thereat.

Provided that Exclusions 7 a) to d) shall not apply to subsequent Damage to the Property Insured occasioned by a peril (not otherwise excluded) resulting from any event or peril referred to in these exclusions.

- 8. Damage occasioned by or happening through loss or interruption of supply of public utilities such as water, gas, electricity, fuel or telecommunications but this exclusion shall not apply if Damage arises directly from a cause not otherwise excluded.
- 9. Any legal liability of whatsoever nature other than as herein provided.
- 10. Consequential Loss. Without limiting the generality of the exclusion, this means the Insurer(s) shall not be liable for consequential loss due to loss of use or enjoyment, delay, lack of performance, loss of contract or depreciation in the value of land or stock, except as herein provided in Section 2.
- 11. Loss, Damage, cost or expense occasioned by or happening through voluntary parting with any Property Insured by the Insured or anyone else to whom such Property Insured is entrusted if induced to do so by any fraudulent scheme, trick, device or false pretence.
- 12. Damage occasioned by or happening through bushfire, Flood (if cover is provided) or Storm which occurs within seventy-two (72) hours of the commencement date of this Policy or any endorsement thereto. Endorsement includes, amongst other things, higher Declared Values, additional Situations or any variation(s) to the terms, Conditions and Limit(s) or Sub-Limit(s) of Liability of the Policy.

GENERAL EXCLUSIONS

Vermin or pests, toxic substances

This Policy does not cover any loss, Damage, cost or expense arising directly or indirectly from or in connection with action taken or failure to take action in controlling, preventing or suppressing or in any way responding to:

- a) any actual, allege, or threat, of vermin or pests whether at the insured Situation or not and whether formally declared or not regardless of any other cause or event contributing concurrently or in any other sequence to the loss, Damage, cost or expense, unless fire or explosion ensues, in which case this Policy covers loss, Damage, cost or expense arising from such fire or explosion.
- b) any release of toxic substances unless the release arises out of physical damage occurring at the Insured's Situation as a result of the following perils, but only to the extent that these perils are covered under this Policy: fire, explosion, aircraft or vehicle impact, falling objects, windstorm, hail, tornado, cyclone, hurricane, earthquake, volcano, tsunami, Flood, freeze or weight of snow.

Nothing in this exclusion shall be construed to extend coverage under the Policy to any liability which would not have been covered in the absence of this exclusion.

Sanctions

The Insurer(s) shall not be required to perform any transaction to pay any claim or provide any benefit hereunder to the extent that the execution of such transaction would contravene any sanction, prohibition or restriction applicable to the Insurer(s) under United Nations resolutions or the trade or economic sanctions, laws or regulations of Australia, New Zealand, United States of America, European Union or United Kingdom. This exclusion shall not in any way impact or effect the Insurer(s) ongoing liability to pay such a claim or provide such benefit, if and when such sanction, prohibition or restriction is lifted and/or altered and the transaction may be performed without contravention of same.

Computer Crime, Cyber Attack

The Insurer(s) shall not be liable in respect of any loss, Damage, cost, expense or liability of whatsoever nature directly or indirectly caused by or contributed to by or resulting from or arising out of or otherwise in connection with:

- a) Computer Crime; or
- b) Cyber Attack.

Memoranda applicable to all sections

Except to the extent that this Policy is hereby modified under the following Memoranda the terms, Conditions, Exclusions, Memoranda, Warranties, limitations and other provisions contained in this Policy shall apply.

AMOUNT OF POLICY NOT REDUCED BY LOSS

Unless the Insured requests otherwise the insurance under each section and/or item and/or Sub-Limit of Liability of this Policy and the Indemnity Period shall be automatically reinstated in the event of any loss in consideration of the payment by the Insured upon request by the Insurer(s) of a pro rata additional premium calculated on the amount of the loss settlement at the rate(s) agreed for the Period of Insurance and will be effective from the time that the Damaged property is reinstated or replaced or restored.

Provided that in respect of Damage by Theft or attempted Theft reinstatement will only apply subject to the Insured completing any improvements to the security precautions at the Situation(s) that the Insurer(s) may reasonably require and in any event reinstatement following Theft or attempted Theft will apply only once during each Period of Insurance.

EVENT

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

SUBROGATION WAIVER

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

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

Further, the Insured may, without prejudicing its position under this Policy:

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

ADJUSTMENT OF PREMIUM

- a) The Premium shown is provisional and is calculated on the Declared Values of:
 - i. Property Insured;
 - ii. Gross Profit and Insured Pay-Roll/Gross Rentals/Gross Revenue (as applicable);on the day of commencement of each Period of Insurance.
- b) The Insured undertakes to declare to the Insurer(s) within a reasonable time after the day of expiry of the Period of Insurance:
 - i. the value of the Property Insured on the day of expiry of the Period of Insurance. For the purpose of this declaration, stock in trade and/or merchandise shall be taken at its average value during the Period of Insurance;
 - ii. the amount of the Gross Profit/Gross Rentals/Gross Revenue (as applicable) earned and Pay-Roll paid, in accordance with the cover afforded in the respective items of Section 2, in the course of the Business during the accounting period of 12 months most nearly concurrent with the Period of Insurance.
- c) The provisional premium shall be adjusted by payment to the Insurer(s) of an additional premium or by allowance to the Insured of a return premium, as the case may be, calculated at:
 - i. the agreed rate on 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 Declared 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.
- f) If any claim paid or payable under Section 1 and/or 2 of the Policy in respect of Damage occurring during the Period of Insurance is reduced due to underinsurance in accordance with the provisions of any average, underinsurance or co-insurance clause or clauses, the Insurer(s) shall waive any additional premium for that Period of Insurance, which would otherwise be payable in accordance with this memorandum.

Industrial Special Risks Mark IV Consolidated Insurance (continued)

- g) The Insured shall also make declarations amount to the Insurer(s) under paragraph b) i. in respect of acquisitions of Property Insured, provided that no such declaration shall be required upon acquisition when the value of the acquisition does not exceed the amount stated in the Schedule against 'Declarations of Acquired Property'.

Notwithstanding the acceptance of a total variation in the Declared Values up to the amount stated in the Schedule of the Policy against 'Declarations of Acquired Property' under Sub-Limits of Liability of Combined Section 1 & Section 2, nothing here shall be construed as automatically noting or providing an increase in the Limit of Liability under the Policy.

Conditions applicable to all sections

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

Subject to Section 54 of the Insurance Contracts Act 1984 (Cth), the Insurer(s) shall not be liable for 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 Situation other than as provided under the terms of Property Exclusion 1;
- b) in the trade or processes of manufacture carried on at the Situation or whereby the nature of the occupation or other circumstances affecting the Situation and/or the Insured's property therein contained shall be changed in such a way as to increase the risk of Damage;
- c) whereby any premises containing any Property Insured hereunder shall become unoccupied, and so remain for a period of more than sixty (60) days; or
- d) whereby the Insured's interest ceases except by will or the operation of law.

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

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

3. SPRINKLER INSTALLATIONS

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

The Insured warrants that in such of the Situations as are 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 Situation, due diligence shall be used so that the same shall at all times be maintained in good working order.

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

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

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

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

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

4. CANCELLATION

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

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

5. NOTIFICATION OF CLAIMS

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

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

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

6. FRAUD

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

7. 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 with matching or like materials and in reasonably equivalent manner and shall not in any case be bound to expend more than the applicable Limit of Liability.

8. INSURER(S) RIGHTS

On the happening of any 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 admitting 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 Damage has happened and may take possession of or require to be delivered to the Insurer(s) any of the property hereby insured and may keep possession of and deal with such property for all reasonable purposes and in any reasonable manner. This condition shall be evidence of the leave and licence of the Insured to the Insurer(s) so to do. If the Insured or anyone acting on the Insured's behalf shall not comply with the requirements of the Insurer(s) or shall hinder or obstruct the Insurer(s) in doing any of the abovementioned acts, then all benefits under this Policy shall

be forfeited. The Insured shall not in any case be entitled to abandon any property to the Insurer(s) whether taken possession of by the Insurer(s) or not.

9. SUBROGATION

- a) Any person claiming under this Policy shall, at the request and at the expense of the Insurer(s), do and concur in doing and permit to be done such acts and things as may be 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 Damage under this Policy or paying any amounts under Section 2 of this Policy.
- b) Recoveries, whether effected by the Insurer or the Insured, shall be applied, net of the expense of such recovery, first to the satisfaction of the Insured's loss in excess of the claim paid under this Policy (disregarding the amount of any Deductible applicable), secondly to the Insurer as reimbursement of the amount(s) paid in settlement of the Insured's claim and thirdly to the Insured in satisfaction of any Deductible amount applicable. Recovery from reinsurance shall not be deemed a recovery for the purpose of this paragraph b).

10. PRECAUTIONS TO PREVENT LOSS

The Insured shall take all reasonable precautions to prevent loss, destruction or damage to the property insured by this Policy. Reasonable precautions include but are not limited to maintaining the property and grounds, taking appropriate security precautions, maintaining any fire prevention or security systems and adequately training staff in loss prevention.

11. INSURED'S ACTION AFTER THEFT OR MALICIOUS DAMAGE

The Insured shall, upon becoming aware of any loss by Theft or of any Malicious Damage which may give rise to a claim under this Policy, take all reasonable and 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.

12. TERMINATION OF COVER UNDER SECTION 2

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

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

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

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

13. OBSERVANCE OF TERMS AND CONDITIONS

The due observance and fulfilment of these Conditions and the other terms of this Policy by the Insured, insofar as the same are capable of being construed as such, are conditions precedent to any liability of the Insurer(s) to make any payment under this Policy. A breach of this Condition may invalidate the claims to the extent that the Insurer(s) interests are prejudiced by such breach. Any breach of a condition without the knowledge or consent of the insurance officer of the Insured shall not prejudice or invalidate this insurance provided that due diligence is exercised at all times by the Insured.

14. PROGRESS PAYMENTS

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

15. JURISDICTION

Any dispute arising from or under 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.

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.

Optional covers

The Insured must apply to the Insurer(s) for these Optional covers and meet the Insurer(s) eligibility criteria before cover will be provided.

Where the Insurer(s) has/have agreed to issue the Insured with insurance for these Optional covers, the details will be recorded in the Schedule.

GOLF CLUBS

On landscaping if the Business is shown on the Schedule as golf club:

Despite Property Exclusion 7, and subject to the terms, Conditions, Exclusions, Memoranda, Warranties, limitations and other provisions contained in this Policy, the Property Insured and Basis of Settlement i. of Section 1 are extended to include landscaping, which term includes trees, shrubs, plants and lawns. Coverage provided under this Optional cover will be limited to the course proper which is defined as the clubhouse including developed surrounds and the course to the extent of the mown fairways. This Optional cover will also insure You for Damage sustained to the course fairways, greens, tees, bunkers and playing surfaces but the Insurer(s) will not pay for either any pre-existing damage or the repair, reinstatement or replacement of sand to bunkers lost as a direct result of rainwater, or rainwater runoff. With respect to the course bunkers the Policy will exclude Damage to drainage systems. The Policy will also exclude the wash-out of sand, garden, mulch or bark, dirt or gravel pathways as a direct result of rainwater or rainwater runoff. The Policy does not extend to cover losses sustained as a direct result of casual water or water seepage from rainwater or rainwater runoff. The basis of settlement for trees and/or shrubs will be a similar or like tree or shrub but with a maximum height of 1.5 metres. However, this Optional cover does not insure You for Damage to broken branches, or trees of a diameter less than 300mm, unless otherwise agreed to in writing by the Insurer(s). It is agreed that the liability of the Insurer(s) shall not exceed the amount of the Sub-Limit of Liability stated in the Schedule of the Policy against 'Damage to Landscaping & Greens' for any one loss or series of losses arising out of any one event or occurrence.

CHANGES IN A TEMPERATURE CONTROLLED ENVIRONMENT

Notwithstanding the provisions of Perils Exclusions 4 a) and 6 c), or Property Exclusion 12, and subject to the terms, Conditions, Exclusions, Memoranda, Warranties, limitations and other provisions contained in this Policy, the Policy extends to include Damage to stocks caused by or arising from changes in a temperature controlled environment where such change arises out of mechanical, hydraulic, electrical or electronic breakdown of the temperature controlling equipment for a period of not less than twelve (12) hours.

The liability of the Insurer(s) shall be limited to the Sub-Limit of Liability stated in the Schedule of the Policy against 'Changes in a Temperature Controlled Environment' for any one loss or series of losses arising out of any one event or occurrence at any one Situation.

FUSION

Subject to the terms, Conditions, Exclusions, Memoranda, Warranties, limitations and other provisions contained in this Policy, the Policy extends to indemnify the Insured against 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 Optional cover for:

- a) loss of use, depreciation, wear and tear; or
- b) 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 of Liability 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 Situation.

MACHINERY BREAKDOWN (DAMAGE AND EXPEDITING EXPENSES)

Property Exclusion 17 is deleted and, subject to the terms, Conditions, Exclusions, Memoranda, Warranties, limitations and other provisions contained in this Policy, the Policy extends to indemnify the Insured for Damage to Machinery occasioned by or happening through any mechanical, electrical, electromechanical, electronic or hydraulic malfunction, failure, derangement, breakdown or non-operation of any kind except as otherwise specifically excluded.

For the purpose of this Optional cover:

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

Industrial Special Risks Mark IV Consolidated Insurance (continued)

Property exclusions

This Optional cover does not insure against Damage to the following property or loss under Section 2 resulting therefrom:

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

Perils exclusions

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

- a) i. wear and tear and gradual deterioration (whether by wasting, grooving, rust, corrosion, erosion or otherwise) including the cost of maintenance work generally; or
- ii. gradually developing flaws, deformation, distortion, cracks or partial fractures.

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

- b) repair or renewal of non-metallic parts and expendable tools, blades, edges, moulds, dies, templates, screens, sieves, ropes, belts and like items subject to rapid wear and tear unless repair or renewal thereof is necessitated by the occurrence of Damage (as insured by this Optional cover) to any other part(s) of the Machinery.
- c) Damage:
 - i. arising from the intentional application of any tool or process to the Machinery during the course of repair, alteration, modification, maintenance or overhaul thereof;
 - ii. to the Machinery resulting from the imposition of abnormal conditions relating to testing or intentional overloading of or experiments with the Machinery, unless the Insurer(s) shall have agreed in writing to grant indemnity under this Optional cover whilst the Machinery is being operated under such conditions; or
 - iii. to the Machinery resulting from faults(s) or defect(s) therein known to the Insured or to responsible employees of the Insured but not disclosed to the Insurer(s) at the commencement of the Period of Insurance.
- d) consequential loss of any kind or description whatsoever. This means the Insurer(s) will not pay for consequential loss due to delay, lack of performance or loss of contract or any contractual fine or penalty due to late or non-performance of services by the Insured. This Perils Exclusion d) shall not apply to any loss as herein provided for in Section 2.

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

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

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

The liability of the Insurer(s) shall not exceed the Sub-Limit of Liability stated in the Schedule of the Policy against 'Machinery Breakdown (Physical Damage and Expediting Expenses)' for any one loss or series of losses arising out of any one event or occurrence at any one Situation.

EDP BREAKDOWN

Despite Property Exclusion 17, and subject to the terms, Conditions, Exclusions, Memoranda, Warranties, limitations and other provisions contained in this Policy, Section 1 – Material loss or damage is extended to cover electronic data processing systems including peripheral and ancillary equipment and media against Damage whilst such property is within the precincts of the Situation and working or at rest or being dismantled, moved, reassembled or reinstated for the purpose of cleaning, adjustment, inspection, repair, overhaul, or relocation but only after successful commissioning thereof at the Situation.

Industrial Special Risks Mark IV Consolidated Insurance (continued)

Where the insurance under this EDP breakdown Optional cover conflicts with any of the 'Electronic Data', 'Computer Systems, Data' and/or 'Computer Crime, Cyber Attack' exclusions, the foregoing exclusions shall take precedence over the said EDP breakdown Optional cover.

Provided that the liability of the Insurer(s) shall not exceed the amount of the Sub-Limit of Liability stated in the Schedule of the Policy against 'EDP Breakdown' for any one loss or series of losses arising out of any one event or occurrence at any one Situation.

GENERAL PROPERTY COVER – AUSTRALIA

The Policy extends to cover Property Insured anywhere in Australia, subject to the terms, Conditions, Exclusions, Memoranda, Warranties, limitations and other provisions contained in this Policy.

For the purpose of this Optional cover, the following Exclusions applicable to all sections are deemed inoperative:

- Property Exclusions 1 and 13.

The liability of the Insurer(s) shall be limited to the Sub-Limit of Liability stated in the Schedule of the Policy against 'General Property Cover – Australia'.

PROPERTY IN TRANSIT – AUSTRALIA

Subject to the terms, Conditions, Exclusions, Memoranda, Warranties, limitations and other provisions contained in this Policy, the Policy extends to cover Property Insured whilst in transit between a port or ports or a place or places in Australia (including whilst being loaded on to or unloaded from a conveying vessel, vehicle or aircraft).

For the purpose of this Optional cover the following Exclusions applicable to all sections are deemed inoperative:

- Property Exclusions 1 and 13.

This Optional cover also insures against general average and salvage charges (adjusted or determined according to the contract of affreightment and/or the governing law and practice) incurred to avoid or minimise loss insured hereunder.

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

- a) loss, Damage or expense caused by inherent vice or the nature of any Property Insured hereunder;
- b) ordinary leakage, ordinary loss in weight or volume of any Property Insured hereunder;
- c) loss, Damage or expense proximately caused by delay, except expenses payable in connection with general average and salvage charges;
- d) loss, Damage or expense arising from insolvency or financial default of the owners, managers, charterers or operators of any vessel; or
- e) loss, Damage or expense arising from:
 - i. unseaworthiness of a vessel or craft; or
 - ii. unfitness of a vessel, craft, conveyance, container or liftvan for the safe carriage of Property Insured hereunder, where the Insured or their servants are aware of the unseaworthiness or unfitness at the time the Property Insured is loaded therein.

Provided that the liability of the Insurer(s) shall not exceed the amount of the Sub-Limit of Liability stated in the Schedule of the Policy against 'Property In Transit – Australia' for any one loss or series of losses arising out of any one event or occurrence.

Endorsements

The Schedule issued by the Insurer(s) which forms part of this Policy will record any special terms, limits, conditions, exclusions, or endorsements.



1300 650 540

www.ansvar.com.au

Ansvar Insurance Limited, Level 5, 1 Southbank Blvd, Southbank, VIC, 3006

ABN 21 007 216 506 AFSL 237826

Proudly part of the **BENEFACT GROUP** 