



INDUSTRIAL SPECIAL RISKS INSURANCE POLICY

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INDUSTRIAL SPECIAL RISKS INSURANCE POLICY

This Policy incorporates the Placing 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 Placing Schedule has paid or agreed to pay to the Insurer(s) specified below the Premium shown in the Placing Schedule, now the Insurer(s) agrees, subject to the terms of this Policy, to indemnify the Insured as specified herein against loss arising from any insured Event(s) which occur during the Period of Insurance stated in the Placing Schedule or any renewal thereof.

Provided that the total liability of the Insurer(s) at any one of the Insured Premises shall not exceed the appropriate Limit or Sub-Limit(s) of Liability as stated in the Placing Schedule or such amount(s) as may be substituted therefor by endorsement or memorandum hereon or attached hereto.

SECTION 1

Material Loss or Damage

1. The Indemnity

In the event of any physical loss, destruction or damage (hereinafter in Section 1 referred to as "Damage" with "Damaged" having a corresponding meaning) not otherwise excluded happening to the Property Insured described in Section 1, but subject to the Property Insured being either:

- i) at the Insured Premises at the time the Damage occurs; or
- ii) in the case of property (including unregistered motor vehicles) other than Money, stock and merchandise, whilst in transit during temporary removal to any situation in the Commonwealth of Australia; or
- iii) in the case only of Money whilst in the night safe of any bank or financial institution where the Insured transacts business or within the private residence of the Insured or any person authorised by the Insured to have the personal custody of the Money or whilst in transit between any of these places;

the Insurer(s) will, subject to the provisions of this Policy including the limitation on the Insurer(s) liability, indemnify the Insured in accordance with the applicable Basis of Settlement.

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

- a) architects', surveyors', consulting engineers', legal and other fees and clerks of works' salaries for estimates, plans, specifications, quantities, tenders and supervision necessarily incurred in reinstatement consequent upon Damage to Property Insured. The Indemnity is further extended to cover costs, fees and salaries for preparing any claim hereunder, limited to the Sub-Limit of Liability stated in the Placing Schedule, or \$250,000, whichever is the greater.
- b) any fee, contribution or other impost payable to any government, local government or other competent statutory authority; where payment of such fee, contribution or impost is a condition precedent to the obtaining of consent to reinstate any building(s) insured hereunder; **provided that** the Insurer(s) shall not be liable for payment of any fines and/or penalties imposed upon the Insured by any such authorities.
- c)
 - i) costs and expenses necessarily and reasonably incurred for the purposes of extinguishing fire at or in the vicinity of Property Insured or threatening to involve such property or for the purpose of preventing imminent Damage or diminishing imminent Damage to Property Insured by any other peril insured against by this Policy, including Damage to gain access or exploratory costs 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;
 - ii) costs and expenses incurred to switch off and re-set alarms following an occurrence caused by an insured peril
 - iii) where as a consequence of the discharge of substance from any fire protective equipment, such discharge being either malicious or for the purpose of extinguishing fire, such fire protective equipment is required by law to be replaced; the cost of such replacement equipment;
 - iv) the Insured's statutory liability to pay fire brigade attendance charges. The amount payable as indemnity hereunder shall be such amount as the Insured shall be so liable to pay;
 - v) the Insured's own costs incurred for the protection, safeguard or recovery or to avert or minimise loss by Insured Perils to any Property Insured, such costs to include reasonable travelling expenses;

whether or not Damage occurs to Property Insured in circumstances giving rise to indemnity under Section 1 of this Policy

- d) the costs and expenses of locating, clearing and repairing burst or leaking water tanks, apparatus, pumping equipment, sewers, filters or pipes where Damage has been incurred to the Property Insured; such costs and expenses to include exploratory costs and the cost of restoring the Insured Premises.
- e) 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.
- f)
 - i) costs of replacing locks and/or keys and/or combinations where, if as a result of burglary, 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 together with the cost of opening safes and/or strongrooms as a result of theft of keys and/or combinations;
 - ii) costs of neutralising and/or replacing the Insured's electronic security passes and swipe cards if there are reasonable grounds to believe that security has been compromised whether or not as a result of suspicion of theft or duplication of such passes and swipe cards;
- g) costs of clearance of drains including expenses necessarily incurred in clearing and/or repairing drains, gutters, sewers and the like, at or in the vicinity of Property Insured, consequent upon Damage recoverable hereunder.
- h) costs and expenses necessarily and reasonably incurred in respect of:
 - i) the removal, storage and/or disposal of debris or the decontamination (including the removal of contaminated soil where necessary from insured premises used by the Insured for the purpose of the Business), demolition, dismantling, shoring up, propping, underpinning or other temporary repairs consequent upon Damage to Property Insured by this Policy and occasioned by a peril or Event not otherwise excluded;
 - ii) the Insured's legal liability in respect of removal, storage and/or disposal of debris, notwithstanding Perils Exclusion 8, in relation to premises, roadways, services, railway or waterways of others, consequent upon Damage to the Property Insured by a peril hereby insured against, for such costs together with the cost of cleaning including costs of decontamination, 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 provided by this clause h) ii) does not extend to any liability that the Insured may incur as a consequence of pollution of any kind (The term pollution is deemed to include but is not limited to any material which can cause pollution or contamination and which is deposited beyond the boundaries of any insured premises used by the Insured for the purpose of the Business).
 - iii) the dismantlement, demolition, destruction of or damage to the Property Insured including the removal, storage, disposal and the reinstatement, repair or replacement of property belonging to the Insured or for which the Insured is responsible providing:
 - A) such dismantlement, demolition, destruction of or damage to the Property Insured and such removal, storage and disposal is necessary for the purposes of the reinstatement, repair or replacement of Damaged Property Insured under this Section; or
 - B) such dismantlement, demolition, destruction of or damage to the Property Insured and removal, storage and disposal is ordered by any government, local government or statutory authority;
 and is consequent upon Insured Damage to the Property Insured.
- i) temporary accommodation expenses necessarily incurred as a result of Damage to Insured Premises used solely or principally for residential purposes, occupied by employee(s) of the Insured. The amount payable as indemnity hereunder shall be the rentable value of such Damaged Insured Premises for the period reasonably necessary for reinstatement but not exceeding twelve (12) months in respect of any one loss.

- j) i) Personal Property (including but not limited to Money and negotiable instruments and tools of trade and accompanied baggage) of directors, partners, proprietors and employees of the Insured, anywhere within the Commonwealth of Australia including on the Insured's Premises or at the premises of the directors, partners, proprietors and employees, whilst engaged on business of the Insured or any ancillary activity related thereto, to the extent that such property is not otherwise insured.
- ii) at the option of the Insured, property of welfare, sport and social clubs, visitors' effects (including Money) anywhere on the Insured's Premises;

Property Exclusions 1, 3, and 13.b) shall be deemed inoperative in regards to this clause.

- k) costs and expenses incurred by the Insured for express carriage rates and extra payments for overtime, night, Sunday or holiday working incurred in connection with the repair or reinstatement of the Property Insured directly or indirectly arising from an Event insured by this Policy **provided that** such expediting expenses shall not exceed the Sub-Limit stated in the Placing Schedule against "Expediting Costs" or if there is no Sub-Limit, fifty (50%) percent of the normal cost of repair or reinstatement of the Damaged Property Insured.
- l) costs and expenses incurred by the Insured in taking inventory (including unpacking, repacking and restocking) to identify, quantify and value any Damage 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.
- m) the Insured's liability for customs, excise and other duties which the Insured may become liable to pay in the event of Damage to the Property Insured and/or the Insured's liability to compensate others who may become liable for such customs, excise or other duties in the event of Damage to the Property Insured.
- n) costs and expenses necessarily and reasonably incurred by the Insured in respect to any legal liability to make enquiries consequent upon physical loss, destruction or damage insured by this Policy.
- o) costs and expenses incurred as a result of Damage to Property Insured for statutory inquiries in regards to (but not limited to the following) judicial, coronial, and any other form of inquiry, hearing or inquest.
- p) cost of any reward paid or payable by the Insured to protect or recover Property Insured. Provided that the following will apply:
 - i) the terms of the reward must be agreed between the Insured and the Insurer(s) prior to the reward being offered;
 - ii) no payment will be made until such reward contributes to protect or recover Property Insured;
 - iii) the Insurer(s) will not refuse to grant consent for any reasonable request for reward.
- q) At the option of the Insured, this Policy extends to indemnify the Insured's customers or customers of others indemnified herein (as if they were the Insured), in respect of Damage to goods belonging to such customers, whilst such goods are at the Insured Premises.

2. The Property Insured

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

For the purposes of this Policy, Landscaping shall be deemed to be The Property Insured notwithstanding Property Exclusions 7, 8, Perils Exclusion 6.a).

It is understood and agreed that the term "personal property" shall include, but not be limited to, Money (which shall mean current coin, bank notes, currency notes, cheques, credit card sales and/or discount house vouchers, postal orders, money orders, travellers cheques, Securities, negotiable instruments, unused postage and revenue stamps and including the value of stamps contained in franking machines) whilst contained in the Insured Premises and whilst in transit to and from the Insured Premises 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.

3. Basis of Settlement

- a) On buildings, machinery, plant and all other property and contents (other than those specified below); the cost of reinstatement, replacement or repair in accordance with the provisions of the Reinstatement 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, the Insurer(s) will pay to the Insured the value of such property at the time of the happening of the Damage or at its option reinstate, replace or repair such property or any part thereof. In any event the Insurer(s) will pay costs incurred by the Insured in accordance with the provisions of the Extra Cost of Reinstatement Memorandum.

- b) On raw materials, supplies and other merchandise not manufactured by the Insured; the replacement cost at the time and the place of replacement.

Where (owing to the operation of market quota restrictions or the unavailability of such raw materials, supplies or merchandise) it is necessary for the Insured to purchase alternative kinds of raw materials, supplies or merchandise from either a local or overseas source; the Basis of Settlement shall be the purchase price of such alternative raw materials, supplies or merchandise.

If such property is not replaced or is obsolete, the Basis of Settlement shall be the value of such property to the Insured at the time and place of the Damage.

- c) On material in the process of manufacture; the replacement value of the raw materials and the value of labour and other overhead charges expended thereon at the time and the place of the Damage.

Where (owing to the operation of market quota restrictions or the unavailability of such raw materials) it is necessary for the Insured to purchase alternative kinds of raw materials from either a local or overseas source; the Basis of Settlement shall be the purchase price of such alternative raw materials plus the value of labour and other overhead charges expended on the damaged materials in process of manufacture at the time and place of the Damage.

- d) On finished goods; the replacement value of the raw materials and the value of labour and other overhead charges expended thereon before any allowance for profit or the cost of re-stocking such goods.

Where it is not possible to re-stock such goods by purchasing merchandise from an external source and, (owing to the operation of market quota restrictions or the unavailability of such raw materials), it is necessary for the Insured to purchase alternative kinds of raw materials to those which were incorporated into the damaged finished goods from either a local or overseas source; the Basis of Settlement shall be the purchase price of such alternative raw materials plus the value of labour and other overhead charges expended on the damaged finished goods before any allowance for profit.

Where finished goods are obsolete because of insured loss, the Basis of Settlement for such obsolete finished goods shall be, at the Insured's option; the original cost to the Insured of such finished goods or the value at the time of the happening of the Damage.

- e) On computer systems records including software, documents, manuscripts, deeds, specifications, plans, drawings, designs, business books and other records of every description; the cost of reinstating, replacing, reproducing or restoring same, including information contained therein or thereon but excluding the value to the Insured of the said information; or, if such is not required, the replacement cost of materials as blank stationery at the time and place of the Damage.

- f) On patterns, models, moulds, jigs, templates, dies or lasts; the cost of repair or replacement (if actually replaced) or, if not replaced

i) the value of such property calculated at the time and place of the damage; or

ii) the indemnity value to the Insured of such property

at the option of the Insured.

- g) On glass; the cost of repairing or replacing the broken glass including:
 - i) temporary shuttering and/or hiring of security service pending replacement of broken glass;
 - ii) signwriting or ornamentation on glass;
 - iii) replacement burglar alarm tapes on glass;
 - iv) removing and re-fixing of window and show case frames and fittings;
 - v) heat reflecting material or process on glass;
 - vi) replacement of glass with above-standard quality, at the Insured's option.
- h) 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.
- i) On any property the subject of a contract to which the Insured is a party; the amount payable by the Insured under such contract to the other party to the contract, or, if the property is replaced, the replacement value at the time and place of replacement, whichever is the greater.
- j) On empty premises awaiting demolition; the salvage value of the building materials and/or landlord's fixtures and fittings.
- k) In the event of actual or constructive total loss, of machinery, plant or equipment leased on a Residual Value basis, the Basis of Settlement shall be:
 - i) the amount for which the lessee is contractually liable to the lessor, plus either the current market value of the property immediately before the Damage or the Residual Value whichever is the greater;

OR, at the option of the Insured,
 - ii) the replacement value;

less the value of any salvage.

For the purposes of this Policy, the term "Residual Value" shall mean the amount which the lessee has agreed would be payable to acquire such property upon the retirement date of the lease.

In the event of damage which does not amount to a constructive total loss, the cost of repair shall be in accordance with the provisions of the Reinstatement or Replacement and Extra Cost of Reinstatement Memoranda and Additional Extra Cost of Reinstatement Memoranda as set out herein.

For the purposes of this Clause, there shall be deemed to be a constructive total loss of a Damaged item of machinery, plant or equipment when the cost necessary to repair that item exceeds the cost necessary to replace it with similar property in a condition equal to, but not better or more extensive than, its condition when new.
- l) In the event of Damage affecting labels, containers or wrappers the Insurer(s) shall not be liable for more than an amount sufficient to pay the cost of new labels, containers or wrappers, and the cost of reconditioning the goods, but in no case shall the Insurer(s) be liable for more than the insured value of the Damaged merchandise.
- m) On art works, antiques and curios; where the damage is repairable, the cost of repair or restoration to a condition substantially the same as its condition prior to the occurrence of the damage: or where the property is physically lost or destroyed, the cost of replacement or, where such property cannot be replaced, the greater of the market value immediately prior to the occurrence of the loss, or destruction or the value as evidenced by the latest valuation(s) held by the Insured.

- n) On Securities (which shall mean certificates of stock, bonds, coupons and all other types of securities):
- i) if the securities can be replaced, the cost of replacement paid or payable by the Insured or
 - ii) if the Securities cannot be replaced by the Insured the closing market value on the last business day prior to the date of discovery by the Insured of the loss destruction or damage 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 destruction or damage of the Securities; such valuations being in the currency in which the loss was sustained. Losses sustained in currencies other than Australian Dollars shall be settled by converting the amount of the loss to Australian Dollars at the market rate at the time of settlement of the loss or such other date as may have been expressly agreed with the Insurer(s).

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

- o) On obsolete property, the Basis of Settlement shall allow for the insurance of any buildings and/or machinery, plant and equipment and/or all other contents (excluding stock) for other than reinstatement or replacement value is permitted, provided that such property is listed in the records of the Insured as being so insured.

In the event of:

- i) Loss or destruction of any such property, the Insurer(s) will pay to the Insured the value thereof to the Insured at the time of the happening of such loss or destruction
 - ii) Damage to any such property, the Insurer(s) will pay to the Insured the cost of reinstatement, replacement or repair less due allowance for wear and tear, depreciation and betterment.
- p) i) In the event of loss, destruction of or damage to any item of property which is part of a pair or set which cannot be replaced; the Basis of Settlement shall be the difference between the market value of the pair or set immediately prior to the occurrence of the loss, destruction or damage and the lesser of the market value or salvage value of the undamaged item(s) after the occurrence of the loss, destruction or damage.

Where the undamaged item(s) has or have no market value, then such property shall be regarded as a constructive total loss and the value of any salvage shall insure to the Insurer(s).

- ii) In the event of loss, destruction of or damage to any property which comprises a pair or set which can be replaced; the Basis of Settlement shall be the difference between the market value of the pair or set immediately prior to the occurrence of the loss, destruction or damage and the lesser of the market or salvage values of the property after the occurrence of the loss, destruction or damage.

The salvage shall remain the property of the Insured.

This clause does not apply to items of machinery, plant or equipment.

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.

1. Interests of Other Parties

At the option of the Insured the pecuniary and/or economic interests of all parties in the Property Insured shall be automatically included without notification or specification; the nature and extent of such interest to be disclosed in the event of Damage and the Insurer(s) shall waive all rights of subrogation which may otherwise have existed against such parties.

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

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

2. 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 Damage will be assessed at the value agreed between the Insured and the Insurer(s) after brands, labels or names have been removed by or on behalf of the Insured.

By mutual agreement between the Insured and Insurer(s), the Insured can elect to have any salvaged goods and/or merchandise destroyed under supervision and such goods and/or merchandise will then be deemed to be of no salvage value in the assessment of any claim. Salvaged goods and/or merchandise in such circumstances shall be deemed to have been destroyed by the operation of insured perils.

3. Reinstatement or Replacement

(Applicable only to property specified in clause a) of the Basis of Settlement.)

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

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

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

Provisions

- i) The work of rebuilding, replacing, repairing or restoring as the case may be (which may be carried out upon any other site(s) and in any manner suitable to the requirements of the Insured, but subject to the liability of the Insurer(s) not being thereby increased), must be commenced and carried out with reasonable despatch, failing which the Insurer(s) shall not be liable to make any payment greater than the indemnity value of the Damaged property at the time of the happening of the Damage.
- ii) When any Property Insured to which this Memorandum applies is damaged in part only, the liability of the Insurer(s) shall not exceed the sum representing the cost which the Insurer(s) could have been called upon to pay for reinstatement if such property had been wholly destroyed.
- iii) No payment beyond the amount which would have been payable under this Policy if this Memorandum had not been incorporated herein shall be made until a sum equal to the cost of reinstatement shall have been actually incurred; **provided that** where the Insured reinstates or replaces any lost or destroyed property at a cost which is less than the cost of reinstatement (as defined) but greater than the value of such property at the time of the happening of the loss or destruction then the cost so incurred shall be deemed to be the cost of reinstatement.
- iv) If the Insured elects to reinstate or replace destroyed property with dissimilar property whether or not to be used for a similar purpose as the destroyed property, the Insurer(s) shall pay the cost of the dissimilar property but not more than an amount equal to the replacement cost which would have been payable if the destroyed property had been reinstated or replaced with similar property in a condition equal to, but not better or more extensive than, its condition when new.
- v) If the Insured elects to purchase an existing building or buildings (which may include machinery, plant and all other contents, other than stock, therein) instead of reinstating a building or buildings destroyed, such replacement(s) (together with, if included, machinery, plant and all other contents, other than stock, therein) shall be deemed to constitute "reinstatement" under this Memorandum, subject to the liability of the Insurer(s) not being thereby increased.

- vi) Where any lost or destroyed property is replaced by property which is better or more extensive than its condition when new, the Insurer(s) shall pay to the Insured the cost which would have been incurred if the lost or destroyed property had been reinstated in accordance with the provisions of Clause a) of the definition of 'reinstatement'. The Insured shall bear the balance of the cost of such better or more extensive property.

4. Extra Cost of Reinstatement

(Applicable only to property specified in clause a) of the Basis of Settlement.)

This Policy extends to include the extra cost of reinstatement (including demolition or dismantling) of Damaged property necessarily incurred to comply with the requirements of any statute 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) 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 this Policy if this Memorandum had not been incorporated herein.
- ii) The amount recoverable shall not include the additional cost incurred in complying with any such statute, regulation, by-law or requirement with which the Insured had been duly required to comply prior to the happening of the Damage.
- iii) 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 the greater of, the extra cost necessarily incurred in reinstating only that portion damaged, the Sub-Limit of Liability stated in the Placing Schedule, or \$2,000,000, whichever is the greater.

5. Additional Extra Cost of Reinstatement

(Applicable only to property specified in clause a) of the Basis of Settlement.)

This Policy extends to include the additional extra cost of reinstatement (including demolition or dismantling) necessarily incurred by the Insured to comply with the requirements of any statute or regulation made thereunder or any by-law or regulation or any municipal or other statutory authority and not otherwise recoverable under the terms and conditions of this Policy.

Provided that the indemnity afforded by this Memorandum:

- a) shall be limited to the Sub Limit of Liability stated in the Placing Schedule or \$1,000,000, whichever is the greater, and;
- b) shall not include the additional cost incurred in complying with any such statute, regulation, by-law or requirement with which the Insured has been duly required to comply prior to the happening of the Damage.

Provided further that the work of reinstatement (which may be carried out wholly or partially upon another site(s) and in any manner suitable to the requirements of the Insured, but subject to the liability of the Insurer(s) not being thereby increased) must be commenced and carried out with reasonable despatch, failing which the Insurer(s) shall not be liable to make any payment beyond the amount which would have been payable under this Policy if this Memorandum had not been incorporated herein.

6. Floor Space Ratio Index (Plot Ratio)

Subject to the terms, Conditions and Limit(s) or Sub-Limit(s) of Liability of this Policy, in the event of any building(s) being Damaged 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) agrees 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 Property Insured, necessarily incurred to comply with the requirements of any statute 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).

7. 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 currency of this Policy; and
- 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;

subject to the Insured declaring details of such acquisitions within a reasonable period following the date of acquisition. **Provided always** that the business of the new acquisition shall be similar to the Business as stated in the Placing Schedule.

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

8. Output Replacement

Where any Property Insured hereunder constitutes property which has a measure, function, capability or output and it is, or may become, necessary to replace such property with new property which perform(s) a similar function or functions then such property shall, at the option of the Insured, be valued for insurance purposes as follows, and the value(s) for settlement of any claim in respect thereof shall be on the same basis:

- a) Where any Damaged Property Insured is to be replaced or reinstated by property (including cost of foundations) which has the same or a lesser total measure, function, capability or output, then the insurable value of such Damaged Property Insured is the new installed cost of such replacement property as would give the same total measure, function, capability or output as the Damaged Property Insured.
- b) Where any Damaged Property Insured is to be replaced by property which has a greater total measure, function, capability or output and the new installed cost of such replacement property is no greater than the replacement or reinstatement value of the Damaged Property Insured, then no deductions shall be made from any claim for the improved function, capability or output of the replacement property.
- c) If any Damaged Property Insured is to be replaced by property which has a greater total measure, function, capability or output and the new installed cost of such replacement property is greater than the replacement or reinstatement value of the Damaged Property Insured, then the insurable value of such Damaged Property Insured is either:

- i) the estimated cost of reinstatement of such Damaged Property Insured as defined in Sub-Clause a) of the Reinstatement or Replacement Memorandum; or
- ii) that proportion of the new installed cost of the replacement property which the output of the Damaged Property Insured bears to the output of the replacement property;

whichever amount is the greater.

The difference between the insurable value as defined in this sub-clause c) and the new installed cost of the replacement property shall be borne by the Insured.

- d) where as a consequence of Damaged Property Insured, the requirements of any statute or regulation made thereunder or any by-law or regulation of any municipal or other statutory authority, have the effect of reducing a measure, function, capability or output, then the insurable value and the value for settlement of any claims, shall be the cost of reinstatement as would give the same total measure, function, capability or output as the Damaged Property Insured.

Provided that where any Damaged Property Insured is to be repaired the Insurer(s) shall pay the cost of restoration of such Damaged Property Insured to a condition substantially the same as, but not better or more extensive than, its condition when new and 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 if such Property Insured had been wholly destroyed.

9. Designation

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

10. Undamaged Foundations

Where any Property Insured hereunder is Damaged but the Foundations or any part thereof are undamaged, whether reinstatement of the Property Insured is carried out upon any other site or not, the abandoned or undamaged Foundations will be considered as being destroyed. **Provided that** if the presence of such abandoned foundations increases the resale value of the original building site then such increase in resale value shall be regarded as salvage and the amount thereof shall accordingly be payable to the Insurer(s) by the Insured upon completion of the sale of the site.

Any dispute relating to the amount of such increase in site resale value shall forthwith be referred to the decision of two registered valuers, one to be appointed by each of the parties to this contract of insurance. In the event that the two valuers do not reach agreement, such dispute shall be referred to the decision of a third valuer, appointed by the President of the Australian Institute of Valuers and Land Economists (Inc) as an expert, whose decision shall be binding.

For the purposes of this clause, the term Foundations includes services; (such as, but not limited to conduits, pipes, cables and wiring), which are built into or onto footings, foundations or concrete floor, whether at, above or below, ground level.

11. Abandoned Undamaged Portion of a Building Deemed Destroyed

If any building is Damaged and, due to the exercise of statutory powers and/or delegated legislation and/or authority by any government department, local government or other competent 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 resale value of the original site, the increase in resale 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.

Any dispute relating to the amount of increase in site resale value shall forthwith be referred to the decision of two registered valuers, one to be appointed by each of the parties to this contract of insurance. In the event that the two valuers do not reach agreement, such dispute shall be referred to the decision of a third valuer, appointed by the President of the Australian Institute of Valuers & Land Economists (Inc) as an expert, whose decision shall be binding.

12. Outside Premises Storage

Where the Insured enters into an agreement for storage of goods and/or merchandise and the terms of the agreement contain a disclaimer clause, then the insurance provided by this Policy shall not be prejudiced by the Insured agreeing to such terms.

13. Hired/Leased Property

Where the Insured enters or has entered into a lease or hiring agreement for any property which contains any covenant(s) or provision(s) that the insured shall be responsible for reinstatement of any part(s) of the property or premises following damage thereto by any cause or event insured against by this policy, and/or the Insured shall indemnify and/or hold harmless and/or release from liability any other party against any such damage, the insurance provided under this policy shall not be prejudiced by the Insured entering, or having entered, into such agreement and the insurer(s) shall, subject to the terms, exclusions and conditions of this Policy including the limitation on the insurer(s) liability, indemnify the insured accordingly.

14. Accidental Damage Definition

For the purpose of this Policy, the term Accidental Damage means Damage (original or direct damage only) caused by any peril or circumstance not specifically insured or excluded by this Policy. Without limiting the generality of the foregoing, for the purpose of any Limit or Sub-Limit of Liability or Deductible as shown in the Placing Schedule, the term Accidental Damage excludes fire, lightning, thunderbolt, collapse, explosion, implosion, earthquake, subterranean fire, volcanic eruption, impact, aircraft and/or other aerial devices and/or articles dropped therefrom, sonic boom, smoke and/or soot and/or smut and/or steam, spontaneous fermentation or heating, spontaneous combustion, subsidence, earth movement or collapse resulting therefrom or landslip, flood, water from or action by the sea, tidal wave or high water, the acts of persons taking part in any riots or civil commotions or of strikers or locked out workers or of persons taking part in labour disturbances or of malicious persons or the acts of any lawfully constituted authority in connection with the foregoing acts or in connection with any conflagration or other catastrophe, storm and/or tempest and/or rainwater and/or wind and/or hail and/or sleet and/or snow and/or ice, water or other liquids or substances discharged, overflowing or leaking from apparatus, appliances, pipes of any other system at the premises or elsewhere, burglary, theft, breakage of glass, loss of money, fraudulent or dishonest act(s), mechanical, electrical, electro-mechanical, electronic or hydraulic malfunction, failure, derangement, breakdown or non-operation of whatsoever kind, or any other Event specifically mentioned under any other of the Sub-Limits of Liability in the Policy.

15. Depreciation of Property Insured and Undamaged Stock

Notwithstanding Perils Exclusion 9, the Insurer(s) will indemnify the Insured in accordance with the provisions of this Policy for loss:

- a) due to depreciation or the rendering superfluous of undamaged Property Insured or parts of Property Insured consequent upon Damage not otherwise excluded happening to other Property Insured or parts of Property Insured.
- b) sustained by the Insured as the result of depreciation of undamaged stock which cannot be processed promptly due to interruption of or interference with the Business in consequence of Damage to Property Insured.

16. Constructive Total Loss

If the Property Insured, or any part thereof, is reasonably abandoned:

- a) on account of its actual total loss or destruction appearing to be unavoidable; or
- b) because it could not be preserved from actual total loss or destruction without the Insured incurring an expenditure which would exceed its repaired and/or recovered value; or
- c) due to compliance with the requirements of any Act of parliament or regulation made thereunder or any by-law, regulation or ruling by any competent authority;

such property shall be regarded as lost or destroyed and the amount payable as indemnity shall be the cost of reinstatement as defined in Sub-Clause a) of the Reinstatement or Replacement Memorandum.

17. Fusion

This 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.

Provided always that the Insurer(s) shall not be liable under this Memorandum for:

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

Property Exclusion 16 shall not apply to the cover granted by this Memorandum.

18. Reinstatement of Damage by the Insured

In the event of any claim hereunder the Insured may, with the consent of the Insurer(s), reinstate Damaged Property Insured and the Insurer(s) shall pay the cost of such reinstatement (including the value of labour and other overhead charges expended thereon together with a margin for profit which would otherwise have been earned by the Insured) **provided always that** the liability of the Insurer(s) shall not exceed the amount which would otherwise have been payable hereunder had such reinstatement been carried out by outside contractors.

19. Loss of Land Value

- a) In the event of the absolute refusal by the competent local or government authority to allow the reconstruction of the Insured Premises following Damage the Insurer(s) shall pay by way of indemnity the difference between the Land Value before and after the Damage; or
- b) In the event of the competent local or government authority allowing partial reconstruction only of the Insured Premises after Damage the Insurer(s) shall pay by way of indemnity the difference 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.

Definition

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

Special Conditions

1. Settlement shall be made following the ruling of the competent local or government authority resulting in the loss of Land Value. Should settlement have been made however and subsequently the ruling of the competent local or government authority be changed prior to completion of the reconstruction resulting in an increase in the Land Value that part of the claim paid in excess of the revised Land Value shall be refunded to the Insurer(s).
2. Any dispute relating to the Land Value arising out of this Policy shall forthwith be referred to the decision of two registered valuers, one to be appointed by each of the parties to this contract of insurance. In the event that the two valuers do not reach agreement, such dispute shall be referred to a third valuer, appointed by the president of the Australian Institute of Valuers & Land Economists (Inc) as an expert, whose decision shall be binding.

20. Undamaged Equipment Rendered Superfluous

When undamaged peripheral equipment or undamaged ancillary equipment is deemed superfluous upon loss, destruction or damage to other Property Insured, the undamaged property shall be deemed to be a constructive total loss.

In the event of any salvage sale, the Insurer shall realize the value of such salvage less the Insured's costs and expenses (if any) for conducting the salvage sale. Where the salvage is completed after settlement, the Insured shall reimburse to the Insurer(s) the amount of such salvage net of the Insured's costs and expenses (if any) for conducting the salvage sale.

SECTION 2

Consequential Loss

1. The Indemnity

In the event of any building or any other property or any part thereof used by the Insured at the Insured Premises for the purpose of the Business being physically lost, destroyed or damaged by any cause or Event not hereinafter excluded (loss, destruction or damage so caused being hereinafter in Section 2 referred to as "Damage" with "Damaged" having a corresponding meaning) and the Business carried on by the Insured being in consequence thereof interrupted or interfered with, the Insurer(s) will, subject to the provisions of this Policy including the limitation on the Insurer(s) liability, pay to the Insured the amount of loss resulting from such interruption or interference in accordance with the applicable Basis of Settlement.

Provided that the Insurer(s) will not be liable for any loss under this Section unless the Insured's property Damaged is insured against such Damage (loss arising out of Damage occasioned by or arising out of explosion, rupture, collapse, bursting, cracking or overheating of any boiler, economiser or other pressure vessel, including pipes, valves and other apparatus thereof excepted) and the Insurer(s) or 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 admitted therefor solely owing to the operation of a provision in such insurance excluding liability for Damage below a specific amount.

2. Basis of Settlement

Item No. 1 – Gross Profits

The insurance under this Item is limited to 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.

Item No. 2 – Claims Preparation Costs

The Insured is indemnified with respect to such reasonable professional fees payable by the Insured to their financial advisors (including but not limited to fees of accountants, loss adjustors, business interruption specialists and valuers appointed by the Insured) and such other reasonable expenses necessarily incurred by the Insured and not otherwise recoverable for the preparation of claims and (notwithstanding Condition 5) proving loss under the Insured's material damage and consequential loss covers.

Insurer(s) shall indemnify the Insured for such reasonable fees and expenses of whatsoever kind including salaries, wages and overheads of the Insured's employees which shall be deemed to be part of such other recoverable 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 Placing 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 Placing Schedule to the Shortage in Turnover during the said remaining portion of the Indemnity Period, increased by such amount as is deducted for savings under the terms of Clause a) i).

Note:

At the option of the Insured the number of weeks referred to in Clause a) i) above may be increased to the number of weeks specified in the Placing 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 Reduction in Turnover under the provisions of Clauses a) i) and ii) of this Item had such expenditure not been incurred.

Item No. 4 – Additional Increased Cost of Working

The insurance under this Item is limited to the additional expenditure, not otherwise recoverable hereunder, necessarily and reasonably incurred during the Indemnity Period in consequence of the Damage for the purpose of avoiding or diminishing a reduction in Turnover and/or other operating income and/or resuming and/or maintaining normal business operations and/or services and/or minimising the period of interruption of or interference with the Business.

Item No. 5 – Fines and/or Penalties

The insurance under this item is limited to fines, damages, penalties, cancellation charges (for all of the foregoing) for breach of contract and the amount payable as indemnity thereunder shall be such sum(s) as the Insured shall be legally liable to pay and shall pay to discharge such non-completion or partial completion or late completion of contract; where such fines, damages, penalties, cancellation charges are incurred in consequence of the Damage.

3. Definitions

When applying any of the following Definitions in this Policy, any adjustment implemented in current cost accounting shall be disregarded.

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 Placing Schedule.

Note:

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

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

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

Pay-Roll: the remuneration (including but not limited to bonuses, commissions, overtime, holiday pay, sick pay, long service leave, pay-roll tax, fringe benefit tax, worker's compensation levies, accident compensation levies, superannuation, pension fund contributions; and the like) of all employees.

Consolidation Period: the sum of the number of weeks specified in the Placing Schedule applicable to Clause a) i) of Item No. 3 – Pay-Roll and the percentage specified in the Placing Schedule of the remaining portion of the Indemnity Period applicable to Clause a) ii) of Item No. 3 – Pay-Roll.

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.

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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.

Standard Turnover:

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

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Rate of Pay-Roll:

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

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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.

1. Turnover Elsewhere After Damage

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

2. 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.

3. Departmental Clause

If the Business be conducted in departments and/or business units, the independent trading results of which are ascertainable, the provisions of Clauses a) and b) of Item No. 1 and Item No. 3 shall apply separately to each department and/or business unit affected by the Damage.

4. New Business

In the event of Damage occurring at the Insured Premises before the completion of the first year's trading of the Business the terms "Rate of Gross Profit", "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.

Standard Turnover:

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

Rate of Pay-Roll:

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

) 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.

5. 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.

6. 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.

7. Utilities

Any loss resulting from interruption of or interference with the Business in consequence of Damage to property, either at or away from the Insured Premises anywhere in Australia, belonging to or under the control of suppliers of land based communication services, power, electricity, gas, natural gas, steam, water or sewerage reticulation control systems shall be deemed to be loss resulting from Damage to property used by the Insured at the Insured Premises for the purpose of the Business.

8. Turnover/Output Alternative

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

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

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

9. 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.

10. Salvage Sale

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

Clause a) of Item No. 1 of this Section shall, for the purpose of such claim, read as follows:

- a) In respect of Reduction in Turnover:
 - i) The sum produced by applying the Rate of Gross Profit to the amount by which the Turnover during the Indemnity Period (less the Turnover for the period of the salvage sale) shall, in consequence of the Damage, fall short of the Standard Turnover, from which shall be deducted the Gross Profit actually earned during the period of the salvage sale.
 - ii) The definition of Shortage in Turnover shall, for the purpose of such claim, read as follows:

Shortage in Turnover: 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 during the period of the salvage sale.

11. Premises in the Vicinity (Prevention of Access) Including Additional Premises and Property Exclusion 9 Not Applicable

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 Insured Premises caused by a peril, damage of which is insured hereunder, which shall prevent or hinder the use thereof or access thereto, whether the Insured 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 Insured 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 any complex of which the Insured Premises forms a part or in which the Insured Premises are contained which results in cessation or diminution of trade, including any cessation or diminution of trade due to temporary falling away of potential custom, (whether the Insured Premises or any property of the Insured shall be the subject of Damage or not) shall be deemed to be loss resulting from Damage to property used by the Insured at the Insured Premises.

Loss as insured by this Policy resulting from interruption of or interference with the Business in consequence of Damage to property within a radius of fifteen (15) kilometres of the Insured Premises which causes a fall in the number of potential customers attracted to the vicinity of the Insured Premises shall be deemed to be loss resulting from Damage to property used by the Insured at the Insured Premises for the purpose of the Business.

Property Exclusion 9 shall not apply to the cover granted by this Memorandum.

12. 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 Insured 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.

Provided that the proviso in the Indemnity Clause that the Insured's property be insured against such Damage shall not apply to the vehicles or trailers referred to in this Memorandum.

13. Accounts Receivable

The insurance under this Memorandum is limited to the loss sustained by the Insured in respect of all outstanding debit balances provided the Insured is unable to effect collection thereof as the direct result of Damage to records of accounts receivable by a peril not excluded by this Policy.

In addition, the Insurer(s) will pay:

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

Where there is proof that a loss covered by this Policy has occurred, but the Insured cannot accurately establish the total amount of accounts receivable outstanding at the date of the 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 (12) months before the beginning of the month in which the Damage occurs.
- b) Calculate the average increase or decrease in the monthly total amounts of accounts receivable outstanding on the last working day of each of the twelve (12) months immediately preceding the month in which Damage occurs.
- c) The amount determined under Clause a), increased or decreased by the percentage calculated in accordance with Clause 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 Clause c) shall be adjusted as may be necessary to provide for any demonstrable variance from the amount so determined occurring before but during the month in which the Damage occurs; due consideration also being given to normal monthly trends in receipts.

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

14. Government Incentives

Loss as insured by this Policy is extended to include financial incentives or concessions granted to the Insured by any Australian or state government department in recognition of specific performance in the development of market opportunities or employment of disadvantaged persons.

15. 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 Placing Schedule against "Royalties Receivable" shall, subject to the Sub-Limit stated in the Placing Schedule, be deemed to be loss resulting from Damage to property used by the Insured at the Insured Premises for the purpose of the Business.

16. Property In Storage

Loss as insured by this Policy resulting from interruption 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 others, shall be deemed to be loss resulting from Damage to property used by the Insured at the Insured Premises for the purpose of the Business.

17. Infectious or Contagious Disease; Vermin, Pests or Defective Sanitary Arrangements; Food or Drink Poisoning; Murder and Suicide

Loss as insured by this Policy resulting from interruption of or interference with the Business directly or indirectly arising from:

- a) closure or evacuation of the whole or part of the Insured Premises by order of a competent public authority consequent upon:
 - i) human infectious or contagious disease or the discovery of an organism likely to result in human infectious or contagious disease occurring at the Insured Premises or within a radius of (fifteen) 15 kilometres of the Insured Premises;
 - ii) vermin or pests or defects in the drains or other sanitary arrangements at the Insured Premises;
- b) poisoning directly caused by the consumption of food or drink provided on the Insured Premises;
- c) murder or suicide or injury to persons in or at the Insured Premises;

shall be deemed to be loss resulting from Damage to property used by the Insured at the Insured Premises for the purposes of the Business.

Perils Exclusion 4.a) shall not apply to the cover provided by this Memorandum.

18. Isolation by Landslide or Flood

Notwithstanding Property Exclusion 9 and Perils Exclusion 7.c), any loss resulting from interruption of or interference with the Business in consequence of blockage of roads or railway links, bridges or tunnels caused by landslide or flood and which prevents or hinders the use of or access to the Insured Premises shall be deemed to be loss resulting from Damage to property used by the Insured at the Insured Premises for the purpose of the Business.

19. Suppliers'/Customers' Premises

Any loss resulting from interruption of or interference with the Business in consequence of damage to property at any situation in Australia, or in the vicinity of any such situation, in association with any Supplier and/or Customer shall be deemed to be loss resulting from Damage to property used by the Insured at the Premises.

It is understood and agreed that:

- a) A supplier is any person, body or entity from which the Insured obtains supplies of commodities, materials, components, goods, machinery, plant, equipment or services other than those services referred to under the Utilities Memorandum. The term Supplier shall also include any processor, sub-contractor or out-worker of whatsoever kind.
- b) A customer is a person, body or entity to which the Insured supplies or provides commodities, materials, components, goods, machinery, plant, equipment or services.

The cover hereby granted shall be subject to the Sub-Limit stated in the Placing Schedule against Suppliers'/ Customers' Premises, or if there is no Sub-Limit, ten per cent (10%) of the Section 2 Declared Values.

The provision in this Policy relating to admission of liability or payment for loss by the Insurers shall not apply in respect of this Memorandum.

20. Trade Exhibitions

Loss as insured by this Policy resulting from interruption of or interference with the Business owing to the curtailment of any trade exhibition in consequence of Damage at such situation(s) and/or to property exhibited therein by the Insured shall be deemed to be loss resulting from Damage to property used by the Insured at the Premises for the purpose of the Business.

21. Rent Receivable

The insurance under this Memorandum is limited to loss of rent and other expenses receivable from tenants or lessees and the amount payable as indemnity shall be the actual shortfall of such amount(s) receivable during the Indemnity Period, in consequence of the Damage, together with the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing such loss; less any sum saved during the Indemnity Period in respect of such of the charges and expenses of the Business, payable out of rent and other expenses receivable, as may cease or be reduced in consequence of the Damage.

22. Rent Payable/Insurable

The insurance under this Memorandum is in respect of rent and other expenses payable, or insurable, by the Insured in accordance with the terms of any lease agreement and the amount payable as indemnity thereunder, in the event of Damage, shall be such sum(s) as the Insured shall be legally liable to pay or bound to insure, under the terms of the lease; together with the additional expenditure necessarily and reasonably incurred for the sole purpose of diminishing the amount otherwise claimable under this Memorandum.

23. Other Contributing Properties

Loss as insured by this Policy resulting from interruption of or interference with the Business in consequence of damage to any other contributing property (not more specifically mentioned in this Policy) at any situation in Australia not owned by or operated by the Insured, but where such damage prevents (either wholly or partially) the delivery of commodities, materials, components, goods, machinery, plant, equipment or services to the Insured or the Insured's suppliers or customers shall be deemed to be loss resulting from Damage to property used by the Insured at the Premises.

Property Exclusions 8 and 9 shall be deemed inoperative for the purpose of this Memorandum.

24. Interdependency

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

25. Intervention of Authorities

This Policy is extended to cover loss resulting from interruption of or interference with the Business when access to or use of the Property Insured, is impacted by the action or directives of any civil, public or other authority as a result of:

- a) damage to other premises in the vicinity of the Insured Premises which is caused by any peril or event which is covered by this Policy;
- b) threat or fear of damage to Insured Premises where such damage is not excluded under this Policy;
- c) from a threat or fear of threat of violent damage and/or injury to persons therein;
- d) from the use of or access to the Premises being prevented or hindered while the Premises or any rights of way or premises in the vicinity are unlawfully occupied, or sealed off by order of the police or any other lawfully constituted authority in connection with the foregoing circumstances;
- e) or if the Premises or rights of way or premises in the vicinity are believed to contain or actually contain an explosive device;

shall be deemed to be loss resulting from Damage to property used by the Insured at the Premises for the purposes of the Business; notwithstanding that Damage is not incurred at the Insured's Premises.

Property Exclusion 2.e) and Perils Exclusion 7.d) shall not apply to cover as available under this clause.

26. Inter-Company Sales

Where any commodities, materials, components, goods, machinery, plant, equipment, or services are purchased by any party, jointly and severally insured hereunder (hereinafter referred to as the First Insured Party) from any other party or parties also jointly and severally insured hereunder (hereinafter referred to as the Second Insured Party or Parties), the full sales price of such commodities, materials, components, goods, machinery, plant, equipment, or services shall be regarded, for the purposes of adjusting any claim, as though such commodities, materials, components, goods, machinery, plant, equipment, or services were purchased from a party not jointly and severally insured by this Policy. Inter-company profit, which may have accrued to the Second Insured Party or Parties prior to the happening of the Damage, shall not be deducted from the amount of the loss settlement payable hereunder.

Inter-company profit which may accrue to the Second Insured Party or Parties, (to the extent that such party or parties may be able to supply any replacement commodities, materials, components, goods, machinery, plant, equipment, or services to the First Insured Party) during the Indemnity Period, shall not be deducted from the amount of the loss settlement.

27. Inter-Group Sales

Where any commodities, materials, components, goods, machinery, plant, equipment, or services are purchased by any party, jointly and severally insured hereunder, from any other party or parties also jointly and severally insured hereunder the full sales price of such commodities, materials, components, goods, machinery, plant, equipment, or services shall be regarded, for the purposes of adjusting any claim, as though such commodities, materials, components, goods, machinery, plant, equipment, or services were purchased from a party not jointly and severally insured by this Policy.

Inter-group profit which may have accrued to party or parties which supplied commodities, materials, components, goods, machinery, plant, equipment, or services prior to the happening of the Damage at the Premises of the recipient party, shall not be deducted from the amount of the loss settlement payable hereunder.

Subsequent inter-group profit which may accrue to any party or parties (to the extent that such party or parties may be able to supply any replacement commodities, materials, components, goods, machinery, plant, equipment, or services to the recipient insured party) during the Indemnity Period, shall not be deducted from the amount of the loss settlement.

EXCLUSIONS 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 or as specifically provided in The Indemnity to Section 1. This Exclusion shall not apply during temporary removal of property (other than stock and/or merchandise) and unregistered motor vehicles to any situation in the Commonwealth of Australia.

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 Insured Premises outside business hours, unless such key or combination details have been properly secured. For the purposes of this Exclusion "business hours" means the period during which the Insured's Premises are occupied for business purposes and during which the Insured or employees of the Insured are at the Premises.
- d) where the loss is not discovered within fifteen (15) working days of the Event or the next cash balancing date, whichever occurs the earlier;
- e) where the loss arises out of a demand made for the payment of money in connection with
 - i) kidnapping,
 - ii) bomb threat,
 - iii) hoax,
 - iv) extortion,or any attempt thereat.

Provided that Property Exclusion 2.e) does not apply to loss of Money arising out of armed hold-up or intervention of authorities.

3. jewellery, furs, bullion, precious metals or precious stones other than as stock and/or merchandise of the Business.

This Exclusion does not apply to the cover as allowable under The Indemnity j), to the extent that such personal property is not otherwise insured.

4. a) any locomotive, or any rolling stock, or any watercraft over 8 (eight) metres in length (other than as stock or merchandise of the Business); provided always that no cover shall apply hereunder to any watercraft while in 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 to aircraft during taxiing, take-off, flight or landing.

5. vehicles or trailers registered or licensed to travel on a public road.

Provided that this Exclusion shall not apply to mobile plant and equipment (excluding cars, sedans, panel vans and trucks) not otherwise insured whilst on any premises occupied or used by the Insured.

Provided further that this Exclusion shall not apply to any vehicles which are temporarily registered or licensed to travel on a public road whilst such vehicles are on any premises occupied by or used by the Insured.

6. livestock, animals, birds or fish (other than birds and fish used solely for decorative purposes).
7. standing timber, growing crops and pastures, **provided that** this Exclusion shall not apply to plants of any description and the like forming part of any Landscaped Areas not intended for commercial purposes, subject to the Sub-Limit of Liability stated in the Placing Schedule against "Landscaping".

Notwithstanding this Exclusion, if an Insured Peril occurs and evacuation of the Premises or access to the Premises is prohibited or restricted, as allowable elsewhere hereunder, this Policy shall respond.

8. land.

This Exclusion shall not apply to:

- a) structural improvements on or in the land provided that such structural improvements are not excluded elsewhere in this Policy; and
 - b) any landscaped areas not intended for commercial purposes, subject to the Sub-Limit of Liability stated in the Placing Schedule against "Landscaping". For the purposes of this clause and Property Exclusion 7. Landscaped Areas shall include hardscape areas, floors, paths, (each of the foregoing including but not limited to brick, pavers, gravel, rock, stone, concrete, timber, reconstituted product for landscaping), stormwater drains and pits; landmarks, monuments, memorials; furniture installed in such landscaping; retaining walls, garden beds of all types; plants of all descriptions.
9. bridges, canals, roadways and tunnels, railway tracks (provided that this Exclusion shall not apply to any of the aforementioned on the premises 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, its processing.
 13. a) textile awnings and blinds;
 - b) property in the open air, unless such property comprises of or forms part of a permanent structure or is designed to function without the protection of the walls or roof;

caused by wind, rainwater or hail.

14. damage to:

- a) property the subject of contract works, (including but not limited to construction, erection, alteration, addition and the partial dismantlement of existing structures), when the value of work is in excess of the cover as available on the Placing Schedule; or if there is no value on the Placing Schedule, \$2,000,000);

Provided always that Property Exclusion 14.a)

- i) shall only apply to the portion(s) of the Insured's Premises and/or part(s) of any property which are the subject of such works;
 - ii) shall not apply to any other Property Insured hereunder; and
 - iii) shall not apply to any Damage to existing Property Insured caused by a peril or Event not otherwise excluded under this Policy.
- b) empty premises undergoing demolition.

15. oil and gas drilling and/or production rigs whilst offshore.
16. all Machinery (as defined in this Exclusion), electronic data processing equipment or electronic control equipment caused by or occasioned through electrical, electronic or mechanical breakdown which shall mean the actual breaking, seizing, deformation or burning out of any part of a machine causing stoppage of the functions thereof and necessitating repair or replacement before it can resume working.

Provided that this Exclusion 16. shall not apply to any subsequent 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 purposes of Property Exclusion 16. Machinery means:

any apparatus whether or not functioning independently or as any component part of a collection of apparatus which generates, contains, controls, transmits, receives, transforms or utilises any form or source of energy or power.

17. any boiler (other than a boiler used for domestic purposes), economiser or other pressure vessel, including pipes, valves and other apparatus thereof in respect of which a certificate is required to be issued under the terms of any statute or regulation occasioned by or arising from explosion, rupture, collapse, bursting, cracking or overheating thereof provided that this Exclusion shall be limited to the aforementioned items immediately affected and shall not extend to other property as a result of such Damage. The provisions of this Exclusion shall not apply to Section 2 of this Policy.

Perils Exclusions

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

1. Damage to the Property Insured:
 - a) directly or indirectly occasioned by or happening through or connected with war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power;
 - b) resulting from confiscation, nationalization, requisition or damage to property by or under the order of any government or public or local authority; unless such order involves the demolition of property deemed unsafe following damage by any peril not otherwise excluded by this Policy.

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

2. damage to the Property Insured or any legal liability of whatsoever nature, directly or indirectly caused by or contributed to, by or arising from:
 - a) ionising radiations or contamination by radioactivity from any nuclear waste or from the combustion of nuclear fuel;
 - b) nuclear weapons materials.

Provided that Perils Exclusion 2. shall not apply to any of the following; radiations emitted by spectrometers, X-ray units, diathermy machines, equipment for broadcasting, telecommunications equipment, radar installations, whether for industrial or medical or commercial or peaceful applications of whatsoever kind.

For the purposes of this Exclusion only "combustion" shall include any self-sustaining process of nuclear fission.

3. Damage occasioned by or happening through water from or action by the sea, tidal wave or high water.

Provided that this Perils Exclusion 3. shall not apply if such Damage is caused by or arises out of an earthquake or any seismological disturbance.

4. Damage occasioned by or happening through:

- a) i) loss of weight, evaporation, inherent vice, latent defect, the action of damp atmosphere, variations in temperature, insects, vermin, rust, oxidation or corrosion;
- ii) contamination or pollution, changes in colour, flavour, texture or finish, the action of smut or smoke from industrial operations, mildew, mould, wet or dry rot or disease other than Event(s) resulting from a cause not specifically excluded which originates beyond the premises owned, occupied or used by the Insured;

provided that Perils Exclusion 4.a) shall not apply to any sudden and unforeseen Damage resulting from any Event to which Perils Exclusion 4.a) applies.

- 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 by the Insured or failure of such 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 Perils Exclusion 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 this Exclusion.

In the above proviso, but only insofar as indemnity is provided by Section 2 of this Policy, the term "Property Insured" is deemed to include any property (not otherwise excluded) or any part thereof used by the Insured at the Insured Premises for the purpose of the Business.

5. Damage occasioned by or happening through:

- a) incorrect siting of buildings consequent upon
 - i) error in architectural design or specification,
 - ii) faulty workmanship,
 - iii) non-compliance by the Insured (or anyone acting on behalf of the Insured) with the necessary permits issued by government, public or local authorities;
- b) demolitions ordered by government or public or local authorities due to failure on the part of the Insured or their agents to obtain the necessary permits required.

6. Damage occasioned by or happening through:

- a) theft of property (other than Money in transit) in the open air;

however notwithstanding Perils Exclusion 6.a), cover is available up to the Sub-Limit of Liability on the Placing Schedule for any one loss or series of losses arising out of any one event or occurrence at any one Insured Premises;

Provided that Perils Exclusion 6.a) shall not apply to subsequent Damage to the Property Insured occasioned by a peril (not otherwise excluded) resulting from any Event or Perils referred to in this Exclusion.

- 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) any process involving the direct application of heat provided that this Perils Exclusion 6.c) shall be limited to the item or items immediately affected and shall not extend to any other property Damaged as a result of such process involving the direct application of heat.

7. Damage occasioned by or happening through:

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

Provided that this Exclusion shall not apply to theft consequent upon forcible and violent entry upon Insured Premises or felonious concealment upon premises committed by an employee of the Insured or theft of Money whilst in transit;

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

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

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

- c) erosion, subsidence, earth movement or collapse resulting therefrom, provided that this Exclusion shall not apply if Damage is caused by or arises out of any earthquake or seismological disturbance;
- d) kidnapping, bomb threat, threat of contamination, hoax, extortion or any attempt thereat.

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

In the above proviso, but only insofar as indemnity is provided by Section 2 of this Policy, the term "Property Insured" is deemed to include any property (not otherwise excluded) or any part thereof used by the Insured at the Insured Premises for the purpose of the Business.

- 8. any legal liability of whatsoever nature other than as herein provided.
- 9. consequential loss of any kind including consequential loss due to delay, lack of performance, loss of contract or depreciation in the value of land or stock, except as more specifically provided for herein.

MEMORANDA APPLICABLE TO ALL SECTIONS

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

1. Amount of Policy Not Reduced by Loss

Unless the Insured requests otherwise; the insurance under each Section and / or Item of this Policy and the Indemnity Period shall be automatically reinstated in the event of any loss in consideration of the payment by the Insured of a pro-rata additional premium (if the Insurer(s) so request) calculated on the amount of the loss settlement at the rate(s) agreed for the Period of Insurance.

2. Event

Only for the purposes of the application of any Deductible(s), all Damage, which results from an insured peril commencing during any period of seventy-two (72) consecutive hours and during the same Period of Insurance shall be deemed to have been caused by a single Event whether as a result of one or more causes, whether sporadic or continuous in its sweep and / or scope and whether or not such loss is due to the same meteorological or seismic or atmospheric disturbance. Each Event shall be deemed to have commenced on the first happening of any such Damage not within the period of any previous Event.

3. Subrogation Waiver

The Insurer(s) agrees to waive any rights and remedies or relief to which it may become entitled by subrogation against the following:

- a) any corporation or organization (including directors, officers, partners, employees or servants) owned or controlled by any Insured named herein or subsidiary to any Insured named herein or any co-owner of the Property Insured hereunder;
- b) any Insured named or described by this Policy (including its directors, partners, officers, employees or servants);
- c) any tenant(s) or lessee(s) of Premises controlled or owned by the Insured; and
- d) any party described in the Section 1 Memorandum clause for 'Interests Of Other Parties';

unless, the Insured expressly agrees to the pursuit of recovery action against that party or parties as described under sub-clauses c) and d) above.

4. Contractual Agreements

Where in the ordinary course of the Business the Insured enters into an Agreement with another party and such Agreement includes a provision that the Insured shall indemnify and / or hold harmless and / or release from liability such other party in respect of loss, destruction or damage which may occur as a result of any peril or eventuality insured against under this Policy, this insurance shall not be prejudiced by the Insured agreeing to such provision in that Agreement.

For the purposes of this clause "Agreement" shall include (but is not limited to) any lease or hire of property, contracts with government, semi-government, municipal or statutory authority of whatsoever kind.

5. Breach of Warranties

Breach of any warranty or warranties contained herein shall not prejudice this insurance but notice in writing shall be given to the Insurer(s) upon the same coming to the knowledge of the Insured's insurance officer and such additional premium as may be required by the rules and practice of the Insurer(s) be paid as from the day of the first breach.

6. Hazardous Goods

The storage of hazardous goods usual to trade and/or occupation is allowed provided the Insured shall comply with all statutory regulations, regarding the storage and use of such goods.

7. Sub-Limits and Limits of Liability Apply in Excess of Deductible(s)

Notwithstanding anything contained in this Policy to the contrary, all Sub-Limits of Liability and Limits of Liability apply in excess of any applicable Deductible(s).

8. Goods and Services Tax

Where the Insurer(s) makes a payment under this policy for the acquisition of goods, services or other supply, the Insurer(s) will reduce the amount of the payment by the amount of any input tax credit that the Insured is, or will be, or would have been entitled to under A New Tax System (Goods and Services Tax) Act 1999, in relation to that acquisition, whether or not that acquisition is actually made.

Where the Insurer(s) makes a payment under this policy as compensation instead of payment for the acquisition of goods, services or other supply, the Insurer(s) will reduce the amount of the payment by the amount of any input tax credit that the Insured would have been entitled to under A New Tax System (Goods and Services Tax) Act 1999 had the payment been applied to acquire such goods, services or other supply.

CONDITIONS APPLICABLE TO ALL SECTIONS

1. Misrepresentation and Non-Disclosure

If the Insured:

- i) failed to disclose any matter which the Insured was under a duty to disclose to the Insurer(s); or
 - ii) 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:
- a) 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
 - b) if the non-disclosure or misrepresentation was fraudulent, the Insurer(s) may avoid this Policy.

Notwithstanding the above, the cover as available under this Policy shall not be prejudiced by any unintended or inadvertent error or omission or any misdescription of the risk or interest or property insured or incorrect declaration of value or failure to advise the Insurer(s) of any change or acquisition of risk or interest or property insured or failure to comply with any statutory requirement; provided that the Insured's officer responsible for insurance shall, upon coming aware of any such error, omission or misdescription inform the Insurer(s) as soon as reasonably practicable and that the Insured shall pay any reasonable additional premium to the Insurer(s) from the date of such variation or change.

2. Alteration

The insurance provided by this Policy shall not be prejudiced by:

- a) any act or omission unknown to or beyond the control of the Insured on the part of any tenant occupying or using the Insured Premises;
- b) structural or non-structural alterations and / or repairs to buildings, plant and machinery;
- c) any alteration of occupancy; including where the Insured Premises becomes unoccupied for a period of thirty (30) consecutive days;
- d) any permanent removal of property insured from the Insured's premises

provided that any such acts, omissions or alterations, upon coming to the knowledge of the Insured's officer responsible for insurance, shall be notified to the Insurer(s) and if required by the Insurer(s), an additional pro rata premium paid to the Insurer(s).

Provided further that any breach of a condition without the knowledge or consent of the Insured's officer responsible for insurance shall not prejudice or invalidate the cover available under this Policy.

3. Other Insurance

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

4. Cancellation

This Policy or any Section thereof may be cancelled at any time by:

- a) The Insured by giving notice in writing to the Insurer.
- b) The Insurer may cancel this Policy or any Section thereof for any of the reasons set forth in Section 60 of the Insurance Contracts Act (Cth) 1984 by serving on the Insured sixty (60) days notice in writing in accordance with Section 59 of that Act.

The Insured shall be entitled to a pro-rata refund of premium for the unexpired portion of the Period of Insurance.

5. Notification Of Claims

On the discovery of any Damage, giving rise to a claim under this Policy, the Insured shall forthwith give notice thereof in writing to the Insurer(s) and as soon as reasonably practicable deliver to the Insurer(s) a statement of claim, in writing, containing as particular an account as may be reasonably practicable of the items of property Damaged and of the amount of Damage, having regard to their value at the time this occurred, 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 and 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 auditors or accountants, with all particulars and details reasonably practicable as to the loss and shall produce and furnish all books of account and other business books, invoices, vouchers and all other documents, proofs, information, explanations and other evidence and facilities as may reasonably be required to enable the Insurer(s) to investigate and verify the claim and such information or documentation shall be verified on oath if required by the Insurer(s).

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

Provided that plans, documents and information for the purposes of this Condition shall not include such items as indemnity is provided for in Section 1 Clause a) of "The Indemnity". The Insurer(s) shall not be bound to reinstate exactly or completely, but only as circumstances permit and in reasonably sufficient manner and shall not in any case be bound to expend more than the applicable Limit of Liability.

8. Insurer's Rights

On the discovery 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 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. The Insured shall do all things necessary within the Insured's control to ensure that the Insurer(s) requirements are met and that the Insurer(s) is not hindered or obstructed in undertaking anything authorised by any provision of this Policy.

The Insured shall not 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 all such acts and things as may be necessary or reasonably required by the Insurer(s) for the purpose of enforcing any rights and remedies, or of obtaining relief or indemnity from other parties to which the Insurer(s) shall be or would become entitled or subrogated upon the Insurer(s) paying for or making good any Damage under this Policy or paying any amounts under Section 2 of this Policy.
- b) If any recovery is made as a result of the actions described in a) above, the Insured shall be entitled to such recovery to the extent of the uninsured portion of the loss. The Insurer(s) shall be entitled to any amount recovered in excess of the uninsured portion of the Insured's loss.

10. Precautions to Prevent Loss

The Insured shall take all reasonable precautions to prevent Damage to the Property Insured.

11. Insured's Action After Theft or Damage

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

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

then the insurance cover provided under Section 2 of this Policy in respect of such Business or part of the Business or Insured (as the case may be) shall automatically and forthwith cease unless otherwise agreed in writing by the Insurer(s).

Such termination of cover shall not apply if any of the events stated above in clauses a), b) or c) are caused by loss, insured by Section 2 of this Policy, resulting from interruption of or interference with the Business in consequence of Damage to property used by the Insured at the Premises.

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.

14. Progress Payments

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

15. Reasonable Despatch

If, following Damage to Property Insured, the Insured considers that resumption of its business activity and/ or the work of reinstating or replacing or repairing the Property Insured poses a threat to human life or safety and as a result the Insured delays commencement of all or part of the resumption and/or all or part of the work of reinstatement or replacement or repairing, then the Insurer(s) agrees that any such delay is beyond the control of the Insured and that the Insured is acting with reasonable despatch and due diligence.

16. Severability and Non-Imputation

For the purposes of granting cover under this Policy:-

- a) any proposal shall be considered as a separate proposal by each Insured.
- b) any declaration, statement or representation made in any proposal shall be construed as a separate declaration, statement or representation by each Insured.
- c) any knowledge possessed by any Insured shall not be imputed to any other Insured.
- d) this Policy will apply as a separate contract of insurance between the Insurer(s) and each Insured; provided that where a claim is brought against more than one Insured, the amount of available cover will not be increased as a result of this paragraph but will be determined on the basis that there is a single contract of insurance between the Insurer(s) and all of the Insured(s).

17. Proper Law

This insurance shall be governed by Australian law. Each party agrees to submit to the jurisdiction of any court of competent jurisdiction within Australia and to comply with all requirements necessary to give such court jurisdiction. All matters arising hereunder shall be determined in accordance with the law and the practice of such court.

18. 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.

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