

# Schedule

## INDUSTRIAL SPECIAL RISKS INSURANCE SCHEDULE

### Fire & Perils

*Forming part of the Industrial Special Risks Mark IV Modified Wording*

#### THE INSURER

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CGU Insurance Limited  
ABN 27 004 478 371

Policy No.  
01R 0242818

Proportion:  
100%

Signature/Date



10/05/2013

#### THE INSURED

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Chemmart Pharmacy

and

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

all for their respective interests, rights and liabilities and to the extent that they are not more specifically insured, but excluding [entities that are excluded from the cover]

#### THE BUSINESS

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Principally Chemmart Pharmacy and property owners and any other activity incidental thereto.

#### THE SITUATION AND/OR PREMISES

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Principally and any other situation/premises in Australia owned or occupied by the Insured for the purposes of the Business or elsewhere in Australia where used by the Insured or where the Insured is undertaking work or has goods or property (including where goods or property are stored, or undergoing processing, repairs, maintenance, overhaul or improvements).

## PERIOD OF INSURANCE

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*From* 4.00pm on 1 June 2013, Australian Eastern Standard Time

*To* 4.00pm on 1 June 2014, Australian Eastern Standard Time

or any further period for which renewal has been agreed.

## THE PREMIUM

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Premium	As Agreed	<i>Which amounts are provisional and shall be adjusted in accordance with the Conditions of the Policy</i>
Terrorism Levy	As Agreed	
Fire Services Levy	As Agreed	
Stamp Duty	As Agreed	
GST	As Agreed	
Total	<u>As Agreed</u>	

## DECLARED VALUES

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*(In accordance with the Basis of Settlement)*

### *Section 1: Material Damage*

The following is Property Insured:

Building(s)	\$0.00
Contents other than Stock	\$
Stock	\$
Total	<u>\$</u>

### *Section 2: Consequential Loss of Profits*

Gross Profit	\$
Gross Revenue	\$0.00
Gross Rentals	\$0.00
Insured Pay-roll	\$0.00
Additional Increased Cost of Working	\$50,000
Claims Preparation Costs	\$100,000
Total	<u>\$</u>

## LIMITS OF LIABILITY

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The amounts set out hereunder represent the Insurer's maximum Limits of Liability for any one loss or series of losses arising out of any one original source or cause at any one Situation, subject to any Sub-limits of Liability specified elsewhere in the Policy and the Schedule. The Limit of Liability applies in excess of any applicable Deductible.

Combined Sections 1 & 2 \$6,000,000

### *Sub-limits of Liability*

The liability of the Insurer shall be further limited in respect of any one loss or series of losses arising out of any one original source or cause at any one Situation as set out hereunder: The Sub-limits of Liability apply in excess of any applicable Deductible.

#### Section 1: Material Damage

Damage Diminution & Accidental Discharge Costs (B)	\$25,000	
Loss Minimisation (B)	\$25,000	
Property of Employees & Clubs (D)	\$5,000	per person or club
	\$20,000	any one event
Accompanied Baggage in Australia (C)	\$5,000	per person
	\$10,000	any one event
Liability to Make Enquiries	\$25,000	
Statutory Inquiries	\$25,000	
Unpacking Expenses	\$25,000	
Liability for Duty	\$10,000	
Landscaping (C)	\$20,000	
Cost of Clearing Blocked Drains, Pipes, Filters & Pumps (B)	\$50,000	
Expediting Expenses	\$50,000	
Loss of Land Value	\$100,000	
Customers Goods	\$10,000	
Securities	\$20,000	
Works of Art, Antiques & Curios	\$10,000	
Abandoned Undamaged Portion of a Building	\$250,000	
Extra Cost of Reinstatement	\$100,000	
Additional Extra Cost of Reinstatement	\$250,000	
Removal of Debris	\$100,000	
Theft or Any Attempt Thereat	\$250,000	
Theft of Property in Open Air	\$5,000	
Money – excluding On Premises outside business hours	\$25,000	
Money – On Premises outside business hours	\$5,000	
Property in the Open Air (Storm)	\$10,000	
Decorative Livestock (Fire cover only)	\$5,000	
Temporary Removal Exemption (B)	\$50,000	
Glass	Replacement Value	
Rewriting of Records (Prescription Data)	\$75,000	
Machinery Breakdown (Limited to Section 1 only)	\$25,000	
Spoilage of Goods in Cold Storage	\$25,000	
Unspecified Damage (defined below)	\$250,000	

UNSPECIFIED DAMAGE, for the purpose of any Limit or Sub-limit of Liability or Deductible as shown in the Schedule, means Damage caused by any peril or circumstance not more specifically covered or excluded by this Policy other than: fire; lightning; thunderbolt; explosion; implosion; collapse; earthquake; subterranean fire; volcanic eruption; impact; aircraft and/or other aerial devices and/or articles dropped therefrom; sonic boom; theft; breakage of glass; loss of money; the acts of persons taking part in riots or civil commotions or of strikers or locked-out workers or of persons taking part in labour disturbances or of malicious persons or the acts of any lawfully constituted authority in connection with the foregoing acts or in connection with any conflagration or other catastrophe; storm and/or tempest and/or rainwater and/or wind and/or hail, and/or flood, and/or water or other liquids or substances discharged, overflowing or leaking from apparatus, appliances, pipes or any other system at the premises or elsewhere; or other peril mentioned under the heading in the Schedule, SUB-LIMITS OF LIABILITY .

## Section 2: Consequential Loss of Profits

Item 2 - Claims Preparation Costs	\$50,000
Severance Pay	Not Insured
Item 4 - (Additional) Increased Cost of Working	\$100,000
Rent Receivable	Not Insured
Rent Payable (B)	Not Insured
Prevention of Access	\$350,000
Contractual Fines & Penalties	\$50,000
Accounts Receivable (B)	\$200,000
Unspecified Suppliers' &/or Customers' Premises (Australia & New Zealand)	\$100,000
Unspecified Suppliers' &/or Customers' Premises (worldwide)	Not Insured
Remote Premises of Public Utilities (B)	\$350,000
Other Contributing Properties	Not Insured
Royalties Receivable (B)	Not Insured
Trade Exhibitions	Not Insured

## Aggregate Limit any one Period of Insurance (Section 2 - Consequential Loss of Profits)

Quarantinable Diseases	\$250,000
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## Combined Section 1 (Material Damage) and Section 2 (Consequential Loss of Profits)

Flood	Event Limit	20% of Declared Values
	Limit any one Location	\$2,500,000
Acquired Companies (D)		\$2,000,000
Properties located above 25 <sup>th</sup> Parallel		Nil
Declarations of Acquired Property (B)		\$2,000,000
Properties located above 25 <sup>th</sup> Parallel		Nil

## DEDUCTIBLES

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### Section 1 - Material Damage

The Insured shall bear the following amount(s) in respect of each claim or series of claims arising out of any one original source or cause:

- Earthquake, Subterranean Fire or Volcanic Eruption
  - (a) \$20,000; or
  - (b) an amount equal to 1% of the total Declared Values for Property Insured at the Situation where the loss occurs; whichever is the lesser.
  
- Any physical loss, destruction or damage occasioned by or happening through
  - a) Named Cyclone including Wind, Water and Action of and /or Water from the Sea
  - b) Flood

\$10,000
  
- Glass 

\$500
  
- All other Claims 

\$1,000

### Section 2 - Consequential Loss of Profits

The Insured shall bear the following amount(s) in respect of each claim or series of claims arising out of any one original source or cause:

- Remote Premises of Public Utilities 

48 hours
- Prevention of Access 

48 hours
- Unspecified Suppliers' and/or Customers' Premises (Australia & New Zealand) 

48 hours
- Quarantinable Diseases 

48 hours

Note: The Limit of Liability and Sub-limits of Liability apply in excess of any applicable Deductible.

## INDEMNITY PERIOD

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12 months

## PAY-ROLL LIMITS

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100% for	weeks	)	
50% for	weeks	)	<i>As defined herein</i>
Consolidation Period:	weeks	)	

## UNINSURED WORKING EXPENSES

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*(Applicable only to the definition of Gross Profit)*

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.

Purchases less discounts received

## ENDORSEMENTS

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**OPENERH4**    **ENDORSEMENTS ATTACHING TO AND FORMING PART OF INDUSTRIAL SPECIAL RISKS INSURANCE POLICY**  
*(Headings have been included for ease of reference and it is understood and agreed that the policy and endorsements are not to be interpreted by reference to such headings.)*

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

### *Core Endorsements*

<i>Code</i>	<i>Endorsement Heading/Wording</i>
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**SECONEH4**    **SECTION 1 – MATERIAL LOSS OR DAMAGE**

**INDEM1H4**    **THE INDEMNITY**

**XPLORXS4**    **EXPLORATORY COSTS**

Paragraph (c) of The Indemnity extends to include exploratory costs necessarily and reasonably incurred by the Insured to prevent imminent damage or diminish damage to Property Insured by any peril insured against by this Policy.

**NODADPC4**    **DAMAGE DIMINUTION & ACCIDENTAL DISCHARGE COSTS (B)**

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

The indemnity under paragraph (c) extends to include costs and expenses incurred to switch off and re-set alarms following an occurrence caused by an insured peril.

The indemnity under paragraph (c) shall apply whether or not Damage occurs to Property Insured in circumstances giving rise to indemnity under Section 1 of this Policy.

**LOSMPCB4**    **LOSS MINIMISATION (B)**

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

**HANDYVS4**    **DEMOLITION AND REMOVAL OF OWNED PROPERTY**

The words *"which is no longer useful for the purpose it was intended"* are deleted from Clause (f)(iii) of The Indemnity in Section 1.

**REFIXXS4**    **REINSTATEMENT OF UNDAMAGED PROPERTY**

Paragraph (f)(iii) of The Indemnity is extended to include the cost of reinstating any property belonging to the Insured that has been necessarily demolished and removed for the purpose of the reinstatement or replacement of Property Insured damaged by any peril insured against by this Policy.

**CLUBPPC4**    **PROPERTY OF EMPLOYEES AND CLUBS (D)**

Paragraph (g) of The Indemnity is amended to read:

*“(g) damage (limited to the amount shown in the Schedule per person or club) to personal effects (excluding money) belonging to directors and employees of the Insured or the property of welfare, sports and social clubs of the Insured, whilst on the Premises. The indemnity under this paragraph (g) shall apply whether or not Damage occurs to Property Insured in circumstances giving rise to indemnity under Section 1 of this Policy.”*

**LUGGAPC4 ACCOMPANIED BAGGAGE IN AUSTRALIA (C)**

The following clause is added to The Indemnity in Section 1: Material Loss or Damage:

*“Damage occurring anywhere in the Commonwealth of Australia other than on the premises of the Insured or of directors or employees of the Insured, to personal property belonging to directors and employees of the Insured whilst they are engaged on the business of the Insured to the extent that such property is not otherwise insured.*

*Provided that the indemnity afforded by this clause shall be limited to the amount specified in the Schedule in respect of each person and shall be subject to the deductible referred to in the Schedule of the policy against Accompanied Baggage in Australia (C). If no deductible is shown in the Schedule against this item, a \$1,000 deductible will apply. ”*

**AWARDPC4 AWARD LIABILITY FOR EMPLOYEES' CLOTHING AND/OR TOOLS (B)**

The policy extends to indemnify the Insured for legal liability under any Federal or State Award or Determination for loss or destruction of or damage to employees' clothing and/or tools.

**ENQUIXB4 LIABILITY TO MAKE ENQUIRIES (A)**

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 stated in the Schedule.

**PAYQCXS4 STATUTORY INQUIRIES**

Paragraph (a) of The Indemnity shall extend to include costs and expenses incurred by the Insured in connection with Statutory Inquiries following Damage to Property Insured. The term 'Statutory Inquiries' shall mean any judicial, coronial or other form of inquiry or hearing established by or at the direction of any government, semi-government, local or planning authority as a direct result of Damage to Property Insured.

For the purpose of the application of Provision (iii) of the Reinstatement or Replacement Memorandum or the Co-Insurance Memorandum, the Insured's declared values at any Situation shall not include any allowance for the costs and expenses referred to in this extension.

**UNPAKXB4 UNPACKING EXPENSES**

This policy extends to include costs and expenses incurred by the Insured in taking inventory (including unpacking, repacking and restacking) 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.

**LDUTYVB4 LIABILITY FOR DUTY**

The policy extends to include the Insured's liability for customs, excise and other duties that the Insured becomes liable to pay in the event of Damage to Property Insured.

**LANDSCP4      LANDSCAPING (C)**

This Policy extends to include damage to landscaping; which term shall mean lawns, gardens, plants, shrubs, trees, rockwork, ornamentation and the like.

**PIPESXP4      COST OF CLEARING BLOCKED DRAINS, PIPES, FILTERS AND PUMPS (B)**

The Indemnity clause is extended to include additional costs necessarily and reasonably incurred by the Insured in the clearance of blocked pipes, drains, gutters, sewers, filters, pumping equipment and the like during the Period of Insurance, including exploratory costs, at the Premises as a direct result of damage as insured herein.

For the purpose of the application of Provision (iii) of the Reinstatement or Replacement Memorandum or the Co-Insurance Memorandum, the Insured's declared values at any Situation shall not include any allowance for the costs referred to in this extension.

**EXPEDXB4      EXPEDITING EXPENSES**

The policy extends to include 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.

**LNDVLXB4      LOSS OF LAND VALUE**

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

- (a) in the event of the absolute refusal by the competent local or government Authority to allow the reconstruction of the Premises following destruction or damage, the Insurer(s) shall pay by way of indemnity the amount of excess of the Land Value before, over the Land Value after, the destruction or damage to improvements; or
- (b) in the event of the competent local or government Authority allowing only partial reconstruction of the Premises after destruction or damage, the Insurer(s) shall pay by way of indemnity the deficiency between the Land Value after such reconstruction and the Land Value before the destruction or damage;

less any sum paid by way of compensation by such Authority arising out of the action referred to in (a) or (b) above. The liability of the Insurer(s) shall be limited to the sub-limit stated in the Schedule of the policy against 'Loss of Land Value' for any one loss or series of losses arising out of any one event or occurrence at any one location.

*Definitions*

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

*Special Conditions*

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



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

**NOAVEXB4      AMENDED PROVISIO**

The proviso to the Indemnity is amended to read:

*"Provided that only Clause (a) above shall be subject to any Co-insurance clause or memorandum contained in this policy."*

**PRPRTYH4      THE PROPERTY INSURED**

**PROPBXS4      PROPERTY INSURED (B)**

The first paragraph of the definition of The Property Insured is amended to read:

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

**TRCHQVS4      TRAVELLERS CHEQUES**

The definition of Money is extended to include travellers' cheques.

**SALESXB4      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.

**BASIS1H4      BASIS OF SETTLEMENT**

**CLASSPC4      CLASSIFICATION OF PROPERTY INSURED**

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 in its records, provided that such property is not specifically excluded by this policy.

**INDCLPC4      ELECTION TO CLAIM INDEMNITY VALUE (B)**

Basis of Settlement (a) is extended to include the following extra provision:

*"Provided further that if the Insured elects to claim the Indemnity Value of any Damaged property, the Insurer(s) shall be liable for no greater proportion of the loss of such property than the amount that the Insured's declaration, made at the time of commencement of the Period of Insurance, of the value of such property, bears to eighty per cent (80%) of the actual value of such property at the time of commencement of the Period of Insurance, but not exceeding the Limit of Liability expressed in the Schedule. Any amount recoverable under the Extra Cost of Reinstatement Memorandum shall not be taken into account in determining the Insurer's proportion of the loss of such property."*

**BASIPCB4            BASIS OF SETTLEMENT (B)**

In Section 1, Basis of Settlement (b) is amended to read:

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

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

**BASIPCC4            BASIS OF SETTLEMENT (C)**

In Section 1, Basis of Settlement (c) is amended to read:

*“(c)    On material in process of manufacture:*

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

**BASIPCD4            BASIS OF SETTLEMENT (D)**

In Section 1, Basis of Settlement (d) is amended to read:

*“(d)    On finished goods manufactured by the Insured:*

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

**UNDELXB4            GOODS SOLD BUT NOT DELIVERED**

The Basis of Settlement under Section 1(d) 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.”*

**SWAREXS4            BASIS OF SETTLEMENT (E)**

In Section 1, Basis of Settlement (e) is amended to read:

*“(e)    On computer systems records, computer software, documents, manuscripts, securities, deeds, specifications, plans, drawings, designs, business books and other records of every description:*

*The cost of repairing, replacing, reproducing or restoring same, including information contained therein or thereon, but excluding the value to the Insured of the said information or, if repair, replacement, reproduction or restoration is not carried out with reasonable despatch, the replacement cost of materials as blank stationery at the time and place of the damage.”*

**SECURXS4            SECURITIES**

Basis of Settlement (e) is amended by deleting the word ‘securities’. In the case of Securities (which

shall mean certificates of stock, bonds, coupons and all other types of securities), the basis of valuation shall be:

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

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

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

#### BASIPCG4 BASIS OF SETTLEMENT (G)

In Section 1, Basis of Settlement (g) is amended to read:

*“(g) On glass:*

*The cost incurred in repairing or replacing the broken glass in accordance with Australian Standard AS 1288-2006 or its current equivalent, including:*

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

#### VALPEPC4 VALUATION OF PROPERTY - EMPLOYEES & CLUBS (B)

In Section 1, Basis of Settlement (h) is amended to read:

*“(h) On personal effects (excluding money) belonging to directors and employees and on the property of welfare, sports and social clubs:*

*The necessary cost of replacement or repair at the time and place of replacement or, if not replaced with reasonable despatch, the replacement cost at the time and place of the damage subject to due allowance for wear and tear, depreciation and betterment. In no case shall the Insurer's liability exceed the Sub-Limit shown in the Schedule in respect of Property of Employees & Clubs (D). ”*

**PRSETXB4      PAIRS & SETS**

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

*"On personal property comprising a pair or set:*

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

**BASIIPC4      BASIS OF SETTLEMENT (i)**

In Section 1, Basis of Settlement (i) is amended by adding the final words: *"net of demolition costs"*.

**DEPRNXB4      DEPRECIATION OF UNDAMAGED STOCK**

The following paragraph is inserted after paragraph (i) of the Basis of Settlement clause in Section 1:

*"(j) Notwithstanding anything contained in this Policy to the contrary, in particular Property Exclusion 12 and Perils Exclusion 9, the Insurer will, to an extent not exceeding the value of the goods in storage remaining after its liability for any such direct loss has been determined and subject otherwise in all respects to the terms and conditions of this insurance, except as specifically varied hereby, also hold themselves liable for damage caused by deterioration of such goods due to the Insured's inability to process the goods in the normal way as a result of damage caused by any peril or circumstance insured by this Policy to any property used by the Insured."*

**ANTIOXS4      WORKS OF ART, ANTIQUES & CURIOS**

The following paragraph is inserted after paragraph (i) of the Basis of Settlement clause in Section 1:

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

*Notwithstanding the first paragraph of Basis of Settlement (a), the cost of restoring and repairing to a condition substantially the same as before the Damage plus any reduction in market value caused by the Damage. If restoration or repair is not possible, the market value immediately before the Damage."*

**LABELXB4      LABELS, CONTAINERS & WRAPPINGS**

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

**MEMOS1H4      MEMORANDA TO SECTION 1**

**BRANDPC4      BRANDED GOODS**

The final sentence of the Memorandum under this heading is amended to read:

*"If such salvage is not disposed of by sale, then the value of the salvage shall be deemed to be the market value of the goods after brands, labels or names have been removed by or on behalf of the Insured."*

**NODECPC4 DECLARED VALUES (C)**

The memorandum to Section 1 under this heading is extended to include the following paragraphs:

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

*Declared values shall not include any allowance for Extra Cost of Reinstatement nor any of the costs and expenses referred to under any of the clauses, except clause (g), of 'The Indemnity'."*

**RELOCXS4 REINSTATEMENT ELSEWHERE**

The bracketed words in Provision (i) of the Reinstatement or Replacement Memorandum are amended to read:

*"(which may be carried out wholly or partially upon any other sites and in any manner suitable to the requirements of the Insured, but subject to the liability of the Insurer(s) not being thereby increased)"*

**UMAKEXB4 REINSTATEMENT OF DAMAGE BY THE INSURED**

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

AVALTPC4

**CO-INSURANCE MEMORANDUM - AMENDED (B)**

Provision (iii) of the Reinstatement or Replacement Memorandum is deleted, together with the Co-insurance Memorandum and the Declared Values Memorandum.

The following additional memorandum shall apply to Section 1:

*“Average/Under-insurance*

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

*In the event of a claim, the moneys otherwise payable under Section 1 of this Policy shall be the proportion that the Insured's declaration at the time of the commencement of the Period of Insurance of the value of all Property Insured at the Situation to which the Damaged item or items belong bears to 80% of the value of all such property as at the time of the commencement of the Period of Insurance calculated in accordance with the appropriate Basis of Settlement Clauses.*

*This Memorandum shall not apply if the amount of the Damage does not exceed 10% of the amount of the Insured's declaration of value for that Situation.*

*This Co-Insurance Memorandum shall not apply to any claim for theft of Money to which a Sub-Limit(s) of Liability has been stated in the Schedule.*

*For the purpose of the application of this Memorandum, the Insured's Declared Values at any Situation shall not include any allowance for Extra Cost of Reinstatement or for the costs and expenses referred to in the Additional Cover provided in Clauses (b) to (g).”*

RRFLEXB4

**REINSTATEMENT OR REPLACEMENT PROVISION (vi)**

The following additional Provision (vi) is included:

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

*(a) the cost of the dissimilar property; or*

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

THEFTXS4

**FIRST LOSS INSURANCE - THEFT & MONEY**

The Average/Under-insurance Memorandum shall not apply to any claim for theft or Money to which a Sub-Limit or Sub-Limits of Liability apply as stated in the Schedule.

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

**ECRELXS4      EXTRA COST OF REINSTATEMENT ELSEWHERE**

Provision (i) of the Extra Cost of Reinstatement Memorandum is amended by deleting the words *"if the requirements of the aforesaid Act, Regulation or By-Law so necessitate"*.

**ADDECPC4      ADDITIONAL EXTRA COST OF REINSTATEMENT (B)**

*(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:

- (a) shall be limited in respect of each loss or series of losses arising out of any one event to the amount shown in the Policy Schedule against 'Additional Extra Cost of Reinstatement (B)', 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;
- (b) shall not include the additional cost incurred in complying with any such Act, regulation, by-law or requirement with which the Insured has been duly required to comply prior to the happening of the damage; and
- (c) shall not be subject to 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 that would have been payable under the policy if this Memorandum had not been incorporated therein.

**FSRIAVS4      FLOOR SPACE RATIO INDEX (PLOT RATIO)**

The words *"in the event of any building(s) being damaged so as to constitute total loss or constructive total loss"* are amended in the Memorandum under this heading to read: *"if any building(s) being Property Insured is/are damaged and the cost of reinstatement is more than 50% of the cost of reinstatement if the building(s) had been totally destroyed"*.

**ACQCPC4      ACQUIRED COMPANIES (D)**

The Memorandum to Section 1 headed 'Acquired Companies' is deleted and the following Memorandum substituted for it in the MEMORANDA TO ALL SECTIONS:

*"This Policy extends to include:*

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

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

- (a) the name of the company or other organisation and the nature of its business;*
- (b) the nature and extent of the property to be insured;*
- (c) the value of the indemnity provided, calculated in accordance with the relevant basis of settlement clauses;*

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

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

*For the purpose of this Memorandum, a controlling interest shall, in the case of a company, mean the acquisition of shares carrying more than 50% of votes capable of being cast at a general meeting of all shareholders in the company.*

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

#### **BETTAVB4 OUTPUT REPLACEMENT**

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

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

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



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

**RUINSXB4****ABANDONED UNDAMAGED PORTION OF A BUILDING**

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

All differences relating to the amount of such increase in site value shall forthwith be referred to the decision of two registered valuers; one to be appointed by each of the parties to this policy. If the two valuers do not agree, their differences shall be referred to the decision of a third valuer, appointed by the President of the Australian Institute of Valuers as an expert, whose decision shall be binding.

**FDNOKVB4****UNDAMAGED FOUNDATIONS (A)**

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 the policy, whichever shall occur later.

All differences relating to the amount of such increase in site value shall forthwith be referred to the decision of two registered valuers; one to be appointed by each of the parties to this policy. If the two valuers 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.

**FOUNDXS4****UNDAMAGED FOUNDATIONS (B)**

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

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

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

**SECTWOH4      SECTION 2 – CONSEQUENTIAL LOSS**

**THERPCB4      PROPERTY AT OUTSIDE STORES AND OUTWORKERS' PREMISES (B)**

The following sentence is inserted at the end of the first paragraph of 'The Indemnity' in Section 2:

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

**BOILBVS4      PRESSURE VESSEL PERILS (B)**

The second paragraph of 'The Indemnity' in Section 2 is amended to read:

*"Provided that the Insurer(s) will not be liable for any loss under this Section unless the Insured's property lost, destroyed or damaged is insured against such Damage (loss arising out of destruction or damage by the explosion, implosion, rupture, collapse, bursting, cracking or overheating of any boiler, economiser or other pressure vessel, including pipes, valves and other apparatus forming part of any of these and in respect of any of which a certificate is required to be issued under the terms of any statute or regulation being excepted from this provision) 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."*

**BASIS2H4      BASIS OF SETTLEMENT**

**ITEM1PC4      ITEM NO. 1**

In the first paragraph of this Basis of Settlement, the words *"loss of Gross Profit"* are amended to read: *"actual loss of Gross Profit"*.

**DEFINEH4      DEFINITIONS**

**BOOSTXB4      GOVERNMENT INCENTIVES**

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

**OPCONXS4      CONSOLIDATED PERIOD**

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

**FBTSPVB4      PAY-ROLL: AMENDED DEFINITION**

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

*"The remuneration (including but not limited to pay-roll 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."*

**INSPRXS4            INSURED PAY-ROLL**

The term Insured Pay-Roll means the declared value of estimated Pay-Roll in respect of the Consolidated Period referred to in Item No. 3 and specified in the Schedule, declarable as at the day of commencement of the Period of Insurance.

**BASIS2H4            BASIS OF SETTLEMENT**

**GP80AVP4            GROSS PROFIT - 80% AVERAGE/ UNDERINSURANCE**

The final paragraph of Item No 1 is amended to read:

*“Provided that if the estimated value of Gross Profit declared at the commencement of the Period of Insurance is less than eighty per cent (80%) of the sum produced by applying the Rate of Gross Profit to the Annual Turnover (appropriately increased if the Indemnity Period exceeds twelve months) which would have been achieved if the Damage had occurred on the day of commencement of the Period of Insurance, the amount payable hereunder shall be proportionately reduced.*

*This provision shall not apply if the amount of the loss does not exceed ten per cent (10%) of the estimated value of Gross Profit declared at the commencement of the Period of Insurance. ”*

**SEVERXB4            SEVERANCE PAY**

*(Not operative unless the Schedule contains a sub-limit for Severance Pay)*

The insurance under this item is limited to such further additional expenditure beyond that recoverable under Clause (a) of Item no. 3 as the Insured is obligated or has agreed to pay under industrial awards, determinations, decisions or agreements for severance pay and/or in lieu of notice to employees whose services are terminated during the Indemnity Period in consequence of the Damage.

**PAY80AP4            DUAL PAY-ROLL - 80% AVERAGE/UNDER-INSURANCE**

The final paragraph of Item No.3 is amended to read:

*“Provided that if the estimated value of Insured Pay-Roll declared at the commencement of the Period of Insurance is less than eighty per cent (80%) of the amount produced by applying the Pay-Roll Limits set out in the Schedule to the amount produced by applying the Rate of Pay-Roll to the Annual Turnover (or its appropriately increased multiple if the Indemnity Period exceeds twelve months) which would have been achieved if the Damage had occurred on the day of commencement of the Period of Insurance, the amount payable hereunder shall be proportionately reduced.”*

## BDEBPCB4

**ACCOUNTS RECEIVABLE (B)**

*(Inoperative unless a sub-limit for Accounts Receivable is shown in the Schedule)*

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

Where there is proof that a loss covered by 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 'Accounts Receivable'.

**GREVNPC4 GROSS REVENUE SPECIFICATION (B)**  
*(Not operative unless the Schedule indicates Gross Revenue)*

The following clauses are deleted from the Policy:

- Item No.1: Gross Profit
- Item No.3: Pay-roll

Definitions of:

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

Memoranda entitled:

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

and replaced by the following clauses:

***Item No. 1***

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

- (a) ***In respect of reduction in Gross Revenue:*** *The amount by which the Gross Revenue during the Indemnity Period shall, in consequence of the Damage, fall short of the Standard Gross Revenue.*
- (b) ***In respect of increase in Cost of Working:*** *The additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the loss of Gross Revenue which, but for that expenditure, would have taken place during the Indemnity Period in consequence of the Damage but not exceeding the amount of the reduction in Gross Revenue thereby avoided, less any sum saved during the Indemnity Period in respect of such charges and expenses of the Business as may cease or be reduced in consequence of the Damage.*

*Provided that if the estimated value of Gross Rentals declared at the commencement of each Period of Insurance is less than 80% of the Annual Gross Rentals (or the appropriate multiple if the Indemnity Period exceeds twelve months), the amount payable hereunder shall be proportionately reduced.*

*This provision shall not apply if the amount of the loss does not exceed 10% of the estimated value of Annual Gross Rentals declared at the commencement of the Period of Insurance.*

### Definitions

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

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

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

*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

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

**Departmental Clause:** *If the Business be conducted in departments; the independent trading results of which are ascertainable, the provisions of clauses (a) and (b) of Item no. 1 shall apply separately to each department affected by the Damage.*

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

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

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

*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."*

**GRADJXB4 PREMIUM ADJUSTMENT - GROSS REVENUE**  
*(Not operative unless the Schedule indicates Gross Revenue)*

Provisions (a)(ii) and (b)(ii) of the adjustment of premium memorandum are amended to read:

*"(a)(ii) Estimated amount of Gross Revenue;"*

and

*"(b)(ii) The amount of Gross Revenue received, in accordance with the cover afforded in the respective item of Section 2, in the course of the Business during the most recent accounting period of twelve months ending on or prior to the date of expiry of the period of insurance."*

**GRENTPC4 GROSS RENTALS SPECIFICATION (B)**  
*(Not operative unless the Schedule indicates Gross Rentals)*

The following clauses are deleted from the policy:

- Item No.1: Gross Profit
- Item No.3: Pay-roll

Definitions of:

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

Memoranda entitled:

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

and replaced by the following clauses:

***"Item No. 1***

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

*(a) In respect of reduction in Gross Rentals: The amount by which the Gross Rentals during the Indemnity Period shall, in consequence of the Damage, fall short of the Standard Gross Rentals,*

*(b) In respect of Increase in Cost of Working: The additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or*

*diminishing the reduction in Gross Rentals which but for that expenditure would have taken place during the Indemnity Period in consequence of the Damage, but not exceeding the loss of Gross Rentals thereby avoided, less any sum saved during the Indemnity Period in respect of such charges and expenses of the Business as may cease or be reduced in consequence of the Damage.*

*Provided that if the estimated value of Gross Rentals declared at the commencement of each Period of Insurance is less than 80% of the Annual Gross Rentals (or the appropriate multiple if the Indemnity Period exceeds twelve months), the amount payable hereunder shall be proportionately reduced.*

*This provision shall not apply if the amount of the loss does not exceed 10% of the estimated value of Annual Gross Rentals declared at the commencement of the Period of Insurance.*

### **Definitions**

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

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

*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.*

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

### **Memoranda**

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

**Departmental Clause:** *If the Business be conducted in departments, the independent trading results of which are ascertainable, the provisions of clauses (a) and (b) of Item No. 1 shall apply separately to each department affected by the Damage.*

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

**Standard Gross Rentals:** *The proportional equivalent for a period equal to the Indemnity Period, of the Gross Rentals realised during the period between the commencement of the Business and the date of the damage.*

*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*



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

**ADJGRXB4 PREMIUM ADJUSTMENT - GROSS RENTALS**

*(Not operative unless the Schedule contains a sub-limit for Gross Rentals)*

Provisions (a)(ii) and (b)(ii) of the "Adjustment of Premium" memorandum are amended to read:

*"(a)(ii) estimated amount of Gross Rentals;"*

and

*"(b)(ii) the amount of Gross Rentals received, in accordance with the cover afforded in the respective item of Section 2, in the course of the Business during the most recent accounting period of twelve months ending on or prior to the date of expiry of the period of insurance."*

**RENTRXB4 RENT RECEIVABLE**

*(Not operative unless the Schedule contains a sub-limit for Rent Receivable)*

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

**RENTPCB4 RENT PAYABLE (B)**

*(Not operative unless the Schedule contains a sub-limit for Rent Payable)*

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

For the purpose of this item, Indemnity Period means the period beginning with the date of the Damage and ending not later than the number of months shown in the Schedule against the Sub-Limit Rent Payable thereafter during which the results of the Business shall be affected in consequence of the Damage.

**FINESPC4            CONTRACTUAL FINES AND PENALTIES (B)**

The following item is added to Basis of Settlement Clause (Section 2):

*"Item No. 6*

*The Insured is indemnified with respect to fines and penalties for breach of contract and the amount payable as indemnity hereunder shall be such sum(s) as the Insured shall be legally liable to pay and shall pay in discharge of fines and/or penalties incurred in consequence of the Damage, for non completion or late completion of orders, inability to meet contract specifications or cancellation of orders."*

**MEMOS2H4            MEMORANDA TO SECTION 2**

**SPLITVS4            DEPARTMENTAL CLAUSE**

The Memorandum under this heading is amended to read:

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

**STOCKVS4            ACCUMULATED STOCKS**

The words *"of finished goods"* are deleted from the Memorandum under this heading.

**LOWERXS4            REDUCED MARGIN**

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

**SANZBPC4            UNSPECIFIED SUPPLIERS' AND/OR CUSTOMERS' PREMISES  
(AUSTRALIA & NEW ZEALAND – SINGLE LIMIT) (B)**

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

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

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

**OCPBIPC4            OTHER CONTRIBUTING PROPERTIES**

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

**ROYALPC4      ROYALTIES RECEIVABLE**

*(This clause is only operative when a sub limit is shown in the Schedule)*

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

**EXHIBXB4      TRADE EXHIBITIONS**

Loss as insured by Section 2 of the policy resulting from interruption of or interference with the Business due to curtailment of any trade exhibition anywhere in the world in consequence of Damage thereat and/or to property exhibited therein by the Insured shall be deemed to be loss resulting from damage to property used by the Insured at the Premises. Provided that the liability of the Insurer(s) shall be limited to the sub-limit stated in the Schedule of the policy against 'Trade Exhibitions' for any one loss or series of losses arising out of any one event or occurrence.

**OPALTXB4      TURNOVER/OUTPUT ALTERNATIVE**

The memorandum headed 'Turnover/Output Alternative' in Section 2 of this Policy is amended to read:

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

If the meaning set out above is used, the memorandum 'Trading 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 value of the goods so manufactured and/or processed shall be brought into account in arriving at the Output during the Indemnity Period."*

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

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

**SALVGPC4      SALVAGE SALE**

In the Salvage Sale memorandum, the final paragraph is amended to read:

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

**UTILXPC4 REMOTE PREMISES OF PUBLIC UTILITIES (B)**

The Memorandum headed "Public Utilities Extension" is amended to read:

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

The cover provided by this extension shall be subject to the sub-limit stated in the Schedule against Remote Premises of Public Utilities (B).

**UNSPECIFIED SUPPLIERS' AND/OR CUSTOMERS' PREMISES - (WORLDWIDE) (B)**

*(This clause is only operative when a sub limit is shown in the Schedule)*

Notwithstanding anything contained in this Policy to the contrary, loss resulting from interruption of or interference with the business in consequence of Damage (as herein defined) to property at any situation anywhere in the world, which affects any direct supplier and/or direct customer of the Insured shall be deemed to be loss resulting from Damage to property used by the Insured at the Premises. The liability of the Insurer(s) under this endorsement, in respect of any one loss or series of losses arising out of any one event or occurrence at any one premise's, shall be limited to the sub-limit stated in the Schedule, in respect of any one loss or series of losses arising out of any one event or occurrence.

It is understood and agreed that:

- a) a supplier is any person, body or entity from which the Insured obtains supplies of commodities, materials, components, goods or services other than those services referred to under the Utilities Extension.
- b) a customer is a person, body or entity to which the Insured supplies or provides commodities, materials, components, goods or services.
- c) Suppliers and customers based in the following countries are excluded:

Afghanistan, Albania, All former countries of USSR, Angola, Armenia, Azerbaijan, Bulgaria, Belarus, Bosnia-Herzegovina, Cambodia, Caribbean, Maquiladora, Croatia, Cuba, Democratic Republic of Congo, El Salvador, Ethiopia, Georgia, Guam, Haiti, India, Indonesia, Iran, Iraq, Israel, Kazakhstan, Kampuchea (Cambodia), Kyrgyzstan, Laos, Lebanon, Liberia, Libya, Macedonia, Moldova, Mongolia, Montenegro, Myanmar (Burma), Nicaragua, Nigeria, North Korea, Outer Mongolia, Pakistan, Romania, Rwanda, Serbia, Sierra Leone, Somalia, Sudan, Syria, Tajikistan, Tibet, Turkmenistan, Ukraine, Uzbekistan, Venezuela, Yugoslavia, Zaire Zimbabwe.

It is understood and agreed that the following peril exclusions will apply to overseas customers and suppliers:

Flood in locations outside the Commonwealth of Australia  
 Hurricane, Cyclone or Typhoon occurring in all countries  
 Earthquake, Volcanic Eruption and resultant fire damage occurring in the USA, Greece, Italy, Japan, Turkey, Malaysia, Mexico, New Zealand, Taiwan, Indonesia, Peoples Republic of China, Philippines and Vietnam.  
 National Catastrophes in France  
 Calamidad Nacional in Spain

SASRIA in South Africa  
Storm Surge in Germany (Sturmflut) / Forseeable flooding  
NASRIA in Namibia  
Excluding cover where any Local Overseas Pool exists.

EXCLNSH4            **EXCLUSIONS TO ALL SECTIONS**

PROPEXH4           **PROPERTY EXCLUSIONS**

AWAYBXS4           **TEMPORARY REMOVAL EXEMPTION (B)**  
The final sentence of Property Exclusion 1 is amended to read:

*"This Exclusion shall not apply during temporary removal of property (other than stock and/or merchandise), including unregistered motor vehicles other than where used as stock and/or merchandise of the Business, to any situation within the Commonwealth of Australia and whilst at such situation. Whilst such property is in transit (excluding loading, unloading and storage in transit), cover is limited to physical loss, destruction or damage caused by fire, lightning, explosion, earthquake, aircraft, riot, strikes, malicious damage and storm and/or tempest."*

IMPERXS4           **IMPERMANENT REMOVALS**  
For the purposes of Property Exclusion 1, the term 'temporary removal' means removal for a particular purpose, other than insured property out on hire, with the intention that the property be returned to the place from which it has been removed when that purpose has been served.

MONEYVVS4           **MONEY CARRIERS - OTHER INSURANCE**  
The first paragraph of Property Exclusion 2(a) is amended to read:

*"(a) whilst being carried by professional money carriers, professional carriers or common carriers which is insured by any person or entity other than the Insured except to the extent of any Damage in excess of the amount of that insurance."*

BUSHRXS4           **BUSINESS HOURS**  
For the purposes of Property Exclusion 2(c), the Insured's business hours shall mean the period during which the Insured's premises are actually occupied for business purposes and during which the Insured or employees of the Insured are in the premises.

LATERXB4           **LOSS DISCOVERED LATE**  
Property Exclusion 2(d) is amended to read:

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

JEWLFPC4           **JEWELLERY AND FURS OF EMPLOYEES AND OTHERS (B)**  
The words "jewellery, furs" in Property exclusion 3 shall not apply to personal property belonging to employees and directors of the Insured not otherwise insured at the Insured's premises.

CAGEFOP4           **DECORATIVE LIVESTOCK (FIRE COVER ONLY)**  
Property Exclusion 6 is amended to read:

*"6. Livestock, animals, birds or fish (other than birds or fish used solely for decorative purposes and only in respect of loss arising from fire only)."*

**PAVEDXS4      PAVED AREAS (A)**

This exclusion is amended to read:

*"9(a) bridges, canals, roadways (other than driveways, vehicle parking or manoeuvring areas and other paved areas at the Premises used or occupied by the insured for the purposes of its business) and tunnels, dams and reservoirs (other than tanks) and their contents.*

*(b) railway tracks (other than on the premises occupied or used by the Insured for the purpose of its business."*

**PRPAIRP4      PROPERTY IN THE OPEN AIR (STORM)**

Property Exclusion 13(a) is amended to read:

*"13(a) textile awnings and blinds;"*

Property Exclusion 13(b) is amended to read:

*"13(b) property in the open air unless such property is designed to function without the protection of walls or roof;*

*caused by wind, rainwater or hail."*

**EXISTPC4      CONTRACT WORKS - EXISTING STRUCTURE (B)**

This exclusion is amended to read:

*"14(a) property included in a project of construction, erection, alteration or addition, including the partial dismantlement of existing structures, where the total contract value of all work to be carried out at any one situation during such activity exceeds 10% of the Limit of Liability or \$500,000, whichever is the lesser. Provided that this Exclusion 14(a) shall apply only to the works comprising such construction, erection, alteration or addition and not to any original or existing structures."*

**BOIL2VS4      PRESSURE VESSEL PERILS - SECTION 2**

The final sentence of Property Exclusion 17 is amended to read:

*"The provisions of this Exclusion shall not apply to Section 2 of this Policy."*

**RDPVSVS4      RESULTANT DAMAGE TO PRESSURE VESSELS**

Property Exclusion 17 is extended to include the following provision:

*"Provided that the Insurer(s) will indemnify the Insured for any Damage to the aforementioned items caused directly by any circumstances not excluded under Section 1 of this Policy, notwithstanding that these circumstances may in turn have been caused by any of the circumstances specified in this Property Exclusion 17."*

**PERILXH4      PERILS EXCLUSIONS**

DEMOLXS4	<p><b>DEMOLITION OF DAMAGED PROPERTY</b> The first paragraph of Perils Exclusion 1 (b) is amended to read:</p> <p><i>“(b) resulting from confiscation, nationalisation, requisition or damage to property by or under the order of any Government or Public or Local Authority, unless such order involves the demolition of property deemed unsafe following damage by any peril not otherwise excluded by this Policy.”</i></p>
EVADEVS4	<p><b>PREVENTION OF IMMINENT DAMAGE</b> The clause immediately following Perils Exclusion 1(b) is amended to read:</p> <p><i>“Notwithstanding the provisions of Perils Exclusion 1(b), the Insurer(s) shall be liable for loss or destruction of or damage to Property Insured and for the reasonable cost of removal of such property including Damage resulting from such removal, in each case for the purpose of preventing or diminishing imminent Damage by, or inhibiting the spread of, fire or any other cause not excluded under this Policy.”</i></p>
RADIAXB4	<p><b>NUCLEAR: EXEMPT EQUIPMENT</b> Perils Exclusion 2 is amended by adding the following:</p> <p><i>“This Exclusion (2) does not apply to any radiations emitted by spectrometers, X-ray units, diathermy machines, equipment for radio and television broadcasting, telecommunications equipment, radar installations or industrial and commercial appliances used for sealing plastics or for welding, heating, drying and cooking.”</i></p>
FLOODXB4	<p><b>FLOOD</b> Paragraph (a) of Perils Exclusion 3 is deleted.</p>
DRAINXS4	<p><b>FLOOD - AMENDED DEFINITION</b> The definition of "flood" forming part of Perils Exclusion 3 (a) is amended to read:</p> <p><i>“The inundation of normally dry land by water escaping or released from the normal confines of any natural watercourse or lake (whether or not altered or modified) or any dam, reservoir or navigable canal, directly or indirectly as a result of an atmospheric disturbance which has elements of violence, suddenness and largeness about it, but does not mean inundation by water from fixed apparatus, fixed tanks, fixed pipes or surface water run-off from surrounding areas.”</i></p>
THEFOAP4	<p><b>THEFT OF PROPERTY IN OPEN AIR</b> <i>(Not operative unless the Schedule indicates otherwise)</i></p> <p>Perils Exclusion 6(a) is deleted for any losses arising from theft of property in the open air up to the amount of the Sub-Limit shown in the Policy Schedule.</p> <p>Provided that cover is only afforded only for property within the boundaries of the Insured’s locations, as specified on the Schedule</p>
RDAIRVS4	<p><b>THEFT IN OPEN - RESULTANT DAMAGE</b> Perils Exclusion 6(a) is extended to include the following additional provision:</p> <p><i>“Provided further that the Insurer(s) will indemnify the Insured for any Damage to Property Insured caused directly by any circumstances not excluded under Section 1 of this Policy, notwithstanding that these circumstances may in turn have been occasioned by or happened through theft of property (other than Money in transit) in the open air.”</i></p>

FIDELPC4	<p><b>DISHONEST ACTS BY EMPLOYEES (C)</b> The following additional provision is added to Perils Exclusion 7(a)(i):</p> <p><i>“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;”</i></p> <p>In addition, the following provision is included at the end of Perils Exclusion 7:</p> <p><i>“Provided further that the term ‘dishonest acts’, in relation to any of the Insured’s employees, shall not be deemed to mean acts of arson or vandalism for the purposes of Perils Exclusion 7.”</i></p>
SUBSDVS4	<p><b>SUBSIDENCE CAUSED BY SEISMOLOGICAL DISTURBANCE</b> Perils Exclusion 7(c) is extended to include the following provision:</p> <p><i>“Provided that this Exclusion 7(c) shall not apply if Damage is caused by or arises out of an earthquake or seismological disturbance.”</i></p>
HOLDUPC4	<p><b>HOLD-UP/THEFT</b> Perils Exclusion 7(d) is amended by adding the words <i>“provided that this exclusion shall not apply to loss caused by hold-up and/or theft or any attempt thereat”</i>.</p>
MEMOSAH4	<p><b>MEMORANDA APPLICABLE TO ALL SECTIONS</b></p>
LETGOVP4	<p><b>AMOUNT OF POLICY NOT REDUCED BY LOSS</b> The Memorandum under this heading is amended to commence with the words: <i>“Unless the Insured requests otherwise”</i>.</p>
TOPUPXS4	<p><b>AUTOMATIC REINSTATEMENT</b> The Memorandum applicable to all Sections and headed ‘Amount of Policy not reduced by Loss’ is further amended to read:</p> <p><i>“The Insurance under each section and/or item of this Policy and the Indemnity Period shall be automatically reinstated in the event of any loss in consideration of the payment by the Insured upon request by the Insurer(s) of a pro-rata additional premium calculated on the amount of the loss settlement at the rate(s) agreed for the Period of Insurance.”</i></p>
EVNTCVS4	<p><b>EVENT (C)</b> The Memorandum applicable to all Sections and headed ‘Event’ is amended to read:</p> <p><i>“Only for the purpose of the application of any deductible: all loss, destruction or damage resulting from earthquake, volcanic eruption, subterranean fire or atmospheric disturbance occurring during each period of 72 consecutive hours shall be considered as one event whether continuous or sporadic in its sweep and/or scope and whether the loss, destruction or damage was due to the same seismological or meteorological conditions. Each event shall be deemed to have commenced on the first happening of any such loss, destruction or damage, not within the period of any previous event.”</i></p>



**NOSUBVS4      PUBLIC AUTHORITIES, STORAGE, LEASE AND HIRE AGREEMENTS**  
The Memorandum headed 'Subrogation Waiver' is extended to include the following clause:

*"The Insured may, without prejudicing its position under this Policy:*

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

**ACQPRPC4      DECLARATIONS OF ACQUIRED PROPERTY (B)**  
The following paragraph is added to the Adjustment of Premium Memorandum, at the end of paragraph (b):

*"The Insured shall also make such declarations to the Insurer(s) under paragraph (b)(i) in respect of acquisitions of Property Insured, provided that no such declaration shall be required upon acquisition when the value of the acquisition does not exceed the amount, stated in the Schedule against 'Declarations of Acquired Property (B)'; of the Insured's total declaration of value under Section 1 as at the commencement of the Period of Insurance.*

*Notwithstanding the acceptance of a total variation in the Declared Values up to the percentage as stated in the Schedule, nothing here shall be construed as automatically noting or providing an increase in the Limit of Liability under the policy."*

**ADJPMXB4      ADJUSTMENT OF PREMIUM**  
The memorandum to all Sections, headed 'Adjustment of Premium' is extended to include the following clause:

*"(f)    If any claim paid or payable under Section 1 and/or 2 of the policy in respect of Damage occurring during the period of insurance is reduced due to under-insurance in accordance with the provisions of a Co-insurance or Average clause or clauses, the Insurer(s) shall waive any additional premium for that period of insurance, which would otherwise be payable in accordance with this memorandum."*

**APPLYXS4      APPLICATION OF DEDUCTIBLES**  
Deductibles shall apply to the Limits and Sub-Limits of Liability in accordance with the Schedule but the Limits and Sub-Limits of Liability shall only be applied in excess of the relevant deductible.

**CONALLH4      CONDITIONS – APPLICABLE TO ALL SECTIONS**

**BREAKXB4      BREACH OF CONDITIONS**  
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.

ALTERVS4	<p><b>ALTERATION (A)</b> Condition 2 is extended to include the following additional provision:</p> <p><i>“Provided further that paragraphs (a) and (b) of this Condition 2 shall not apply if such alteration(s) are neither known to nor made by an officer of the Insured who is responsible for insurance.”</i></p>
ALTERXS4	<p><b>ALTERATION (B)</b> The preamble to paragraphs (a) to (d) of Condition 2 is amended to read:</p> <p><i>“Subject to Section 54 of the Insurance Contracts Act 1984, 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.”</i></p>
SPRAYPC4	<p><b>SPRINKLER INSTALLATIONS (C)</b> Condition 3 is amended with the words <i>“or are required by law to be protected”</i> are deleted, and the following paragraphs being added:</p> <p><i>“Where the sprinklered 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 require.</i></p> <p><i>Where the Insured or a tenant responsible to provide for maintenance of the installation enters into an agreement for maintenance with a contractor and such agreement provides in substance that the Insured or tenant shall indemnify and/or hold harmless and/or release from liability the contractor in respect of 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.</i></p> <p><i>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).”</i></p>
CONTBXB4	<p><b>OTHER INSURANCE</b> Condition 4 is deleted.</p>
CANCNXS4	<p><b>CANCELLATION BY THE INSURED</b> Paragraph (a) of Condition 5 is amended to read:</p> <p><i>“This Policy may be cancelled at any time at the request of the Insured, in which case the Insurer(s) will be entitled to a pro rata proportion of the premium, subject to any adjustment in accordance with the Adjustment of Premium Memorandum, for the time this Policy has been in force.”</i></p>

**CLMSBVS4      NOTIFICATION OF CLAIMS (B)**

The first paragraph of Condition 6 is amended to read:

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

**COND9VS4      INSURERS' RIGHTS**

The words *"without thereby incurring any liability"* in Condition 9 are amended to read *"without thereby admitting any liability"*.

**SUBROPC4      SUBROGATION**

The words *"or paying any moneys under Section 2 of this Policy"* are added at the end of paragraph (a) of Condition 10.

**BITE1XS4      ORDER OF PRIORITY - SUBROGATION RECOVERIES**

Paragraph (b) of Condition 10 is amended to read:

*"(b) Recoveries, whether effected by the Insurer or the Insured, shall be applied, net of the expense of such recovery, first to the satisfaction of the Insured's loss in excess of the claim paid under this Policy (disregarding the amount of any Deductible applicable), secondly to the Insurer as reimbursement of the amount(s) paid in settlement of the Insured's claim and thirdly to the Insured in satisfaction of any Deductible amount applicable. Recovery from reinsurance shall not be deemed a recovery for the purpose of this paragraph (b)."*

**BICOVXB4      TERMINATION OF COVER UNDER SECTION 2**

Condition 13 of the policy is amended to read as follows:

*"If during the currency of the policy the Insured:*

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

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

**PAYGOVS4      PROGRESS PAYMENTS**

The words *"may be made"* in Condition 15 are amended to read *"shall be made"*.

## ***Additional Endorsements***

CGUTERROR War & Terrorism Exclusion  
CGUDATAEX Electronic Data Exclusion  
CGUDATE Date Recognition  
GSTEPCA4 Goods and Services Tax – Endorsement for GST Registered Policyholders Only (A)  
CRIMEPC1 ISR Policy – Excluding Crime  
Transmission & Distribution Lines Exclusion  
Quarantinable Disease Endorsement  
G511: RADIOACTIVE CONTAMINATION EXCLUSION CLAUSE (with write back)  
Sanction Limitation and exclusion clause  
CGU Cancellation and Premium Adjustment amendment for Victorian Fire Services Levy  
Machinery Breakdown (BDOWNXB4)  
Spoilage of Goods in Cold Storage (SPOILXS4)

## ***Underwriter Endorsements***

### **CGU CANCELLATION AND PREMIUM ADJUSTMENT AMENDMENT FOR VICTORIAN FIRE SERVICES LEVY**

Your policy is amended by the addition of the following words in relation to cancellation and premium adjustment:-

If you cancel your policy or there is an adjustment for a return premium, we may not provide a refund in respect of any amount paid by you for the Victorian fire services levy for which we are not entitled to reimbursement.

#### **CGUTERROR WAR & TERRORISM EXCLUSION**

It is hereby agreed and declared that Perils Exclusion 1 of this policy is deleted in full and replaced by the following:

1. loss, destruction, damage, cost or expense of any 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 other sequence to the loss

(a) war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power.

(b) any act(s) of terrorism.

terrorism; for the purposes of this exclusion an act of terrorism means an act, which may include but is not limited to an act involving the use of force or violence and/or threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s), which from its nature or context is done for, or in connection with, political, religious, ideological or ethnic 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.

In accordance with the Terrorism Insurance Act 2003, the above Terrorism Exclusion will not apply in respect of an act deemed by the Federal Treasurer to be a 'declared terrorist incident'.

(c) confiscation, commandeering, requisition or destruction or damage by or under the order of any government (whether lawfully constituted or otherwise) or public or local authority.

Furthermore any loss, destruction or damage, cost or expense of any 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 Perils Exclusion 1(a), 1(b) or 1(c) is also excluded from this policy.

## CGUDATAEX ELECTRONIC DATA EXCLUSION

It is hereby agreed and declared that the following is added to Property Exclusions:

### 18. Electronic Data

(a) This policy does not insure:

- (i) total or partial destruction, distortion, erasure, corruption, alteration, misinterpretation or misappropriation of Electronic Data, or
- (ii) error in creating, amending, entering, deleting or using Electronic Data, or
- (iii) total or partial inability or failure to receive, send, access or use Electronic Data for any time or at all

from any cause whatsoever, regardless of any other contributing cause or event whenever it may occur.

Electronic Data means facts, concepts, and information converted to a form useable for communications, display, distribution, interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment and includes programs, software and other coded instructions for such equipment.

(b) However, in the event that a peril listed below (being a peril insured by this Policy but for this exclusion) is caused by any of the matters described in paragraph (a) above, this Policy, subject to all its provisions will insure:

- (i) physical loss of or damage or destruction to Property Insured directly caused by such listed peril, and/or
- (ii) consequential loss insured by this Policy.

Further, this exclusion does not apply in the event that a peril listed below (being a peril insured by this Policy but for this exclusion) causes any of the matters described in paragraph (a) above-

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

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

## CGUDATE DATE RECOGNITION SPECIAL EXCLUSION

There is no insurance under this policy in respect of any claim of whatsoever nature which consists of or arises directly or indirectly out of or in connection with the failure or inability of any

- (a) electronic circuit, microchip, integrated circuit, microprocessor, embedded system, BIOS or other instruction set, hardware, software, firmware, program, computer, data processing equipment, telecommunication equipment or systems, or any similar device, or any

- (b) media or systems used in connection with any of the foregoing whether the property of the Insured or not, at any time to achieve fully and successfully any or all of the purposes and consequential effects intended by the use of any number, symbol or word to denote, represent or express a date including, but without being limited to, any failure or inability to recognise, capture, save, retain or restore and/or correctly to manipulate, interpret, transmit, return, calculate or process any date, data, information, command, logic or instruction as a result of or in connection with
- (i) anything referred to in (a) or (b) recognising, using or adopting any date, day of the week or period of time, otherwise than as, or other than, the true or correct date, day of the week or period of time, or
- (ii) the operation of any command or logic which has been programmed or incorporated into anything referred to in (a) or (b) above.

#### Exception to Date Recognition Special Exclusion

However, this special exclusion will not exclude any claim for subsequent loss or destruction of or damage to any property or consequential loss which is solely and directly caused by a Defined Contingency (as defined hereunder), but only to the extent that such claim would otherwise be insured under this policy.

#### Definition

For the purposes of this special exclusion only, 'Defined Contingency' shall mean fire, lightning, explosion (other than loss or destruction of or damage to boilers and pressure vessels), aircraft and 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, escape of water from any tank or apparatus or pipe, impact by any road vehicle or animal, or theft (other than theft by employees).

### GSTEPCA4 GOODS AND SERVICES TAX – ENDORSEMENT FOR GST REGISTERED POLICYHOLDERS ONLY (A)

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 they may acquire on the settlement of a claim if the Insured has not informed the Insurer of its entitlement or correct entitlement to an input tax credit.

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

- a) any input tax credit to which the Insured is entitled for any acquisition relevant to a claim, or to which the Insured would have been entitled were the Insured to have made a relevant acquisition; and
- b) (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 that GST amount in addition to the sum insured or policy limit.

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

## TRANSMISSION & DISTRIBUTION LINES EXCLUSION

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

It is understood and agreed that public utilities extension and/or suppliers extension and/or contingent business interruption coverages are not subject to this exclusion, provided that these are not a part of transmitters' or distributors' policy

## QUARANTINABLE DISEASES ENDORSEMENT

Loss as insured by this Policy resulting from interruption of or interference with the Business directly or indirectly arising from closure or evacuation of the whole or part of the Insured Premises by order of a competent Public Authority consequent upon:

- a) human infectious or contagious disease or the discovery of an organism likely to result in human infectious or contagious disease occurring at the Insured Premises or within a radius of 15 kilometres of the Insured Premises;
- b) vermin or pests or defects in the drains or other sanitary arrangements at the Insured Premises;
- c) poisoning directly caused by the consumption of food or drink provided on the Insured Premises;
- d) murder or suicide occurring in or at the Insured Premises;

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

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

Provided that paragraph (a) will not indemnify loss resulting from interruption of or interference with the Business directly or indirectly arising from or in connection with Highly Pathogenic Avian Influenza in Humans or any other diseases declared to be quarantinable diseases under the Quarantine Act 1908 and subsequent amendments.

## SANCTION LIMITATION AND EXCLUSION CLAUSE

No Insurer(s) shall be deemed to provide cover and no Insurer(s) shall be liable to pay any claim or provide any benefit under Section 1 and/or 2 hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that insurer(s) to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, Australia, United Kingdom or United States of America.

## G511: RADIOACTIVE CONTAMINATION EXCLUSION CLAUSE (with write back)

This clause shall be paramount and shall override anything contained in this insurance inconsistent therewith

In no case shall this insurance cover:

- 1 property eligible for insurance by the relevant local Nuclear Insurance Pool and/or Association;  
or
- 2 loss, damage, liability or expense directly or indirectly caused by or contributed to by or arising from:
  - a. ionising radiation from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel;
  - b. the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof;
  - c. any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter;
  - d. the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter.

The exclusion in this sub-clause d. does not extend to radioactive isotopes, other than nuclear fuel or nuclear waste, when such isotopes are on the property insured and are being prepared, stored or used in the normal course of operations by the insured for the commercial, agricultural, medical, scientific or other similar peaceful purposes for which they were intended.

## CRIMEPC1 ISR POLICY – EXCLUDING CRIME

This policy does not indemnify the Insured against loss arising from burglary and/or theft of Property Insured, personal property, or money (as defined) other than subsequent damage resulting therefrom including loss resulting from interruption of or interference with the business as a consequence of burglary and/or theft damage.

## MACHINERY BREAKDOWN (PHYSICAL DAMAGE AND EXPEDITING COSTS) (BDOWNXB4)

Property Exclusion 16 is deleted and the policy extends to indemnify the Insured for damage to Machinery occasioned by or happening through any mechanical, electrical, electromechanical, electronic or hydraulic malfunction, failure, derangement, breakdown or non-operation of any kind except as otherwise specifically excluded.

For the purpose of this endorsement:

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

Property Exclusions:

- (a) physical loss or destruction of or damage to any sewer piping, underground gas piping, piping forming part of any sprinkler system or water piping other than boiler feed water piping, boiler condensate return piping or water piping connecting to or used with an airconditioning system;
- (b) any structure, foundation or setting (other than a bedplace) supporting or housing any Machinery, or the lining or fire wall of any unfired vessel;



- (c) any vehicle or mobile equipment whilst being driven on a public thoroughfare (but damage to such vehicle or mobile equipment whilst being used at any situation as a tool of trade is not excluded);
- (d) any aircraft or floating vessel;
- (e) any elevator, crane, hoist, power shovel, dragline or conveyor (but not any pressure vessel or electrical equipment used with such items of Machinery);
- (f) any computer or electronic data processing equipment;
- (g) any X-ray machine, spectrograph, gauges or other apparatus using radioactive materials, any radio or television apparatus;
- (h) any penstock, draft tube or well casing;
- (i) any steam or gas turbine-generator with a capacity exceeding 250 horsepower or equivalent;
- (j) electrical wiring and fittings associated with lighting and power circuits.

Perils Exclusions:

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

- (a)
  - (i) wear and tear and gradual deterioration (whether by wasting, grooving, rust, corrosion, erosion or otherwise) nor for the cost of maintenance work generally;
  - (ii) gradually developing flaws, deformation, distortion, cracks or partial fractures; Provided that Perils Exclusions (a)(i) and (ii) shall be limited to the part (s) of the Machinery immediately so affected and shall not apply to any other part (s) of the Machinery undergoing sudden and unforeseen damage in consequence thereof.
- (b) repair or renewal of non-metallic parts and expendable tools, blades, edges, moulds, dies, templates, screens, sieves, ropes, belts and like items subject to rapid wear and tear unless repair or renewal thereof is necessitated by the occurrence of damage (as insured by this endorsement) to any other part (s) of the Machinery;
- (c) damage:
  - (i) arising from the intentional application of any tool or process to the Machinery during the course of repair, alteration, modification, maintenance or overhaul thereof.
  - (ii) to the Machinery resulting from the imposition of abnormal conditions relating to testing or intentional overloading of or experiments with the Machinery, unless the Insurer (s) shall have agreed in writing to grant indemnity under this endorsement whilst the Machinery is being operated under such conditions.
  - (iii) to the Machinery resulting from fault (s) or defect (s) therein known to the Insured or to responsible employees of the Insured but not disclosed to the Insurer (s) at the commencement of the period of insurance.
- (d) consequential loss of any kind (including consequential loss due to lack of performance, loss of contract or payment in respect of any contractual fine or penalty due to late or non-performance of services by the Insured).

The insurance under this endorsement includes expediting expenses, which shall mean

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

The Insurer (s) liability for expediting expenses shall not exceed 50% of the normal costs of repair or replacement of the damaged Machinery.

Notwithstanding the provisions of the policy exclusions, this Policy is extended to include Damage to goods contained in cold storage if caused by:

- (1) Damage to the refrigeration plant occasioned by or happening through any cause or event not otherwise excluded, even if such cause or event results from an excluded peril,
- (2) pollution or contamination by leaking refrigerant,
- (3) a rise or fall in temperature resulting from:
  - (a) a sudden unintended and unexpected leakage of refrigerant or
  - (b) faulty operation of the temperature controlling device(s) or
  - (c) failure of publicly supplied electricity, water or gas services arising from Damage to any property of the public supply authority occurring in circumstances in which indemnity would apply if that property was insured under Section 1 of this Policy (other than indemnity not applying because of the application of a Deductible) or
  - (d) failure of publicly supplied electricity, water or gas services arising from the cessation of work whether total or partial by employees of the public supply authority or from the interruption or retarding of any process or operation as a result of any industrial dispute involving employees of the public supply authority.

The liability of the Insurer(s) for any one loss or series of losses arising out of any one event or occurrence at any one location shall be limited to the Sub-Limit of Liability stated in the Schedule of the Policy against "Spoilage of Goods in Cold Storage" and shall be reduced by the amount of the Deductible stated in the Schedule.