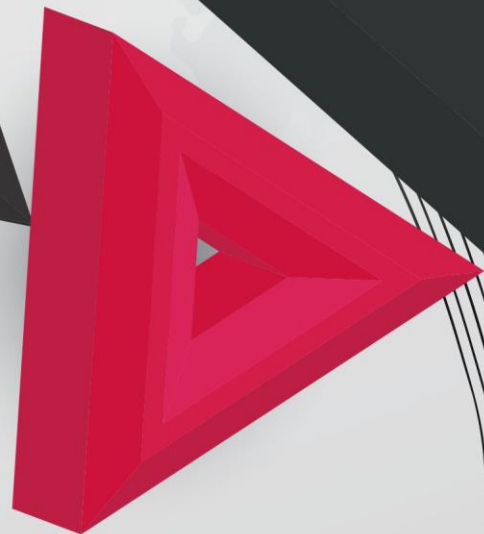


INDUSTRIAL SPECIAL RISKS INSURANCE POLICY

Brooklyn ISR Policy Wording 010821



Introduction

The **Insured** and the **Insurer** agree that the **Insurer** will, in consideration of the paid premium, provide insurance to the **Insured** under the terms and conditions of this **Policy**. This **Policy** consists of your proposal, this document, the **Policy Schedule** and any **Certificates** and **Endorsements** affixed hereto. All of these should be read as if they were the one document.

This **Policy** is written on a **Claims** made and notified basis, which means that, subject to Clause 3.3 **Continuous Cover**, it will only respond to **Claims** first made against the **Insured** and notified to the **Insurer** during the **Period of Insurance**. Any word or expression to which a specific meaning has been attached shall bear the specific meaning as defined in Section 4, **Definitions**, wherever it may appear.

Duty of Disclosure

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

You have the same duty to disclose those matters to the **Insurer** before you renew, extend, vary or reinstate a contract of general insurance. You have this duty until we agree to insure you.

Your duty however does not require disclosure of matter:

- that diminishes the risk to be undertaken by the **Insurer**;
- that is of common knowledge;
- that your **Insurer** knows or, in the ordinary course of his business, ought to know;
- as to which compliance with your duty is waived by the **Insurer**.

Non-Disclosure & Misrepresentations

If you fail to comply with your Duty of Disclosure, the **Insurer** may be entitled to reduce their liability under this **Policy** in respect of a **Claim** or may cancel the **Policy**.

If your non-disclosure is fraudulent, the **Insurer** may also have the option of avoiding the contract from its beginning.

Privacy

XL Insurance Company SE, Australia branch, trading as Brooklyn Underwriting (Brooklyn) collects personal information in order to provide its various services which include insurance broking, claims management, risk management consultancy, underwriting management, and reinsurance.

If the personal information Brooklyn requests from you is not provided, Brooklyn or any involved third party may not be able to provide the appropriate services.

Brooklyn discloses personal information to third parties who are involved in the provision of our services. For example, in arranging and managing your insurance needs Brooklyn may provide information (including sensitive information such as health information) to **Insurers**, reinsurers, other insurance intermediaries, it's advisors such as loss adjustors, lawyers and accountants, and other parties involved in the claims handling process. By submitting your proposal and continuing to deal with us, you confirm on your behalf and/or on behalf of those you represent consent to Brooklyn and these parties collecting, using and disclosing personal and sensitive information about you.

Brooklyn has a duty to maintain the confidentiality of its client's affairs which includes their personal information. Our duty of confidentiality applies except where disclosure of your personal information is with your consent or required by law.

Brooklyn may make use of your personal information to provide you with information about its products and services.

Simply contact the Brooklyn Privacy Officer on the details below if you would like to:

- Access the personal information Brooklyn holds about you
- Update or correct the information Brooklyn holds about you
- Discuss your privacy concerns
- Be removed from the mailing list to receive information about Brooklyn products and services

Privacy Officer
XL Insurance Company SE
trading as Brooklyn Underwriting
Level 28, 123 Pitt Street
Sydney NSW 2000
t: (02) 8270 1790
e: privacyaustralia@axaxl.com

General Insurance Code of Practice

We are a signatory to the General Insurance Code of Practice. The Code aims to raise standards of practice and service in the insurance industry. It:

- promotes better communication between **Insurers** and customers which will lead to better public understanding of insurance to allow customers to make informed choices, and
- outlines good standards of practice and service to be met by **Insurers** to enhance their regulation for responding efficiently to their customers' needs

Financial Claims Scheme

This **Policy** may be a protected **Policy** under Federal Government's Financial Claims Scheme (FCS), which is administered by APRA. The FCS may apply in the event that a general insurance company becomes insolvent. If the FCS applies a person who is entitled to make a claim under this **Policy** may be entitled to a payment under the FCS. Access to the FCS is subject to eligibility criteria. You may obtain further information about the FCS from www.fcs.gov.au and the APRA hotline on 1300 55 88 49.

SECTION 1 - MATERIAL LOSS OR DAMAGE

THE INDEMNITY

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

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

- a) architects', surveyors', consulting engineers', legal and other fees and clerks of works' salaries for estimates, plans, specifications, quantities, tenders and supervision necessarily incurred in reinstatement consequent upon Damage to property hereby insured but not such costs, fees and salary for preparing any claim hereunder.
- b) any fee, contribution or other impost payable to any Government, Local Government or other Statutory Authority; where payment of such fee, contribution or impost is a condition precedent to the obtaining of consent to reinstate any building(s) insured hereunder; provided that the Insurer(s) shall not be liable for payment of any fines and/or penalties imposed upon the Insured by any such Authorities.
- c) costs and expenses necessarily and reasonably incurred for the purpose of extinguishing fire at or in the vicinity or property hereby insured or threatening to involve such property or for the purpose of preventing or diminishing imminent Damage to property hereby insured by any other peril insured against by this Policy, including Damage to gain access and the cost of replenishment of fire-fighting appliances and charges incurred for the purpose of shutting off the supply of water or other substance following accidental discharge from any fire protective equipment or otherwise escaping from intended confines.
- d) costs and expenses necessarily and reasonably incurred for the temporary protection and safety of property hereby insured pending repair or replacement consequent upon Damage recoverable hereunder.
- e) costs of replacing locks and/or keys and/or combinations where if as a result of burglary, theft or any attempt threat the keys and/or combinations are stolen or if there are reasonable grounds to believe the keys may have been duplicated also the cost of opening safes and/or strongrooms as a result of theft of keys and/or combinations.
- f) costs and expenses necessarily and reasonably incurred in respect of:
 - (i) the removal, storage and/or disposal of Debris or the demolition, dismantling, shoring up, propping, underpinning or other temporary repairs consequent upon Damage to property insured by this Policy and occasioned by a peril insured against;
 - (ii) the Insured's legal liability in respect of removal, storage and/or disposal of Debris, notwithstanding Excluded Peril 8 in relation to premises, roadways, services, railway or waterways of others, consequent upon Damage to the Property Insured by a peril hereby insured against, for such costs together with the cost of cleaning provided that such liability was not assumed by the Insured under an agreement entered into after the commencement of the Period of Insurance or any renewal thereof unless liability would have attached in the absence of such agreement.

Provided that the insurance under this section does not extend to any liability that the Insured may incur as a consequence of Pollution of any kind.
 - (iii) the demolition and removal of any property belonging to the Insured which is no longer useful for the purpose it was intended, providing such demolition and removal is necessary for the purpose of the reinstatement or replacement of Property Insured under this section and is consequent upon Damage to the Property Insured by a peril hereby insured against.
- g) Damage to clothing and tools of trade belonging to directors and employees of the Insured whilst on the Premises.

Provided that the insurance under Clauses (b) to (g) inclusive above shall not be subject to application of any Co-insurance clause or memorandum contained in this Policy.

THE PROPERTY INSURED

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

It is understood and agreed that the term "personal property" shall include Money (which shall mean current coin, bank notes, currency notes, cheques, credit card sales and/or discount house vouchers, postal orders, money orders, unused postage and revenue stamps and including the value of stamps contained in franking machines whilst contained in the Situation and whilst in transit to and from the Situation anywhere in Australia, including whilst contained in the night safe of any bank or financial institution where the Insured transacts business, and in the personal custody of the Insured and/or persons authorised by the Insured whilst contained in their private residences.

BASIS OF SETTLEMENT

- a) On buildings, machinery, plant and all other property and contents (other than those specified below); the cost of reinstatement, replacement or repair in accordance with the provisions of the Reinstatement and Replacement and Extra Cost of Reinstatement Memoranda as set out herein.

Provided that if the Insured elects to claim the indemnity value of any Damaged property, the Insurer(s) will pay to the Insured the value of such property at the time of the happening of the Damage or as may be mutually agreed reinstate, replace or repair such property or any part thereof. In any event the Insurer(s) will pay costs incurred by the Insured in accordance with the provisions of the Extra Cost of Reinstatement Memorandum.

- b) On raw materials, supplies and other merchandise not manufactured by the Insured; the replacement cost at the time and the place of replacement or, if such property is not replaced, the value thereof at the time and place of the Damage.

- c) On material in process of manufacture; the replacement value of the raw materials and the value of labour and other overhead charges expended thereon at the time and the place of the Damage.
- d) On finished goods; the replacement value of the raw materials and the value of labour and other overhead charges expended thereon before any allowance for profit or the cost of re-stocking such goods, whichever is the lesser.
- e) On computer system records, documents, manuscripts, securities, deeds, specifications, plans, drawings, designs, business books and other records of every description; the cost of reinstating, replacing, reproducing or restoring same, including information contained therein or thereon but excluding the value to the Insured of the said information; or, if such is not required, the replacement cost of materials as blank stationery at the time and place of the Damage.
- f) On patterns, models, moulds, dies or lasts; the cost of repair or replacement (if actually replaced) otherwise the indemnity value to the Insured of such property.
- g) On glass; the cost of repairing or replacing the broken glass including:
- temporary shuttering and/or hiring of security service pending replacement of broken glass;
 - signwriting or ornamentation on glass;
 - replacement burglary alarm tapes on glass;
 - removing and re-fixing of window and show case frames and fittings;
 - heat reflecting material or process on glass.
- h) On directors' and employees' clothing and tools of trade; the replacement cost at the time of replacement subject to due allowance for wear and tear, depreciation and betterment.
- i) On empty premises awaiting demolition; the salvage value of the building materials and/or landlords fixtures and fittings.

MEMORANDA TO SECTION 1

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

INTERESTS OF OTHER PARTIES

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

Where the insurance covers the interest of more than one party, any act or neglect of an individual party will not prejudice the rights of the remaining party/parties; provided the remaining party/parties shall, as soon as reasonably practicable on becoming aware of any act or neglect whereby the risk of Damage has increased, give notice in writing to the Insurer(s). Cover will be provided for the increased risk only if the remaining party/parties pay any reasonable extra premium as the Insurer(s) may require.

BRANDED GOODS

Any salvage of branded goods and/or merchandise, the Insured's own or held by the Insured in trust or on commission, and/or goods sold but not delivered, shall not be disposed of by sale without the consent of the Insured. If such salvage is not disposed of by sale then the Damage will be assessed at the value agreed between the Insured and the Insurer(s) after brands, labels or names have been removed by or on behalf of the Insured.

DECLARED VALUES

The Schedule of Declared Values at each location (in accordance with the applicable Basis of Settlement) attaches to and forms part of this Policy for the purpose of the application of Co-Insurance.

REINSTATEMENT OR REPLACEMENT

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

The basis upon which the amount payable is to be calculated shall be the cost of reinstatement of the

Damaged property insured at the time of its reinstatement, subject to the following Provisions and subject also to the terms, Conditions and Limit(s) or Sub Limit(s) of Liability of this Policy.

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

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

Provisions

- (i) The work of rebuilding, replacing, repairing or restoring as the case may be (which may be carried out upon any other site(s) and in any manner suitable to the requirements of the Insured, but subject to the liability of the Insurer(s) not being thereby increased), must be commenced and carried out as soon as reasonably practicable, failing which, where the delay is not caused by the Insurer(s) or their agents, the Insurer(s) shall not be liable to make any payment greater than the indemnity value of the Damaged property at the time of the happening of the Damage.
- (ii) When any property insured to which this memorandum applies is Damaged in part only, the liability of the Insurer(s) shall not exceed the sum representing the cost which the Insurer(s) could have been called upon to pay for reinstatement if such property had been wholly destroyed.
- (iii) Property insured under this memorandum is separately subject to the following Co-Insurance clause:
- (iv) in the event of Damage to any property insured hereunder at any situation caused by any event hereby insured against, the

Insurer(s) shall be liable for no greater proportion of such Damage than the amount that the Insured's declaration of value of property insured at such situation on the day of commencement of the Period of Insurance bears to the sum representing eighty-five per cent (85%) of the cost which would have been incurred in reinstatement if the whole of such property had been destroyed on that day, but not exceeding the Limit of Liability expressed in the Schedule; provided that if the sum actually incurred or expended in rebuilding or replacing the Damaged property within the meaning of sub-paragraph (a) of the abovementioned definition of reinstatement, exceeds the amount which would have been payable under this Policy if this memorandum had not been incorporated herein, but is less than the cost of reinstatement as above defined, then the sum so actually incurred or expended shall, for all purposes of this memorandum, be deemed to be the cost of reinstatement of the property.

- (v) Provided further that the above clause shall not apply if the amount of the Damage does not exceed five per cent (5%) of the amount of the Insured's declaration aforementioned.
- (vi) No payment beyond the amount which would have been payable under this Policy if this memorandum had not been incorporated herein shall be made until a sum equal to the cost of reinstatement shall have been actually incurred; provided that where the Insured reinstates or replaces any lost or destroyed property at a cost which is less than the cost of reinstatement (as defined) but greater than the value of such property at the time of the happening of its loss or destruction, then the cost so incurred shall be deemed to be the cost of reinstatement.

EXTRA COST OF REINSTATEMENT

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

This Policy extends to include the extra cost of reinstatement (including demolition or dismantling) of Damaged property necessarily incurred to comply with the requirements of any Act of Parliament or Regulation made thereunder or any By-Law or Regulation of any Municipal or other Statutory

Authority; subject to the following provisions and subject also to the terms, Conditions and Limit(s) or Sub-Limits of Liability of this Policy.

Provisions

- (i) The work of reinstatement (which may be carried out wholly or partially upon any other site(s), if the requirements of the aforesaid Act, Regulation or By-Law so necessitate, subject to the liability of the Insurer(s) not being thereby increased), must be commenced and carried out as soon as reasonably practicable, failing which, where the delay is not caused by the Insurer(s) or their agents, the Insurer(s) shall not be liable to make any payment beyond the amount which would have been payable under this Policy if this memorandum had not been incorporated herein.
- (ii) The amount recoverable shall not include the additional cost incurred in complying with any such Act, Regulation, By-Law or requirement with which the Insured had been required to comply prior to the happening of the Damage.
- (iii) Co-insurance shall not be applied to the amount recoverable under this memorandum and any amount specified shall not be taken into account for co-insurance purposes in terms set out in any clause contained in this Policy.
- (iv) All other Industrial Special Risks and/or Fire and Named Perils insurances covering the property effected by or on behalf of the Insured shall be on a similar basis.
- (v) If the cost of reinstatement of Damaged property insured is less than fifty percent (50%) of that which would have been the cost of reinstatement if such property had been destroyed, the amount recoverable hereunder shall be limited to:

- a) the extra cost necessarily incurred in reinstating only that portion Damaged; or
- b) whilst applying to such property insured, the Sub-Limit stated herein,

whichever is the greater. In the event of a Sub-Limit not being stated in this Policy the Insurer(s) liability shall be limited to the amount as described in sub-paragraph (a) of this provision.

ADDITIONAL EXTRA COST OF REINSTATEMENT

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

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

Provided that the indemnity afforded by this clause:

(ii) (a) shall be limited in respect of each loss or series of losses arising out of any one event to \$250,000 which amount shall be separate from and additional to the limit of liability expressed in the schedule of the policy in respect of buildings, machinery, plant and all other property and contents other than those specified in Items (b) to (i) under Basis of Settlement;

(iii) (b) shall not include the additional cost incurred in complying with any such Act, regulation, by-law or requirement with which the Insured has been duly required to comply prior to the happening of the damage;

(iv) (c) shall not be subject to the Co-insurance memorandum contained in Section 1 of the policy.

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

FLOOR SPACE RATIO INDEX (PLOT RATIO)

Subject to the terms, Conditions and Limit(s) or Sub-Limit(s) of Liability of this Policy, in the event of any building(s) being Damaged so as to constitute total loss or constructive total loss and, as a result of the exercise of Statutory powers and/or authority by any Government Departments, Local Government or any other Statutory Authorities reinstatement of

such building(s) as before is prohibited and reinstatement is only permissible subject to a reduced floor space ratio index:

The Insurer(s) agree(s) to pay in addition to any amount payable on reinstatement of such building(s) the difference between:

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

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

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

ACQUIRED COMPANIES

This Policy extends to include property located in Australia belonging to companies and other organisations a controlling interest in which is acquired by the Insured during the currency of this Policy; subject to the Insured declaring details of such acquisition within a reasonable period following the date of acquisition. Provided the business of the new acquisition shall be similar to the Business as stated in the Schedule.

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

CO-INSURANCE

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

In the event of Damage to property insured hereunder at any situation caused by any event hereby insured against, the Insurer(s) shall be liable for no greater proportion of such Damage than the amount of the Insured's declaration of value of such property on the day of the commencement of the Period of Insurance bears to the sum representing eighty-five percent (85%) of the actual value of

property insured at such situation on the day of commencement of the Period of Insurance but not exceeding the Limit of Liability expressed in the Schedule.

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

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

SECTION 2 - CONSEQUENTIAL LOSS

THE INDEMNITY

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

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

BASIS OF SETTLEMENT

Item No. 1

The Insurance under this item is limited to loss of Gross Profit due to (a) Reduction in Turnover and (b) Increase in Cost of working and the amount payable as indemnity thereunder shall be:

- a) In respect of Reduction in Turnover:

the sum produced by applying the Rate of Gross Profit to the amount by which the Turnover during the Indemnity Period shall, in consequence of the Damage, fall short of the Standard Turnover,
- b) In respect of Increase in Cost of Working:

the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in Turnover which, but for that expenditure, would have taken place during the Indemnity Period in consequence of the Damage, but not exceeding the sum produced by applying the

Rate of Gross Profit to the amount of the reduction thereby avoided;

less any sum saved during the Indemnity Period in respect of such of the charges and expenses of the Business payable out of Gross Profit as may cease or be reduced in consequence of the Damage.

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

Item No. 2

The insurance under this item is to cover such reasonable professional fees as may be payable by the Insured, and such other reasonable expenses necessarily incurred by the Insured and not otherwise recoverable, for preparation of claims under the Insured's Material Damage and Consequential Loss insurance policies and the Insurer(s) shall indemnify the Insured for such reasonable fees and expenses.

Item No. 3

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

- a) In respect of Reduction of Turnover:
 - (i) during the portion of the Indemnity Period beginning with the occurrence of the Damage and ending not later than the number of weeks thereafter specified in the Schedule: the sum produced by applying the Rate of Payroll to the Shortage in Turnover during the said portion of the Indemnity Period less any saving during the said portion of the Indemnity Period, through reduction in consequence of the Damage, in the amount of Payroll paid.
 - (ii) during the remaining portion of the Indemnity Period: the sum produced by applying the Rate of Payroll to the Shortage in Turnover during the said remaining portion of the Indemnity

Period less any saving during the said remaining portion of the Indemnity Period, through reduction in consequence of the Damage, in the amount of Payroll paid; but not exceeding the sum produced by applying the percentage of the Rate of Payroll specified in the Schedule to the Shortage in Turnover during the said remaining portion of the Indemnity Period, increased by such amount as is deducted for savings under the terms of Clause (a)(i).

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

- c) In respect of Increase In Cost of Working:

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

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

Item No. 4

The insurance under this item is limited to increase in cost of working (not otherwise recoverable hereunder) necessarily and reasonably incurred during the Indemnity Period in consequence of the Damage for the purpose of avoiding or diminishing reduction in Turnover and/or resuming and/or maintaining normal business operations and/or services.

DEFINITIONS

Gross Profit

The amount by which:

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

Note

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

Turnover

The money (less discounts, if any allowed) paid or payable to the Insured for goods sold and delivered

and for services rendered in course of the Business at the Premises.

Indemnity Period

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

Payroll

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

Shortage in Turnover

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

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

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

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

Rate of Payroll: The rate of Payroll to Turnover during the financial year immediately before the date of the Damage.

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

MEMORANDA TO SECTION 2

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

TURNOVER ELSEWHERE AFTER DAMAGE

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

DEPARTMENTAL CLAUSE

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

NEW BUSINESS

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

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

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

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

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

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

ACCUMULATED STOCKS

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

BOOKS OF ACCOUNT

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

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

PUBLIC UTILITIES EXTENSION

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

TURNOVER/OUTPUT ALTERNATIVE

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

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

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

COMPUTER

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

SALVAGE SALE

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

- (i) Clause (a) of Item 1 of this Section shall, for the purpose of such claim, read as follows:
 - a. In respect of Reduction in Turnover
the sum produced by applying the Rate of Gross Profit to the amount by which the Turnover during the Indemnity Period (less the Turnover for the period of the salvage sale) shall, in consequence of the Damage, fall short of the Standard Turnover, from which shall be deducted the Gross Profit actually earned during the period of the salvage sale.
- (ii) The definition of Shortage in Turnover shall, for the purpose of such claim, read as follows:

Shortage in Turnover shall mean:

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

PREMISES IN THE VICINITY (PREVENTION OF ACCESS)

Loss as Insured by the Policy resulting from interruption of or interference with the Business in consequence of Damage to property within a radius of 5 kilometres of the Premises caused by a peril, damage as a result of which is insured hereunder, which shall prevent or hinder the use thereof or access thereto, whether the Premises or property of the Insured therein shall be damaged or not, shall be deemed to be loss resulting from Damage to property used by the Insured at the Premises.

Loss as insured by this Policy resulting from interruption of or interference with the Business in consequence of damage to property forming part of

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

The maximum indemnity period provided under this endorsement is 12 weeks commencing from the date of the Damage, unless more specifically noted in the Schedule.

REGISTERED VEHICLES AND/OR TRAILERS

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

EXCLUSIONS TO ALL SECTIONS

PROPERTY EXCLUSIONS

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

1. Property (except Money) whilst in transit other than during the incidental movement of such property within situations occupied by the Insured. This exclusion shall not apply during temporary removal of property (other than stock and/or merchandise) and unregistered motor vehicles to any situation in the Commonwealth of Australia but, whilst such property is in transit, cover is limited to Damage caused by fire, lightning, explosion, Earthquake, aircraft, riot, strikes, malicious damage and Storm and/or tempest.
2. Money:
 - a) whilst being carried by professional money carriers, professional carriers or common carriers which is more specifically insured excepting the excess amount over and above such more specific insurance which excess is held to be covered hereunder,
 - b) Provided that where in the ordinary course of business the Insured enters into an agreement which such carriers and such agreement provides that the Insured shall indemnify and/or hold harmless and/or release from liability such carriers in respect of Damage which may occur as a result of any event hereby insured against, this insurance shall operate as if this Property Exclusion 2(a) had been deleted;
 - c) stolen from an unlocked and unattended vehicle;
 - d) stolen from a safe or strongroom opened by a key or by use of details of a combination, either or which has been left at the Situation outside business hours, unless such key or combination details have been properly secured;
 - e) where the Damage is not discovered within five (5) working days of the event;
 - f) where the Damage arises out of:
 - (i) kidnapping,
 - (ii) bomb threat,
 - (iii) hoax,
 - (iv) extortion,or any attempt thereat.
3. Jewellery, furs, bullion, precious metals or precious stones other than as stock and/or merchandise of the Business.
4. (a) any locomotive or rolling stock or watercraft other than as stock or merchandise of the Business; provided always that no cover shall apply hereunder whilst any watercraft is on water;
(b) any aircraft (including its accessories and/or spare parts) other than as stock or merchandise of the Business; provided always that no cover shall apply hereunder during taxiing, take-off, flight or landing.
5. Vehicles or trailers registered or licensed to travel on a public road, provided that this exclusion shall not apply to mobile plant and equipment (excluding cars, sedans, panel vans and trucks) not otherwise insured whilst on any premises occupied or used by the Insured.
6. Livestock, animals, birds or fish.
7. Standing timber, growing crops and pastures.
8. Land, provided that this exclusion shall not apply to structural improvements on or in the land if such structural improvements are not otherwise excluded in this Policy.
9. Bridges, canals, roadways and tunnels, railway tracks (other than on the premises occupied or used by the Insured), dams and reservoirs (other than tanks) and their contents.
10. Docks, wharves and piers not forming part of any building.

11. Mining property located beneath the surface of the ground unless otherwise expressly stated in this Policy.
12. Property during the course of, and as a result of, its processing, for example including but not limited to heating, cutting, manipulation, fabrication and assembly.
13. (a) gates, fences, retaining walls, textile awnings and blinds;

(b) property in the open air unless such property comprises or forms part of a permanent structure designed to function without the protection of the walls or roof; caused by wind, rainwater or hail.
14. (a) property undergoing construction, erection, alteration or addition when the value of work exceeds 10% of the Limit of Liability or \$500,000 whichever is the lesser;

(b) empty premises undergoing demolition.
15. Oil and gas drilling and/or production rigs whilst offshore.
16. All Machinery (as defined in this exclusion), electronic data processing equipment or electronic control equipment occasioned by or happening through any mechanical, electrical, electro-mechanical, electronic or hydraulic malfunction, failure, derangement, breakdown or non-operation of whatsoever kind.

Provided that Property Exclusion 16 shall not apply to any subsequent Damage to such Machinery, electronic data processing equipment or electronic control equipment occasioned by or happening through any cause or event not otherwise excluded herein which results from any of the events referred to in this exclusion.

For the purpose of Property Exclusion 16, Machinery means:

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

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

This exclusion shall not apply to Section 2 as specifically stated therein.

PERILS EXCLUSIONS

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

1. loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss;

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

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

This policy also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to (1) and/or (2) above.

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

For the purpose of this exclusion only, "combustion" shall include any self-sustaining process of nuclear fission.
 - (ii) nuclear weapons materials.

3. Damage occasioned by or happening through:
 - a) Flood;
 - b) water from or action by the sea, tidal wave or high water.

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

4. Damage occasioned by or happening through:
 - a) moths, termites or other insects, vermin, rust or oxidation, mildew, mould, Contamination or Pollution, wet or dry rot, corrosion, change of colour, dampness of atmosphere or other variations in temperature, evaporation, disease, inherent vice or latent defect, loss of weight, change in flavour texture or finish, smut or smoke from industrial operations (other than sudden and unforeseen damage resulting therefrom);
 - b) wear and tear, fading, scratching or marring, gradual deterioration or developing flaws, normal upkeep or making good;
 - c) error or omission in design, plan or specification or failure of design;
 - d) normal settling, seepage, shrinkage or expansion in buildings or foundations, walls, pavements, roads and other structural improvements, creeping, heaving and vibration;
 - e) faulty materials or faulty workmanship.

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

5. Damage occasioned by or happening through:

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

collusion with any other person(s);

- (ii) access by any person(s) other than the Insured or the Insured's employee(s) to the Insured's computer system via data communication media that terminate in the Insured's computer system.

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

6. Damage occasioned by or happening through:

- a) theft of property (other than Money in transit) in the open air;
- b) unexplained or inventory shortage, disappearance resulting from clerical or accounting errors, shortage in the supply or delivery of materials to or from the Insured;
- c) (i) spontaneous combustion,
- (ii) spontaneous fermentation or heating or any process involving the direct application of heat.

This clause shall not apply where Damage is caused by the radiant heat of a fire event not otherwise excluded.

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

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

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

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

- c) erosion, Subsidence, earth movement or collapse resulting therefrom other than Earthquake as defined under Memoranda applicable to all Sections;
- d) kidnapping, bomb threat, threat of contamination, hoax, extortion or any attempt thereat.

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

7. Damage occasioned by or happening through:

- a) (i) fraudulent or dishonest acts, fraudulent misappropriation, embezzlement, forgery, counterfeiting data corruption, unauthorised amendment of data and erasure by electronic or non-electronic means involving the Property Insured by
 - 1. the Insured, or
 - 2. an employee(s) of the Insured acting alone or in

- 8. any legal liability of whatsoever nature other than as herein provided.
- 9. consequential loss of any kind including consequential loss due to delay, lack of performance, loss of contract or depreciation in the value of land or stock, except as herein provided in Section 2.

10. Notwithstanding anything to the contrary contained herein, this policy does not cover Damage resulting from Pollution or Contamination except (unless otherwise excluded) Damage to property or any part thereof used by the Insured at the premises for the purpose of the business caused by:

a) Pollution or Contamination at the premises which itself results from fire, lightning, explosion, aircraft or other aerial devices or articles dropped therefrom, riot, civil

commotion, strikers, locked out workers, persons taking part in labour disturbances, malicious persons, Earthquake, Storm, Flood, bursting overflowing discharging or leaking of water tanks, apparatus or pipes, sprinkler leakage or impact by any road vehicle or animal.

b) Any of the perils listed in (a) above which itself results from Pollution or Contamination.

DEFINITIONS APPLICABLE TO ALL SECTIONS

Where the following words are used as part of this policy or its endorsements or its attachments they shall have the specific meaning given below unless a more specific definition is provided elsewhere in the Policy:-

ACCIDENTAL DAMAGE

“Accidental Damage” means:

Any peril or event except: fire; lightning; thunderbolt; explosion; implosion; smoke; Earthquake; subterranean fire; volcanic eruption; impact; aircraft or other aerial devices or articles dropping therefrom; sonic boom; the acts of persons taking part in riots or civil commotions or of strikers or locked-out workers or of persons taking part in labour disturbances or of malicious persons or the acts of any lawfully constituted Authority in connection with the foregoing perils or acts or in connection with any conflagration or any catastrophe insured against in this policy, Storm; tempest; wind; rainwater; Flood; hail; snow; sleet; ice; steam; surface run-off; water or other liquids discharged or leaking from any apparatus, appliance, pipe, sprinkler or other water system, drain or water main) and not more specifically mentioned under any other sub-limit in this schedule nor specifically excluded by this Policy.

DAMAGE AND DAMAGED

“Damage” means physical loss, destruction or damage, with “Damaged” having a corresponding meaning)

DEBRIS

“Debris” means:-

the residue of Damaged Insured Property; or

material deposited on the Insured premises as a result of the operation of an insured peril, excluding any material which can cause Pollution or Contamination and which is deposited beyond the boundaries of the Insured’s premises

EARTHQUAKE

The word “Earthquake” shall mean earth movement due to a natural seismic disturbance caused by a sudden movement of the earth’s crust, including Damage resulting directly from Earthquake and the eruption, explosion or effusion of a volcano but excluding Flood.

FLOOD

The word “Flood” shall mean: the covering of normally dry land by water that has escaped or been released from the normal confines of any of the following:

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

POLLUTION AND CONTAMINATION

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

STORM

The word “Storm” shall mean storm, tempest, windstorm, hurricane, tornado, cyclone and typhoon, including subsequent Damage caused by water that backs-up from a sewer or drain as a direct result of Storm, but excluding Flood.

SUBSIDENCE

“Subsidence” means:-

the earth movement, erosion, coastal erosion, settlement of newly made up ground or settlement caused by the bedding down of new structures.

THEFT

“Theft” means theft not consequent upon actual forcible and violent entry upon the premises where insured property is located, or any attempt thereat.

BURGLARY

“Burglary” means:-

- i. theft consequent upon actual forcible and violent entry upon the premises where insured property is located, or any attempt thereat.
- ii. theft, or any attempt thereat, by a person feloniously concealed on the said premises.

MEMORANDA APPLICABLE TO ALL SECTIONS

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

Headings have been included for ease of reference and it is agreed that the Terms, Conditions and Exclusions of the Policy and are not to be interpreted by reference to such headings.

AMOUNT OF POLICY NOT REDUCED BY LOSS

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

Any clause in the policy which provides for automatic reinstatement shall not apply in respect of limits stated to be in the annual aggregate during any one period of insurance.

EVENT AND ANNUAL AGGREGATE LIMITS

Wherever a Limit of Liability or Sub-limit of Liability is stated in the Schedule as applying 'per Event', the total liability of the Insurer(s) shall be limited thereby in respect of such event, regardless of the number of situations or premises incurring loss or Damage.

Wherever a Limit of Liability or Sub-limit of Liability is stated in the Schedule as applying 'in the Annual Aggregate', the total liability of the Insurer(s) shall be limited thereby in respect of the whole Period of Insurance, regardless of the number of events, situations or premises incurring loss or Damage.

EVENT

The word "Event" shall mean all Damage suffered by one or more Insureds and resulting from one common cause. However, any Damage which occurs during any period of seventy-two (72) consecutive hours and which is caused by:

- a) Earthquake, subterranean fire and/or volcanic eruption,

- b) Storm, tempest, rainwater, hail, high water, water from or action by the sea, tidal wave or Flood,

shall be considered to be one loss or series of losses arising out of one event.

With respect to the perils described in clauses (a) and (b) above, this Memorandum shall apply to any of these perils whether continuous or sporadic in their sweep or scope and whether the Damage was due to the same seismological condition.

Any such event which continues for a period exceeding seventy-two (72) consecutive hours shall be deemed two or more events.

Earthquake

The word "Earthquake" shall mean earth movement due to a natural seismic disturbance caused by a

sudden movement of the earth's crust, including Damage resulting directly from Earthquake and

the eruption, explosion or effusion of a volcano but excluding Flood.

Flood

The word "Flood" shall mean the inundation of normally dry land by water overflowing from the normal confines of any natural watercourse or lake (whether or not altered or modified), reservoir, canal or dam.

Storm

The word "Storm" shall mean storm, tempest, windstorm, hurricane, tornado, cyclone and typhoon, including subsequent Damage caused by water that backs-up from a sewer or drain as a direct result of Storm, but excluding Flood.

SUBROGATION WAIVER

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

- c) any corporation or organisation (including its directors, officers, employees or servants) owned or controlled by any Insured named herein or subsidiary to any Insured named

herein or any co-owner of the property insured hereunder;

- d) any Insured named or described by this Policy (including its directors, officers, employees or servants).

ADJUSTMENT OF PREMIUM

- a) The Premium shown is provisional and is calculated on the Declared Values of:
 - (i) Property Insured,
 - (ii) Gross Profit and Insured Payroll,

on the day of commencement of each Period of Insurance.
- b) The Insured undertakes to declare to the Insurer(s) within a reasonable time after the day of expiry of the Period of Insurance:
 - (i) the value of Property Insured on the day of expiry of the Period of Insurance. For the purpose of this declaration, stock-in-trade and/or merchandise shall be taken at its average value during the Period of Insurance;
 - (ii) the amount of the Gross Profit earned and Payroll paid, in accordance with the cover afforded in the respective items of Section 2, in the course of the Business during the accounting period of 12 months most nearly concurrent with the Period of Insurance.
- c) The provisional premium shall be adjusted by payment to the Insurer(s) of an additional premium or by allowance to the Insured of a return premium, as the case may be, calculated at the agreed rate on:
 - (i) fifty per cent (50%) of the difference between property declared in accordance with clauses (a)(i) and (b)(i);
 - (ii) the full agreed rate hereunder on the difference between the amounts declared under clauses (a)(ii) and (b)(ii).
- d) It is agreed to make allowance for any abnormal fluctuation in values and to charge a premium commensurate with the risk, such premium to be agreed between the parties to this agreement.
- e) The Declaration of Values at the expiry of the Period of Insurance declared in accordance with this memorandum shall not be reduced as the result of Damage in respect of which a claim has been paid or is payable under this Policy.

COMMUNICABLE DISEASE EXCLUSION

1. Notwithstanding any provision to the contrary within this insurance, this insurance does not insure any loss, damage, claim, cost or expense of whatsoever nature directly or indirectly caused by, contributed to by, resulting from, arising out of, or in connection with a Communicable Disease or the fear or threat (whether actual or perceived) of a Communicable Disease regardless of any other cause or event contributing concurrently or in any other sequence thereto.
2. As used herein, a Communicable Disease means any disease which can be transmitted by means of any substance or agent from any organism to another organism where:
 - 2.1. the substance or agent includes, but is not limited to, a virus, bacterium, parasite or other organism or any variation thereof, whether deemed living or not, and
 - 2.2. the method of transmission, whether direct or indirect, includes but is not limited to, airborne transmission, bodily fluid transmission, transmission from or to any surface or object, solid, liquid or gas or between organisms, and
 - 2.3. the disease, substance or agent can cause or threaten bodily injury, illness, damage to human health, human welfare or property.

TERRORISM EXCLUSION ENDORSEMENT

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

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

This endorsement also excludes loss, damage, cost or expense of whatsoever nature directly or

indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to any act of terrorism.

PROPERTY CYBER AND DATA ENDORSEMENT

1. Notwithstanding any provision to the contrary within this Policy or any endorsement thereto this Policy excludes any:
 - 1.1 Cyber Loss, unless subject to the provisions of paragraph 2;
 - 1.2 loss, damage, liability, claim, cost, expense of whatsoever nature directly or indirectly caused by, contributed to by, resulting from, arising out of or in connection with any loss of use, reduction in functionality, repair, replacement, restoration or reproduction of any Data, including any amount pertaining to the value of such Data, unless subject to the provisions of paragraph 3;regardless of any other cause or event contributing concurrently or in any other sequence thereto.
2. Subject to all the terms, conditions, limitations and exclusions of this Policy or any endorsement thereto, this Policy covers physical loss or physical damage to property insured under this Policy caused by any ensuing fire or explosion which directly results from a Cyber Incident, unless that Cyber Incident is caused by, contributed to by, resulting from, arising out of or in connection with a Cyber Act including, but not limited to, any action taken in controlling, preventing, suppressing or remediating any Cyber Act.
3. Subject to all the terms, conditions, limitations and exclusions of this Policy or any endorsement thereto, should Data Processing Media owned or operated by the Insured suffer physical loss or physical damage insured by this Policy, then this Policy will cover the cost to repair or replace the Data Processing Media itself plus the costs of copying the Data from back-up or from originals of a previous generation. These costs will not include research and engineering nor any costs of recreating, gathering or assembling the Data. If such media is not repaired, replaced or restored the basis of valuation shall be the cost of the blank Data Processing Media. However, this Policy excludes any amount pertaining to the value of such Data, to the Insured or any other party, even if such Data cannot be recreated, gathered or assembled.

4. In the event any portion of this endorsement is found to be invalid or unenforceable, the remainder shall remain in full force and effect.
5. This endorsement supersedes and, if in conflict with any other wording in the Policy or any endorsement thereto having a bearing on Cyber Loss, Data or Data Processing Media, replaces that wording.

Definitions

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

11. Data Processing Media means any property insured by this Policy on which Data can be stored but not the Data itself.

ELECTRONIC EQUIPMENT AND/OR DEVICE ENDORSEMENT

This policy does not insure against any loss, damage, cost, claim or expense, directly or indirectly, proximately or remotely, whether in whole or in part caused by, resulting from, contributed to, aggravated by or consisting of any malfunction, derangement or inability of

- a) the failure of any Electronic Equipment and/or Device to recognise, interpret, calculate, compare, differentiate, sequence or process data consisting of, dependent on or deduced from one or more dates or time or,
- b) any change, repair, alteration, correction or modification of any part or parts of any Electronic Equipment and/or Device to correct or prevent any anticipated or actual condition or circumstances stated in (a.) above.

ELECTRONIC EQUIPMENT AND/OR DEVICE includes but is not limited to computers, computer equipment, coding, programs, instructions or any software stored on electronic, electromechanical, electromagnetic data processing or electronically controlled equipment and media:

- computer hardware, including microprocessors;
- computer application software;
- computer operating systems and related software;
- computer networks;
- microprocessors (computer chips) not part of any computer system;
- any other computerized or electronic equipment or components;

whether the property of the Insured or not.

TRANSMISSION & DISTRIBUTION LINES EXCLUSION

Notwithstanding any provision to the contrary in the Policy or any endorsement thereto, it is understood and agreed that this Policy does not cover losses in respect of all overhead transmission and distribution lines including wire, cables, poles, pylons, standards, towers, or other supporting structures which may be attendant to the transmission or distribution of electrical power, telecommunications, or any other communications signals.

This exclusion applies to the aforementioned equipment which is located beyond a radius of 300 metres (or 1000 feet) of an insured location.

RADIOACTIVE CONTAMINATION EXCLUSION CLAUSE

Except as provided for in the Perils Exclusions contained herein, this clause will be paramount and will override anything contained in this insurance inconsistent therewith:

1. In no case will this insurance cover loss damage liability or expense directly or indirectly caused by or contributed to by or arising from
 - 1.1 ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel
 - 1.2 the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof
 - 1.3 any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter
 - 1.4 the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter. The exclusion in this sub-clause does not extend to radioactive isotopes, other than nuclear fuel, when such isotopes are being prepared, carried, stored, or used for commercial, agricultural, medical, scientific or other similar peaceful purposes.

SANCTION LIMITATION AND EXCLUSION CLAUSE

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

GOODS AND SERVICES TAX

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

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

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

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

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

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

CONDITIONS APPLICABLE TO ALL SECTIONS

1. MISREPRESENTATION AND NON-DISCLOSURE

If the Insured:

- (i) failed to disclose any matter which the Insured was under a duty of disclosure to the Insurer(s); or
- (ii) made a misrepresentation to the Insurer(s) before this Policy was entered into

and if the Insurer(s) would not have entered into this Policy for the same premium and on the same terms and Conditions expressed in this Policy but for the failure to disclose or the misrepresentation,

then:

- (a) the liability of the Insurer(s) in respect of any claim will be reduced to an amount to place the Insurer(s) in the same position in which the Insurer(s) would have been placed if such non-disclosure had not occurred or such misrepresentation had not been made; or
- (b) if the non-disclosure or misrepresentation was fraudulent, the Insurer(s) may avoid this Policy.

2. ALTERATION

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

- (a) by removal of such property from the Premises other than as provided under the terms of Property Exclusion 1;
- (b) in the trade or processes of manufacture carried on at the Premises or whereby the nature of the occupation or other circumstances affecting the Premises and/or the Insured's property therein contained shall be changed in such a way as to increase the risk of Damage;

- (c) whereby any premises containing any property insured hereunder shall become unoccupied, and so remain for a period of more than thirty days; or
- (d) whereby the Insured's interest ceases except by will or the operation of law.

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

3. SPRINKLER INSTALLATIONS - APPLICABLE TO OWNED PREMISES OR INSTALLATIONS FOR WHICH THE INSURED IS RESPONSIBLE

The Insured shall ensure that in such of the Premises as are protected or as are required by law to be protected by an approved installation of automatic sprinklers, automatic external alarm signal and automatic alarm signal connected with a fire brigade station, in or on the Premises, due diligence shall be used so that the same shall at all times be maintained in good working order.

The Insured shall ensure that provision will be made for the regular maintenance of the installation in accordance with Australian Standard AS 1851 (part 3) Automatic Sprinkler Installation by the installing engineers or firm or, failing this, by a person or organisation who must be appropriately qualified.

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

4. OTHER INSURANCE

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

5. CANCELLATION

- (a) This Policy may be cancelled at any time at the request of the Insured, in which case the Insurer(s) will retain the customary short-period rate for the time this Policy has been in force.
- (b) The Insurer(s) may also cancel this Policy by giving the Insured written notice to that effect where:
 - (i) the Insured or any person who was at any time the Insured failed to comply with the duty of utmost good faith;
 - (ii) the person who was the Insured at the time when this Policy was entered into failed to comply with the duty of disclosure;
 - (iii) the person who was the Insured at the time when this Policy was entered into made a misrepresentation to the Insurer(s) during the negotiations for this Policy but before it was entered into;
 - (iv) the Insured or any person who was at any time the Insured failed to comply with a provision of this Policy, including a provision with respect to the payment of the Premium;
 - (v) the Insured has made a fraudulent claim under this Policy or any other policy of insurance (whether with the Insurer(s) or some other insurer) that provided insurance cover during any part of the period during which this Policy provides insurance cover;
 - (vi) the Insured failed to notify the Insurer(s) of any specific act or omission where such notification is required under the terms of this Policy; or
 - (vii) the Insured acted in contravention of or omitted to act in compliance with any condition of this Policy which empowers the Insurer(s) to refuse to pay, or reduce its/their liability in respect of, a claim in the event of such contravention or omission.

- (c) The Insurer(s) notice of cancellation takes effect at the earlier of the following times:
 - (i) the time when another policy of insurance between the Insured and the Insurer(s) or some other insurer, being a policy that is intended by the Insured to replace this Policy, is entered into; or
 - (ii) 4.00 p.m. on the thirtieth business day after the day on which notice was given to the Insured.

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

6. NOTIFICATION OF CLAIMS

On the happening of any Damage, the Insured shall forthwith give notice thereof in writing to the Insurer(s) and as soon as reasonably practicable after such Damage, at the Insured's own expense, deliver to the Insurer(s) a claim, in writing containing as particular an account as may be reasonably practicable of the several articles or portions of property Damaged and of the amount of Damage thereto, having regard to their value at the time of the Damage, together with details of any other insurances on any property hereby insured.

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

Where the Insured has not complied with the terms of this condition the Insurer(s) may refuse or reduce the claim to the extent of any prejudice suffered by the Insurer(s) arising from any failure by the Insured to comply with this condition.

7. FRAUD

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

8. REINSTATEMENT

If the Insurer(s) elect(s) or become(s) bound to reinstate or replace any property, the Insured shall at the Insured's own expense produce and deliver to the Insurer(s) all such plans, documents and information as the Insurer(s) may reasonably require. The Insurer(s) shall not be bound to reinstate exactly or completely, but only as circumstances permit (for example to comply with appropriate legislation, or using reasonably similar materials and design), and in reasonably sufficient manner and shall not in any case be bound to expend more than the applicable Limit of Liability.

9. INSURER(S) RIGHTS

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

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

10. SUBROGATION

- (a) Any person claiming under this Policy shall at the request and at the expense of the Insurer(s) do and concur in doing and

permit to be done such acts and things as may be reasonably necessary or reasonably required by the Insurer(s) for the purpose of enforcing any rights and remedies, or of obtaining relief or indemnity from other parties to which the Insurer(s) shall be or would become entitled or subrogated upon the Insurer(s) paying for or making good any Damage under this Policy, where the Insurer(s) will give due consideration to the Insured(s) interests.

- (b) If the Insurer(s) make(s) any recovery as a result of such action, the Insured may only recover from the Insurer(s) any amount by which the amount recovered by the Insurer(s) exceeded the amount paid to the Insured by the Insurer(s) in relation to the loss.

11. PRECAUTIONS TO PREVENT LOSS

The Insured shall take reasonable precautions to prevent Damage to the property insured by this Policy.

12. INSURED'S ACTION AFTER THEFT OR DAMAGE

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

13. TERMINATION OF COVER UNDER SECTION 2

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

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

then the insurance cover provided under Section 2 of this Policy in respect of such Business or Insured shall automatically and forthwith cease.

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

14. OBSERVANCE OF TERMS AND CONDITIONS

Failure to comply with any of these Conditions and the other terms of this Policy by the Insured could adversely affect the insurance cover provided by this Policy or any claim the Insured may make.

15. PROGRESS PAYMENTS

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

16. HEADINGS

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

ENDORSEMENTS ATTACHING TO AND FORMING PART OF THE INDUSTRIAL SPECIAL RISKS INSURANCE POLICY

Notwithstanding anything contained herein to the contrary it is hereby declared and agreed that the following endorsements are made to the Policy:

SECTION 1 - MATERIAL LOSS OR DAMAGE

THE INDEMNITY

LIABILITY TO MAKE ENQUIRIES (ENQUIRXB4)

This policy extends to include costs and expenses incurred by the Insured in respect of any legal liability to make enquiries consequent upon physical loss, destruction or damage insured by this policy, but not exceeding the sub-limit specified in the schedule.

UNPACKING EXPENSES (UNPAKXB4)

This policy extends to include costs and expenses incurred by the Insured in taking inventory (including unpacking, repacking and restocking) to identify, quantify and value any property physically lost, destroyed or damaged by any peril insured against by this Section including examination of property not belonging to but in the care, custody or control of the Insured.

EXPEDITING EXPENSES (EXPEDXB4)

The policy extends to include reasonable costs and expenses incurred by the Insured for express carriage rates and extra payments for overtime, night, Sunday or holiday working incurred in connection with the repair or reinstatement of the Property Insured directly or indirectly arising from an event insured by the policy.

COSTS OF CLEARING DRAINS (DRAINXB4)

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

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

PERSONAL PROPERTY OF EMPLOYEES AND OTHERS (PPROPXB4)

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

- (g) Damage to personal property, tools and effects (excluding money) of directors and employees whilst on the Insured's premises and damage to visitor's personal effects (excluding money) whilst on the Insured's premises, but only to the extent of such property is not otherwise insured

LIABILITY FOR DUTY (LDUTYVB4)

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

THE PROPERTY INSURED

MONEY - EXTENDED DEFINITION (NEGINXB4)

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

BASIS OF SETTLEMENT

SECURITIES

The following additional basis of settlement is added to the policy:

- (j) On securities (which shall mean all negotiable and non-negotiable instruments or contracts representing either Money or other property but does not include Australian legal tender as currency notes) the lesser amount arrived at as follows:
 - (i) The actual cash value thereof at the close of business on the day on which the loss was discovered, or if that day is not a business day, the business day immediately following, or;
 - (ii) The actual cash value thereof at the time of the loss, or;
 - (iii) Where the property is held by the Insured as security, pledge or collateral for an advance or loan, the lesser of;
 - (a) The value of the property as determined and recorded by the Insured when making the advance or loan, or;
 - (b) In the absence of such record the unpaid portion of the advance or loan plus accrued interest thereon at prevailing commercial rates.

Such value to be determined in the currency in which the security was held. Losses will be settled in the currency in which the security was held unless expressly agreed otherwise with the Insurer(s).

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

The arbitrator must be appointed by mutual agreement between the parties within 7 days of either party giving notice that the matter will be required to be submitted for arbitration. If the parties cannot agree on an arbitrator, then either party may

request the President of the Securities Institute of Australia to appoint an arbitrator.

If the said President is present or past employee of any parties to this Insurance contract or has a direct or indirect interest in the security or securities in dispute, then another senior officer of the Securities Institute Australia who is not likewise compromised shall appoint the arbitrator.

LANDSCAPING (LANDBXS4)

The Property Insured and Basis of Settlement (a) of Section 1 are extended to include landscaping, which term includes trees, shrubs, plants and lawns. Property Exclusions 7 and 8 shall not apply to the cover granted by this endorsement. It is agreed that the liability of the Insurer(s) shall not exceed the amount of the sub-limit stated in the schedule of the policy against "Landscaping" for any one loss or series of losses arising out of any one event or occurrence.

LEASED EQUIPMENT (RESIDUAL VALUE) (LEASEXB4)

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

On machinery, plant and equipment leased on a Residual Value basis; in the event of actual or constructive total loss, the amount for which the lessee is contractually liable to the lessor, but not exceeding the sum represented by rent payable under such lease(s) for the period commencing on the date of physical loss, destruction or damage and ending on the retirement date(s) of such lease(s), plus the current market value of the property immediately before its loss or damage or the Residual Value, whichever is the greater, less any salvage value, but in any case not exceeding 10% above replacement value. In the event of damage which does not amount to a constructive total loss, the cost of repair in accordance with the provisions of the Reinstatement or Replacement and Extra Cost of Reinstatement Memorandum as set out herein.

For the purpose of this basis of settlement, the term "Residual Value" shall mean the minimum amount which the lessee has guaranteed that the leased property will realise, being the same amount which the lessee has agreed would be payable to acquire such property upon the retirement date of the lease.

DESIGNATION (DESIGVB4)

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

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

VALUATION OF PROPERTY - EMPLOYEES AND OTHERS (VALPRXB4)

Clause (h) of the basis of settlement under Section 1 is amended to read:

(h) On personal property, tools and effects of the Insured's directors, employees and of visitors to the Insured's premises; the replacement cost at the time and place of replacement.

GOODS SOLD BUT NOT DELIVERED (UNDELXB4)

The basis of settlement under Section 1 of the policy is extended to include the following clause:

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

CUSTOMERS GOODS

The policy extends to insure goods belonging to the Insured's customers at the Premises, to the extent that such goods are not otherwise insured.

MEMORANDA APPLICABLE TO SECTION 1

PECUNIARY OR ECONOMIC INTERESTS OF OTHERS (OWNERV4)

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

LABELS, CONTAINERS AND WRAPPINGS (LABELXB4)

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

PECUNIARY OR ECONOMIC INTERESTS OF OTHERS (OWNERV4)

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

EXTRA COST OF REINSTATEMENT – PROVISION (V) DELETED (UNLIMXB4)

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

ACQUIRED COMPANIES (ACQCXS4)

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

CONSTRUCTIVE TOTAL LOSS (SEALDXB4)

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

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

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

UNDAMAGED FOUNDATIONS (FDNOKVB4)

When Property Insured is damaged but its foundations are not destroyed and, due to the exercising of statutory powers or delegated legislation or authority by any government department, local government or other statutory Authority, reinstatement of the Property Insured is carried out upon another site or sites, then the abandoned foundations shall be deemed to have been destroyed: If the presence of the abandoned foundations increases the sale value of the original site, then such increase shall be regarded as salvage and shall be payable to the Insurer(s) by the Insured upon completion of the sale, or shall be deducted from the total amount otherwise payable by the Insurer(s) under this Policy, whichever shall occur later.

All differences relating to the amount of such increase in site sale value shall forthwith be referred to the decision of two registered valuers, one to be appointed by each of the parties to this policy. If the two valuers fail to agree, their differences shall be referred to the decision of a third valuer, appointed by the President of the Australian Institute of Valuers as an expert, whose decision shall be binding.

**UNDAMAGED ANCILLARY AND/OR
PERIPHERAL EQUIPMENT
(OBSOLXB4)**

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

SECTION 2 - CONSEQUENTIAL LOSS

BASIS OF SETTLEMENT

ACCOUNTS RECEIVABLE (BDEBTXB4)

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

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

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

- (a) Determine the total amount of accounts receivable outstanding on the last working day of the fiscal month which ended twelve months before the beginning of the month in which the Damage occurs;
- (b) Calculate the average increase or decrease in the monthly total amounts of accounts receivable outstanding on the last working day of each of the twelve months immediately preceding the month in which Damage occurs;
- (c) The amount determined under paragraph (a), increased or decreased by the percentage calculated in accordance with paragraph (b) shall be deemed to be the total amount of accounts receivable

outstanding at the time and date of the Damage;

- (d) The amount determined under paragraph (c) shall be adjusted as may be necessary to provide for any demonstrable variance from the amount so determined occurring before but during the month in which the Damage occurs; due consideration also being given to normal monthly trends in receipts.

There shall be deducted from the total amount of accounts receivable, however established, the amount of such accounts evidenced by records not lost or damaged, or otherwise established or collected by the Insured, and an equitable amount to provide for doubtful debts. The cover hereby granted shall be subject to the sub-limit stated in the Schedule against "Account Receivable".

DEFINITIONS

CURRENT COST ACCOUNTING (CCACCXB4)

For the purpose of the following definitions, any adjustment implemented in current cost accounting shall be disregarded.

GOVERNMENT INCENTIVES (BOOSTXB4)

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

PAYROLL: AMENDED DEFINITION (FBTSPVB4)

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

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

MEMORANDA APPLICABLE TO

SECTION 2

PUBLIC UTILITIES MEMORANDUM EXTENDED (UTILAXB4)

Any loss resulting from interruption of or interference with the Business directly or indirectly in consequence of Damage anywhere in Australia to any land based communication link and/or electric power station or sub-station, gasworks, waterworks of the public supply undertaking from which the Insured obtains electric current, gas or water shall be deemed to be loss resulting from damage to Property used by the Insured at the Premises. It shall not be a condition precedent to liability under this endorsement that payment shall be made or liability admitted for damage under Section 1 of the policy.

UNSPECIFIED CUSTOMERS &/OR SUPPLIERS PREMISES – AUSTRALIA WIDE (UPREMS09)

For the purposes of this Clause, the term “Damage” is extended to include Damage to property at the premises anywhere in Australia of any producer or merchant, which shall be deemed to be Damage to property used by the Insured at the Premises.

The liability of the Insurer under this extension, in respect of any one loss or series of losses arising out of any one original source or cause at any one premises, shall be limited to the amount specified in the schedule against “Customers &/or Suppliers Premises”, of the total of the Gross Profit and Payroll as at the day of the commencement of the Period of Insurance.

For the purposes of this extension, the term “premises of a producer” refers to premises other than “Public Utilities” at which goods or services used by the Insured are produced, assembled or stored. The term “premises of a merchant” refers to premises to which the Insured provides goods or services.

EXCLUSIONS TO ALL SECTIONS

PROPERTY EXCLUSIONS

PROPERTY IN THE OPEN AIR (LATERXB4)

Property Exclusion 13 is deleted.

LOSS DISCOVERED LATE (LATERXB4)

Property Exclusion 2(d) is amended to read:

(d) Where the loss is not discovered within fifteen (15) working days of the event.

PERILS EXCLUSIONS

THEFT IN OPEN (EXCEPT MONEY) EXCLUSION MODIFIED (YARDSXB4)

Perils Exclusion 6(a) is amended to read:
Theft, without forcible entry or threat of violence, of property in the open air.

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

LOSS OF LAND VALUE (LANDVL04)

Notwithstanding the provision of Perils Exclusion 9 and Property Exclusion 8:

- (a) In the event of the absolute refusal by the competent local or government Authority to allow reconstruction of the premises following destruction or damage, the Insurer shall pay by way of indemnity the amount in excess of the Land Value before over the land value after the destruction or damage to improvements, or
- (b) In the event of the competent local or government Authority allowing only partial

reconstruction of the premises after destruction or damage, the Insurer shall pay by way of indemnity the deficiency between Land Value after such reconstruction and the Land Value before the destruction or damage, less any sum saved by way of compensation by such Authority arising out of the action referred to in (a) or (b) above.

The liability of the Insurer shall be limited to the sub-limit stated in the schedule against "Loss of Land Value" for any one loss or series of losses arising out of any one original source or cause at any one location.

DEFINITION

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

SPECIAL CONDITIONS

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

MEMORANDA TO ALL SECTIONS

STORAGE AGREEMENTS (STOREXB4)

When the Insured enters into a contract for storage of property and the terms of the contract contain a disclaimer clause, then the insurance provided by the policy shall not be prejudiced by the Insured agreeing to such terms.

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

LEASED BUILDING AGREEMENTS (LEASEXB4)

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

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

SUBROGATION WAIVER (PARTNERS) (PTNERXB4)

The wording of the memorandum to all Sections, headed "Subrogation Waiver", is amended to read:

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

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

SUBROGATION WAIVER (OTHER INTERESTED PARTIES) (OTHERXB4)

The wording of the memorandum to all Sections, headed "Subrogation Waiver", is extended to include the following paragraph:

Any party described in the memorandum to Section 1, headed "Interests of Other Parties", unless the Insured expressly agrees to the pursuit of recovery action against that party.

CONDITIONS APPLICABLE TO ALL SECTIONS

MISDESCRIPTION, NON-DISCLOSURE AND ALTERATION (UNDISXB4)

Condition 1 of the policy is extended to include the following paragraph:

Notwithstanding the provisions of Conditions 1 and 2, the Insured shall not be prejudiced by any unintended and/or inadvertent error, omission or misdescription of the risk, interest or property insured under the policy, failure to advise the Insurer(s) of any change of risk, interest or property insured or failure to comply with any statutory requirement, provided that the Insured's officer responsible for insurance shall, upon becoming aware of any such unintended and/or inadvertent act, error or omission, inform the Insurer(s) as soon as reasonably practicable and that the Insured shall, upon request, pay any reasonable extra premium to the Insurer(s) from the date of the increase in risk.

SPRINKLER INSTALLATIONS (SPRAYXB4)

Condition 3 is amended as follows:
The words "or are required by law to be protected" are deleted.

The following paragraphs are added:

Where the sprinkler Premises are leased to a tenant and the lease provides that the tenant shall provide for maintenance of the installation, any failure so to do will not prejudice the rights of the Insured, provided that the Insured, upon becoming aware of the failure, shall either immediately provide for maintenance of the installation or immediately give notice in writing to the Insurer(s) and on demand

pay such reasonable additional premium as the Insurer(s) may required.

Where the Insured or a tenant responsible to provide for maintenance of the installation enters into an agreement for maintenance with a contractor and such an agreement provides in substance that the Insured or tenant shall indemnify and/or hold harmless and/or release from liability the contractor in respect of loss, destruction or damage which may occur as a result of any peril insured against by this policy, the insurance hereby shall not be prejudiced by the Insured or the said tenant agreeing to such provision. The indemnity and/or hold harmless provision and/or release from liability shall be equally binding upon the Insurer(s), who shall waive all rights of subrogation which may have otherwise existed against the tenant.

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

NOTIFICATION OF CLAIMS (CLMSAXB4)

The words "within thirty (30) days" in Condition 6 are amended to read "as soon as practicable". The final sentence of Condition 6 is deleted.

BREACH OF CONDITIONS (BREAKXB4)

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



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