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AUSTRALIS CHILD CARE

PROVIDERS

PROPERTY INSURANCE

POLICY

Effective Date: 1 October 2011

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ABOUT AUSTRALIS UNDERWRITING

This insurance is issued by Australis Group (Underwriting) Pty Ltd ("Australis") (ABN 80 082 459 372, AFS Licence No. 238170) acting under a binder as an agent of Great Lakes Reinsurance (UK) PLC (ARBN 127 740 532, ABN 18 964 580 576, AFS Licence No. 318603), trading as Great Lakes Australia ("Great Lakes Australia").

All services that are provided to You regarding this product are provided by Australis. If You have any questions about this Policy, or You wish to lodge a claim, please contact Australis on the contact details below. Claims are managed by Australis in conjunction with Great Lakes Australia.

Australis Group (Underwriting) Pty Ltd
Level 3, 117 Clarence Street
Sydney NSW 2000

ABOUT THE INSURER

This insurance is underwritten by Great Lakes Reinsurance (UK) PLC ("GLUK"), an authorised Australian insurer, regulated by the Australian Prudential Regulation Authority ("APRA").

GLUK is a limited liability company incorporated in England and Wales and a wholly owned subsidiary of the Munich Reinsurance Company, part of the Munich Re Group. The Munich Re Group is one of the largest insurance groups in the world.

In Australia, GLUK trades as Great Lakes Australia. Great Lakes Australia has strong financial security characteristics. However, please note that ratings can vary from time to time. You can check Great Lakes Australia's current rating at the following website: Standard & Poors www.standardandpoors.com

Great Lakes Australia's contact details are:
143 Macquarie Street, Sydney, NSW 2000
P O Box H35 Australia Square, Sydney, NSW 1215
Phone: (02) 9272 2050

Great Lakes Australia is a party to the General Insurance Code of Practice. You can access the Code at www.codeofpractice.com.au

ABOUT YOUR POLICY

The Policy has 8 Sections, each with a different type of cover available. The detail of the types of cover available are set out in each Section of this Policy document. All of the covers in this Policy are subject to the General Definitions, General Exclusions and General Conditions included in this Policy document.

The Policy wording, Schedule and Endorsements (if any) are to be read together as one Policy.

OUR AGREEMENT

If You have paid or agreed to pay the premium to Us, We agree, subject to the terms, exclusions limitations and conditions contained in or endorsed on this Policy, to provide the insurance cover stated in each of the Sections You have selected and which are shown in Your Schedule. The Policy is current for the Period of Insurance stated in Your Schedule.

Our liability will not exceed the Sum Insured or Limit of Liability or Sub-Limit of Liability as stated in the Policy or Schedule.

In the event of a claim, You must pay the Excess applicable to that claim. We will not pay the Excesses stated in the Schedule. If any loss or damage leads to a claim under more than one Section of the Policy, You must pay the highest Excess applicable, but You will only pay one Excess.

In agreeing to provide You with this cover, We have relied upon the truth of the answers given in the written Proposal Form You completed or which was completed on Your behalf and which explained Your Duty of Disclosure. If the answers given in the written Proposal Form are not full and truthful this Policy may not protect You if You have a claim.

PRIVACY

Both Australis and Great Lakes Australia are committed to protecting the privacy of the personal information You provide to Us. Any personal information You give Us will be treated in accordance with the Privacy Act 1988 (Cth).

We collect personal information from You for the purpose of issuing You with, and administering, this insurance product (including the handling and settlement of claims).

Australis also collects information from You to help develop and identify other products and services that may interest clients.

We will only disclose personal information about You to third parties where We believe it is necessary to assist Us in providing Our relevant services and products. The parties to whom We may disclose Your personal information include (but are not limited to) other insurers, reinsurers, reinsurance brokers, loss adjusters, external claims data collectors, investigators, agents and others involved in the claims handling process, or as required by law.

By submitting Your personal information to Us, You agree to Us using and disclosing Your personal information as outlined in this Privacy Statement.

This consent to the use and disclosure of Your personal information remains valid unless You alter or revoke it by giving Us written notice.

If You do not provide the information requested, Your insurance application may not be accepted, or We may not be able to administer Your Policy, or You may breach Your Duty of Disclosure, the consequences of which are set out under the heading Your Duty of Disclosure in this document.

You can request access to the personal information We hold about You and, where necessary, You can notify Us in writing of changes so We can ensure that the information We hold about You is accurate, complete and up-to-date.

From time to time, We may use Your name and contact details to send You or Your firm offers or information regarding Our insurance services or promotions that may be of interest to You. Please let Us know if You no longer wish to receive this information.

For more information about Our Privacy Policy, please visit Our website – www.ausuw.com

Details on Great Lakes Australia's Privacy Policy can be found at www.gla.com.au or by contacting them:

Address: The Privacy Officer, 143 Macquarie Street, Sydney, NSW, 2000
Telephone: (02) 9272 8000
Email: privacyofficer@gla.com.au

DUTY OF DISCLOSURE

Under the Insurance Contracts Act 1984 (Cth), You have a Duty of Disclosure. You are required before You enter into, renew, vary, extend or reinstate Your Policy, to tell Us everything You know, or that a reasonable person in the circumstances could be expected to know, is a matter that is relevant to Our decision whether to insure You, and anyone else to be insured under the Policy, and if so, on what terms.

You do not have to tell Us about any matter

- a) that diminishes the risk;
- b) that is of common knowledge;
- c) that We know or should know in the ordinary course of Our business as an Insurer; or
- d) which We indicate We do not want to know.

If You do not comply with Your Duty of Disclosure We may reduce or refuse to pay a claim or cancel Your Policy. If Your non-disclosure is fraudulent, We may treat this Policy as never having existed.

GOODS AND SERVICES TAX

You must inform Us of the extent to which You are entitled to an input tax credit for the premium each time that You make a claim under this Policy. No payment will be made to You for any GST liability that arises on the settlement of a claim under this Policy when You have not informed Us of Your correct entitlement to an input tax credit. Notwithstanding anything contained in this Policy to the contrary (including the current Schedule and any Endorsements attached hereto), Our liability will be calculated after taking into account:

(a) any input tax credit to which You, or any claimant against You, is entitled for any acquisition relevant to a claim paid under this Policy;

(b) any input tax credit to which You, or any claimant against You, would have been entitled were You or the claimant to have made a relevant acquisition; and

(c) the GST exclusive amount of any supply made by You which is relevant to Your claim.

If the applicable Limit of Liability is not sufficient to cover Your claim, We will only pay GST (less any relevant input tax credit) that relates to Our proportion of Your claim.

The terms "GST", "input tax credit", "acquisition" and "supply" have the meanings ascribed to them in the A New Tax System (Goods and Services Tax) Act 1999 (or any amending legislation).

Nothing contained herein shall be held to vary, alter, waive or extend any of the terms, Conditions, Exclusions or Definitions and Additional Benefits of this Policy other than as stated above.

DISPUTE RESOLUTION

We will do everything possible to provide a quality service to You. We recognise that occasionally there may be some aspect of a service or a decision We have made that You may wish to query or draw to Our attention.

If You have a complaint please first try to resolve it by contacting the relevant member of Our staff.

If the matter is still not resolved, please then contact Our Internal Dispute Resolution Officer on (02) 9200 4000 or by writing to Us at:

The Complaints Officer
Australis Group Underwriting
Level 3, 117 Clarence Street
Sydney NSW 2000

We will seek to resolve the matter in accordance with the General Insurance Code of Practice and Our Dispute Resolution procedures.

You can contact Us if You want more information on Our procedures.

If You are a natural person or a small business and You are not satisfied with the final decision, You may wish to contact the Financial Ombudsman Service ("FOS"). The FOS is a free independent external disputes resolution service provided to customers to review and resolve complaints where We have been unable to satisfy Your concerns.

For further details You can visit their website at www.fos.org.au or contact them:

The Financial Ombudsman Service
GPO Box 3, MELBOURNE VIC 3001
Phone: 1300 780 808
Email: info@fos.org.au

IMPORTANT NOTICE AFFECTING YOUR POLICY

Terrorism cover

The Commonwealth government has enacted the Terrorism Insurance Act 2003 (the "Act"). Under the Act, insurance policies covering certain commercial property in Australia (known as "Eligible Property"), business interruption and liability arising from ownership or occupation of Eligible Property are now deemed to cover terrorism risks as defined in the Act ("Terrorism Cover").

The policies in question consist of Industrial Special Risks (including associated Business Interruption), Commercial Property, and Contract Works policies, together with some Public Liability and some Farm policies (but generally only those that provide Business Interruption cover). Commercial Package policies (such as a Business Insurance Policy) are also included, but only in relation to the cover they provide for commercial buildings and/or their contents, for Business Interruption, and for Public Liability. The Act does not apply to certain types of property, for example property used principally and primarily for personal, domestic or household purposes. For full details of included and excluded types of cover, We suggest that You visit www.arpc.gov.au. This is the web address of the government entity set up to administer the Act.

Terrorism cover was automatically included in policies in the above categories that were in force on 1 July 2003, or which commenced or were renewed on or after that date. Where You have such a policy with Us, it will therefore include terrorism cover up to the sum insured and subject otherwise to the terms, conditions, exceptions and limitations of the policy.

Premium payable

For policies commencing or renewing on or after 1 October 2003, the provisions of the Act in relation to premium payable for Terrorism Cover also apply, and We have included in Our total charge to You a premium for Terrorism Cover based on the premium rates advised to Us by the Commonwealth government. Please note that Public Liability policies are not currently subject to a premium for Terrorism Cover.

As these premium rates vary according to the postcode location of commercial property that is subject to the Act, it is vital that, where We do not already have this information, You provide Us with the correct postcode for all Your Eligible Property that We insure.

Please note that the Act does not permit You to opt out of Terrorism Cover.

For Terrorism Cover to apply to a claim under the Policy there needs to have been a "declared terrorist incident". Only The Federal Treasurer, after consultation with the Attorney-General, has the power to declare a terrorist incident.

As this notice is relevant to the terms of Your Policy it should be kept with the policy wording.

This notice is only intended to provide You with a broad summary of the Act. If You require more information on its provisions or its effect on You, please consult Your insurance adviser.

GENERAL DEFINITIONS

Australia means the Commonwealth of Australia, its dependencies and External Territories.

Business means the business shown in the Schedule including the ownership and tenancy of premises, provision and management of canteens, social, sports and welfare organisations, including first aid and safety services of Your employees.

Business Hours means Your working hours (including overtime) during which You or Your employees are on the premises at the Situation for the purpose of Your Business.

Damage or Damaged means sudden and unforeseen physical damage or destruction.

Damage to Property means physical loss of or damage to or destruction of tangible property including resultant loss of use; or loss of use of tangible property which has not been physically damaged or destroyed provided such loss of use is caused by an occurrence.

Excess means the amount of each claim, or series of claims which arise out of one event under any one Section, for which We will make no payment. Should more than one Excess be payable under this Policy for any claim or series of claims arising from the one event, such excesses shall not be aggregated and the highest single level of Excess only shall apply. The amount of the Excess for each Section is stated in the Schedule.

Flood means the inundation of normally dry land by water escaping or released from the normal confines of any natural or artificial water course river or lake (whether or not altered or modified), reservoir, canal or dam.

Money means cash, notes, negotiable instruments, cheques, postal notes, post office money orders, negotiable securities, stamps, credit card sales vouchers, instant lottery tickets, bus or transport tickets, telephone credit cards or franking machine credits.

Period of Insurance means the period stated in the Schedule for which cover is current.

Policy means this Policy wording together with the Schedule and Endorsements

Proposal Form means the Childcare Package Insurance Proposal Form You completed or which was completed on Your behalf.

Safe or Strongroom means a container or structure which is specifically designed for the secure storage of Money or valuables and is designed to protect the contents against fire and to resist unauthorised opening

Schedule means the most recent Schedule given to You. It shows the Policy Number together with other details of cover.

Sea means oceans, bays, ports or tidal waters.

Situation means the location or address of the risk as stated in the Schedule.

Sum(s) Insured/Limit of Liability means the amounts as stated in the Schedule or this Policy.

Water means water including snow, sleet or hail or any other liquid.

We, Us, Our means Australis, acting under a binder with Great Lakes Australia.

You, Your means the person(s) named in the Schedule as the insured.

In addition, further definitions specific to particular Sections are included within each Section.

GENERAL EXCLUSIONS

1. We will not pay claims that arise directly or indirectly out of:

- a) the use, existence or escape of nuclear weapons material, or ionising radiation from or contamination by radioactivity from any nuclear fuel or nuclear waste from the combustion of nuclear fuel (including any self-sustaining process of nuclear fission);

- b) loss, destruction or damage which occurs outside the Commonwealth of Australia except as stated in the relevant Section;
- c) consequential loss of any kind including consequential loss due to delay, lack of performance, loss of contract or depreciation of value of land or stock except as stated in the relevant Section;
- d) loss or damage intentionally caused by You or by any person acting with Your express or implied consent;
- e) loss or damage arising out of Your failure to keep any insured property in good repair and condition;
- f) Flood unless as agreed by Us and shown in the Schedule; or
- g) wear, tear, atmospheric conditions, mould, mildew, insects, vermin, fading, inherent defect.

2. War & Terrorism Exclusion:

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

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

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

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

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

3. Quarantinable Diseases:

We will not pay claims that arise directly or indirectly out of all quarantinable diseases, including any Highly Pathogenic Avian or Animal Influenza in Humans, or diseases declared to be quarantinable diseases under the Quarantine Act 1908 (Cth) and any subsequent amendments.

In addition, further exclusions specific to particular Sections are included within each Section.

GENERAL CONDITIONS

These conditions apply to all Sections of this Policy and any failure on Your part to adhere to their requirements may entitle Us to refuse to pay a claim in whole or in part, or to cancel this Policy.

1. Claims

- a) If an event happens which may result in a claim under the Policy, You or Your legal representative must:
 - I. Advise Us and send written confirmation within 30 days;
 - II. Take all reasonable steps to stop or reduce further loss or damage;
 - III. Take all reasonable steps to recover lost or stolen property;
 - IV. Immediately inform the Police of any burglary, theft, malicious damage or vandalism. You may also be required by Us to provide Us with a copy of the written Police report;

- V. Supply Us with details of any other insurances which cover or may cover the event;
- VI. Advise Us of any impending prosecution or inquest;
- VII. Give Us all the information and assistance We may reasonably require; and
- VIII. Use the best endeavours to preserve and not alter the condition or location of any products, appliances, plant or other items which might prove necessary or useful by way of evidence in connection with any claim until We have had an opportunity of inspection unless the alteration or repair of any products, plants, appliances or other items is necessary for practical or safety reasons. You are not entitled to abandon any property to Us.

b) You must not agree to settle any claim without Our consent.

We shall have full discretion in the conduct of any negotiations and the settlement of any claims.

After payment for or replacement of any property (not being a building) lost or damaged, the property becomes Ours subject to Your right to reclaim it on repayment to Us of the amount paid by Us in respect of such property.

2. Cancellation

You may cancel this Policy at any time by written request. After cancellation by You, We will retain or be entitled to the premium for the period during which this Policy has been current, calculated at Our current short-term rates.

We may cancel the Policy on any of the grounds stated in the Insurance Contracts Act 1984. After cancellation by Us, You will be entitled to a pro-rata refund of the premium.

3. Alteration of Risk

You must notify Us in writing if there are any changes in the facts or circumstances, which existed when this insurance commenced.

If We agree to cover those changes We may require You to pay additional premium. This Policy will not cover those changes unless We have notified You in writing of Our agreement to them and You have paid Us any additional Premium, which We may have required. If We do not agree to cover the changes, We may cancel this Policy.

4. Unoccupancy

The cover under this Policy ceases if the buildings at the Situation have not been occupied for a period of 60 consecutive days. However, if You notify Us beforehand in writing, We may consent to the continuation of cover. Such consent will only be effective if notified to You in writing.

To be occupied, the buildings at the situation must have been used by person(s) present at the Situation for Business purposes for at least six consecutive hours on each of two consecutive days. For the purposes of this clause, attendances at the Situation for other purposes or for lesser or non-consecutive periods will not be taken to amount to occupation.

5. Subrogation

If We agree to provide indemnity under this Policy in respect of any claim, then regardless of whether or not actual payment has been made, We shall immediately be subrogated to any rights contractual or otherwise which You may have in connection with that claim.

6. Other Insurance

If at the time of any loss, destruction or damage happening there is insurance covering the same loss, destruction or damage effected by a person other than You, We will only be liable for any amount over and above that recoverable under such other insurance. You must notify Us in writing (and supply copies to Us) as soon as possible about any other insurance which covers the risks insured by this Policy.

7. Reasonable Care and Maintenance

You must take all reasonable care:

- a) to prevent loss, destruction or damage happening to the property insured;
- b) to maintain the buildings, structures, fittings, fixtures, furnishings, appliances, machinery, implements and plant in sound condition;
- c) to comply with all statutory obligations and by-laws or regulations imposed by any Public Authority;
- d) to ensure that only competent employees are employed;
- e) to prevent bodily injury or loss of or damage to property;
- f) to minimise any loss; and
- g) to ensure that where applicable burglar alarms and intrusion prevention systems shall be made operative whenever the premises at the Situation are not occupied or are unattended and tested daily except during non-business days. Fire protection systems shall comply with the relevant Australian standard in respect of installation and testing and be operative at all times.

8. Fraudulent Claims

If You or anyone acting on Your behalf or with Your connivance should make a claim knowing or reasonably suspecting it to be false or fraudulent, We may refuse to pay the claim or cancel this Policy or do both.

9. Reinstatement of Sum Insured

In the event of payment of a claim under any Section of the Policy, the amount by which that Section's Sum Insured or Limit of Indemnity is reduced in consequence of the loss or damage will be automatically reinstated from the date of the loss, destruction or damage, provided that:

- a) there is no written request from You or written notice by Us to the contrary;
- b) the Section is an operative Section of the Policy; and
- c) You pay the additional premium We require for the reinstatement.

10. Other Interests and Joint Insured's

This Policy only covers the interests of the Insured and such other interests notified to Us at the time of cover and from time to time thereafter and which are accepted by Us by written notification to You. No interest in this Policy may be transferred without Our written consent and all persons entitled to benefit under the Policy shall be bound by its terms.

Where the Policy covers the interest of more than one party, any act or neglect of an individual party will not prejudice the rights of the other party(ies), provided that such other party(ies) shall immediately on becoming aware of any act or neglect whereby the risk of loss, destruction or damage has increased give notice in writing to Us and on demand pay the additional premium We require.

11. Earthquake

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

12. Progress Payments

Progress payments on account of any claim accepted under this Policy will be made to You or on Your behalf at such stages as may be mutually agreed upon if desired by You and on production of an interim report from a loss adjuster.

13. Governing Law

This Policy is governed by the law of the State of Australia in which it is issued, any person's rights under this Policy will be read subject to these laws as they apply at the time of any claim or exercise of any right under this Policy.

14. Adjustment of Premium

If the premium for any section of the Policy in any Period of Insurance is calculated on estimates You provided, You must within thirty (30) days from the end of the Period of Insurance declare such information as We advise You is required. The premium may then be adjusted and any difference paid by You or refunded to You as the case may be. Any adjustment will be subject to Our receiving or retaining the minimum premium We require.

15. Due Observance and Inaccurate Information

The due observance and fulfilment of the terms and conditions of this Policy by all persons insured by this Policy, to the extent that they are capable of being construed as such, are conditions precedent to any liability of Us to make any payment under this Policy.

If a Policy Condition or Warranty is breached without Your knowledge or consent, or You give Us inaccurate information believing in its truth, then provided You notify Us in writing as soon as the breach or error comes to Your knowledge, Your rights under the Policy will not be prejudiced. If this information increases the hazard You must pay any additional premium We may require, to be calculated from the date of the breach or error.

16. Legislation

You are required to comply with all legislation and regulations.

17. Hold Harmless Agreements

You must not enter into an agreement with another person which excludes or reduces Your rights to make a claim against that person at any time without Our written consent.

If You do, We may reduce the amount of any claim You make under this Policy by the extent to which Your agreement prevents Us making a claim against that person under Our rights of subrogation.

SECTION 1 PROPERTY

This Section forms part of the Policy only if so shown in the Schedule and, if so, must be read together with the General Definitions, General Conditions, General Exclusions, terms and limitations expressed in pages 8-9 of the Policy, and with the current Schedule.

Our total liability for all Damage or Damage to Property arising during any one Period of Insurance or for any loss for which a claim would be payable under this Section arising out of one event or series of events arising directly or indirectly from one source or original cause, will not exceed, for each item specified in the Schedule, the Sum Insured shown in the Schedule for that item. In addition, We will also pay other amounts as provided for under Additional Benefits in this Section.

COVER UNDER THIS SECTION

We will indemnify You for Damage or Damage to Property caused by Fire and Perils or Accidental Damage to Property Insured, whilst at the Situation.

At each Renewal of this Policy We will adjust the Building and Contents Sums Insured in line with the Consumer Price Index ("CPI") as published by the Australian Bureau of Statistics or the indexation factor stated in Your renewal Schedule, whichever is the greater. Your renewal invitation will show the adjusted Sums Insured and the premium payable.

SCOPE OF COVER

<i>Insured Event/The Cover</i>	<i>What is not Covered</i>
Accidental Damage	<p>Damage or Damage to Property caused by or as a consequence of:</p> <ul style="list-style-type: none"> a) Fire and Perils. Anything that is specifically excluded under Fire and Perils is also excluded from this Accidental Damage cover; b) theft or any attempt thereat or armed hold-up; c) Breakage of glass; d) fraudulent or dishonest acts by Your employees; e) wear and tear, wasting, fading, scratching or marring, gradual deterioration or gradually developing flaws, deformation, distortion, cracks or partial fractures, normal upkeep or making good; f) the action of animal, fish, birds, moths, termites or other insects, vermin ; g) rust or oxidisation, mildew, mould, wet or dry rot, corrosion, change of colour, dampness of atmosphere or other variations in temperature, evaporation; h) disease, inherent vice or latent defect, loss of weight, change in flavour or texture or finish; i) error or omission in design or plan or specification, failure of design, faulty materials or faulty workmanship, incorrect locating of buildings as a result of incorrect design, plan or specification ;

- j) demolition ordered by Government, public or local authority as a result of Your failure, or that of Your agents, to comply with any lawful requirement ;
- k) any order of any government or public or local authority including the confiscation nationalisation requisition repossession or damage to or of any property;
- l) erosion, subsidence, landslide, collapse or any other movement of earth;
- m) testing, intentional overloading or experiments of any kind ;
- n) welding, grinding, cutting, drilling or shaping, or the application of tools to the property ;
- o) unexplained inventory shortage, unexplained disappearance resulting from clerical or accounting errors, or shortage in the supply or delivery of materials to or from You;
- p) loss induced by trickery;
- q) mechanical, hydraulic, electrical or electronic breakdown, failure, malfunction or derangement of any nature;
- r) pollution or contamination unless it is sudden and unforeseen;
- s) normal settling, seepage, creeping, heaving, vibration, shrinkage or expansion in Buildings, foundations, walls, pavements, roads, and other structural improvements ;
- t) loss, damage, destruction distortion, erasure, corruption or alteration of Electronic Data from any cause including but not limited to Computer Virus;
- u) kidnapping, bomb threat, threat of contamination, hoax, extortion or any attempt at any of these;
- v) legal liability of any kind other than as specifically provided for herein;
- w) consequential loss of any kind ;
- x) theft of Money or negotiable securities ; or
- y) property undergoing any process where the Damage results from its being so processed;

The above exclusions e), f), i), m), n), r), t) and u) of this cover shall be limited to the item, appliance, unit or machine immediately affected and shall not extend to Damage to other property that would otherwise be covered under this Section.

Fire and Perils

- a) Fire resulting from explosion or otherwise;

- b) Lightning or thunderbolt;

- c) Attempts by civil authorities to prevent the spread of fire;

- d) Impact by:
 - I. vehicles designed primarily for use on land;

 - II. animals, but not Damage by eating, chewing, clawing or pecking by animals or birds;

 - III. trees or branches of trees. This cover includes the reasonable costs associated with the removal and disposal of the trees or branches that caused the Damage;

 - IV. communication masts, towers, antennae to satellite dishes; or

 - V. watercraft.

- e) Storm, tempest, rainwater, snow, sleet, wind or hail;

Excluding spontaneous combustion, fermentation, heating or any process involving the direct application of heat. This exclusion shall be limited to the item or items immediately affected and shall not extend to other property Damaged as a result of such spontaneous combustion, fermentation, heating or any process involving the direct application of heat.

excluding Damage or Damage to Property caused:

- I. by water from or action of the sea, tidal wave, storm surge, high water, Flood;

- II. to gates, fences, retaining walls, exceeding \$25,000 any one event;

- III. to shade sails, shades, shade cloths, plastic awnings and blinds exceeding \$50,000 any one event. If the shade sail, shade, shade cloth, plastic awning or blind is more than 5 years old, We will calculate the current value by deducting 10% for each year of age up to a maximum of 80% from the replacement value. This depreciation will not be applied to labour costs;

- IV. to property in the open air unless such property is a permanent structure designed to function without the protection of walls or roof;

- V. by erosion, subsidence, landslide, collapse or any other movement of earth;

<p>f) Water, liquids or substances discharged, overflowing or leaking from fixed apparatus, fixed appliances, fixed pipes or other systems;</p> <p>g) Explosion;</p> <p>h) Earthquake, subterranean fire or volcanic eruption, tsunami occurring during any period of 72 consecutive hours;</p> <p>i) Impact by aircraft or other aerial devices or articles dropped there from, sonic boom;</p> <p>j) Named storm; and</p> <p>k) Riot, civil commotion, strikes or locked out workers or persons taking part in labour disturbances or Damage occurring as a result of vandalism by persons not being tenants (including Damage or destruction to, but not loss of, property caused by theft or any attempt thereat) or as a result of the actions of any lawfully constituted authority in connection with the foregoing acts but not by:</p> <p style="padding-left: 40px;">I. cessation of works whether total or partial; or</p> <p style="padding-left: 40px;">II. cessation, interruption, or retarding of any process or operation as a direct result of strikes, labour disturbances or locked out workers.</p>	<p>VI. by or resulting from water seeping, percolating or otherwise penetrating into the Buildings as a result of structural defects, faulty design or faulty workmanship in their construction; or</p> <p>VII. by water entering Buildings through an opening in the wall or roof made for the purpose of alterations, additions, renovations or repairs.</p> <p>Excluding Damage to boilers (other than boilers used for domestic purposes only), economisers, vessels under pressure or their contents resulting from their own explosion.</p> <p>An excess of \$20,000 or one per cent (1%) of the total Sum Insured at the situation, whichever is the lesser, applies to this cover.</p> <p>An excess of \$20,000 or one per cent (1%) of the total Sum Insured at the situation, whichever is the lesser, applies to this cover.</p>
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DEFINITIONS APPLYING TO THIS SECTION

The following definitions apply to this Policy Section:

1. **Buildings** means the property belonging to You or for which You are legally responsible, or for which You have assumed a responsibility to insure, described below:
 - a) The building together with outbuildings (including flammable goods stores), foundations, annexes and gangways;
 - b) Fixed coverings to walls, floors and ceilings but excluding fixed carpets other than landlord's fixed carpets;
 - c) Fixed outdoor play equipment;

- d) Structural improvements including:
 - I. fixtures, lifts elevators, escalators and equipment all permanently fixed and non-portable.
 - II. paths, driveways, car parks, driveway aprons, terraces, walls, gates, fences, letterboxes, signs(attached & detached), walls, floodlights, flagpoles, hoists, gangways, staircases, exterior lights, masts, antennae and aerials, storage tanks including fixed attachments and fixed accessories thereof.
 - III. swimming pools, saunas and spas all permanently fixed including fixed attachments and fixed accessories thereof.
- e) Room heaters, stoves, air-conditioners, fans, light fittings and hot water services all permanently fixed and non-portable;
- f) Other fixed (non-portable) apparatus or appliances attached to the gas, plumbing, drainage or sewerage system, or to the electrical system (other than by means of a flexible or tensile cord to a power point);
- g) Pipes, ducts, wires, cables, metres, and switches used in connection with the provision of lighting, heating, cooling, communication, water supply, drainage, sewerage and other services;
- h) Exterior blinds, awnings, shade sails, shade cloths and shades;
- i) Materials and supplies intended for use in the construction, erection, repair of, or alteration and addition to, the building to an amount not exceeding ten per cent (10%) of the Sum Insured or the amount specified in the schedule;
- j) Tanks above or below ground;
- k) Paths, aprons and roadways pertaining to Buildings; and
- l) Fire extinguishment equipment or electronic surveillance equipment installed in or on the building, **but does not include:**
 - I. property undergoing construction or erection or property comprising alterations or additions or repairs when the value of all such work undertaken exceeds 10% of the Buildings Sum Insured or the amount specified in the Schedule; or
 - II. Buildings undergoing demolition.

Buildings does not mean "Home buildings" as defined in regulation 7.1.12 of the Corporations Regulations 2001 (Cth).

- 2. **Computers** means electronic data processing equipment including software programs
- 3. **Computer Virus** means a set of corrupting, harmful or otherwise unauthorised instructions or code including a set of maliciously introduced unauthorised instructions or code, programmatic or otherwise, that propagate themselves through a computer system or network of whatsoever nature. Computer Virus includes but is not limited to trojan horses, worms and time or logic bombs.
- 4. **Contents** means items belonging to You or for which You are legally responsible, or have assumed a responsibility to insure, described below:
 - a) Utensils of trade, non fixed or portable equipment including play equipment, office equipment, safes, strongrooms, fire extinguishment equipment, portable fire extinguishment equipment and portable electronic surveillance equipment;
 - b) Furniture, furnishings, carpets, curtains, internal blinds;
 - c) Unregistered mechanically or electrically propelled vehicles;
 - d) Stock;
 - e) Where You are the tenant of leased or rented premises:

- I. landlord's fixtures and fittings other than breakage of glass for which You are liable under the terms of a lease or similar agreement; and
 - II. fixtures and fittings, or materials and supplies intended for use in the construction of fixtures and fittings, installed or to be installed for Your own use.
- f) Documents, manuscripts, business books but only for their value as stationery;
 - g) Patterns, models, moulds, designs;
 - h) Unused books, books of reference, stationery;
 - i) Advertising material and display equipment; and
 - j) Computers, all equipment connected to and operating from Computers and all disk, tapes, cards or other materials used for storing data.

Contents does not mean:

- I. Specified Items specified in the Schedule;
 - II. Watercraft, aircraft, registered mobile plant, motor vehicles, motorcycles, trailers or caravans including accessories, tools and spare parts whilst attached to or within the watercraft, aircraft, registered mobile plant, motor vehicle, motorcycle, trailer or caravan;
 - III. Any living creature or organism;
 - IV. Growing crops or pastures;
 - V. Bullion, money, jewellery, furs, watches, precious or semi-precious stones; or
 - VI. any Contents of a Residential Building as those terms are defined in regulation 7.1.13 of the Corporations Regulations 2001 (Cth).
- 5. **Debris** means the residue of damaged Property Insured excluding any material that is itself a pollutant or contaminant and which is deposited beyond the boundaries of the Insured Premises.
 - 6. **Electronic Data** means facts, concepts and information converted to a form useable for communications, interpretations or processing by electronic and electromechanical data processing or electronically controlled equipment and includes programmes, software and other coded instructions for the processing and manipulation of data or the direction and manipulation of such equipment.
 - 7. **Property Insured** means the Buildings, Contents and Stock shown in the Schedule under this Section.

Property Insured does not mean:

Property

- (a) wholly or predominantly used for personal, domestic or household purposes by:
 - (i) You or any other person insured under the Policy; or
 - (ii) a relative of or any other person insured under the Policy; or
 - (iii) any person with whom You or any other person insured under the Policy resides; and
 - (b) ordinarily used for that purpose,
- or is otherwise personal and domestic property for the purposes of regulation 7.1.17 13 of the Corporations Regulations 2001 (Cth).

8. **Removal of Debris** means:

- a) the removal, storage and disposal of Debris and of anything that has caused insured Damage, from the Situation;
- b) the removal, storage and disposal of Debris from premises, roadways, services, railways or waterways owned by any other person or entity, where You are liable at law to remove, store or dispose of such Debris as a result of insured Damage, together with the cost of cleaning up, but provided that such liability has not arisen as a result of any agreement made by You unless liability would have attached in the absence of such agreement;
- c) the demolition, dismantling, shoring up, propping or underpinning of Property Insured or the carrying out of other temporary repairs to Property Insured as a result of insured Damage; and
- d) the demolition and removal of Property Insured that is necessary for the purpose of repair or replacement as a result of insured Damage.

9. **Stock** means the items belonging to You or for which You are legally responsible, or have assumed a responsibility to insure, described below:

- a) merchandise or materials of trade manufactured or in the course of manufacture;
- b) materials used in manufacture and packaging;
- c) consignment stock;
- d) goods held in trust or on commission;
- e) pallets and containers;
- f) consumable materials used in the operation of machinery; and
- g) goods on lay-by, or held for repair or service, and including Your liability for Customs, Excise and other Duties which You may become liable to pay as a result of Damage to stock.

ADDITIONAL BENEFITS

Following a claim under this Section for which We have agreed to indemnify You, cover under the Policy is extended to include:

1. Alternative premises

Contents located for storage purposes only at alternative premises to a maximum of \$10,000 any one claim unless otherwise specified in the schedule.

2. Temporary Removal of Property

Stock and Contents whilst temporarily removed from the Situation but excluding:

- a) Motor vehicles;
- b) Stock on consignment; and
- c) Stock and Contents that have been removed for a period in excess of ninety (90) days without Our written agreement to continue cover.

The most We will pay under this Additional Benefit is 20% of the total Sum Insured on Stock and Contents but only to the extent that the Sum Insured is not otherwise exhausted.

In respect of Stock and Contents in transit or in the open air:

- a) Accidental Damage cover does not apply; and
- b) Cover is limited to Fire and Perils.

3. Removal of Debris and Temporary Repairs

Cost of Removal of Debris, Demolition, Dismantling and any temporary repairs necessary (including Your legal liability for the cost of removal of debris, demolition, dismantling and any temporary repairs in regard to adjoining premises, property, services, roadways, waterways, as well as at the Situation) as a direct result of an Insured event up to 10% of the Sum Insured or \$25,000 whichever is the lesser.

4. Architects and Other Fees

Architects, Surveyors, Legal and Consulting fees approved by Us (which will not exceed those chargeable under the scales of the various institutes and authorities regulating their charges) necessarily incurred and payable to any of the professional persons referred to in this clause in the reinstatement of the Damage to Your property but only to the extent that the Sum Insured on that item is not otherwise exhausted and not including fees incurred to prepare a Claim under the Policy.

5. Fire Extinguishment & Emergency Services Costs

Costs and expenses, including wages of Your employees up to \$25,000, necessarily and reasonably incurred:

- a) in extinguishing fire at or in the vicinity of, and threatening to involve;
- b) in preventing or diminishing imminent Damage to;
- c) in gaining access consequent upon Damage to the Property Insured;
- d) in the replenishment of fire fighting appliances and apparatus;
- e) for the purpose of shutting off the supply of water or other substances that are accidentally discharged from any fire protective equipment or otherwise;
- f) in the Removal of Debris from the Situation by Fire Brigade Services;
- g) for which You are liable to any Fire Brigade Service;
- h) for which You are liable under any Fire Brigade legislation or similar legislation following circumstances described in (a) above; or
- i) in respect of Damage to employees' clothing and personal effects. Payment under this Additional Benefit is not dependent on Damage to Property Insured.

6. Flood

Provided that such an extension of cover is stated in the Schedule.

7. Fusion and Food Spoilage

Cover for the cost:

- a) of repairing or replacing any electric motor burned out as a result of electric current (up to replacement value or \$2,000 whichever is the lesser). If the motor is more than 3 years old, We will deduct 15% for each year of age up to a maximum of 80% from the replacement value. Depreciation will not be applied to labour costs;
- b) of replacing Your frozen or refrigerated food spoiled as a direct result of any electric motor burning out as a result of electric current (up to a maximum of \$1,000); and
- c) of temporarily hiring a freezer or refrigeration equipment until such time as the repair or replacement of the electric motor referred to in a) or b) above is complete (up to a maximum of \$1,000).

We will not cover:

1. damage for which any manufacturer, supplier, engineer or other person is liable under the provisions of any maintenance or warranty agreement with You; or
2. frozen or refrigerated food that is beyond its use by date

8. Capital Additions
Cover for Property Insured at any one situation is extended to include any alterations and additions to Buildings and Contents to an amount not exceeding ten per cent (10%) of the Sum Insured.
9. Discharge of Mortgage
Where the Sum Insured is not otherwise exhausted, We will pay up to the balance of the Sum Insured for the reasonable legal costs to discharge a mortgage or mortgages on Buildings only, but only where such discharge is rendered necessary as a direct result of a claim for which We have agreed to indemnify You.
10. Rewriting of Records
If the claim is in respect of Damage to Contents, the reasonable costs associated with the rewriting, reconstructing and restamping of Your records and books of accounts. The most We will pay under this Additional Benefit is ten per cent (10%) of the contents Sum Insured or \$50,000 whichever is the lesser.
11. Employees/Volunteers/Work Experience Students Tools, Equipment, Personal Effects and Clothing
Clothing, tools, equipment and personal effects (excluding electronic devices), not otherwise insured, belonging to the owners, partners, proprietors, directors, employees, volunteers or work experience students of Your Business whilst at the insured premises not exceeding \$1,000 for any one person.
12. Landscaping
Loss or damage to Landscaping (up to a maximum of \$10,000 any one loss) which includes trees shrubs plants, and lawns resulting from Accidental Damage and Fire and Perils.
13. Softfall
Loss or damage to Softfall materials which comply with the relevant Australian Standard (up to a maximum of \$5,000 any one loss) resulting from Accidental Damage and Fire and Perils excluding storm, tempest, rainwater, wind, snow, sleet and hail.
14. Raffle Prizes and Donated Goods
To be used for fundraising events connected with the Business (up to a maximum of \$2,000) resulting from Accidental Damage whilst in Your custody or the custody of any person authorised by You and which occurs away from Your premises but within the geographic limits.
15. Equipment Owned, Borrowed or Hired
Equipment owned, borrowed or hired by You such as marquees, tents, stalls and other items not belonging to You, (excluding side show/carnival rides and other entertainment equipment unless specifically agreed in writing), whilst in use in connection with exhibitions, festivals and events (up to a maximum of \$10,000 any one event) resulting from Accidental Damage.
16. Temporary Protection
The cost of temporary protection (up to a maximum of \$25,000 any one loss) reasonably necessary for the safety and protection of the Contents and Stock following loss or damage to the Insured Premises.
17. Branded Goods
Where We admit a claim under this section in respect of, and then salvage, goods and/or merchandise bearing a brand name or Trademark and where such goods and/or merchandise belong to You or are held by You on trust or commission, they shall not be disposed of by sale or auction without Your consent.

Further, if such consent is not forthcoming, then the damage will be assessed at the value of the goods or merchandise after removal of the brand name or Trademark.

This clause is intended to extend to goods sold but not delivered.
18. Exploratory Costs
The exploratory costs necessarily and reasonably incurred by the Insured to prevent imminent Damage or diminish Damage to Property Insured by any peril insured against by this Policy (up to a maximum of \$10,000).
19. Cost of Clearance of Drains
The costs of clearance of drains including expenses necessarily incurred in clearing and/or repairing drains, gutters, sewers and the like, at or in the vicinity of property hereby insured, consequence upon Damage recoverable hereunder (up to a maximum of \$10,000).

20. Emergency Evacuation

The costs and expenses necessarily incurred by the Insured for emergency evacuation of children in connection with Damage or the threat of Damage to the Insured Premises by a peril insured against by this Policy or where the evacuation is ordered by civil authority (up to a maximum of \$25,000).

BASIS OF SETTLEMENT OF CLAIMS

The basis of settlement for claims is Reinstatement or Replacement and Extra Costs, unless otherwise specified in the Schedule, as follows:

Reinstatement, Replacement

Reinstatement or Replacement means in the case of a Building its rebuilding where destroyed, and in the case of Contents lost or destroyed their replacement with similar property, in either case to a condition substantially the same as but not better or more extensive than their condition when new.

Where Buildings or Contents are damaged in part only, **Reinstatement or Replacement** means the repair of the Damage and the restoration of the damaged portion of the Building or Contents to a condition substantially the same as but not better or more extensive than their condition when new.

Indemnity means the cost necessary to replace, repair or rebuild the property destroyed or damaged to a condition substantially the same as but not better or more extensive than its condition at the time the damage occurred, making due allowance for depreciation, wear, tear and deterioration.

The work of rebuilding, replacing, repairing or restoring as the case may be, must be commenced and carried out with reasonable despatch, failing which We will not pay more than the cost of replacement, repair or rebuilding on an indemnity basis. The work may be carried out on another site and in any manner suitable to Your requirements but subject to Our liability not thereby being increased.

When Buildings or Contents are destroyed or damaged in part only, We will not pay more than the amount We could have been called upon to pay for reinstatement or replacement if such Buildings or Contents had been wholly destroyed.

No payment beyond the indemnity value of the loss shall be made until a sum equal to the cost of reinstatement shall have been actually incurred.

All other insurances covering the Property Insured by or on Your behalf shall be issued on a similar Reinstatement or Replacement basis.

Extra Costs

We will pay for the extra cost of reinstatement, including the cost of demolition or dismantling of damaged Buildings or Contents, necessarily incurred to enable compliance with the requirements of any statute or regulation of any municipal or statutory authority operative at the time of the reinstatement, provided the work of reinstatement (which may be carried out wholly or partially upon another site if the previously mentioned statute or regulation of any municipal or statutory authority so necessitates, subject to Our liability not thereby being increased) must be commenced and carried out with reasonable despatch, failing which We shall not be liable to make payment beyond the amount which would have been payable under this Section if this Clause had not been incorporated therein, **but not** any additional cost incurred in complying with any such requirement which You may have been required to comply with prior to the destruction or damage.

Additional Benefit 9 – Discharge of Mortgage if shown as covered in the Schedule shall not be applied to the amount recoverable under this Clause. If the cost of reinstatement of the damaged Property Insured is less than fifty (50%) per cent of what the cost of reinstatement would have been if such Property had been totally destroyed, the amount We will pay under this Clause will be limited to the extra cost of reinstatement necessarily incurred in reinstating only the damaged portion of the Property.

Floor Space Ratio Index (Plot Ratio)

In the event of a Building being declared a total loss or constructive total loss following Insured Damage, and, following the exercise of powers or authority by any government department, local government authority or statutory authority, reinstatement of such Insured Damage is limited or restricted by any statute or regulation of any such authority, resulting in the reduction of the floor space ratio index (plot ratio) of the site, We shall pay in addition to any amount payable for reinstatement of such Building the difference between the actual cost incurred in reinstatement in accordance with a reduced floor space ratio index (plot ratio) and the cost of reinstatement which would have been incurred had a reduced floor space ratio index not been applicable. Any payment by Us under this clause shall only be made after the said difference has been ascertained upon completion of the reinstatement referred to above, and after Your architect has duly certified the relevant amount.

Our liability under this Clause shall not cause Our liability in respect of a claim under Section 1 (Specified Events) to exceed the Sum Insured stated in the Schedule in respect of Buildings which are the subject of the claim.

UNDERINSURANCE / AVERAGE CONDITION

When the amount of a claim is more than five (5%) per cent of the relevant Sum Insured stated in the Schedule for Building or Contents or Stock, the following underinsurance condition will apply.

If the Sums Insured on Buildings, Contents or Stock is or are less than eighty five (85%) per cent of their respective replacement values at the commencement of the Period of Insurance, We will not pay for a greater proportion of the loss or damage than the relevant Sum Insured bears to eighty five (85%) per cent of the replacement value of the Buildings, Contents or Stock at the time the loss, destruction or damage occurred.

Our liability under this Clause shall not exceed the Sum Insured stated against each item in the Schedule.

This underinsurance/average condition shall not apply in the event of a total loss in which case We will pay the Sum Insured stated in the Schedule.

SECTION 2 BUSINESS INTERRUPTION

This Section forms part of the Policy only if so shown in the Schedule and, if so, must be read together with the General Definitions, General Conditions, General Exclusions, terms and limitations expressed in pages 8-9 of the Policy, and with the current Schedule.

DEFINITIONS APPLYING TO THIS SECTION

Accountant means a professional Accountant to be appointed by both You and Us or failing such appointment nominated by the President of the Institute of Chartered Accountants in Australia or by the President of the Australian Society of CPA's.

Annual Income means the gross income during the twelve (12) months immediately before the date of damage, to which adjustment shall be made to reflect the trend in the business and any other circumstances in order to arrive at the same result that would have been obtained had the damage not occurred.

Average Weekly Income means the average weekly gross income during the fifty two (52) weeks immediately before the damage (or such lesser period in the event that Your business has been in operation for less than fifty two (52) weeks) to which adjustment shall be made to reflect the trend in the business and any other circumstances in order to arrive at the same result that would have been obtained had the damage not occurred.

Gross Income means the money paid or payable to You for goods sold and/or services rendered or for rental received or payable (plus outgoings as defined or specified in any lease) to You in the course of the business less the purchase cost of stock.

Indemnity Period means the period beginning with the occurrence of the damage and ending not later than the number of weeks or months stated in the Policy Schedule during which the results of the business shall be affected in consequence of the damage.

Outstanding Accounts Receivable means the total amount owed to the business by customers as at the end of the month immediately prior to the date of the damage adjusted for:

- (a) bad debts;
- (b) amounts debited (or invoiced but not debited) and credited (including credit notes and cash not passed through the books at the time of damage) to customers' accounts in the period between the date to which the last statement relates and the date of the damage; and
- (c) any abnormal condition of trade which had or could have had a material effect on the business, so that the figured thus adjusted shall represent as nearly as reasonably practicable those which would have been attained at the date of the damage had the damage not occurred.

Standard Income means the gross income during that period corresponding with the indemnity period in the twelve (12) months immediately before the date of the damage, adjusted to reflect the trend in the business and any other circumstances in order to arrive at the same result that would have been obtained had the damage not occurred.

Weekly Income means the gross income received by You for each week the business is in operation.

COVER UNDER THIS SECTION

If the Business carried on by You is interrupted or interfered with as a result of Damage occurring during the Period of Insurance to:

1. Property insured under any of the following Sections of this Policy:
 - a) Section 1 – Property;
 - b) Section 3 – Burglary;
 - c) Section 4 – Money;
 - d) Section 5 – Glass;
 - e) Section 6 – General Property; or

f) Section 8 – Electronic Equipment,

for which a claim has been paid or liability admitted, or such claim would have been paid or liability admitted but for the application of an Excess;

2. Property insured under another insurance policy, and the insurer has paid or admitted liability under its policy or would have paid or admitted liability but for the application of an Excess; or
3. Property insured under Section 1 as a result of an explosion or implosion of boilers (other than boilers used for domestic purposes only), economisers, or vessels under pressure (including their own pressure).

We will, taking into account any sum saved during the Indemnity Period in respect of such charges and expenses of the Business as may cease or be reduced in consequence of the interruption or interference, indemnify You up to the limits specified in the Policy Schedule in respect of:

Gross Income

Where Gross Income has been selected, the amount payable as indemnity shall be:

- a) In respect of reduction of Gross Income, the amount by which the Gross Income earned during the indemnity period shall in consequence of the damage fall short of the standard income.
- b) Additional expenditure necessarily and reasonably incurred with Our consent for the sole purpose of avoiding or diminishing the reduction in the Gross Income of the business caused by the loss or damage. The amount expended shall not exceed the reduction in Gross Income thereby avoided (less expenses saved as a result of the damage).

Weekly Income

Where Weekly Income has been selected, the amount payable as indemnity shall be:

- a) The percentage of the weekly Sum Insured that the reduction in Your Weekly Income bears to the average Weekly Income, provided that the interruption or interference to the business is for a period exceeding one week and Our liability shall not exceed the average Weekly Income.
- b) Additional expenditure necessarily and reasonably incurred with Our consent for the sole purpose of avoiding or diminishing the reduction in the Weekly Income of the business caused by the loss or damage. The amount expended shall not exceed the reduction in Weekly Income thereby avoided (less expenses saved as a result of the damage).

Increased Cost Of Working

We will also pay the additional expenditure, not otherwise recoverable under any other cover option in this Section, You reasonably incur to minimise the effect of the loss or damage to the Business during the Indemnity Period.

ADDITIONAL BENEFITS

Following a claim under this Section for which We have agreed to indemnify You, the Insurance is extended to include:

Prevention of Access

- a) Damage by any insured event covered by the Property section to property within a 20 kilometre radius of Your premises or to a property forming part of or contained in a complex of which the location forms part;
- b) bomb threat;
- c) closure or evacuation of all or part of the premises by order of a competent government, public or statutory authority as a result of:
 - (i) food poisoning, murder or suicide; or
 - (ii) infectious or contagious human diseases,Within a 20 kilometre radius of Your premises.
However, there is no cover for highly pathogenic Avian Influenza or any disease declared to be a quarantinable disease under the Quarantine Act 1908 (as amended) irrespective of whether discovered at the location of Your premises, or out breaking elsewhere.
- d) closure or evacuation of all or part of the premises by order of a competent government, public or statutory authority as a result of:
 - (i) vermin or other animal pests, or
 - (ii) incorrect operations of drains or other sanitary arrangementsat the location.

Which shall prevent or hinder the use of Your building or access thereto, or results in a cessation or diminution of trade due to temporary falling away of potential customers.

Public Utilities, Customers, and Suppliers

Where Damage occurs within Australia at:

- a) electricity station or substation;
- b) a gas supplier;
- c) water or sewerage services;
- d) a customer's premises; or
- e) a supplier or manufacturer of goods, components or materials,

and these premises supply goods or services utilised by You or You supply goods or services to them, where damage is caused by and would be covered by an insured event listed in the Property Section of this Policy, the consequential reduction of Gross Income or Weekly Income resulting from such interruption or interference shall be deemed to be loss resulting from loss or damage to property used by You at Your premises.

We will not pay more than twenty per cent (20%) of the Sum Insured for Gross Income or Weekly Income in respect of loss resulting from such interruption or interference at suppliers' premises.

Nor by reason of this or the combined operation of this clause and any other clauses in this Section, shall We be obliged to pay more than the Sum Insured for Gross Income or Weekly Income in any one Indemnity Period or during the term of this Policy.

SECTION 3 BURGLARY

This Section forms part of the Policy only if so shown in the Schedule and, if so, must be read together with the General Definitions, General Conditions, General Exclusions, terms and limitations expressed in pages 8-9 of the Policy, and with the current Schedule.

Our total liability during any one Period of Insurance, will not exceed, in respect of each item, the Sum Insured shown in the Schedule for that item.

DEFINITIONS APPLYING TO THIS SECTION

1. **Contents** means the items belonging to You or for which You are legally responsible, or have assumed a responsibility to insure, described below:
 - a) furniture, furnishings, carpets, curtains and internal blinds;
 - b) utensils of trade, non-fixed or portable equipment including play equipment, office equipment, Safes, Strongrooms;
 - c) computers, all equipment connected to and operating from Computers, and all disks, tapes, cards or other materials used for storing data;
 - d) advertising material and display equipment;
 - e) where You are a tenant of leased or rented premises;
 - landlord's fixtures and fittings for which You are liable under the terms of a lease or similar agreement;
 - fixtures and fittings, or materials and supplies intended for use in the construction of fixtures and fittings to be installed for Your own use;
 - f) documents but only for their value as stationery;
 - g) patterns, models, moulds, designs;
 - h) unused books, books of reference, stationery;
 - i) Stockbut does not mean:
 - I. Tobacco, Cigars and Cigarettes;
 - II. Items specified in the Schedule;
 - III. Money;
 - IV. Vehicles or trailers (including their accessories) registered or licensed to travel on a public road, other than mobile plant and equipment that is so registered or licensed, while on Your Premises, but excluding cars, sedans, panel vans and trucks;
 - V. Watercraft, aircraft, locomotives or rolling stock, including their accessories; or
 - VI. any "contents" of a "residential building" as those terms are defined in regulation 7.1.13 of the Corporations Regulations 2001 (Cth).
2. **Stock** means the items belonging to You or for which You are legally responsible, or have assumed a responsibility to insure, described below:
 - a) merchandise or materials of trade manufactured, or in the course of manufacture;
 - b) materials used in making and packing;

- c) stock on consignment;
- d) goods held in trust or on commission;
- e) pallets and containers; and
- f) consumable materials used in the operation of machinery,

but does not include:

- I. Tobacco, Cigars and Cigarettes;
- II. Contents;
- III. Items specified in the Schedule;
- IV. Money.

COVER UNDER THIS SECTION

The items shown in the Schedule are insured whilst within the Premises, against destruction, loss or damage (other than breakage of glass) caused by:

1. Theft or attempted Theft, consequent upon forcible or forcible and violent entry into the Premises;
2. Theft or attempted Theft occurring outside Business Hours, by a person having been feloniously concealed on the Premises, provided that there is evidence of forcible and violent exit from the Premises;
3. Theft, consequent upon threat of immediate violence or violent intimidation;
4. Armed hold-up at the Situation;
5. Theft, fraud or dishonesty by any of Your employees provided that the loss is discovered within twenty one (21) days of its occurrence and Our Limit of Liability during any one Period of Insurance in respect of all such loss shall not exceed \$1,000, **but not** any loss by theft in which any member of Your household is involved as a principal or accessory or theft from any open space whether fenced or unfenced outside the walls of any building at the Situation; and
6. Theft of Property Insured located in the open air (up to a maximum of \$10,000).

The items shown in the Schedule are insured whilst located for storage purposes only at an alternative premises up to a maximum of \$10,000 any one claim.

ADDITIONAL BENEFITS

Following a claim under this Section for which We have agreed to indemnify You, the Insurance is extended to include:

1. Theft Without Forcible Entry
Subject to the Sum Insured not being otherwise exhausted We will indemnify You for losses of Contents (excluding Stock) resulting from theft without forcible and violent entry to the premises at the Situation up to an amount of \$10,000;
2. Temporary Protection
The cost of temporary protection (up to a maximum of \$10,000 any one claim) reasonably necessary for the safety and protection of the Contents and Stock following insured loss or damage to the premises at the Situation;
3. Developing Film
The cost of developing the film of security cameras following the occurrence of an event specified in SECTION 3, COVER UNDER THIS SECTION, or an attempt thereat;
4. Replacement Locks
The cost of replacing locks and keys which secure external doors, windows and other openings of the buildings at the Situation, the keys for which are lost or stolen during the Period of Insurance **but** such locks must be

replaced with locks of a similar type and quality. We will not pay more than \$5,000 under this Clause in any one Period of Insurance;

5. Employees/Volunteers/Work Experience Students Tools, Equipment, Personal Effects and Clothing
The cost of employees', volunteers', or work experience students' tools, equipment, personal effects (excluding electronic devices) and clothing not otherwise insured against loss or damage resulting from an insured event whilst at the Situation up to the sum of \$1,000 or the amount shown in the Schedule, whichever is the greater;
6. Customers goods for which You are legally liable which are held at the premises at the Situation up to an amount of \$1,000 any one claim.
7. Temporary cover, on the same basis as set out in this Section, at new premises first occupied by You during the Period of Insurance and not for more than 30 days from the first date of such occupation; and
8. Temporary removal of Property Insured from its location at the Premises and situated in another building within the geographic limits (to a maximum of 20% of the Sum Insured under this Section) excluding:
 - a. stock held by others on consignment;
 - b. money;
 - c. directors or employees tools, equipment, personal effects and clothing; and
 - d. theft without forcible entry into the building at the other location.

CONDITIONS APPLICABLE TO THIS SECTION

Burglar Alarm Systems

Where the situation is protected by a burglar alarm system, You must ensure that:

1. the burglar alarm system is made fully operative whenever the Premises are left unattended;
2. You exercise all due care to maintain all burglar alarm systems under Your control so that they are in good working order at all times and are tested daily, except on non-business days; and

If You do not meet both of these conditions, We may refuse to pay, or reduce the amount We pay for, any claim.

EXCLUSIONS

We will not cover:

1. Money, documents, patterns, models, moulds, plans or designs (unless stated in the Schedule), tobacco, cigarettes or cigars (unless stated in the Schedule);
2. any consequential loss whatsoever; or
3. loss, destruction or damage due to, or sustained by or through Theft or any attempted Theft, or any act of fraud or dishonesty committed by any:
 - a) members of Your family;
 - b) persons in Your service, other than loss or destruction or damage through Theft or any attempted Theft committed by persons in Your service following forcible and violent entry by such persons to the Premises;
 - c) loss, destruction or damage if the Premises become unattended and remain so for any period of more than sixty (60) consecutive days, unless Our written agreement to continue cover has been obtained prior to the loss; or
 - d) loss, destruction or damage as a result of trickery.

SECTION 4 MONEY

This Section forms part of the Policy only if so shown in the Schedule and, if so, must be read together with the General Definitions, General Conditions, General Exclusions, terms and limitations expressed in pages 8-9 of the Policy, and with the current Schedule.

The most We will pay during any one Period of Insurance or for any claim arising out of one event or series of events arising directly or indirectly from one source or original cause, for each item specified in the Schedule, is the Sum Insured shown in the Schedule for that item.

COVER UNDER THIS SECTION

We will pay to You or on Your behalf (up to a maximum of \$5,000, unless a higher Money Sum Insured is stated in the Schedule) the value of Money belonging to You and connected with the Business in the event of loss of or damage to such Money:

1. in Your personal custody and/or that of persons authorised by You whilst in transit to or from Your private residence and/or that of persons authorised by You to and from Your bank or whilst such Money is contained in the night safe of any bank where You normally transact business or when being made up for banking. Provided that Our liability for Money in night safes shall cease at bank closing time on the next business day following deposit therein, and, in the case of Money drawn as wages and/or salaries and carried by You and/or persons authorised by You also whilst on the premises at the Situation, shall cease when the Money is paid away.

Provided further that Our liability in respect of Money not paid out on the day of withdrawal from Your bank shall be limited to an amount not exceeding forty (40%) per cent of the particular withdrawal, provided that during non-business hours such Money be kept in a securely locked safe or securely locked strongroom on the premises;

2. on the premises at the Situation during Business Hours;
3. on the premises at the Situation outside Business Hours, whilst contained in a securely locked safe or strongroom;
4. on the premises at the Situation not kept in a securely locked safe or strongroom (up to a maximum of \$500); and or
5. in Your personal custody at Your private residence and/or the personal custody of persons authorised by You whilst contained in their own private residences, provided that:
 - (i) Our liability will cease at Your bank closing time on the next bank business day following that on which the transit of the Money to the private residence was completed, and
 - (ii) for loss of or damage to coins and banknotes, We will only pay their face value (if any) at the time of the loss or damage and will not pay for any additional value they may have arising out of their rarity or value as collectables.

ADDITIONAL BENEFITS

Following a claim under this Section for which We have agreed to indemnify You, the Insurance is extended to include:

1. **Collusion or Act Of Fraud:** Cover of \$1,000 during any one Period of Insurance for loss by or through the collusion in any act of fraud or dishonesty by any of Your employees.
2. **Replacement Locks:** The cost of replacing locks and keys which secure external doors, windows and other openings of the buildings at the Situation which are damaged, lost or stolen during the Period of Insurance during the course of circumstances giving rise to indemnity under this section, **but** such locks must be replaced with locks of a similar type and quality. We will not pay more than \$5,000 under this Clause in any one Period of Insurance
3. **Fundraising Events:** Automatic increase to Money Sum Insured to \$1,000 for 5 days prior to, during, and 5 days after a fund raising event connected with the Business, and whilst in transit in connection with such an event.

EXCLUSIONS

We will not pay for:

1. shortages resulting from clerical or accounting errors or loss due to errors in receiving or paying out;
2. loss not discovered within seven (7) working days after its occurrence;
3. any act of fraud or dishonesty by You or that of any member of Your family, directors or partners;
4. loss of Money exceeding \$1,000 during any one Period of Insurance by or through the collusion in any act of fraud or dishonesty by any of Your employees;
5. loss destruction or damage to Money carried by professional money carriers, professional carriers or common carriers;
6. loss from an unattended vehicle; or
7. loss from a safe or strongroom opened by a key or by use of details of a combination or other code any of which has been left on the Premises outside Business Hours.

SECTION 5 GLASS

This Section forms part of the Policy only if so shown in the Schedule and, if so, must be read together with the General Definitions, General Conditions, General Exclusions, terms and limitations expressed in pages 8-9 of the Policy, and with the current Schedule.

DEFINITIONS APPLYING TO THIS SECTION

1. **Breakage** means:
 - a) for any plate of sheet Glass or porcelain, a fracture extending through the entire thickness of the Glass or porcelain; and
 - b) for laminated Glass, a fracture extending through the entire thickness of a lamination, but not:
 - I. any other damage or disfiguration; or
 - II. caused by or in consequence of fire or artificial heat.
2. **External Glass** means:
 - a) external fixed glass forming part of the premises and any shatter resistant or reflective film affixed thereto; and
 - b) ceramic tiled shop fronts.
3. **Internal Glass** means:
 - a) all fixed internal glass, sinks, wash basins and sanitary ware and mirrors (other than hand mirrors) whilst in the Premises; and
 - b) showcase frames, display cabinets and counter frames in the premises,but does not include:
 - I. glass forming part of stock in trade or merchandise;
 - II. glassware, crystal, crockery or china; or
 - III. imperfect glass.
4. **Signs** means Glass or plastic that forms part of a sign.

COVER UNDER THIS SECTION

We will indemnify You in the event of Breakage of the Glass shown in the Schedule

ADDITIONAL BENEFITS

Where We have admitted a claim under this Section, Section 5 extends to cover up to the greater of \$1,000 for each of the following benefits:

1. replacing sign writing or ornamentation affixed to the broken Glass.
2. temporary shuttering, boarding up or other protection reasonably necessary for the safeguarding of the Premises or contents therein, pending replacement of the broken Glass.
3. replacing damaged window frames and tiled shop fronts, but with due allowance for wear and tear.
4. the value at cost, of the stock or contents destroyed or damaged by broken Glass following the Breakage of Glass where such breakage constitutes an admissible claim under this section, less any amount realised from the sale of any salvage.
5. Following a claim under this Section, We will reinstate the Sum Insured from the date of loss, provided You pay or agree to pay any additional premium that may be required by Us.

SETTLEMENT OF CLAIMS

In the event of a Breakage of Glass as shown in the Schedule We Will, at Our option:

1. replace the broken Glass in compliance with the requirements of Standards Australia and/or any Statutory Authority; or
2. pay the cost of replacement of such glass.

EXCLUSIONS**Unattended Premises**

We will not pay a claim where the Premises become unattended and remain so for any period of more than sixty (60) consecutive days, unless Our written agreement to continue the cover has been obtained.

SECTION 6 GENERAL PROPERTY

This Section forms part of the Policy only if so shown in the Schedule and, if so, must be read together with the General Definitions, General Conditions, General Exclusions, terms and limitations expressed in pages 8-9 of the Policy, and with the current Schedule.

Our total liability during any one Period of Insurance, will not exceed, in respect of each item, the Sum Insured shown in the Schedule for that item.

DEFINITIONS APPLYING TO THIS SECTION

General Property means the items of property owned by You or for which You are legally responsible and which are described in the Schedule including any accessories or carrying cases.

General Property does not mean:

1. Property
 - (a) wholly or predominantly used for personal, domestic or household purposes by:
 - (i) You or any other person insured under the Policy;
 - (ii) a relative of or any other person insured under the Policy; or
 - (iii) any person with whom You or any other person insured under the Policy resides; and
 - (b) ordinarily used for that purpose,
or is otherwise personal and domestic property for the purposes of regulation 7.1.17 13 of the Corporations Regulations 2001 (Cth); or
2. any "contents" of a "residential building" as those terms are defined in regulation 7.1.13 of the Corporations Regulations 2001 (Cth).

Loss means loss or damage caused by or arising from a sudden and unforeseen accident.

COVER UNDER THIS SECTION

We will pay for Loss of General Property happening anywhere in Australia.

BASIS OF SETTLEMENT

1. We may at Our option repair or replace any lost or damaged General Property, or pay the lesser of the amount of the loss or damage up to the market value, or the General Property Sum Insured stated in the Schedule.
2. We will not pay for the cost of any alterations, improvements or overhauls carried out on the occasion of repair or replacement resulting from a Loss.
3. Where the Loss is confined to part of the item of General Property, We shall pay for the repair or replacement of that item plus the cost of any dismantling and reassembling necessary.
4. Where the item of General Property that has been lost or damaged is one of a pair or part of a set, We shall only be liable to pay for the repair or replacement of the lost or damaged item.

EXCLUSIONS

1. We will not pay for loss or damage directly or indirectly caused by:
 - (a) Mechanical or electronic breakdown or derangement unless as a consequence of a Loss;
 - (b) Cracking, scratching or breakage of glass or fragile items or surfaces unless as a consequence of Loss;
 - (c) Loss or damage caused by rust or oxidation, mildew, mould, moths, vermin, insects, change of colour, or any process of heating, drying, cleaning, dyeing or alteration to the item of General Property;
 - (d) The action of light or atmospheric conditions or gradually developing conditions, vibration, wear and tear or depreciation;

- (e) Dishonesty by You or others to whom the item of General Property may be delivered, entrusted, loaned or rented;
- (f) Action of the sea, tidal wave, high water or flood; or
- (g) Theft without forcible and violent entry to locked premises or vehicles containing the General Property.

- 2. We will not pay for loss or damage to sporting equipment while in use.
- 3. We will not pay for consequential loss of any description.

SECTION 7

MACHINERY BREAKDOWN

This Section forms part of the Policy only if so shown in the Schedule and, if so, must be read together with the General Definitions, General Conditions, General Exclusions, terms and limitations expressed in pages 8-9 of the Policy, and with the current Schedule.

In respect of Machinery, Our total liability for any claim arising out of one event or series of events arising directly or indirectly from one source or original cause will not exceed the Sum Insured shown in the Schedule.

DEFINITIONS APPLYING TO THIS SECTION

1. **Breakdown** means unforeseen and sudden physical loss of or physical destruction to Machinery, which requires repair or replacement to enable normal working to continue.
2. **Insured Item** means all electrical, electronic and mechanical machinery used by You in the Business.
3. **Machinery** means electric, electronic, mechanical or hydraulic machinery together with associated controls belonging to You or for which You are responsible or have assumed a responsibility to insure, but does not include:
 - a) wiring, fittings and outlet sockets of electric lighting or electric power circuits;
 - b) computers, office machines and portable and/or hand-held electronic equipment;
 - c) telephone and closed circuit television installations;
 - d) any Mobile Machinery, vessel, craft or thing made or intended to fly, float or travel, or stored in or mounted upon such Mobile Machinery, vessel, craft or thing;
 - e) gaming, gambling, amusement, vending and/or coin/card operated machinery, or audio or visual entertainment equipment;
 - f) machinery not owned by You; or
 - g) research, diagnostic and electro-medical equipment,unless specified in the Schedule.

COVER UNDER THIS SECTION

The Machinery for which a Sum Insured is shown in the Schedule is insured whilst at the Situation for Breakdown.

ADDITIONAL BENEFITS

Following a claim under this Section for which We have agreed to indemnify You, the Insurance is extended to include:

1. Where an item of Machinery not already insured under this Section is commissioned during the Period of Insurance, We will extend cover to that item in terms of this Section after it has been commissioned, provided that:
 - (i) such item is free of material defect and in sound working condition at the time it is commissioned as far as You are aware;
 - (ii) such item must not be operated until You have met any statutory requirements for inspection and/or certification of the item; and
 - (iii) You pay Us such additional premium as We may require. The addition of any item does not alter the Sum Insured stated in the Schedule.
2. We will pay up to \$1,000 for the cost of hiring temporary machinery or the cost of effecting temporary repairs or expediting permanent repair including overtime working or the use of express or air freight, if the Sum Insured is not otherwise exhausted.

3. Deterioration of refrigerated goods due to Breakdown and/or the failure of public supply services resulting from any deliberate act by the supply authority not performed for the sole purpose of safeguarding life or protecting any part of the public supply system (up to a maximum of \$1,000).

BASIS OF SETTLEMENT

We will pay for:

1. The cost of replacement of the damaged item where the damaged item cannot be repaired, or the reasonable cost of restoring the damaged item to its former working order **but not** the cost of any alterations, additions, improvements, modifications or overhauls. Where the lost or damaged components or manufacturer's specified parts are no longer available due to obsolescence, the Basis of Settlement will be the cost of providing alternative suitable components equal to but not better than the original component being substituted;
2. The cost to replace insulating oil from transformers or capacitors, or to replace oil and refrigerant gas from air conditioning units, but only where incurred as a result of Breakdown;
3. The cost of dismantling and re-erecting necessary to complete the repairs;
4. Ordinary freight costs to and from a repair shop;
5. Any Customs duties;
6. Charges for overtime and work on Public Holidays limited to twenty-five (25%) per cent of the Sum Insured for the Insured Item.

EXCLUSIONS

We will not pay for:

1. Wear and tear or gradual deterioration;
2. Chipping, scratching or discolouration of painted or finished surfaces;
3. The deterioration of any pre-existing crack, fracture, blister, lamination, flaw or grooving which had not previously penetrated completely through the entire thickness of the material or item, notwithstanding that the repair of the part affected may be necessary either immediately or at some future time, except where caused by Breakdown and except where You did not know or should not reasonably have known of the pre-existing condition;
4. Damage to glass or ceramic components or defective tube joints or other defective joints or seams or any valve fitting, shaft seal, gland packing joint or connection except where caused by Breakdown or foundations, brickwork and refractory materials forming part of an insured item or expendable items including electrical and electronic glass bulbs, tubes, lamps, x-ray tubes, electrical contacts, fuses, heating elements, commutators, slip rings, conducting brushes, thermal expansion (TX) valves, thermostats, protective and controlling devices, overloads, track rails, wear plates, blades, cutting edges, tools, dies, engraved cylinders, moulds, templates, patterns, shear pins, saws, knives, chains, belts, ropes, tyres, conveyor belts, pressure switches, bearings, valves, valve plates, filters and dryers;
5. Damage to computers, telecommunication, transmitting and receiving equipment, electronic data processing equipment, research, diagnostic and electro medical equipment, lifts, escalators, electrical office machines, coin operated machines, gaming machines, storage tanks and vats, stationary and mobile pressure vessels containing explosive gases, mobile machinery, ducting, reticulating apparatus, electrical wiring, water and gas piping and other plant and equipment not owned by You or not installed or used at the location otherwise unless stated in the Schedule;
6. Consequential loss of any kind under this section unless specifically stated;
7. Damage under this section caused directly or indirectly by explosion;
8. The application of any tool or process in the course of maintenance, inspection, repair, alteration, modification or overhaul;
9. Damage occurring during installation and erection other than dismantling, movement and re-erection for the purpose of cleaning, inspection, repair or installation in another position within the location, the carrying out of tests involving abnormal stresses including the intentional overloading of any insured item or any raising or lowering operation in which a single load is shared between more than one item of lifting equipment;

10. Damage for which any manufacturer, supplier, engineer or other person is liable under the provisions of any maintenance or warranty agreement with You;
11. Loss of oil, liquid or gas resulting from leakage from glands, seals, gasket, and joints, or from corroded, pitted or deteriorated parts;
12. The cost of converting refrigeration/air conditioning units from the use of chlorofluorocarbon refrigerant gas to any other type of refrigerant gas; or
13. Damage as a result of usage beyond the specifications set by the manufacturer.

SECTION 8 ELECTRONIC EQUIPMENT

This Section forms part of the Policy only if so shown in the Schedule and, if so, must be read together with the General Definitions, General Conditions, General Exclusions, terms and limitations expressed in pages 8-9 of the Policy, and with the current Schedule.

Our total liability during any one Period of Insurance, will not exceed, in respect of each item, the Sum Insured shown in the Schedule for that item.

DEFINITIONS APPLYING TO THIS SECTION

1. **Data Media** means material carrying or capable of carrying information or data, including but not restricted to disk packs, discs (hard, floppy and compact), diskettes, tapes and cards but not the information or data contained thereon.
2. **Insured Equipment** means the pieces of electronic equipment described in the Schedule.
3. **Loss or Damage** means physical loss or damage to the Insured Equipment or the disappearance of such property in ascertainable circumstances.
4. **Market Value** means the retail value of items or equipment of similar type, capacity, age and condition.

MATERIAL DAMAGE TO ELECTRONIC EQUIPMENT

1. We will pay for Loss or Damage to the Insured Equipment in accordance with the Basis of Settlement and up to the Sum Insured, but not if such Loss or Damage is:
 - a) otherwise covered under Section 1, Section 3 or Section 6 of this Policy; or
 - b) excluded under the Exclusions applicable to this Section or under the General Exclusions, provided always that such Loss or Damage occurs during the Period of Insurance and that the Insured Equipment has been commissioned, is within the Situation and at the time of Loss or Damage is functioning normally.
2. We will also pay for Loss or Damage falling under sub-clause 1. above occasioned to Data Media as if it were Insured Equipment, including Data Media which is temporarily located elsewhere than within the Situation for the sole purpose of processing, safekeeping or related transit.
3. The amount We will pay, calculated as per the Basis of Settlement clause, will be subject both to the Sum Insured and the Excess specified in the Schedule as applying to this Section.

BASIS OF SETTLEMENT

1. The Basis of Settlement for claims under this Section shall be:
 - a) the cost of repairs necessary to return the damaged item to its state immediately prior to the Loss or Damage;
 - b) the replacement cost of the item but if the item is more than three years old We will deduct 20% from such cost for each year of age to a maximum of 80% of such cost;
 - c) the replacement cost of Data Media which is lost or damaged; and
 - d) in the case of all other items of Insured Equipment, We will settle a claim on the basis of a total loss where the cost of repairs equals or exceeds the actual value of such item immediately prior to the Loss or Damage.

Where the cost of repairs does not equal or exceed the amount, We will settle on the basis of Repairable Damage.

REPAIRABLE DAMAGE

1. Subject always to the right to deduct salvage value from any payment, and subject to the Sum Insured and Excess, We will pay:

- a) all expenses necessarily and reasonably incurred to restore the lost or damaged item of Insured Equipment to its former state of functionality;
 - b) the reasonable cost of dismantling the Insured Equipment for the purpose of such repairs and the reasonable cost of its subsequent re-assembly;
 - c) the reasonable cost of ordinary freight to and from the place of repair; and
 - d) customs or other duties necessarily incurred in the process of repair.
2. With Our prior permission only, We will pay the cost of materials and wages reasonably and necessarily incurred where repairs are conducted by You at Your own workshop.

To a combined maximum of 25% of the labour cost of replacement at ordinary rates, We will also pay:

- I. such reasonable extra charges as are necessarily incurred as a result of work being carried out on weekends or on public holidays; and
- II. express freight charges within Australia, where reasonably incurred and where a recognised airline on a scheduled service is used, however not for a specially chartered aircraft.

TOTAL LOSS

1. At Our option, We may:
 - a) replace the lost or damaged item of Insured Equipment with a similar and equivalent item;
 - b) where the item of Insured Equipment was under five years old as at the date of loss or damage, pay You a sum equivalent to the cost of acquiring an equivalent item; or
 - c) where the item of Insured Equipment was older than five years as at the date of loss or damage, pay the Market Value applicable to that item as at the date of loss or damage.
2. To a combined maximum of 25% of the labour cost of replacement at ordinary rates, We will also pay:
 - a) such reasonable extra charges as are necessarily incurred as a result of work being carried out on weekends or on public holidays; and
 - b) express freight charges within Australia, where reasonably incurred and where a recognised airline on a scheduled service is used, however not for a specially chartered aircraft.

SPECIAL EXTENSIONS

1. Power Surge Cover
 - a) Cover is extended under Material Damage as set out above in respect of Loss or Damage to Electronic Equipment arising out of a power surge occurring in the public electricity supply; and
 - b) A higher Unprotected Power Surge Excess as stated in the Schedule shall apply where the item of Insured Equipment affected by such power surge is not fitted at the time of the power surge with an external surge protection device to both the power supply and data lines.
2. Transit Cover
 - a) Cover is extended under Material Damage as set out above in respect of such items of Insured Equipment as are nominated in the Schedule, for Loss or Damage occurring during the normal course of transit anywhere in Australia subject to the exclusions detailed in sub-clause 2. b) of this extension below.
 - b) Indemnity under the Transit Cover extension is not available in respect of Loss or Damage:
 - I. arising out of theft or attempted theft occasioned whilst the items of Insured Equipment are left unattended, however this exclusion does not apply to such items when within securely locked

premises or out of sight inside a securely locked motor vehicle provided such vehicle is not left parked overnight on the street; or

- II. occurring whilst the items of Insured Equipment are installed or carried in or on any aircraft, aerial device, vessel or watercraft, however this exclusion does not apply to such items when being carried by You or one of Your employees as personal hand luggage while on any such conveyance.

EXCLUSIONS APPLICABLE TO MATERIAL DAMAGE TO ELECTRONIC EQUIPMENT

1. We will not pay for Loss or Damage occasioned to expendable items, including fuses, batteries, belts, chains, tapes or ribbons, any other component ordinarily requiring periodic or frequent replacement.
2. Cover does not apply under this Section in respect of Loss or Damage caused by or arising out of:
 - a) faults or defects of which You or Your employees were aware or ought reasonably to have been aware prior to the commencement of the Period of Insurance and which were not disclosed to Us;
 - b) rust, corrosion, gradual deterioration or oxidisation; or
 - c) wasting, wearing away or wearing out of any component of an item of Insured Equipment in the course of ordinary use.
3. Cover does not apply under this Section in respect of :
 - a. any kind of consequential loss;
 - b. Damage in the form of scratching, chipping or discolouration of painted, polished or finished surfaces;
 - c. Loss or Damage to an item of Insured Equipment occurring when such item is not in Your possession, except as provided by SPECIALEXTENSION – 2.Transit Cover; or
 - d. Loss or Damage caused or contributed to by Your failure to comply with the manufacturer's recommendations and instructions for the maintenance and use of all items of Insured Equipment.

DATA REPLACEMENT COSTS

Applicable only if You have selected this option and it is so shown on the Schedule:

1. Where Loss or Damage is occasioned to an item of Insured Equipment, and where indemnity is granted under this Section in respect of such Loss or Damage, and where there is a loss of information or data stored on Data Media within an item of Insured Equipment as a direct consequence of such Loss or Damage, We will reimburse Your reasonable expenses necessarily incurred to reproduce the data or information in order to restore the Data Media to a condition equivalent to its condition immediately prior to the Loss or Damage, however only:
 - a) where such reproduction and restoration is necessary for the normal operation of the electronic data processing system of which the item of Insured Equipment formed part;
 - b) where at the time of such Loss or Damage, the item of Insured Equipment was at the Situation, at the premises where the Data Media is normally stored, or temporarily at any alternative premises for the sole purpose of data processing or in transit for such purpose;
 - c) to the extent of the Sum Insured appearing in the Schedule.
2. Under 1. above, We will only reimburse such expenses as are necessarily incurred within a period of twelve months after the date of the Loss or Damage.
3. Solely in terms of Data Replacement Costs 1. above, cover is extended to include the reasonable expenses necessarily incurred in restoring Your data or information where such restoration is necessitated by Loss or Damage to an electronic data processing system which is not owned by You and which You are not responsible to insure, but which is being used by You at the time of the Loss or Damage to that system, provided that indemnity would be available under Material Damage to Electronic Equipment in respect of such Loss or Damage were such system insured by Us under Material Damage to Electronic Equipment.

CONDITIONS

It is a condition precedent to indemnity under Data Replacement Costs that Data Media must be updated at least weekly and that duplicate copies of updated Data Media must be stored off site for safekeeping and be readily accessible for use in any work of restoration.

EXCLUSIONS APPLICABLE TO DATA REPLACEMENT COSTS

1. Cover does not apply in respect of Loss or Damage caused by or arising out of:
 - a) faults or defects of which You or Your employees were aware or ought reasonably to have been aware prior to the commencement of the Period of Insurance and which were not disclosed to Us;
 - b) rust, corrosion, gradual deterioration or oxidisation;
 - c) wasting, wearing away or wearing out of any component of an item of Insured Equipment in the course of ordinary use.
2. Cover does not apply in respect of any kind of consequential loss.
3. Cover does not apply in respect of Loss or Damage to (which term includes in the context of this cover only distortion of) information or data, which does not arise from Loss or Damage to the Data Media containing such information or data.
4. Cover does not apply in respect of Loss or Damage caused or contributed to by Your failure to comply with the manufacturer's recommendations and instructions for the maintenance and use of all items of Insured Equipment.

INCREASED COST OF WORKING (COMPUTER)

Applicable only if You have selected this option and it is so shown on the Schedule:

1. Where Loss or Damage to an item of Insured Equipment occurs in circumstances giving rise to indemnity under Material Damage to Electronic Equipment, and as a direct consequence of such Loss or Damage the normal operation of Your electronic data processing system is interrupted, We will reimburse Your reasonable costs of implementing a substitute electronic data processing system provided such costs are necessarily incurred to enable the continuation of Your normal business operations during the period of such interruption.
2. We will deduct from any sum payable by Us any amount saved during the period of such interruption in respect of charges and expenses of the Business which cease or are reduced as a result of the Loss or Damage in respect of which indemnity has been granted under Material Damage to Electronic Equipment, including any such savings occasioned by virtue of the interruption of the normal operation of Your data processing system.
3. The amount payable by Us will be limited to such costs incurred for a period of three months from the date of Loss or Damage, and subject always to the Sum Insured and Excess stated in the Schedule.

EXCLUSIONS

1. Cover does not apply in respect of:
 - a) costs or expenses, irrespective of when incurred, arising solely from the discontinuance of manufacture by reason of obsolescence of Your electronic data processing system or of any component part of such system;
 - b) costs or expenses arising out of the need to use a substitute electronic data processing system caused by the making of alterations or improvements to, or the normal cleaning, alteration, adjustment, inspection, or maintenance of Your electronic data processing system;
 - c) costs or expenses arising out of any interruption of Your electronic data processing system which results directly or indirectly from any decision, action or inaction of any government or public or statutory authority.