



## **INDUSTRIAL SPECIAL RISKS INSURANCE CERTIFICATE**

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

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

PROVIDED THAT the total liability of the Insurer(s) at any one Situation shall not exceed the appropriate Limit or Sub Limit(s) of Liability as stated in the Schedule or such amount(s) as may be substituted therefore by endorsement or memorandum hereon or attached hereto and that each Insurer specified below shall only be liable to contribute to any loss covered by this Certificate that proportion of the loss as is specified beside its name.

## **SECTION 1 - MATERIAL LOSS OR DAMAGE**

### **THE INDEMNITY**

In the event of any physical loss, destruction or damage (hereinafter in Section 1 referred to as 'damage' with 'damaged' having a corresponding meaning) not otherwise excluded happening at the Situation to the Property Insured described in Section 1 the Insurer(s) will, subject to the provision of this Certificate including the limitation on the Insurer(s) liability, indemnify the Insured in accordance with the applicable Basis of Settlement.

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

- (a) architects surveyors consulting engineers legal and other fees and clerks of works salaries for estimates, plans specifications, quantities, tenders and supervision necessarily incurred in reinstatement consequent upon damage to property hereby insured but not such costs, fees and salary for preparing any claim hereunder.
- (b) any fee, contribution or other impost payable to any Government, Local Government or other Statutory Authority; where payment of such fee, contribution or impost is a condition precedent to the obtaining of consent to reinstate any building(s) insured hereunder; provided that the Insurer(s) shall not be liable for payment of any fines and/or penalties imposed upon the Insured by such Authorities.
- (c) costs and expenses necessarily and reasonably incurred for the purpose of extinguishing fire at or in the vicinity of property hereby insured or threatening to involve such property or for the purpose of preventing or diminishing imminent damage to property hereby insured by any other peril insured against by this Certificate, including damage to gain access and the cost of replenishment of fire fighting appliances and charges incurred for the purpose of shutting off the supply of water or other substance following accidental discharge from any fire protective equipment or otherwise escaping from intended confines.
- (d) costs and expenses necessarily and reasonably incurred for the temporary protection and safety of property hereby insured pending repair or replacement consequent upon damage recoverable hereunder.
- (e) costs of replacing locks and/or keys and/or combinations where if as a result of burglary, theft or any attempt thereat the keys and/or combinations are stolen or if there are reasonable grounds to believe the keys may have been duplicated also the cost of opening safes and/or strongrooms as a result of theft of keys and/or combinations.

- (f) costs and expenses necessarily and reasonably incurred in respect of:
- (i) the removal, storage and/or disposal of debris of the demolition, dismantling, shoring up, propping, underpinning or other temporary repairs consequent upon damage to property insured by this Certificate and occasioned by a peril insured against;
  - (ii) the Insured's legal liability in respect to removal, storage and/or disposal of debris, notwithstanding Excluded Peril 8 in relation to premises, roadways, services, railway or waterways of others, consequent upon damage to the Property Insured by a peril hereby insured against, for such costs together with the cost of cleaning provided that such liability was not assumed by the Insured under an agreement entered into after the commencement of the Period of Insurance or any renewal thereof unless liability would have attached in the absence of such agreement.
- Provided that the insurance under this section does not extend to any liability that the Insured may incur as a consequence of pollution of any kind.
- (iii) the demolition and removal of any property belonging to the Insured which is no longer useful for the purpose it was intended, providing such demolition and removal is necessary for the purpose of the reinstatement or replacement of Property Insured under this section and is consequent upon damage to the Property Insured by a peril hereby insured against.
- (g) damage to clothing and tools of trade belonging to directors and employees of the Insured whilst on the Premises.

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

**THE PROPERTY INSURED:**

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

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

## BASIS OF SETTLEMENT

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

Provided that if the Insured elects to claim the indemnity value of any damaged property, the Insurer(s) will pay to the Insured the value of such property at the time of the happening of the damage or at its/their option reinstate, replace or repair such property or any part thereof. In any event the Insurer(s) will pay costs incurred by the Insured in accordance with the provisions of the Extra Cost of Reinstatement Memorandum.

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

- (i) On empty premises awaiting demolition; the salvage value of the building materials and/or landlords fixtures and fittings.

### **MEMORANDA TO SECTION 1**

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

#### **INTERESTS OF OTHER PARTIES:**

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

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

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

#### **BRANDED GOODS:**

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

#### **REINSTATEMENT OR REPLACEMENT:**

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

The basis upon which the amount payable is to be calculated shall be the cost of reinstatement of the damaged property insured at the time of its reinstatement, subject to the following Provisions and subject also the terms, Conditions and Limits(s) or Sub Limit(s) of Liability of this Certificate.

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

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

### PROVISIONS

- (i) The work of rebuilding, replacing, repairing or restoring as the case may be (which may be carried out upon any other site(s) and in any manner suitable to the requirements of the Insured, but subject to the liability of the Insurer(s) not being thereby increased), must be commenced and carried out with reasonable despatch, failing which the Insurer(s) shall not be liable to make any payment greater than the indemnity value of the damaged property at the time of the happening of the damage.
- (ii) When any property insured to which this memorandum applies is damaged in part only, the liability of the Insurer(s) shall not exceed the sum representing the cost which the Insurer(s) could have been called upon to pay for reinstatement if such property had been wholly destroyed.
- (iii) Property insured under this memorandum is separately subject to the following Co-Insurance Clause:-

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

Provided further that the above clause shall not apply if the amount of the damage does not exceed five (5) per cent of the amount of the Insured's declaration aforementioned.

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

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

This Certificate extends to include the extra cost of reinstatement (including demolition or dismantling) of damaged property necessarily incurred to comply with the requirements of any Act of Parliament or Regulation made thereunder or any By - Law or Regulation of any Municipal or other Statutory Authority; subject to the following Provisions and subject also to the terms, Conditions and Limit (s) or Sub Limits of Liability of this Certificate.

**Provisions**

- (i) The work of reinstatement (which may be carried out wholly or partially upon any other site(s), if the requirements of the aforesaid Act, Regulations or By-Law so necessitate, subject to the liability of the Insurer (s) not being thereby increased), must be commenced and carried out with reasonable despatch, failing which the Insurer (s) shall not be liable to make any payment beyond the amount which would have been payable under this Certificate if this memorandum had not been incorporated herein.
- (ii) The amount recoverable shall not include the additional cost incurred in complying with any such Act, Regulation, By-Law or requirement with which the Insured had been required to comply prior to the happening of the damage.
- (iii) Co-insurance shall not be applied to the amount recoverable under this memorandum and any amount specified shall not be taken into account for co - insurance purposes in terms set out in any clause contained in this Certificate.
- (iv) All other Industrial Special Risks and /or fire and Named Perils insurances covering the property effected by or on behalf of the Insured shall be on a similar basis.
- (iv) If the cost of reinstatement of damaged property insured is less than fifty per cent (50%) of that which would have been the cost of reinstatement if such property had been destroyed, the amount recoverable hereunder shall be limited to: -
  - (a) the extra cost necessarily incurred in reinstating only that portion damaged; or
  - (b) whilst applying to such property insured, the Sub Limit stated herein,

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

## FLOOR SPACE RATIO INDEX ( PLOT RATIO)

Subject to the terms, Conditions and Limit (s) or Sub-Limit (s) of Liability of this Certificate, in the event of any building (s) being damaged so as to constitute total loss or constructive total loss and, as a result of the exercise of Statutory powers and/or authority by any Government Departments, Local Government or any other Statutory Authorities reinstatement of such building (s) as before is prohibited and reinstatement is only permissible subject to a reduced floor space ratio index: -

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

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

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

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

## ACQUIRED COMPANIES

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

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

## CO-INSURANCE

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

In the event of damage to property insured hereunder at any situation caused by any peril hereby insured against, the Insurer (s) shall be liable for no greater proportion of such damage than the amount of the Insured's declaration of value of such property on the day of the commencement of the Period of Insurance bears to the sum representing eighty - five per cent (85%) of the actual value of property insured at such situation on the day of commencement of the Period of Insurance but not exceeding the Limit of Liability expressed in the Schedule.

Provided that this clause shall not apply if the amount of the damage does not exceed 5% of the amount of the Insured's declaration aforementioned.

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

## **SECTION 2 - CONSEQUENTIAL LOSS**

### **THE INDEMNITY**

In the event of any building or any other property or any part thereof used by the Insured at the premises for the purpose of the Business being physically lost, destroyed or damaged by any cause or event not hereinafter excluded (loss, destruction or damage so caused being hereinafter termed 'Damage') and the Business carried on by the Insured being in consequence thereof interrupted or interfered with, the Insurer (s) will, subject to the provisions of this Certificate including the limitation on the Insurer (s) amount of loss resulting from such interruption or interference in accordance with the applicable Basis of Settlement.

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

### **BASIS OF SETTLEMENT**

#### **Item No 1**

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

(a) **In respect of Reduction in Turnover:**

the sum produced by applying the Rate of Gross Profit to the amount by which the Turnover during the Indemnity Period shall, in consequence of the Damage, fall short of the Standard Turnover,

(b) **In respect of Increase in Cost of Working:**

the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in Turnover which, but for the expenditure, would have taken place during the Indemnity Period in consequence of the Damage, but not exceeding the sum produced by applying the Rate of Gross Profit to the amount of the reduction thereby avoided;

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

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

Item No. 2

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

Item No.3

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

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

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

- (b) So much of the additional expenditure described in Clause (b) of Item 1 as exceeds the amount payable thereunder but not more than the additional amount which would have been payable in respect of reduction in Turnover under the provisions of Clauses (a) (i)

(i) and (ii) of this item had such expenditure not been incurred.

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

Item No. 4

The Insurance under this Item is limited to increase in cost of working (not otherwise recoverable hereunder) necessarily and reasonably incurred during the Indemnity Period in consequence of the damage for the purpose of avoiding or diminishing the reduction in turnover and/or assuming or maintaining normal business operations and/or services.

**DEFINITIONS**

**GROSS PROFIT:** The amount by which: -

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

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

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

**INDEMNITY PERIOD:** shall mean the period beginning with the occurrence of the damage and ending not later than the number of months specified in the Schedule thereafter, during which the results of the Business shall be affected in consequence of the damage.

**PAYROLL:** the remuneration (including but not limited to Payroll Tax, Bonuses, Holiday Pay, Workers Compensation Insurance Premiums and/or Accident Compensation levies, Superannuation and Pension Fund Contributions and the like) of all employees.

**SHORTAGE OF TURNOVER:** the amount by which the Turnover during a period shall, in consequence of the Damage, fall short of the part of the Standard Turnover which relates to that period.

**RATE OF GROSS PROFIT:**

The rate of Gross Profit earned on the Turnover during the financial year immediately before the date of the damage. ) to which such adjustments ) shall be made as may be ) necessary to provide for the ) trend of the business and for ) variations in or special ) circumstances affecting the ) business either before or after

STANDARD TURNOVER:

The Turnover during the period in the twelve months immediately before the date of the damage which corresponds with the Indemnity Period.

) 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.

RATE OF PAYROLL:

The rate of Payroll to Turnover during the financial year immediately before the date of the damage.

**MEMORANDUM TO SECTION 2**

Except to the extent that the Certificate is hereby modified under the following Memoranda the terms, conditions and limitations of the Certificate shall apply.

TURNOVER ELSEWHERE AFTER DAMAGE

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

DEPARTMENTAL CLAUSE

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

NEW BUSINESS

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

Rate of Gross Profit: The rate of Gross Profit earned on the Turnover during the period between the date of the commencement of the business and the date of the damage

) to which such adjustment 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

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

) 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

Standard Turnover: The proportional equivalent, ) damage would have been obtained  
for a period equal to the Indemnity Period, of the ) during the relative period after the  
Turnover realised during the period between the ) damage.  
commencement of the business and the date of the )  
damage. )  
) )  
Rate of Payroll: The rate of Payroll to Turnover )  
during the period between the date of the )  
commencement of the business and the date of the )  
damage. )

**ACCUMULATED STOCK**

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

**BOOKS OF ACCOUNT**

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

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

**PUBLIC UTILITIES EXTENSION**

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

**TURNOVER/OUTPUT ALTERNATIVE**

At the option of the Insured the term “Output” may be substituted for the term ‘Turnover’ and for the purpose of the Certificate ‘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 meaning shall be operative in connection with any one occurrence involving damage.

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

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

### COMPUTER

The Certificate is extended to include loss (not otherwise recoverable) resulting from interruption to or interference with the Business occasioned by damage to Computer Installations including ancillary equipment and data processing media utilised by the Insured anywhere in Australia.

### SALVAGE SALE

If, following damage giving rise to a claim under the Certificate, the Insured shall hold a Salvage Sale during the Indemnity Period:

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

(a) In respect of reduction in Turnover the sum produced by applying the Rate of Gross Profit to the amount by which the Turnover during the Indemnity Period (less the Turnover for the period of the Salvage Sale) shall, in consequence of the damage, fall short of the Standard Turnover, from which sum shall be deducted the Gross Profit actually earned during the period of the Salvage Sale.

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

Shortage in Turnover shall mean:  
the amount by which the Turnover during a period (less 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, for which shall be deducted the Pay-Roll paid during the period of the salvage sale.

### PREMISES IN THE VICINITY (PREVENTION OF ACCESS)

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

Loss as insured by the Certificate resulting from interruption of or interference with the Business in consequence of damage to property in the vicinity of and forming part of or contained in the complex of which the premises forms part caused by a peril, damage as a

result of which is insured hereunder, which results in a cessation or diminution of trade due to temporary falling away of potential custom whether the premises or property of the Insured therein shall be damaged or not shall be deemed to be loss resulting from damage to property used by the Insured at the premises.

#### **REGISTERED VEHICLES AND / OR TRAILERS**

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

### **EXCLUSIONS TO ALL SECTIONS**

#### **PROPERTY EXCLUSIONS**

The Certificate does not cover physical loss, destruction or damage to the following property or loss under Section 2 resulting therefrom:-

1. property (except Money) whilst In transit other than during the incidental movement of such property within situations occupied by the Insured. This exclusion shall not apply during temporary removal of property (other than stock and/or merchandise) and unregistered motor vehicles, to any situation in the Commonwealth of Australia but, whilst such property is in transit, cover is limited to physical loss, destruction or damage caused by Fire, Lightning, Explosion, Earthquake, Aircraft, Riot, Strikes, Malicious Damage and Storm and/or Tempest.
2. Money:
  - (a) Whilst being carried by professional money carriers, professional carriers or common carriers which is more specifically insured excepting the excess amount over any above such more specific insurance which excess is held to be covered hereunder.

Provided that where in the ordinary course of business the Insured enters into an agreement with such carriers and such agreement provides that the Insured shall indemnify and/or hold harmless and/or release from liability such carriers in respect of loss, destruction or damage which may occur as a result of any event hereby insured against, this insurance shall operate as if this Property Exclusion 2(a) had been deleted.

- (b) Stolen from an unlocked and unattended vehicle

- (c) stolen from a safe or strongroom opened by a key or by use of details of a combination, either of which has been left at the situation outside business hours, unless such key or combination details have been properly secured
  - (d) where the loss is not discovered within five (5) working days of the event
  - (e) where the loss arises out of:
    - (i) Kidnapping
    - (ii) bomb threat
    - (iii) hoax
    - (iv) extortion
 or any attempt thereat.
3. jewellery, furs, bullion, precious metals or stones other than as stock and/or merchandise of the Business.
  4. (a) any locomotive or rolling stock, watercraft or aircraft other than as stock and/or merchandise of the Business provided always that no cover shall apply hereunder whilst any watercraft is on water.
    - (b) any aircraft (including its accessories and/or spare parts) other than as stock or merchandise of the business; provided always that no cover shall apply hereunder during taxiing, take-off, flight or landing.
  5. vehicles or trailers registered or licensed to travel on a public road, provided this exclusion shall not apply to Mobile Plant and Equipment (excluding cars, sedans, panel vans and trucks) not otherwise insured whilst on any premises occupied or used by the Insured.
  6. livestock, animals, birds or fish
  7. standing timber, growing crops and pastures
  8. land, provided that this exclusion shall not apply to structural improvement on or in the land if such structural improvements are not otherwise excluded in the Certificate.
  9. bridges, canals, roadways and tunnels, railway tracks (other than on the premises occupied or used by the Insured), dams and reservoirs (other than tanks) and their contents
  10. docks, wharves and piers not forming part of any building
  11. mining property located beneath the surface of the ground unless otherwise expressly stated in the Certificate
  12. property during the course of, and as a result of, its processing
  13. (a) gates, fences, retaining walls, textile awnings and blinds

- (b) property in the open air unless such property comprises or forms part of a permanent structure designed to function without the protection of the walls or roof caused by wind, rainwater or hail
- 14.
  - (a) property undergoing construction, erection, alteration or addition when the value of work exceeds 10% of the Limit of Liability or \$500,000 whichever is the lesser
  - (b) Empty premises undergoing alteration.
- 15. oil and gas drilling and/or production rigs whilst offshore
- 16. All Machinery (as defined in this exclusion), electronic data processing equipment or electronic control equipment occasioned by or happening through any mechanical, electrical, electromechanical, electronic or hydraulic malfunction, failure, derangement, breakdown or non-operation of whatsoever kind.

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

For the purpose of Property Exclusion 16, Machinery means:

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

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

## PERILS EXCLUSIONS

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

1. physical loss, destruction of or damage to the Property Insured
  - (a) directly or indirectly occasioned by or happening through or connected with war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power
  - (b) resulting from confiscation, nationalisation, requisition or damage to property by or under the order of any Government or Public or Local Authority
  
2. This Policy does not cover any loss or damage arising directly or indirectly from nuclear reaction nuclear radiation or radioactive contamination however such nuclear reaction nuclear radiation or radioactive contamination may have been caused \* **NEVERTHELESS** if Fire is an insured peril and a Fire arises directly or indirectly from nuclear reaction nuclear radiation or radioactive contamination any loss or damage arising directly from that Fire shall (subject to the provisions of this Policy) be covered **EXCLUDING** however all loss or damage caused by nuclear reaction nuclear radiation or radioactive contamination arising directly or indirectly from that Fire.  
\* NOTE. - If Fire is not an insured peril under this Policy the words “NEVERTHELESS” to the end of the clause do not apply and should be disregarded.
  
3. physical loss, destruction or damage occasioned by or happening through :-
  - (a) flood, which shall mean the inundation of normally dry land by water overflowing from the normal confines of any natural watercourse or lake (whether or not altered or modified), reservoir, canal or dam.
  
  - (b) water from or action by the sea, tidal wave or high water

Provided that Perils Exclusions 3 (a) and 3 (b) shall not apply if loss, destruction or damage is caused by or arises out of an earthquake or seismological disturbance.
  
4. physical loss, destruction or damage occasioned by or happening through :-
  - (a) moths, termites or other insects, vermin, rust or oxidation, mildew, mould, contamination or pollution, wet or dry rot, corrosion, change of colour, dampness of atmosphere or other variations in temperature, evaporation, disease, inherent vice or latent defect, loss of weight, change in flavour texture or finish, smut or smoke from industrial operations (other than sudden and unforeseen damage resulting therefrom)
  - (b) wear and tear, fading, scratching or marring, gradual deterioration or developing flaws, normal upkeep or making good
  - (c) error or omission in design, plan or specification or failure of design
  - (d) normal settling, seepage, shrinkage or expansion in buildings or foundations, walls, pavements, roads and other structural improvements, creeping, heaving and vibration
  - (e) faulty materials or faulty workmanship

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

5. physical loss, destruction or damage occasioned by or happening through :-
  - (a) incorrect siting of buildings consequent upon
    - (i) error in architectural design or specification
    - (ii) Faulty workmanship
    - (iii) non compliance by the Insured (or anyone acting on behalf of the Insured) with the necessary permit issued by Government, Public or Local Authorities
  - (b) demolitions ordered by Government or Public or Local Authorities due to failure on the part of the Insured or their agents to obtain the necessary permits required
  
6. physical loss, destruction or damage occasioned by or happening through :-
  - (a) theft or property (other than Money in Transit) in the open air
  - (b) unexplained inventory shortage or disappearance resulting from clerical or accounting errors, shortage in the supply or delivery of material or accounting errors, shortage in the supply or delivery of materials to or from the Insured.
  - (c)
    - (i) spontaneous combustion
    - (ii) spontaneous fermentation or heating or any processing involving the direct application of heat

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

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

Provided that this exclusion shall not apply to theft consequent upon forcible and violent entry upon premises or felonious concealment upon premises

committed by an employee of the Insured or theft of money whilst in transit.

- (b) (i) the cessation of work whether total or partial
- (ii) the cessation, interruption or retarding of any process or operation  
as a direct result of strikes, labour disturbances or locked out workers

Provided that Perils Exclusions 7 (b) (i) and 7 (b) (ii) shall not apply in respect of physical loss, destruction or damage directly caused by strikers, locked out workers or similar persons

- (c) erosion, subsidence, earth movement or collapse resulting therefrom
- (d) kidnapping, bomb threat, hoax, extortion or any attempt thereat.

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

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

### **MEMORANDA APPLICABLE TO ALL SECTION**

Except to the extent that the Certificate is hereby modified under the following Memoranda the terms, conditions and limitations of the Certificate shall apply.

#### **AMOUNT OF CERTIFICATE NOT REDUCED BY LOSS**

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

#### **EVENT**

Only for the purpose of the application of any deductible : all loss destruction or damage resulting from earthquake occurring during each period of 72 consecutive hours shall be considered as one event whether such earthquake is continuous or sporadic in its sweep and/or scope and irrespective of whether the loss destruction or damage was due to the same

seismological 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.

### SUBROGATION WAIVER

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

- (a) any corporation or organisation (including their directors, officers, employees or servants) owned or controlled by any Insured named herein or subsidiary to any Insured named herein or any Co-owner of the property insured hereunder;
- (b) any Insured named or described by the Certificate (including their directors, officers, employees or servants).

### ADJUSTMENT OF PREMIUM

- (a) The Premium shown is provisional and is calculated on the Declared Value of:-
  - (i) Property Insured,
  - (ii) Gross Profit and Insured Pay-Roll,on the day of commencement of each Period of Insurance.
- (b) The Insured undertakes to declare to the Insurer(s) within a reasonable time after the day or expiry of the period of insurance
  - (i) the value of property insured on the day of expiry of the period of insurance. For purpose of this declaration Stock-in-Trade and Merchandise shall be taken at the average value during the period of insurance.
  - (ii) the amount of the Gross Profit earned and Payroll paid in accordance with the cover afforded in the respective Items of Section 2 in the course of the business during the accounting period of twelve months most nearly concurrent with the period of insurance.
- (c) The provisional premium shall be adjusted by payment to the Insurer(s) of an additional premium or by allowance to the Insured of a return premium, as the case may be, calculated at the agreed rate on:
  - (i) Fifty (50) per cent of the Difference between property declared in accordance with Clauses (a) (i) and (b) (i).
  - (ii) The full agreed rate hereunder on the difference between the amounts declared under (a) (ii) and (b) (ii)

- (d) It is agreed to make allowance for any abnormal fluctuation in values and to charge a premium commensurate with the risk, such premium to be agreed between the parties to this agreement.
- (e) The Declaration of Values at the expiry of the Period of Insurance declared in accordance with this memorandum shall not be reduced as the result of loss, destruction or damage in respect of which a claim has been paid or is payable under the Certificate.

### **CONDITIONS - APPLICABLE TO ALL SECTIONS**

#### 1. **MISREPRESENTATION AND NON-DISCLOSURE**

If the insured -

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

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

then -

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

#### 2. **ALTERATION**

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

- (a) by removal of such property from the Premises other than as provided under the terms of Property Exclusion 1;
- (b) in the trade or processes of manufacture carried on at the Premises or whereby the nature of the occupation or other circumstance affecting the premises

and/or the Insured's property therein contained shall be changed in such a way as to increase the risk of loss, destruction or damage;

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

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

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

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

The Insured further warrants that provision will be made for the regular maintenance of the installation in accordance with Australia Standard AS 1851 Part 3 Automatic Sprinkler Installation by the installing engineers or firm (if their services are available) or, failing this, by a person or organisation who must be approved by the Insurer(s) to carry out such maintenance.

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

4. OTHER INSURANCE

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

5. CANCELLATION

- (a) This Certificate may be cancelled at any time at the request of the Insured, in which case the Insurer(s) will retain the customary short-period rate for the time this Certificate has been in force.
- (b) The Insurer(s) may also cancel this Certificate by giving the Insured written notice to that effect where -
  - (i) the Insured or any person who was at any time the Insured failed to comply with the duty of utmost good faith;

- (ii) the person who was the Insured at the time when this Certificate was entered into failed to comply with the duty of disclosure;
  - (iii) the person who was the Insured at the time when this Certificate was entered into made a misrepresentation to the Insurer(s) during the negotiations for this Certificate but before it was entered into;
  - (iv) the Insured or any person who was at any time the Insured failed to comply with the provision of this Certificate, including a provision with respect to the payment of the Premium;
  - (v) the Insured has made a fraudulent claim under this Certificate or any other policy of insurance (whether with the Insurer(s) or some other insurer) that provided insurance cover during any part of the period during which this Certificate provides insurance cover;
  - (vi) the Insured failed to notify the Insurer(s) of any specific act or omission where such notification is required under the terms of this Certificate; or
  - (vii) the Insured acted in contravention of or omitted to act in compliance with any condition of this Certificate which empowers the Insurer(s) to refuse to pay, or reduce its/their liability in respect of, a claim in the event of such contravention or omission.
- (c) The Insurer(s) notice of cancellation takes effect at the earlier of the following times :
- (i) the time when another policy of insurance between the Insured and the Insurer(s) or some other insurer, being a policy that is intended by the Insured to replace this Certificate, is entered into; or
  - (ii) 4.00pm on the thirtieth business day after the day on which notice was given to the Insured.

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

## 6. NOTIFICATION OF CLAIMS

On the happening of any loss, destruction or damage, the Insured shall forthwith give notice thereof in writing to the Insurer(s) and shall within thirty (30) days after such loss, destruction or damage or such further time as the Insurer(s) may in writing allow, at his own expense deliver to the Insurer(s) a claim in writing containing as particular an account as may be reasonably practicable of the several articles or portions of property lost, destroyed or damaged and of the amount of loss, destruction or damage

thereto respectively having regard to their value at the time of the loss, destruction or damage, together with details of any other insurances on any property hereby insured.

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

No claim under the Certificate shall be payable unless the Insured has complied with the items of the Condition.

7. FRAUD

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

8. REINSTATEMENT

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

9. INSURER(S) RIGHTS

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

This Condition shall be evidence of the leave and licence of the Insured to the Insurer(s) so to do. If the Insured or any one acting on his behalf shall not comply with the requirements of the Insurer(s) or shall hinder or obstruct the Insurer(s) in doing any

any of the abovementioned acts, then all benefits under the Certificate shall be forfeited. The Insured shall not in any case be entitled to abandon any property to the Insurer(s) whether taken possession of by the Insurer(s) or not.

10. SUBROGATION

- (a) Any person claiming under this Certificate shall at the request and at the expense of the Insurer(s) do and concur in doing and permit to be done all such acts and things may be necessary or reasonably required by the Insurer(s) for the purpose of enforcing any rights and remedies, or of obtaining relief or indemnity from other parties to which the Insurer(s) shall be or would become entitled or subrogated upon the Insurer(s) paying for or making good any destruction or damage under this Certificate.
- (b) If the Insurer(s) make(s) any recovery as a result of such action, the Insured may only recover from the Insurer(s) any amount by which the amount recovered by the Insurer(s) exceeded the amount paid to the Insured by the Insurer(s) in relation to the loss.

11. PRECAUTIONS TO PREVENT LOSS

The Insured shall take all reasonable precautions to prevent loss, destruction or damage to the Property insured by the Certificate.

12. INSURED'S ACTION AFTER THEFT OR DAMAGE

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

13. TERMINATION OF COVER UNDER SECTION 2

Notwithstanding anything contained herein to the contract, if during any period in respect of which the Certificate is in force :

- (a) the Insured ceases to carry on the Business or any part of the Business is disposed of, permanently discontinued or the Insured's interest in the Business or such part thereof ceases otherwise than by death or;
- (b) the Insured (being a corporation) is placed in liquidation (or provisional liquidation), is placed under Official Management, enters into a scheme of Arrangement, has Receivers and/or Managers appointed over its assets or undertaking(s) or is unable to pay its debts as and when they fall due or;

- (c) the Insured (being a natural person) becomes a bankrupt or enters into a scheme of arrangement or compromise or composition with creditors:

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

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

14. OBSERVANCE OF TERMS AND CONDITIONS

The due observance and fulfilment of these conditions and the other Terms of the Certificate by the Insured in so far as the same are capable of being construed as such, are conditions precedent to any liability of the Company(ies) to make any payment under the Certificate.

15. PROGRESS PAYMENTS

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

16. HEADINGS

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

It is hereby declared and agreed that the following additions, alterations and/or deletions are incorporated in and form part of the above Certificate.

**SECTION 1 - MEMORANDA**

**1.1 ADDITIONAL EXTRA COST OF REINSTATEMENT**

(Applicable to Buildings, Machinery, Plant and all other Property and Contents other than those specified in Items (b) to (h) under Basis of Settlement.)

This Certificate 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 Certificate.

#### PROVIDED THAT THE INDEMNITY AFFORDED BY THIS CLAUSE

- (a) shall be limited in respect of each loss or series or losses arising out of any one event to \$250,000 which amount shall be separate from and additional to the Limit of Liability, Plant and all other Property and Contents other than those specified in Items (b) to (h) under Basis of Settlement,
- (b) shall not include the additional cost incurred in complying with and such Act, Regulation, By-Law or requirement with which the Insured has been duly required to comply prior to the happening of the damage,
- (c) shall not be subject to the Co-Insurance Memorandum contained in Section 1 of the Certificate.

PROVIDED FURTHER THAT the work of reinstatement (which may be carried out wholly or partially upon another site 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 dispatch, failing which the Insurer(s) shall not be liable to make any payment beyond the amount which would have been payable under the Certificate if this Memorandum had not been incorporated therein.

#### 1.2 UNDAMAGED FOUNDATIONS

Where Property Insured is destroyed but the foundations are not destroyed and due to the exercising of statutory powers and/or delegated legislation and/or authority by Government Department, Local Government or any other Statutory Authority reinstatement of the Property Insured has to be carried out upon another site then the abandoned foundations will be considered as being destroyed; PROVIDED THAT if the presence of the abandoned foundations increases the resale value of the original building site then such increase in resale value shall be regarded as salvage and the amount thereof shall accordingly be payable to the Insurer(s) by the Insured.

#### 1.3 OUTPUT REPLACEMENT

If the interest insured under the Certificate constitutes property which has a measurable output and which is capable of replacement with a new item or items which perform a similar function then such property 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 which 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 destroyed or damaged.

- (b) If property lost, destroyed or damage is to be replaced by an item or items which have a greater total output and the replacement value is no greater than the value insured of the property damaged or destroyed then no deduction shall be made from any claim for the improved output.
- (c) If property lost, destroyed or damaged is to be replaced by an item or items which have a greater total output and the replacement value is greater than the value insured of the property damaged or destroyed then the insurable value thereof is that proportion of the new instalment cost of the replacement item or items as the output of the property destroyed bears to the output of the replacement item or items. The difference between the insurable value as defined and the new installed cost of the replacement item or items shall be borne by the Insured.

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 or more extensive than its conditions when new and provided further that the liability of the Insurer(s) shall not exceed the sum representing the cost which the Insurer(s) could have been called upon to pay if such Property had been wholly destroyed.

#### 1.4 OUTSIDE PREMISES STORAGE

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

#### 1.5 LEASED BUILDING

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

#### 1.6 OTHER INTERESTED PARTIES

The Insurer(s) will indemnify, as though they were the named Insured, all parties interested in the Property Insured by the Certificate by way of loan, mortgage, lease, hire purchase or other agreement and the Insurer(s) shall waive all rights of subrogation which may otherwise have existed against such parties.

#### 1.7 CONTRACTUAL AGREEMENTS

Where in the ordinary course of business the Insured enters into an agreement with another party and such agreement provides in substance that the Insured shall indemnify and/or hold harmless and/or release from liability such other party in respect of loss destruction or damage

which may occur as a result of any peril or eventuality insured against by the Certificate, this insurance shall not be prejudiced by the Insured agreeing to such provision and the indemnity and/or hold harmless provision and/or release from liability shall be equally binding upon the Insurer(s).

#### 1.8 HAZARDOUS GOODS

The storage of hazardous goods usual to trade and/or occupation is allowed in the manner usual to that trade.

#### 1.9 LOSS OF LAND VALUE

(a) In the event of the absolute refusal by the competent local or Government authority to allow the reconstruction of the premises following destruction or damage the Insurer(s) shall pay by way of indemnity the difference between the Land Value before and after the destruction or damage

or

(b) In the event of the competent local or Government authority allowing partial reconstruction only of the premises after destruction or damage the Insurer(s) shall pay by way of indemnity the difference between the Land value after such reconstruction and the Land Value before the 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 specified in the Schedule of the Certificate against "Loss of Land Value" as respects any one loss or series of losses arising out of any one event or occurrence at any one location.

#### DEFINITION

##### LAND VALUE

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

#### SPECIAL CONDITIONS

1. Settlement shall be made following the ruling of the competent local or Government authority resulting in the loss of land value. Should Settlement have been made however and subsequently the ruling of the competent local or Government authority be changed prior to completion of the reconstruction resulting in an increase in the Land Value that part of the claim paid in excess of the revised Land Value shall be refunded to the Insurer(s).
2. All differences relating to the Land Value arising out of the Certificate 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 Commonwealth Institute of Valuers as an expert whose decision shall be binding.

#### 1.10 PURCHASER CLAUSE

If at the time of destruction or damage to any building hereby insured the Insured shall have contracted to sell his interest in such building and the purchase shall not have been but shall be thereafter completed, the Purchaser on the completion of the Purchase, and so far as the property is not otherwise insured by or on behalf of the Purchaser against such loss or damage, shall be entitled to the benefit of this Certificate so far as it relates to such loss or damage without prejudice to the rights and liabilities of the Insured or the purchase.

#### 1.11 TENANTS CLAUSE

Should a Tenant or lessee of the Insured or a fellow tenant or lessee or the owner of the Property described in the Schedule do or omit to do, without the knowledge of the Insured, anything which would vitiate the Certificate conditions and/or warranties, the indemnity granted under this Certificate will not be invalidated on that account, provided that the Insured shall notify to the Insurer(s) in writing of the happening or existence of such act or omission as soon as the same shall come to his knowledge and shall pay such reasonable additional premium as may be agreed with Insurers for any increase of hazard thereby created.

#### 1.12 BREACH OF CONDITIONS

This Certificate shall not be invalidated by unintentional or inadvertent error or omission in name, description or valuation or property hereby insured or statement of material particular, nor by any breach of a Certificate condition or warranty or by reason of any thing being done in respect of any premises or portion or premises not occupied by the Insured, whether constituting an increase in risk or not. The Insured's officer responsible for Insurance shall, inform the Insurer(s) as soon as reasonably practicable and pay any additional premium as may be agreed with the Insurer(s), from the date of any increase in risk.

#### 1.13 DESTRUCTION OF SOUND PROPERTY

In the event of total partial damage to the property insured hereunder, the destruction of sound property necessary for the replacement and/or reinstatement and/or restoration of the

INTEREST/INSURED PROPERTY is allowed and the cost of such destruction or demolition and repairing or replacement thereof is included in this Certificate.

#### 1.14 CUSTOMS EXCISE AND OTHER DUTIES

The Certificate extends to cover the Insured's liability for customs, excise and other duties which the insured may become liable to pay in the event of loss, destruction or damage to Property Insured.

#### 1.15 COST OF CLEARANCE OF DRAINS

Expenses necessarily incurred in clearing, cleaning and/or repairing drains, gutters, sewers and the like (whether on the insured's premises or elsewhere) in consequence of any peril hereby insured against, notwithstanding that physical loss, destruction or damage may not have been sustained by the Insured to the INTEREST/INSURED PROPERTY under this Certificate.

## EXCLUSIONS TO ALL SECTIONS

### PROPERTY EXCLUSIONS

- 2.1 EXCLUSION 9 is amended to read :-  
bridges, canals, tunnels, railway tracks (other than on the premises occupied or used by the Insured), dam and reservoirs (other than tanks) and their contents.
- 2.2 EXCLUSION 12 is amended to read :-  
  
Property as a result of its normal processing.
- 2.3 EXCLUSION 13 (a) - Deleted  
13 (b) - Deleted
- 2.4 EXCLUSION 14 (a) is amended to read :-  
property undergoing construction, erection, alteration or addition when the value of work exceeds 10% of the Limit of Liability or \$1,000,000 whichever is the lesser.
- 2.5 EXCLUSION 16 is Deleted

### PERILS EXCLUSION

- 3.1 PERILS EXCLUSION 3 is deleted and replaced by the following :-  
  
physical loss, destruction or damage occasioned by or happening through :-  
  
water from or action by the sea, tidal wave or high water  
  
Provided that Perils Exclusion 3 shall not apply if loss, destruction or damage is caused by or arises out of an earthquake or seismological disturbance or storm and tempest.
- 3.2 PERILS EXCLUSION      6(a) - Deleted  
   7(a) - Deleted  
   7(d) - Deleted

## MEMORANDA APPLICABLE TO ALL SECTIONS

- 4.1 AMOUNT OF CERTIFICATE NOT REDUCED BY LOSS - deleted and replaced by the following :-

### AMOUNT OF CERTIFICATE NOT REDUCED BY LOSS

The insurance under each section and/or item of this Certificate and the Indemnity Period shall be automatically reinstated in the event of any loss in consideration of the agreement to pay by the Insured of a pro-rata additional

premium calculated on the amount of the loss settlement at the rate(s) agreed for the Period of Insurance.

### **CONDITIONS APPLICABLE TO ALL SECTIONS**

5.1 CONDITION 3 is deleted and replaced by the following :-

#### **SPRINKLER INSTALLATIONS - APPLICABLE TO OWNED PREMISES OR INSTALLATIONS FOR WHICH THE INSURED IS RESPONSIBLE**

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

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

5.2 CONDITION 4 is deleted.

5.3 CONDITION 6 - NOTIFICATION OF CLAIMS is deleted and replaced by :

#### **6. NOTIFICATION OF CLAIMS**

On the happening of any loss, destruction or damage, the insured shall :-

- (a) inform the Company thereof as soon as reasonably Practicable;
- (b) do and concur in doing all things reasonably practicable to minimize, avoid or diminish the loss or any interruption or interference with the business;
- (c) deliver a statement of claim in writing to the Company as soon as reasonably practicable;
- (d) provide such proofs, particulars or information (including access to the Insured's records) as the Company shall reasonably require for investigation and verification of the claim. The Company agree all such proofs, particulars or information may be certified by the Insured's usual Accountants or Auditors whose certificate shall be prima facie evidence of the proofs, particulars or information to which it relates.

- (e) provide details of any other insurance covering the subject matter of the claim.

5.4 CONDITION 13 - TERMINATION OF COVER UNDER SECTION 2 is deleted and replaced by :

13. TERMINATION OF COVER UNDER SECTION 2

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

- (a) the Insured ceases to carry on a Business or any Business insured hereunder is disposed of, permanently discontinued or the Insured's interest in the Business ceases otherwise than by death;

then the insurance cover provided under Section 2 of the Certificate in respect of such Business or Insured shall automatically and forthwith cease and, in the event of the indemnity period having begun to run in respect of such Business or Insured, the indemnity period shall there upon be at an end, unless its continuance be admitted by memorandum signed for or on behalf of the Insurer(s).

## **SECTION 2 - MEMORANDA**

### **7.1 CUSTOMERS' AND SUPPLIERS' PREMISES**

Physical loss, as insured by this Certificate, resulting from Interruption to or Interference with the Business in consequence of loss, destruction or damage (as within defined) to property at premises anywhere in the Commonwealth of Australia of any of the Insured's Suppliers or Customers, manufacturers or processors of components, goods or material shall be deemed to be loss resulting from loss, destruction or damage to property used by the Insured.

### **7.2 Page 18 - PUBLIC UTILITIES EXTENSION**

Deleted and Replaced with the following :

#### **PUBLIC UTILITIES**

Loss, as insured by the Certificate, resulting from interruption to or interference with the Business in consequence of loss, destruction or damage (as within defined) to property of any Public Utility resulting in failure of supply of electric current, gas or water to the Insured's premises shall be deemed to be loss resulting from loss, destruction or damage to property used by the Insured.

### 7.3 CLOSURE BY ORDER OF PUBLIC AUTHORITIES

Loss as insured by the Certificate resulting from interruption of or interference with the Business directly or indirectly arising from closing or evacuation of the whole or part of the Premises by order of a competent Public Authority directly or indirectly arising from infectious or contagious human disease occurring in the premises or from a threat of violent damage to the Premises and or injury to persons therein shall be deemed to be loss resulting from Damage to property used by the Insured at the Premises.

### 7.4 INFECTIOUS DISEASE, MURDER, AND CLOSURE

Loss, as insured by this Certificate, resulting from interruption of or interference with the BUSINESS carried on by the Insured in consequence of :

- (i) Closure of the whole or part of the Insured's premises by order or recommendation of any Government or Public or Local Authority as a result of :
  - (i) an outbreak of a notifiable infectious or contagious disease
  - (ii) poisoning or sickness directly caused by the consumption of food or drink provided on the Insured's premises.
  - (iii) vermin or pests or defects in the drains or other sanitary arrangements at the premises.
- (ii) Murder, (whether premeditated or not) or suicide occurring at the premises.

shall be deemed to be loss, destruction or damage to property used by the Insured.

### 7.5 GOVERNMENT INCENTIVES

The pecuniary loss under item 1 : (a) of Section 2 includes the loss of any Government approved incentives, subsidies or market development allowances to which the Insured is entitled in relation to the Business resulting from interruption of or interference with the Insured's Business in consequence of Damage giving rise to claim.

## **SUPPLEMENTARY ENDORSEMENTS AS REQUIRED**

### **SECTION 2**

The following items are included in the coverage provided by Section Two of the Certificate.

#### **ITEM 6 - RENT RECEIVABLE**

The insurance under this item is limited to the loss of rent (including the amount for services rendered and recoverable expenses) and the amount payable as indemnity shall be the amount by which rent (including the amount 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 the 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 the amount for services rendered inducements paid or payable, subsidies paid or payable 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.