

PROPERTY **PROTECT** INSURANCE

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About the Product Disclosure Statement

This Product Disclosure Statement (PDS) will assist You to make an informed decision about Your insurance. It contains information about the Policy, its features, benefits, risks and costs. Please read it carefully. We recommend You read the PDS in conjunction with the Policy.

This PDS is dated 21 July 2011
(ref: CCQUS PP 0711).

The Insurer

The insurer of this Policy and issuer of this PDS is:
Calliden Insurance Limited ABN 47 004 125 268
Level 7, 100 Arthur Street North Sydney, NSW 2060
Ph: 02 9551 1111

Calliden Insurance Limited (Calliden) is a public company incorporated in Australia. It is authorised under the Insurance Act 1973 (Cth) to conduct insurance business in Australia. That Act establishes a system of financial supervision of general insurers in Australia. As an authorised insurer, Calliden is regulated by the Australian Prudential Regulation Authority.

Calliden is also regulated under the Corporations Act 2001 and is the holder of an Australian Financial Services Licence (AFS Licence No. 234438) issued pursuant to that Act. As a holder of an AFS Licence, Calliden is regulated by the Australian Securities and Investments Commission (ASIC).

Calliden specialises in manufacturing general insurance products for individuals, the SME sector and groups across metro and regional Australia.

About the Agent

QUS Pty Ltd ABN 92 122 665 310, AFS Licence No. 321877

(QUS) arranges policies for and on behalf of Calliden. QUS acts under a binding authority given to it by the insurer to administer and issue policies, alterations and renewals. In all aspects of the Policy QUS acts as an agent for the insurer and not for You.

How to Contact Us

You may contact Calliden in any of the following ways:

- > By telephone on 02 9551 1111
- > By writing to Us at Calliden Limited, PO Box 348, Milsons Point NSW 1565
- > By email through Our website www.calliden.com.au

Types of Cover

The Policy document comprises three different types of cover, set out in sections, which You may require. You can choose the cover from one or more of these sections which You believe will best suit Your needs.

Significant Features and Benefits

The following is a summary of the significant benefits and features of the cover offered. This is a summary only. We suggest that You read the entire Policy to make Yourself aware of all the cover offered and to ensure the cover offered meets Your needs.

Section 1 – Property Insured

We provide cover for accidental loss and damage to Property Insured. We also provide cover for automatic and optional additional benefits following insured loss or damage which are included in the Sum Insured or paid in addition to the Sum Insured. These additional benefits include:

Product Disclosure Statement cont'd

Additional Benefits Paid in Addition to the Sum Insured	Amount Payable
Loss of Rent Receivable, Failure of Supply Services, Infectious or Contagious Diseases, Murder or Suicide, Maintenance Fees and Removal and Storage of Property Insured	Up to 30% in total of the Sum Insured for Property Insured per Incident
Reletting Costs	Up to \$10,000 per Incident
Rewriting of Records	Up to \$50,000 per Incident
Trees, Shrubs, Plants, Lawns and Rockwork	Up to \$25,000 per Incident
Property Insured in the Open Air	Up to \$25,000 per Incident
Replacement of Locks and Keys	Up to \$5,000 per Incident
Fire Extinguishment Costs	Costs and expenses reasonably and necessarily incurred
Arson Reward	Up to \$10,000 per Incident
Personal Property	Up to \$5,000 per Incident
Claims Preparation Costs	Up to \$50,000 per Incident
Mortgage Discharge	Up to \$5,000 per Incident
Removal of Water from Basement	Up to \$10,000 per Period of Insurance
Additional Utility Charges	Up to \$2,000 per Incident
Exploratory Costs	Costs and expenses reasonably and necessarily incurred
Alterations and Additions	Covered when the cost of the alteration or addition is less than \$500,000
Fusion	Costs and expenses reasonably and necessarily incurred
Increase Sum Insured by CPI	If You have a valid claim under Section 1 We will increase Your Sum Insured by the amount the CPI has increased since You last renewed the Policy
Additional Benefits Included in the Sum Insured	Amount Payable
Removal of Debris	Costs and expenses reasonably and necessarily incurred
Architect and Professional Fees	Costs and expenses reasonably and necessarily incurred
Government Fees, Contributions or Imposts	Costs and expenses reasonably and necessarily incurred

Product Disclosure Statement cont'd

Additional Benefits Paid in Addition to the Sum Insured	Amount Payable
Legal Fees	Costs and expenses reasonably and necessarily incurred
Temporary Protection	Up to \$10,000 per Incident
Storm Damage to Gates and Fences	Costs and expenses reasonably and necessarily incurred
Optional Additional Benefits Paid in Addition to the Sum Insured	Amount Payable
Catastrophe Cover	Up to the amount shown in the Schedule in addition to the Sum Insured for Property Insured when Property Insured are lost or damaged as a result of a government-declared catastrophe or emergency

Significant Features and Benefits – Other Sections of the Policy

Property Owners Legal Liability	Cover for compensation You become legally liable to pay for Personal Injury and Property Damage
Machinery Breakdown	Covers electrical, electronic and mechanical machinery, boilers and pressure vessels and other plant

Product Disclosure Statement cont'd

Significant Risks

Exclusions

The Policy will not provide insurance cover under certain circumstances. The following is a list of some of the circumstances where the Policy will not provide insurance cover. For full details of all the exclusions that apply, please read the Policy in full.

Section 1 - Property Insured

We will not be liable for any physical loss or damage caused directly or indirectly to:

- > retaining walls resulting from Storm and/or Tempest;
- > Property Insured as a result of construction, erection, demolition, alteration or addition other than where the value of such work does not exceed \$500,000;
- > the Property Insured by Rainwater or Storm water seeping or percolating through walls, roofs or floors or entering as a result of structural defects, faulty design or faulty workmanship in the Property Insured.

We will not be liable in respect of any physical loss, destruction or damage directly or indirectly caused by or arising out of or in consequence of or contributed to by:

- > water from or action by The Sea, tidal wave, and high water, provided that this exclusion will not apply if loss, destruction or damage is directly or indirectly caused by or arising out of a tsunami or Earthquake;
- > Flood;
- > erosion, subsidence, earth movement or collapse unless resulting from Earthquake or tsunami;
- > mechanical, hydraulic, electrical or electronic breakdown, failure malfunction or derangement of any machine or electrical and/or electronic device;
- > loss or damage to property undergoing any process involving the application of heat whereby loss or damage is caused to such property by the application of heat;
- > the invasion of tree or plant roots, but if such invasion blocks Your drainage system this exclusion will not apply to any subsequent damage to Property Insured caused by the escape of water or liquids therefrom.

Conditions

You must meet certain conditions for Your insurance cover to apply. For example, You must pay the premium. If You do not meet the conditions of cover, We may refuse to pay a claim or reduce the amount that We pay for any claim. For full details of all the conditions of cover that apply, please read the Policy in full.

Disclosure

If You do not comply with Your duty of disclosure (set out below under the heading 'Your Duty of Disclosure') We may:

- > refuse to pay a claim;
- > reduce the amount that We pay for a claim;
- > cancel the Policy.

Endorsements

We may impose additional terms, conditions or exclusions to Your cover or alter the terms, conditions or exclusions of Your cover. If We do this, it will be shown on the Schedule and You will be advised at the time You take out cover or when You alter Your cover. You should read these additional or altered terms, conditions or exclusions in conjunction with the Policy to make sure that You understand the effect that they have on Your insurance cover.

Limits of Cover

Our liability is limited to the amounts shown in the Schedule. Limits of cover may also be shown in certain sections of the Policy. You need to decide if the limits of cover are appropriate for You. If they are not, You may be underinsured and have to bear part of any loss Yourself. Please contact Your insurance broker if You require higher limits.

Product Disclosure Statement cont'd

Cost of Your Policy

The amount that We charge You for this insurance when You first acquire Your Policy and when You renew Your Policy is called the premium. The premium is the total that We calculate when considering all of the factors which make up the risk, such as:

- > the type of cover You choose;
- > the location of the property being insured;
- > the type of property being insured;
- > the construction of the property being insured;
- > the security of the property being insured;
- > the Sums Insured chosen by You;
- > whether Your Property Insured contains commercial or residential tenants or both;
- > if Your Property Insured contains commercial tenants, the occupation and processes of those tenants;
- > Your insurance history.

The total cost of Your Policy is shown on Your Schedule and is made up of Your premium plus Government Taxes such as, GST, Stamp Duty and Fire Service Fees.

What Happens if You Do Not Pay the Cost of Your Policy By the Due Date?

We will have the right to cancel Your Policy if You do not pay Your premium by the due date or if Your payment method is dishonoured and therefore We have not received Your payment by the due date. Unless We tell You, any payment reminder We send does not change the expiry of Your cover or the due date of Your premium.

Other Costs, Fees and Charges

Other costs, fees and charges which may be applicable to the purchase of Your insurance Policy include:

Costs or Fees	Details
Cancellation Fee	<p>You may cancel Your Policy at any time. If You choose to cancel Your Policy We will retain a portion of premium which relates to the period for which You have been insured. We will refund the residue for the unexpired period, less any non-refundable government taxes or charges provided that:</p> <ul style="list-style-type: none">> no event has occurred where liability arises under the Policy; and> You pay the applicable cancellation fee. <p>For details of Your cancellation fee please refer to Your Financial Services Guide (FSG), Statement of Advice (SOA) or contact Your broker or insurance intermediary directly.</p>
Administration Fee	<p>Your broker or insurance intermediary may charge an administration fee for issuing Your Policy documentation. For details of Your administration fee please refer to Your FSG, SOA or contact Your broker or insurance intermediary directly.</p>
Commissions	<p>Your broker or insurance intermediary may receive a commission payment from Us when Your Policy is issued and renewed. In some cases insurance intermediaries belong to a member group and an additional commission may also be paid to that member group. This is generally around 1%.</p> <p>If You cancel Your Policy, this commission payment may be non-refundable.</p> <p>For details of the relevant commission paid, please refer to Your FSG, SOA or contact Your broker or insurance intermediary directly.</p>

Product Disclosure Statement cont'd

Excess

The Excess is the amount You must contribute towards the cost of any claim You make. The Excess applicable will be shown in the Schedule.

You must pay the Excess for each Incident if You make a claim.

We will deduct the Excess from the amount of cover under the Policy and then pay You, or We will ask You to pay the Excess to a supplier, repairer or to Us.

Excess Applicable to Section 1 - Property Insured

The standard excesses You will be required to pay under this Section are:

- > \$20,000 or 1% of the Sum Insured for Property Insured (whichever is the lesser) each claim or series of claims during a period of 72 hours for loss or damage caused by Earthquake or tsunami;
- > \$250 for loss or damage caused by a malicious act. We may impose a higher excess for loss or damage caused by a malicious act due to factors such as Your loss or claims history;
- > \$500 for each claim for loss or damage (other than loss or damage caused by Earthquake) when greater than 60% of Property Insured are unoccupied. We may impose a higher excess if more than 60% of the Property Insured are unoccupied and We have agreed to cover the Property Insured;
- > \$250 for all other claims under this Section.

We may at Our discretion increase any of the excesses listed above or impose additional excesses based on Our overall assessment of the risk and Your claims or loss history. If We increase any of the above listed excesses or impose additional excesses, this will be shown on Your schedule.

Excess Applicable to Other Sections of the Policy

Excesses applicable to other sections of the Policy will be shown in Your Schedule.

Taxation Information

If You are entitled to an input tax credit for the premium, You must inform Us of the extent of that entitlement at or before the time You make a claim under the Policy. We will not indemnify You for any GST liability, fines or penalties that arise from or are attributable to Your failure to notify

Us of Your entitlement (or correct entitlement) to an input tax credit on the premium.

The amount that We are liable to pay under the Policy will be reduced by the amount of any input tax credit that You are or may be entitled to claim for the supply of goods or services covered by that payment.

If You are liable to pay an excess under the Policy, the amount payable will be calculated after deduction of any input tax credit that You are or may be entitled to claim on payment of the Excess.

Your Duty of Disclosure

Whether You are entering into a policy for the first time or are proposing to renew, vary, extend or reinstate a policy You have a duty of disclosure.

Your Duty of Disclosure for New Policies

When answering Our questions You must be honest and You have a duty under law to tell Us anything known to You, and which a reasonable person in the circumstances, would include in the answer to the question. We will use the answers in deciding whether to insure You and anyone else to be insured under the Policy, and on what terms.

Your Duty of Disclosure for Renewals

If You have already entered into a policy and You are proposing to renew, vary, extend or reinstate the Policy Your duty of disclosure changes. You have a duty to tell Us of everything that You know, or could reasonably be expected to know, that is relevant to Our decision to insure You and to the terms of that insurance. If You are not sure whether something is relevant You should inform Us anyway.

Who Needs to Tell Us?

It is important that You understand You are answering Our questions in this way for Yourself and anyone else that You want to be covered by the Policy.

What You Are Not Required to Disclose:

Your duty does not require disclosure of matters that:

- > reduce the risk;
- > are common knowledge;
- > We know or, in the ordinary course of Our business, ought to know; and
- > We have indicated We do not want to know.

Product Disclosure Statement cont'd

If You Do Not Tell Us

If You do not answer Our questions in this way or disclose everything You know, We may reduce or refuse to pay a claim, or cancel the Policy. If You answer Our questions fraudulently, We may refuse to pay a claim and treat this Policy as never having been in force.

Cooling-off Period

If, after reading the Policy, You are not satisfied with the cover, You may cancel the Policy within 21 days of receiving it, and obtain a full refund less any non refundable government charges and taxes that We have paid. You may notify Us in writing or electronically.

If You make a claim for any incident within the 21 day period, You must pay Your annual premium in full before You can cancel the Policy.

If the Policy is for an event that will finish within the 21 days cooling off period, You can only exercise Your right to cancel before the event starts.

Cancellation

You may cancel the Policy at any time by notifying Us in writing. If You cancel the Policy, a cancellation fee may apply. We may cancel the Policy where We are entitled to by law.

Further details about cancellation are shown on page 16 of the Policy.

Making Changes to the Policy

If You want to make any changes to the Policy please contact Us. Any changes will only become effective if:

- > We agree to make the changes;
- > You pay Us any additional premium required; and
- > We confirm in writing that the change is effective.

How to Make a Claim

When You Need to Make a Claim

Before We can settle any claim under the Policy the premium must be paid. You must promptly tell Us about the claim and give Us all information about the claim. This can be done by telephone, facsimile or email.

Paying Your Excess

When You make a claim under the Policy We will advise You when and how to pay Your Excess. You must pay Your Excess when We request it or We will be unable to pay Your claim.

Damage to Someone Else's Property

If You make a claim for damage to someone else's property You must pay the Excess/es before We will settle the loss on Your behalf.

Dispute Resolution Process

How You Can Resolve a Complaint You Have With Us

If You would like to make a complaint, We will do everything We can to try to resolve it as quickly and fairly as possible. The following paragraphs provide details on how You can lodge Your complaint and how Calliden will try to resolve it.

You may contact Us at any time if You are dissatisfied with any matter relating to Your insurance with Calliden, including:

- > Our decision on Your claim;
- > Our handling of Your claim;
- > the service of Our representatives, assessors, loss adjusters or investigators; and
- > Your insurance Policy.

Contact Us

If You have a complaint regarding Your claim, please contact Your claims consultant.

If You have a complaint regarding Your insurance policy, please contact Us on 02 9551 1111 and We will try to resolve Your complaint straight away.

You can write to Us at:

- > Fax: 02 9551 1155
- > Address: PO Box 348, Milsons Point NSW 1565

How We Resolve Complaints

- > We will address all complaints, except where specific circumstances apply, in accordance with Calliden's Complaints Handling Process. This process is compliant with the Insurance Council of Australia's Code of Practice. Both the Code of Practice and Our Complaints Brochure, which contains a guide to Our process, are available upon request.
- > We will handle all complaints without cost to You.
- > A complaints consultant will be assigned to the management of Your complaint and will acknowledge Your complaint within 2 business days of receipt. If further information is required to consider the complaint, it will be requested at this time.

Product Disclosure Statement cont'd

- > The complaints consultant will aim to resolve Your complaint within a further 13 business days. In certain circumstances a longer period may be required, and We will request a later response date.
- > The outcome of the complaint will be advised to You in writing, stating Our reasons and any corrective action that will be undertaken.

If Your Complaint is Still Unresolved

If We cannot resolve Your complaint within 15 business days or You are not happy with Our response to Your complaint, You can seek an external review via Our external dispute resolution scheme, administered by the Financial Ombudsman Service (FOS).

This national scheme is for consumers, free of charge and is aimed at resolving disputes between insureds and their insurance companies.

For more information call 1300 78 08 08 or visit www.fos.org.au

If the FOS is unable to address Your complaint then Calliden may be able to provide You with details of an alternative external dispute resolution service.

General Insurance Code of Practice

Calliden is a signatory to the General Insurance Code of Practice (Code). The Code aims to raise standards of service between insurers and their customers. Calliden's service standards are in accordance with the Code.

For any information about the Code, including a copy of the Code, contact Us or the Financial Ombudsman Service on 1300 78 08 08 or look at www.codeofpractice.com.au

Privacy

Calliden and QUS respect Your privacy and operate at all times in accordance with their privacy policies. This privacy notification provides a summary of how Calliden treats Your privacy, and it is recommended that You read the Policy in conjunction with this notice.

Calliden collects personal information to assess Your request for insurance, to administer the Policy, provide other insurance services as requested by You, and also to notify You about Calliden's other services or promotions from time to time. At the time of collecting Your information We will inform You of the purpose for the collection and the consequences if You choose not to provide the information.

In order to provide its insurance services Calliden may need to share Your information with third parties including Your agent or broker and Calliden's reinsurers and claims providers (for a full list see Calliden's privacy policy).

In accordance with the Calliden's privacy policy You may obtain access at any time to information that Calliden or its service providers hold on You. If You would like to contact Calliden about privacy, or would like to obtain a copy of the privacy policy You may do so through one of the following means:

- > obtain the privacy policy online at www.calliden.com.au
- > by phone 02 9551 1111
- > by email to privacy@calliden.com.au
- > by letter to Privacy Officer, PO Box 348, Milsons Point NSW 1565.

Property Protect Insurance Policy >>>>>>>>>

Our Agreement

The agreement between You and Us consists of:

- > Your application;
- > this PDS;
- > the Schedule; and
- > any Endorsement.

A Schedule is issued when We agree to cover You and You have paid (or agreed to pay) the premium including any relevant government charges by the inception/due date.

Our liability is limited to:

- > the Period of Insurance shown on the Schedule;
- > the Policy sections set out on the Schedule; and
- > the Sum(s) Insured set out in the Schedule unless We have agreed to pay more as an additional benefit.

General Definitions Applicable to All Policy Sections >>

Act of Terrorism means any act, or preparation in respect of action, or threat of action designed to influence the government de jure or de facto of any nation or any political division thereof, or in pursuit of political, religious, ideological or similar purposes to intimidate the public or a section of the public of any nation by any person or group(s) of persons whether acting alone or on behalf of or in connection with any organisation(s) or government(s) de jure or de facto, and which:

- > involves violence against one or more persons;
- > involves damage to property;
- > endangers life other than that of the person committing the action;
- > creates a risk to health or safety of the public or a section of the public; or
- > is designed to interfere with or to disrupt an electronic system.

Aircraft and Aerial Devices means any craft or device designed to travel in, on or through the atmosphere or space, but excluding model aircraft used for pleasure purposes.

Application means the form that You have completed and signed as being the application for this insurance contract.

Earthquake means earthquake, subterranean fire, volcanic eruption or fire occasioned by or happening through or in consequence of earthquake, subterranean fire or volcanic eruption.

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.

Endorsement(s) means any amendment to the Policy or to Policy limits as specified in a document attached to the Policy or stated in the Schedule.

Excess(es) means the sum of money, which You may have to contribute towards any claim payment under the Policy.

Flood means the inundation of normally dry land by water escaping or released from the normal confines of any natural or artificial watercourse, lake, lagoon, reservoir, canal or dam.

Incident means a single occurrence or series of occurrences arising from one event, which occurs at a particular interval of time and causes or results in loss or damage that is insured by the Policy.

Indemnity Value means the cost to rebuild, repair or replace the Property Insured to a condition equal to but not better or more extensive than its condition at the time of loss or damage and taking into consideration age, wear, tear, depreciation and remaining useful life.

Limit(s) of Liability means the applicable Limit of Liability specified in the Schedule or as determined by the Policy where such limits are detailed.

General Definitions cont'd

Malicious Damage means damage to Property Insured caused by the deliberate and malicious acts of:

- > strikers, locked out workers or other labour disturbances;
- > persons attempting to gain unlawful entry to the premises;
- > any other person acting with malicious intent.

It also includes acts by any lawful authority in connection with any of the above.

Money means currency coins, bank notes, cheques, postal orders, money orders, unused postage and revenue stamps.

Occurrence means an event, including continuous or repeated exposure to substantially the same general conditions, which results in Personal Injury or Property Damage neither expected nor intended to happen by You.

Period of Insurance is the period stated in the Schedule during which the insurance cover provided by the Policy is in force.

Personal Injury means:

- > bodily injury (including death and illness), disability, fright, shock, mental anguish or mental injury;
- > false arrest, wrongful detention, false imprisonment or malicious prosecution;
- > wrongful entry or eviction or other invasion of privacy;
- > a publication or utterance of a libel or slander or other defamatory or disparaging material; or
- > assault and battery not committed by You or at Your direction unless committed for the purpose of preventing or eliminating danger to person or property.

Policy means this PDS and policy document, the Application, the Schedule and any special conditions or Endorsements issued to You in either electronic or written form.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including but not limited to smoke, vapour, soot, fumes, acids, alkalis, chemicals and waste. Waste includes material to be recycled, reconditioned or reclaimed.

Product(s) means any goods, products and property after they have ceased to be in the possession or under Your control, manufactured, grown, extracted, produced, processed, constructed, erected, installed, repaired,

serviced, treated, sold, supplied or distributed by You (including any container thereof other than a Vehicle).

Products Liability means liability for Personal Injury or Property Damage arising out of Your Product(s).

Property Damage means physical damage to or destruction of tangible property including its loss of use following such physical damage or destruction and/or loss of use of tangible property, which has not been physically damaged or destroyed provided that the loss of use has been caused by an Occurrence.

Property Insured means all real and personal property of every kind and description (except as excluded in Your policy) belonging to You or for which You are responsible, or have assumed responsibility to insure prior to the occurrence of any Damage, including all such property in which You may acquire an insurable interest during the period of insurance.

Rainwater means rain falling naturally from the sky including Rainwater runoff over the surface of the land.

Redevelopment Property means property subject to redevelopment or for which redevelopment is intended.

Reinstatement means:

- > where property is lost or destroyed, in the case of a Building, the rebuilding, or in the case of property other than a Building, the replacement of that property, by similar property, in either case in a condition equal to but not better or more extensive than its condition when new;
- > 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.

Rent means payment for the use of land, Property Insured, including any outgoings payable by the tenant or lessee.

Schedule means the current attachment to the Policy that specifies the Situation, those Sections and benefits that are in force and the details of the Sums Insured or Limits of Liability.

Situation means the situation(s) shown in the Schedule.

Storm and/or Tempest means violent wind (including cyclones and tornadoes), thunderstorms and hail, which may be accompanied by rain or snow.

Sum(s) Insured means the relevant amount shown in the Schedule.

General Definitions cont'd

The Sea means oceans, seas or tidal waters or the actions of any short period rise or fall of the sea level produced by a meteorological event, earthquake, tsunami, volcano or atmospheric disturbance such as a cyclone, hurricane, typhoon or tornado or produced by other means.

Vehicle(s) means any type of machine on wheels or on self-laid tracks made or intended to be propelled by other than manual or animal power and includes any trailer or caravan made or intended to be drawn by any such machine but does not mean wheelchairs, garden appliances, golf buggies or other vehicles not requiring registration by any legislation or competent authority.

Watercraft means any vessel, craft or thing made or intended to float on or through water and which is powered or designed to be powered by motors, or is a sailing craft exceeding eight (8) metres in length.

We/Our/Us/Calliden means Calliden Insurance Limited (Calliden) ABN 47 004 125 268 and AFSL 234438.

You/Your/Insured means: the person(s) or entity named in the Schedule as the Insured

Some other words have special meanings and these are explained where they occur in the Policy.

These General Conditions apply to all sections of the Policy.

General Conditions



1. Reasonable Care

You must take all reasonable care:

- > for the safety of Your Property Insured;
- > to ensure that only competent employees are employed;
- > to maintain the structure, fittings, fixtures, furnishings, appliances, machinery, implements and plant in sound condition at the Situation;
- > to prevent bodily injury or loss of or damage to Property;
- > to comply with any law, by-law, safety requirement, Australian Standard or regulation of any Government or Local Government body, including but not limited to those covering the disposal of waste products and the handling, storage or use of flammable liquids or substances, gasses or toxic chemicals.

We will not be liable for loss, destruction, damage, liability, accidental injury or illness caused or contributed to by Your failure to comply with any of the above conditions.

2. Alteration of Risk

You must immediately notify Us in writing of any changes You know of which materially alter any of the facts or circumstances that existed at the commencement of the Policy. If We do not agree to insure the altered risk or if You do not pay the additional premium, We will not indemnify You for any loss, destruction, damage, liability, accidental injury or illness caused by or arising directly or indirectly out of or in connection with such alteration.

3. Unoccupancy

Cover will be entirely suspended where the Property Insured at the Situation is unoccupied for any period of more than 90 consecutive days, unless Our prior written consent has been issued.

This suspension of cover only applies to Section 1 – Property Insured and Section 3 – Machinery Breakdown.

4. Joint Insureds

The Policy only covers the interests of the Insured(s) named in the Schedule and any other interests notified to Us in writing which are accepted by Us and noted in the Schedule. No interest in the Policy may be transferred without Our written consent.

Where there is more than one person or organisation insured under the Policy:

- > any notice given by Us under the Policy to any one of You will be deemed to be notice given to all of You;

- > the duty of disclosure will apply to every person or organisation. Failure by any insured person or organisation to comply with the duty of disclosure will be deemed a failure by all of You;
- > any misrepresentation or fraudulent actions or statements made by any person or organisation will be deemed to be made by all of You; and/or
- > any claim made by any person or organisation will be deemed to be a claim made by all of You.

5. Cancellation

You may cancel the Policy at any time by notifying Us in writing in which case We will retain the pro-rata rate for the time the Policy has been in force.

We may cancel the Policy by giving You written notice to the effect where You have:

- > failed to comply with the duty of utmost good faith;
- > failed to comply with the duty of disclosure at the time when the Policy was entered into;
- > made a misrepresentation to Us during the negotiations for the Policy before We entered into the Policy;
- > failed to comply with a provision of the Policy;
- > failed to pay the premium or failed to pay any instalments for longer than one month;
- > made a fraudulent claim under the Policy or any other policy of insurance (whether with Us or some other insurer) that provided insurance cover during any part of the period during which the Policy of insurance provides insurance cover; or
- > failed to notify Us of any specific act or omission where such notification is required under the terms of the Policy.

We may cancel the Policy pursuant to any right at law but subject to the provisions of the Insurance Contracts Act 1984. When We cancel the Policy it will have effect from whichever of the following times is the earliest:

- > the time when another policy of insurance replacing the Policy is entered into; or
- > 4pm of the third business day after the day on which notice was given to You, unless the Policy was in force by virtue of Section 58 of the Insurance Contracts Act, whereby the cancellation will take effect from the fourteenth business day after the day on which notice was given to You.

General Conditions cont'd

6. Other Insurance

If You effect (or if there exists to Your knowledge) any other insurance covering loss, damage or liability insured by the Policy, You must notify Us immediately and provide Us with details of such other insurance.

7. Subrogation

We have the right on Your behalf (and in Your name) to conduct any negotiation, settlement or legal proceeding, whether prosecuting or defending. Your full co-operation is required in these matters. Where You have entered into an undertaking with any other party which prevents or limits Your/Our right to recover from that party all benefit under this agreement is forfeited unless You have Our prior written consent.

8. Fraud

All benefit may be forfeited, Our liability reduced and/or the Policy(ies) cancelled if You or any person acting with Your knowledge or consent or on Your behalf:

- > engages in any dishonest or fraudulent activity as a means to obtain benefit from the Policy; or
- > wilfully causes any loss, damage, or liability.

9. Goods and Services Tax

Where We make a payment under the Policy for the acquisition of goods, services or other supply, We will reduce the amount of the payment by the amount of any input tax credit that You are, or will be, or would have been entitled to under A New Tax System (Goods and Services Tax) Act 1999, in relation to that acquisition, whether or not that acquisition is actually made. Where We make a payment under the Policy as compensation instead of payment for the acquisition of goods, services or other supply, We will reduce the amount of payment by the amount of any input tax credit that You would have been entitled to under A New Tax System (Goods and Services Tax) Act 1999 had the payment been applied to acquire such good, service or other supply.

10. Claim Matters

As soon as possible after an event occurs which may result in a claim under the Policy You must at Your own expense:

- > take all reasonable precautions to prevent or minimise further loss, damage or liability;
- > notify the police immediately if any of Your property is lost, stolen, maliciously or intentionally damaged, or such loss is attempted or suspected;
- > take all reasonable steps to recover lost or stolen property, and assist in apprehending any guilty party;

- > contact Us and provide Us with details of what has happened by:

Tel: 1300 668 386

Fax: 1300 78 77 55

Postal address: PO Box 2717, Taren Point NSW 2229

Email: claims@calliden.com.au

- > complete and submit a claim form for Our consideration with full particulars of Your loss including details of any party who may be responsible if We request You complete a claim form;
- > give Us the opportunity to inspect any loss or damage before You carry out any repairs;
- > keep any damaged or recovered stolen property and allow Us to inspect it if necessary;
- > obtain Our consent before You authorise or commence repairs or otherwise incur any cost, unless the repair or cost is necessary to protect the Property Insured from further loss; and
- > not admit, deny, or negotiate any claim with any person.

11. Conduct of Legal Proceedings and Claim Administration

In circumstances that give rise to or may give rise to a claim under this Policy, We may take over and conduct, in Your name, the defence or settlement of any claim and We will have full discretion in the conduct of any proceedings in connection with a Claim.

If You refuse to consent to any settlement recommended by Us and elect to contest or continue any legal proceedings, Our liability for the Claim will not exceed the amount for which the Claim could have been settled plus the costs and expenses incurred up to the date of such refusal.

12. Excess

Where an Excess is shown in the Schedule or within the Policy You or any other person insured must pay or contribute the amount of any Excess shown in the Schedule or Policy for each and every claim arising out of the one Incident or Occurrence before becoming entitled to cover under the Policy. Where two or more different Excesses apply to an Incident or Occurrence giving rise to a claim under one or more Sections of the Policy, only the greatest of those Excesses will be applied to the whole claim.

13. Interests of Other Parties

We will not be required to recognise the interests of any third party under the Policy unless required by law and/or We have been given written notice of such interest and it has been accepted by Us.

General Conditions cont'd

14. Hazardous Goods

The storage of hazardous goods usual to the proprietor(s)/ occupier(s) at the Situation is only allowed where the quantities and the manner are permitted by any relevant law, by-law or municipal regulation (including the operational health and safety and workcover organisations) pertaining to such goods.

15. Workers Compensation

The insurances provided by the Policy do not include Workers Compensation. Where it is compulsory for all employees to be insured for Workers Compensation, a separate policy must be arranged in accordance with the law in the State or Territory where the Situation is located.

16. Jurisdiction

All disputes arising out of or under the Policy will be subject to determination by any court of competent jurisdiction within Australia according to the law applicable to that jurisdiction.

17. Inspection of Property

We will be permitted but not obligated to inspect Your property and operations at any time. Neither Our right to inspect or Our failure to inspect or the making of any inspection or any report of an inspection may be used by You or others in any action or proceedings involving Us. Any inspection by Us will be restricted to matters, which in Our opinion, are relevant to the Policy.

General Exclusions



These General Exclusions apply to all Sections of the Policy. In addition to these General Exclusions, each Section of the Policy will be subject to specific exclusions.

We do not insure You under the Policy in the following circumstances:

1. Warlike Activities, Nuclear Material and Terrorism

We will not pay any claims arising directly or indirectly from or in consequence of:

- > war, invasion, act of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, insurrection or civil commotion, revolution, military or usurped power, or confiscation or nationalisation or requisition or destruction of or damage to property by or under the order of any government or public or local authority;
- > any Act of Terrorism;
- > any action taken in controlling, preventing, suppressing or in any way relating to war, invasion, act of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, insurrection, civil commotion, or any Act of Terrorism;
- > ionising radiation or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel;
- > the radioactive toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof.

2. Consequential Loss

We will not pay for any consequential loss of any description except as specifically stated in the Policy.

3. Electronic Data

We will not pay for any loss or damage directly or indirectly caused by, resulting from or in connection with:

- > total or partial destruction, distortion, erasure, corruption, alteration, misinterpretation or misappropriation of Electronic Data; or
- > error in creating, amending, entering, deleting or using Data; or
- > total or partial inability or failure to receive, send, access or use Electronic Data for any time or at all; or
- > the use of an intranet or the Internet (including but not limited to the World Wide Web and electronic mail systems) by You or on Your behalf;
- > from any cause whatsoever, regardless of any other contributing cause or event whenever it may occur.

4. Your Wilful Act, Omission or Recklessness

We will not pay for any wilful act, omission or recklessness or those of Your agents or representatives, provided that this exclusion will only apply to physical loss, destruction or liability caused by those proprietor(s) or member(s) committing the wilful act or omission or recklessness or that of their agents or representatives.

5. Infectious Diseases

We will not cover any claim arising directly or indirectly as a result of infectious disease, where the infectious disease is defined as Highly Pathogenic Avian Influenza or any diseases declared to be quarantinable diseases under the Quarantine Act (1908) or any subsequent amendments to, or versions of this Act.

6. Pollution

We will not be liable for any claim for:

- > Personal Injury or Property Damage or financial loss or loss of, damage to, or loss of use of property, directly or indirectly arising out of the actual, alleged or threatened discharge, dispersal, release, seepage, migration, emission or escape of Pollutants; or
- > the cost of testing, monitoring, containing, removing, nullifying or cleaning up Pollutants; except liability otherwise excluded that:
 - > arises from a sudden identifiable, unintended and unexpected happening, which takes place in its entirety at a specific time and place; and
 - > is indemnified in not more than one annual Period of Insurance.

Section 1 – Property Insured



1. The Indemnity

We will pay You up to the Sum Insured specified in the Schedule for Property Insured, for accidental loss or damage to the Property Insured which occurs during the Period of Insurance.

We will not pay You under Section 1 of the Policy in respect of any of the matters set out in the Specific Exclusions or the General Exclusions. You must comply with the Specific Conditions in Section 1 and the General Conditions.

2. Additional Benefits

Following loss or damage by any cause not excluded, the following Additional Benefits will be paid in addition to the Sum Insured.

2.1. Loss of Rent Receivable, Reletting Costs, Maintenance Fees and Removal and Storage Costs of Your property.

We will pay, in total, for the following benefits 2.1 A-E, up to 30% of the Property Insured.

2.1.A Loss of Rent Receivable

Where a Property Insured that is Rented or would have been Rented (and You can verify this by way of lease or rental agreement), becomes uninhabitable, unfit for its intended purpose or access to the Property Insured is prevented as a result of an Incident covered under Section 1 of the Policy, We will pay:

- > You an amount equal to the Rent that You were receiving, averaged out using total Rent received in the last 6 months prior to the date of loss, divided by 6 then applied per month;
- > to You, an extend prevention of access cover to 50 km radius.

We will pay this amount until the Property Insured becomes fit for occupation or until access to the Property Insured has been re-established, for a maximum period of 24 months. However, We will not pay for any claim where the Property Insured becomes uninhabitable, unfit for its intended purpose or inaccessible as a result of hindrance or prevention of access due to approved development works, planned public works or any regular maintenance or upgrade works conducted by or with the approval of any public authority or sub contractors acting on your behalf.

2.1.B Failure of Supply Services

Where an occupied Property Insured that is Rented becomes uninhabitable or unfit for its intended purpose as a result of the failure of services including electricity,

water, gas or sewerage services but excluding telephone or television services, We will pay to You:

- > if the Property Insured is Rented, an amount equal to the Rent that You were receiving averaged out using total Rent received in the last 6 months prior to the date of loss, divided by 6 and then applied per month;
- > if the Property Insured is owner occupied, an amount equal to the amount that the Your Property could have been Rented for.

We will only pay this amount after the service(s) has failed for more than 48 hours and for a maximum period of 30 days.

2.1.C Infectious or Contagious Diseases, Murder or Suicide

Where the Insured Property that is Rented becomes uninhabitable or unfit for its intended purpose as a result of murder, suicide or infectious or contagious disease and a government or local authority prohibits occupation of the Property Insured, We will pay to You:

- > if the Property is Rented, an amount equal to the Rent that You were receiving averaged out using total Rent received in the last 6 months prior to the date of loss, divided by 6 and then applied per month;
- > if the Property is owner occupied, an amount equal to the amount that the Property Insured could have been Rented for.

We will pay this amount from the time that any government or local authority first prohibits access to the Property Insured, for a maximum period of 90 days.

2.1.D Reletting Costs

Where the Property Insured is Rented to a tenant cannot be occupied for its intended purpose as a result of an Incident covered under Section 1 of the Policy and the tenant indicates they will not reoccupy the Property Insured when it again becomes fit for occupation, We will pay to You, the reasonable and necessary reletting costs up to \$10,000 per Incident.

2.1.E Removal and Storage Costs of Property Insured

Where a Property Insured becomes uninhabitable or unfit for its intended purpose as a result of an Incident covered under Section 1 of the Policy, We will pay the reasonable and necessary costs incurred in the removal of, storage of and return of your Property Insured, from the time of loss up until when the Property Insured is deemed habitable.

Section 1 - Property Insured cont'd

2.2 Rewriting of Records

We will pay to You, the cost up to a limit of \$50,000 per Incident, of preparing and/or rewriting of Your records, books or accounts, title deeds and Electronic Data pertaining to the Property Insured, which are lost or damaged as the result of an Incident covered under Section 1 the Policy, while the records are anywhere in Australia.

2.3 Trees, Shrubs, Plants, Lawns and Rockwork

We will pay to You, the cost up to a limit of \$25,000 per Incident, necessarily incurred by You:

- > in replacing or repairing any trees, shrubs, plants, lawns and rockwork at Your Situation, lost or damaged as the result of an Incident covered under Section 1 of the Policy;
- > for the professional removal and disposal of Your fallen trees and/or branches (but not tree stumps or roots) for such trees that have caused damage to the Property Insured.

2.4 Property Insured in the Open Air

We will pay to You, the cost up to a limit of \$25,000 per Incident, for loss or damage to Property Insured as the result of an Incident covered under Section 1 of the Policy, while they are at the risk location but not located within a fully enclosed structure.

2.5 Replacement Locks and Keys

In the event of keys used for common entrance points only, being stolen as a consequence of forcible entry to any Property Insured or if there are reasonable grounds to believe keys or codes have been duplicated, We will pay to You, the cost up to \$5,000 per Incident, for the re-keying or re-coding of locks or the replacement with locks of a similar type and quality, if they cannot be re-keyed or re-coded.

We will not pay to re-key or re-code locks or for replacement locks if there are reasonable grounds to suggest that the keys or codes have been duplicated by an occupant or former occupant of the Property Insured or their family or friends.

2.6 Fire Extinguishment Costs

We will pay to You the costs and expenses You necessarily and reasonably incur for the purpose of:

- > extinguishing a fire at or in the vicinity of Property Insured or threatening to involve such Property; or
- > preventing or diminishing imminent damage to Property Insured, including damage to gain access to fire fighting appliances, 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.

2.7 Arson Reward

We will pay a reward for information which leads to the conviction of any arsonist in connection with an Incident covered under Section 1 of the Policy. We will pay up to \$10,000 per incident, irrespective of the number of people providing information. We will only pay this Additional Benefit if We have the consent of the Police to do so.

2.8 Personal Property

We will pay to You, the cost to a limit of \$5,000 per Incident, for the market value of the personal property of others (including employees) in Your care, custody and control or for which You have assumed legal responsibility, when the property is lost or damaged as the result of an Incident covered under Section 1 of the Policy.

2.9 Claims Preparation Costs

We will pay to You, the costs up to a limit of \$50,000 per Incident, reasonably and necessarily incurred with Our written consent, in the preparation of a claim following loss or damage to Property Insured as a result of an Incident covered under Section 1 of the Policy.

2.10 Mortgage Discharge

We will pay to You the reasonable legal costs up to a limit of \$5,000 per Incident, to discharge a mortgage or mortgages on the Property Insured where the Property Insured is a total loss (whether actual or constructive), We have paid Your claim under Section 1 and the Property Insured will not be replaced.

2.11 Removal of Water from Basement

We will pay to You the reasonable costs You incur, up to a limit of \$10,000 per Period of Insurance, if Rainwater has entered the basement or if water has entered the basement as a result of Storm and removal of the water is required.

We will not pay You under this Additional Benefit if water has entered the basement as a result of Flood or in respect of any Incident that is not covered under Section 1 of the Policy.

2.12 Additional Utility Charges

We will pay to You, up to a limit of \$2,000 for any additional utility charges You incur following loss or damage to Property Insured as a result of an Incident covered under Section 1 of the Policy.

Section 1 - Property Insured cont'd

2.13 Exploratory Costs

If We have agreed to pay a claim for damage sustained to Your property as a result of water or other liquid damage, We will pay to You the reasonable costs You incur, of identifying and locating the source of damage, where the damage is caused by the escape of liquid from fixed apparatus, fixed appliances, fixed pipes or other systems used to hold or carry liquid of any kind.

We will also pay for the reasonable costs of:

- > repairing any damage caused by Us in locating the source of the escaping liquid;
- > repairing or replacing damaged or defective parts of any fixed apparatus, fixed appliances, fixed pipes or other systems to a limit of \$1,000;
- > clean up of pollution or contamination at the Situation caused by the escape of liquid from any fixed apparatus, fixed appliances, fixed pipes or other system up to a limit of \$1,000.

We will not pay for loss or damage caused as a result of the gradual escape of liquid over a period of time:

- > where You or a reasonable person in the circumstances could be expected to have been aware of such gradual escape of liquid;
- > due to lack of maintenance, wear and tear, or neglect.

2.14 Alterations and Additions

If You make alterations or additions to the Property Insured during the Period of Insurance, We will pay for loss or damage to any alteration or addition as a result of an Incident covered under Section 1 of the Policy.

We will not pay for loss or damage:

- > where the total contract value (including GST) of all work to be carried out in the alteration or addition exceeds \$500,000;
- > where You have entered into a contract with a third party in relation to the alteration or addition which requires that third party to effect Contract Works or similar insurance to cover material damage and liability risks.

2.15 Fusion

We will pay to You, the necessary and reasonable costs You incur to repair, reinstate or replace, electric motors forming part of the Property Insured that are no bigger than 5kW and less than 20 years old that have burnt out.

We will not pay for loss or damage to:

- > electrical contacts where arcing or sparking occurs in ordinary working;

- > motors that are under warranty or guarantee;
- > lighting or heating elements, fuses or protective devices.

2.16 Increase Sum Insured by CPI

If You have a valid claim under Section 1 We will increase Your Sum Insured by the amount the Consumer Price Index (all groups) has increased since You took out the Policy or last renewed it.

3. Special Benefits

Following loss or damage as the result of an Incident covered under Section 1 of the Policy and subject to Our liability not being increased beyond the Limit(s) of Liability stated herein and Your Property Insured not being exhausted, We will also indemnify You for:

3.1 Removal of Debris

The costs and expenses You reasonably and necessarily incur following loss or damage to Property Insured as a result of an Incident covered under Section 1 of the Policy for:

- > the removal, storage and/or disposal of the debris of Property Insured or the demolition, dismantling, shoring up, propping, underpinning or other temporary repairs to Property Insured, but not in connection with liability for pollution of any kind;
- > Your legal liability in respect of removal, storage and/or disposal of debris, notwithstanding Exclusion 6.9, in relation to premises, roadway services, railways 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 under any agreement entered into by You unless that liability would have attached in the absence of such agreement;
- > Provided that the insurance under this Section does not extend to any liability that You may incur as a consequence of pollution of any kind;
- > the demolition and removal of any Property Insured belonging to You which is no longer useful for the purpose it was intended, provided such demolition and removal is necessary for the purpose of the reinstatement or replacement of the Property Insured.

3.2 Architect and Professionals' Fees

The reasonable cost of architects', surveyors' and consulting engineers' fees, including all incidental costs, legal and other fees and clerk of works' salaries for estimates, plans, specifications, quantities, tenders and supervision, necessarily incurred in reinstatement of Property Insured, but not costs, fees and salaries for preparing any claims hereunder.

Section 1 - Property Insured cont'd

3.3 Government Fees, Contributions or Imposts

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 required to obtain consent to reinstate any Property Insured, provided that We will not be liable for payment of any fines and/or penalties imposed upon You by any such authorities.

3.4 Legal Fees

Legal fees necessarily incurred with Our written consent in making applications and/or submissions to any Local, State or Federal Government authorities or land and environment courts following loss or damage to Property Insured as the result of an Incident covered under Section 1 of the Policy.

3.5 Temporary Protection

The costs up to a limit of \$10,000 per Incident, reasonably and necessarily incurred by You for temporary protection or safety of Your Property Insured pending its repair, following loss or damage as the result of an Incident covered under Section 1 of the Policy.

3.6 Storm Damage to Gates and Fences

The costs reasonably and necessarily incurred by You to repair or replace any gate or fence lost or damaged as a result of Storm and or Tempest.

We will not pay:

- > for loss or damage caused by wear, tear, gradual corrosion or gradual deterioration, wet or dry rot, rust, oxidation, vermin or insects;
- > unless You allow Us a reasonable time to inspect the loss or damage before repair or replacement occurs.

3.7 Extra Costs of Re-instatement

Applicable to Property Insured insured by the Policy lost or damaged as a result of an Incident covered under Section 1 of the Policy.

The Policy extends to include the extra cost of reinstatement including demolition or dismantling necessarily incurred to comply with the requirements of any Act of Parliament or Regulation 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, limit(s) or sub limit(s) and exclusions of the Policy:

- > the work of reinstatement (which may be carried out wholly or partially upon another site if any of the above mentioned Act, By-Law or Regulation of any Municipal or other Statutory Authority so requires,

subject to Our liability not being thereby increased) must be commenced and carried out within 12 months, failing which We will not be liable to make any payment beyond the amount which would have been payable under the Policy if this provision has not been incorporated herein;

- > the amount recoverable will not include the additional cost incurred in complying with any such Act, Regulation, By-Law or requirement with which You were required to comply with prior to the damage happening;
- > if the cost of reinstatement of the damage claimable under the Policy is less than fifty per cent (50%) of what would have been the cost of reinstatement of the property Insured had such property been totally destroyed, the amount recoverable will be limited to the extra cost necessarily incurred in reinstating only that portion damaged excluding extra costs in relation to any portion of Your Property Insured not damaged. In any event the loss will not exceed the amount We would have been called upon to pay if Your Property Insured had been wholly destroyed;
- > no cost will be payable to replace any illegal installations;
- > the indemnity provided in respect of the extra cost of reinstatement will apply to the extent to which the Sum(s) Insured on the Property Insured is not otherwise exhausted or unless otherwise stated in the Schedule.

3.8 Floor Space Ratio Index (Plot Ratio)

If any Property Insured is damaged as the result of an Incident covered under Section 1 of the Policy, so as to constitute total loss or constructive total loss and, where the exercise of statutory powers and/or authority by any Government Departments, Local Government or any other Statutory Authorities only permits reinstatement subject to a reduced floor space ratio index, We will pay the difference between:

- > the actual cost of reinstatement incurred in accordance with the reduced floor space ratio index; and
- > 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 this Special Benefit, any payments made by Us will include the extra cost of reinstatement, including demolition or dismantling of the Property Insured, necessarily incurred to comply with the requirements of any Act of Parliament or Regulation of any Municipal or other Statutory Authority.

Any payments made for the differences between the actual cost of reinstatement and the costs of reinstatement

Section 1 - Property Insured cont'd

that would have been incurred, will be made as soon as the difference is ascertained upon completion of the rebuilding works and certified by the architect acting on Your behalf in the reinstatement of the Property Insured.

3.9 Loss of Land Value

In the event of the absolute refusal by the competent Local or Government Authority to allow the reconstruction of any Property Insured following loss or damage, We will pay the difference between the land value before and after the loss or damage.

In the event of the competent Local or Government Authority allowing partial reconstruction only of any Property Insured after loss or damage, We will pay the difference between the land value after such reconstruction and the land value before the loss or damage, less any sum paid by way of compensation by any Authority arising out of the action referred to above.

4. Optional Additional Benefits

You will only be insured for these Optional Additional Benefits when they are shown in the Schedule.

4.1 Catastrophe Cover

In the event of Your Property Insured being lost or damaged as a result of a government-declared catastrophe or emergency, We will increase the Sum Insured for Your Property Insured by the amount shown in the Schedule, for the purpose of settling any valid claim under section 1 arising from that event.

5. Basis of Settlement

5.1 Reinstatement or Replacement

The basis upon which the amount payable to You is calculated will be the cost of Reinstatement of the Property Insured damaged at the time of its Reinstatement, subject to the following provisions and subject also to the terms, conditions and limit(s) or sub-limit(s) of liability of the Policy:

- > the work of rebuilding, or replacing, or repairing, or restoring or reinstating, as the case may be (which may be carried out at another site and in any manner suitable to Your requirements, but subject to Our liability not being increased), must be commenced and carried out within a reasonable time, failing which We will not be liable to make any payment beyond the amount of the Indemnity Value of the Property Insured at the time it was lost or damaged;
- > when Property Insured is damaged in part only, Our liability will not exceed the sum representing the cost which We could have been called upon to pay for Reinstatement if such property had been wholly damaged;

- > no payment beyond the amount which would have been payable under the Policy if this clause had not been incorporated therein will be made until a sum equal to the cost of Reinstatement shall have been actually incurred;
- > with Our prior consent and where it is lawful, You are not be bound to actually rebuild any Property Insured destroyed, but may purchase an alternative existing building to replace the destroyed Property Insured. Such replacement will be deemed to constitute "Reinstatement" for the purpose of this insurance, but We will not under any circumstances be liable to make any payment beyond the actual cost of rebuilding the Property Insured destroyed;
- > We will not be liable for the cost of Reinstatement of any illegal installations.

5.2 Redevelopment Property

On Redevelopment Property, the cost of repair or Reinstatement or replacement is subject to an allowance for wear and tear, depreciation and betterment subject to Exclusion 6.9. If the property is not repaired or reinstated, settlement will be restricted to the cost of demolition and/or removal of debris.

5.3 Replacement by Similar

In those cases where the architectural features and structural materials of the Property Insured possess a particularly ornamental, antiquarian or historical character, or the materials are not readily available, in calculating the cost which would have been incurred in Reinstatement if the whole of the property had been destroyed as referred to in the Basis of Settlement Clause, the basis to be adopted is the cost of a similar type of building of current design and materials and of reasonably equivalent utility and capacity, and it is further noted that the Sum Insured under the Policy has been based accordingly.

5.4 Reinstatement of Cover

In the event of loss or damage following an Incident covered under Section 1 of the Policy, the amount by which the Sum Insured or Limits of Liability is reduced as a consequence of the loss or damage will be automatically re-instated as from the date of loss provided that:

- > there is no written request from You or written notice by Us to the contrary;
- > this section is an operative Section of the Policy;
- > the claim has been notified to Us;
- > You pay the premium We require for the reinstatement; and/or
- > the loss or damage is not a total loss, whether actual or constructive.

Section 1 - Property Insured cont'd

5.5 Undamaged Foundations

If foundations are not destroyed following loss or damage as the result of an Incident covered under Section 1 of the Policy and any Government or Statutory Authority requires reinstatement of the Property Insured to be carried out on another site, the abandoned foundations will be considered as destroyed. If the resale value of the original building site is increased due to the presence of the abandoned foundations, the increase in resale value will be paid to Us at the time of sale.

5.6 Undamaged Portion any Property Insured

If any Property Insured or portion of a Property Insured is not destroyed or totally destroyed following loss or damage as the result of an Incident covered under Section 1 of the Policy and any Government or Statutory Authority requires reinstatement of the Property Insured to be carried out on another site, the abandoned undamaged portion of the Property Insured will be considered as destroyed. If the resale value of the original building site is increased due to the presence of the abandoned undamaged portion of the Property Insured, the increase in resale value will be paid to Us at the time of sale.

6. Exclusions

We will not be liable for any physical loss or damage caused directly or indirectly to:

- 6.1 retaining walls resulting from Storm and/or Tempest;
- 6.2 Property Insured resulting from construction, erection, demolition, alteration or addition other when the value of such work does not exceed \$500,000 (including GST);
- 6.3 empty premises undergoing demolition;
- 6.4 carpets resulting from staining, fading or fraying;
- 6.5 the popping and/or movement of swimming pools and/or the accidental breakage, chipping or lifting of tiles of swimming pools and/or their surrounds;
- 6.6 all Machinery (as defined in this exclusion 6.7), electronic data processing equipment or electronic control equipment occasioned by or happening through any mechanical, electrical, electro-mechanical, electronic or hydraulic malfunction, failure, derangement, breakdown or non operation of whatsoever kind.

This exclusion will 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 which results from any of the events referred in this Exclusion.

For the purpose of this exclusion, "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.

- 6.7 the Property Insured by Rainwater or Storm water seeping or percolating through walls, roofs or floors or entering as a result of structural defects, faulty design or faulty workmanship in the Property Insured.

We will not be liable in respect of any physical loss, destruction or damage directly or indirectly caused by or arising out of or in consequence of or contributed to by:

- 6.8 any legal liability of whatsoever nature;
- 6.9 consequential financial loss of any kind associated with any commercial or private activity carried out on or reliant on the premises specified in the Schedule, other than Loss of Rent as detailed under Additional Benefits 2.1.B,C and D;
- 6.10 incorrect siting of Property Insured;
- 6.11 water from or action by The Sea, tidal wave, and high water, provided that this exclusion will not apply if loss, destruction or damage is directly or indirectly caused by or arising out of a tsunami or Earthquake (see exclusion 6.13 for the applicable excess for each claim or series of claims arising from tsunami or Earthquake);
- 6.12 erosion, subsidence, earth movement or collapse unless resulting from Earthquake or tsunami. In the case of Earthquake or tsunami, there is an Excess for each claim or series of claims during a period of 72 hours of \$20,000 or one percent (1%) of the Sum Insured for Property Insured (excluding any separate amount shown for Additional Benefit or Loss of Rent Receivable) whichever is the lesser amount;
- 6.13 normal settling, seepage, shrinkage or expansion in Property Insured or foundations, walls, pavements, roads and other structural improvements, creeping, heaving and vibration;
- 6.14 birds, moths, termites or other insects, vermin, rust, or oxidation, mildew, mould, contamination or pollution, 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;

Section 1 - Property Insured cont'd

- 6.15 wear, tear, fading, gradual corrosion or gradual deterioration, concrete or brick 'cancer', wet or dry rot, rust, oxidation, chipping, scratching or marring, normal upkeep, making good or any developing flaws;
- 6.16 error or omission in design, plan or specification or failure of design;
- 6.17 faulty materials or faulty workmanship;
- 6.18 mechanical, hydraulic, electrical or electronic breakdown, failure malfunction or derangement of any machine or electrical and/or electronic device;
- 6.19 kidnapping, bomb threat, threat of contamination, hoax, extortion or any attempt thereat;
- 6.20 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 term of any statute or regulation, occasioned by or arising from explosion, rupture, collapse, bursting, cracking or overheating thereof provided that this exclusion will be limited to the aforementioned items immediately affected and will not extend to other property as a result of such loss, destruction or damage;
- 6.21 smut or smoke stains (other than when damage that occurs is sudden and unforeseen);
- 6.22 demolition ordered by any Federal, State or Local Government or their authorities, or statutory authority as a result of Your failure, or the failure of anyone acting on Your behalf, to comply with any lawful requirement;
- 6.23 loss or damage to property undergoing any process involving the application of heat whereby loss or damage is caused to such property by the application of heat;
- 6.24 Flood;
- 6.25 vibration from, the removal or weakening of, or interference with, the support of land or Buildings or any other property, erosion, subsidence, landslide, mudslide, shrinkage or any other earth movement or collapse resulting there from, but this exclusion will not apply if the loss or damage is caused by or arises out of Earthquake or seismological disturbance, explosion or physical impact by Aircraft;

- 6.26 the invasion of tree or plant roots, but if such invasion blocks Your drainage system this exclusion will not apply to any subsequent damage to Your Property Insured caused by the escape of water or liquids there from.

We will not be liable for any physical loss or damage:

- 6.27 Under the Reinstatement or Replacement, Extra Cost of Reinstatement, Plot Ratio or Loss of Land Value clauses for Redevelopment Property.

7. Special Conditions

7.1 Sprinkler Systems

Where any property, being Property Insured by the Policy has an automatic sprinkler system installed which You own or where You are responsible for the operation or maintenance of the automatic sprinkler system, You must:

- > ensure that the property is protected, as required by law, by an approved installation of automatic sprinklers, automatic external alarm signal and automatic alarm signal connected with a Fire Brigade Station or other legally approved monitoring organisation;
- > exercise due diligence to ensure that any system and alarm signal are at all times maintained in good working order;
- > maintain the system regularly in accordance with Australian Standard AS1851 (Part 3);
- > notify Us, in writing as soon as reasonably practicable, of any changes to the automatic sprinkler installation.

Section 2 – Property Owners Legal Liability



1. The Indemnity

We will pay on Your behalf all amounts which You become legally liable to pay for compensation for Personal Injury or Property Damage, happening during the Period of Insurance, as the result of an Occurrence in connection with:

- > Your ownership of the Property Insured, at the Situation;
- > Your ownership of any underground or overhead services, roads, footpaths or bridges that form part of the property at the Situation;
- > the hire by any person of sporting or recreational facilities owned by You at the situation;
- > the application of pesticides, herbicides or fertilisers at the Situation or the Property Insured;
- > Your ownership, use, control or possession of garden appliances, wheel chairs and golf buggies or Vehicles that do not require registration by any legislation or competent authority;
- > Your ownership, use, control or possession of any Watercraft that is less than 8 metres in length, provided that the Watercraft is not or should not have been insured under legislation of the State or Territory of Australia in which it is being used.

We will not pay You under Section 2 of the Policy in respect of any of the matters set out in the Specific Exclusions or the General Exclusions. You must comply with the Specific Conditions in this section and the General Conditions.

2. Legal costs

We will also pay:

- > costs and expenses incurred by Us, or by You with Our prior written consent, in the investigation, settlement or defence of any claim for compensation for which You are entitled to indemnity under the Policy; and
- > legal costs taxed or assessed against You in any claim referred to in paragraph 1- The Indemnity, above and all interest accruing from the entry of judgment against You until We have paid, tendered or deposited in court the amount that We are liable to pay following judgement.

We will not be obligated to pay any claim or judgement or to defend any suit after Our Limit of Liability has been exhausted by payment of judgements or settlements.

We will indemnify You for costs and expenses under Section 2 for up to twenty five percent (25%) of the Limit of Liability, in addition to the Limit of Liability for amounts that We pay to You or on Your behalf:

- i. in respect of any one Occurrence; and

- ii. limited in aggregate for all claims for compensation for Personal Injury or Property Damage, happening during the Period of Insurance

3. Exclusions – Applicable to Section 2 - Property Owners Legal Liability

We will not be liable for claims for:

- 3.1 Personal Injury or Property Damage arising out of liability in connection with any business, profession, trade or manufacturing operations conducted by You or any other person(s) insured or otherwise, other than as the owner of the Property Insured at the Situation shown in the Schedule;
- 3.2 Personal Injury or Property Damage arising out of the occupation of tenant(s) of the Property Insured including the maintenance, upkeep or housekeeping of the tenant(s) at the Situation;
- 3.3 Personal Injury or Property Damage caused by or arising directly or indirectly out of or in connection with the ownership, possession, maintenance, use or control of any Watercraft (exceeding 8 metres in length), Aircraft and Aerial Devices or Vehicles;
- 3.4 Personal Injury or Property Damage arising out of liability arising under any agreement unless such liability would have attached in the absence of such agreement.

This exclusion will not apply to liability assumed:

- > under any contract or lease of property.

- 3.5 Personal Injury or Property Damage arising out of the construction, erection, or demolition of Property Insured or alteration and/or addition to Property Insured by the Policy, by You or on Your behalf other than alterations and/or additions when the value of such work does not exceed \$500,000 (including GST);
- 3.6 Personal Injury or Property Damage arising out of or directly or indirectly from vibration, subsidence or from the removal or weakness of or interference with support to land, buildings or any other property;
- 3.7 Personal Injury or Property Damage arising directly or indirectly from explosion of boilers or other vessels under pressure in respect of which a certificate is required to be issued under the terms of any Statute or Regulation thereunder;
- 3.8 Personal Injury or Property Damage arising out of a liability imposed upon You by reason of Your ownership, occupation or control of any property or structure used as a landing area for aircraft. The term "landing area" will include any area on which aircraft land, take off, are housed, maintained or operated;

Section 2 - Property Owners Legal Liability cont'd

- 3.9 fines, punitive, exemplary, liquidated or aggravated damages regardless of any other provisions of this insurance;
- 3.10 Personal Injury or Property Damage arising out of a breach of the duty owed in a professional capacity by You and/or persons for whose breaches of such duty You may be legally liable provided that this exclusion does not apply to the rendering or failure to render professional medical advice by a legally qualified medical practitioner, legally qualified registered nurse, dentist or first aid attendant You use to provide first aid services at the Situation;
- 3.11 Personal Injury or Property Damage arising out of claims:
- > brought against You in any country outside the Commonwealth of Australia;
 - > for Personal Injury or Property Damage occurring outside the Commonwealth of Australia;
- 3.12 Personal Injury or Property Damage arising out of the publication or utterance of a libel or slander made prior to the commencement of this Period of Insurance or made by or at the direction of You with knowledge of that it was false;
- 3.13 Personal Injury or Property Damage arising out of any liability which arises from any deliberate or intentional act committed by You or by any person acting with Your express or implied consent;
- 3.14 the cost of litigation or proceedings initiated by You without Our prior written consent;
- 3.15 Personal Injury or Property Damage arising out of or in connection with marinas, wharves, jetties, docks, pontoons or similar type facilities (whether fixed or floating) if they are used for commercial purposes or fuel distribution, unless noted on the Schedule;
- 3.16 Property Damage to:
- > property owned or leased by You;
 - > property in Your physical and legal control, But this exclusion will not apply to liability for Property Damage to:
 - (a) Vehicles (not belonging to or used by or on Your behalf) in Your physical or legal control where Property Damage occurs while vehicles are in a car park owned or operated by You. Cover under this paragraph does not apply if You own or operate a car park for reward;
 - (b) Employees' property;
- (c) any other property not specified in clauses a) to d) inclusive, which is in Your physical and legal control subject to Our liability not exceeding \$50,000 for any one Occurrence.
- However We will not be liable for:
- > Property Damage to goods or property while being transported or carted;
 - > Property Damage to that part of any property which You have been working on where the Property Damage arises from such work.
- 3.17 Personal Injury or Property Damage caused by or arising directly or indirectly out of or in connection with:
- > the application of any fertiliser, pesticide or herbicide which is not in accordance with any Public or Statutory Authority requirement or, in the absence of any such requirement, not in conformity with the manufacturer's recommendations;
 - > loss or damage to the Situation or the Property Insured, or its improvements including gardens and lawns, to which the fertiliser pesticide or herbicide was being applied
- We will not provide cover for:
- 3.18 Personal Injury to any employee arising directly or indirectly out of or in the course of their employment with You. For the purpose of this exclusion, "Employee" will mean any person engaged under a contract of service or apprenticeship with You but does not include any person employed under such a contract who is excluded from the definition of worker under any Worker's Compensation legislation;
- 3.19 any claim or claims arising out of the provisions of any Workers Compensation legislation or any industrial award or agreement or determination;
- 3.20 any claim or claims which You are or would have been entitled to seek indemnity under any policy of insurance required to be taken out pursuant to any legislation relating to worker's or workmen's compensation including any State or Territory (whether insurance is effected or not);
- 3.21 any claim or claims for any actual or alleged liability caused by or arising directly or indirectly out of or in connection with the molestation of, or physical or psychological interference with, any person;

Section 2 - Property Owners Legal Liability cont'd

3.22 any claim or claims for any Products Liability whatsoever including but not limited to any liability:

- > for Property Damage to Your Product caused by or arising directly or indirectly out of or in connection with any defect or lack of quality in Your Product, the harmful nature of Your Product or unsuitability or ineffectiveness of Your Product;
- > caused by or arising directly or indirectly out of or in connection with the withdrawal, inspection, removal, reinstallation, repair, replacement or loss of use of Your Product, or of any property of which Your Product forms a part, if Your Product is recalled from the market or from use because of any known or suspected defect or deficiency in it;
- > for the cost of repairing, correcting, performing or improving any work or service undertaken or provided by You or on Your behalf.
- > in connection with the design, plan, formula or specification of Your Product or any instructions, warnings, advice or information on the characteristics, use, storage or application of Your Product;
- > for loss of use of tangible property (not physically lost, destroyed or damaged) caused by or arising directly or indirectly out of the failure of Your Product to meet the level of performance quality, fitness or durability expressly or impliedly warranted or represented by You;

3.23 any claim or claims for any liability for:

- > Injury arising, directly or indirectly, out of inhalation of, or fears of the consequences of exposure to or inhalation of, asbestos, asbestos fibres or any of asbestos;
- > that part of any loss, cost or expense for the cost of cleaning up, or removal of, or damage to, or loss of use of, property arising out of any asbestos, asbestos fibres or any derivatives of asbestos.

4. Special Conditions Applicable to Section 2 - Property Owners Legal Liability

- 4.1 Notice in writing must be given as soon as possible to Us of every Occurrence, clause, writ, summons, proceeding, impending prosecution, inquest and all information in relation thereto that will come to Your knowledge in respect of which there may arise liability under the Policy. Such notice must be given by You and Your knowledge will be deemed to include the knowledge of any person whose knowledge would in law be that of You.
- 4.2 You must not without Our written consent make any admission, offer, promise or payment in connection with any Occurrence or claim and We will be entitled to take over and conduct in Your name the defence or settlement of any claim.
- 4.3 You must use the best endeavour to preserve all property, appliances, plant or things which might provide necessary or useful evidence in connection with any claim and so far as may be reasonably practicable no alteration or repair should be made to any premises, fencing, machinery, furnishings, fittings, appliances or plant without Our consent, until We have had an opportunity of inspection.
- 4.4 We will be entitled to prosecute in Your name and at Our expense and for Our benefit any claim for indemnity or damages or otherwise.
- 4.5 We will have full discretion in the conduct of any proceedings in connection with any claim and You must give all information and assistance as We may require in the prosecution, defence or settlement of any claim.
- 4.6 You must take and cause to be taken all reasonable precautions to comply with all Statutory Obligations and Regulations imposed by any Authority.

Section 3 – Machinery Breakdown

1. The Indemnity

We will pay You in accordance with the Basis of Settlement below, in respect of items appearing under Option A and/or Option B in the Schedule, as follows:

- > for Machines, against Breakdown;
- > for Boilers and Pressure Plant, against Breakdown, Collapse or Explosion; occurring at the Situation during the Period of Insurance.

We will not pay You for loss or damage caused by an event for which cover is available under Section 1- Property Insured of the Policy or in respect of any of the matters set out in the Specific Exclusions or the General Exclusions. You must comply with the General Conditions.

2. Definitions Applicable to Section 3 - Machinery Breakdown

The meaning of some of the important words and terms used in Section 6 only, are shown below.

Boilers and Pressure Plant means those parts of the permanent structure of boilers and pressure plant separately specified in the Schedule which are subject to internal steam, gas or fluid pressure (other than atmospheric pressure) or vacuum, including:

- > fittings, pipes and direct attachments which are connected to the permanent structure without any intervening valve or cock;
- > supports for the structure (other than foundations, masonry or brickwork) such as furnace doors, access doors, external combustion chambers, smoke boxes and casings; and
- > metal parts of pressure and water gauges and their connections to the permanent structure.

Provided that these items:

- > have successfully completed initial commissioning; and
- > are owned by You or for which You are legally responsible.

Breakdown means sudden and unforeseen physical loss or damage to Machines and Boilers and Pressure Plant from any cause not excluded, which requires repairs or replacement to enable normal working to continue.

Collapse means the sudden distortion of the furnace of a boiler or any part of a pressure vessel caused by the bending or crushing of the permanent structure by the force of steam, gas, fluid pressure or vacuum including sudden and unforeseen physical loss or damage caused by overheating resulting from a deficiency of water.

Explosion means the sudden, unforeseen and violent rending of any Boilers and Pressure Plant by force of internal steam, gas or fluid pressure or the pressure of ignited flue gases.

Machine(s) means mechanical and electrical plant and machinery owned by You and listed under Option A and/or Option B in the Schedule but not:

- > Boilers and Pressure Plant unless specifically noted under Option B of the Schedule;
- > central air-conditioning plant unless specifically noted under Option B of the Schedule;
- > lifts escalators or elevators unless specifically noted under Option B of the Schedule;
- > submersible pumps unless specifically noted under Option B of the Schedule;
- > Vehicles or other mobile plant.

3. Insured Items

Option A

Machine(s) driven by motors not exceeding 5HP or 4kW.

Option B

Machines and Boilers and Pressure Plant individually listed and described in the Schedule.

4. Limit of Liability

Under Option A, the most We will pay is the Sum Insured for all claims in respect of any one Incident.

Under Option B, the most We will pay is the Sum Insured specified per individually listed item appearing in the Schedule.

5. Basis of Settlement

5.1 Breakdown

In the event of a claim payable under Section 6 of the Policy for Breakdown of Machines or Boilers and Pressure Plant, (subject to any limitation or restriction applying under paragraph 6 - Automatic Temporary Cover, of Section 6 of the Policy) We will at Our option repair or replace the items that suffered loss or damage or pay a cash equivalent of such repair or replacement. We will also pay the cost of:

- > liquids or refrigerant gases or insulating oil necessary to complete the repairs;
- > transport, labour and the on-site cost of parts.

Provided that:

- > if necessary parts are unavailable or obsolete, Our

Section 3 - Machinery Breakdown cont'd

liability will be limited to the estimated cost of similar parts for similar equipment to that which suffered loss or damage that is currently available;

- > if necessary parts are found to be unobtainable, Our liability will be limited to the manufacturer's or supplier's last list price;
- > We will not pay for the cost of alterations, improvements, maintenance or overhauls carried out in conjunction with the repair or replacement.

Where We choose to repair a Machine, We will also pay:

- > up to 10% of the Sum Insured of the insured item towards the cost of hiring a temporary replacement Machine during the time taken to repair any insured loss or damage;
- > for costs of dismantling and reassembly and/or reinstallation;
- > for removal of debris;
- > for any overtime or similar penalty rate costs;
- > for freight charges within Australia up to a limit of 10% of the Sum Insured of the insured item;
- > for statutory charges including sales tax and/or customs duties.

5.2 Collapse or Explosion

In the event of a claim payable under Section 6 of the Policy for Collapse or Explosion of Boilers and Pressure Plant, We will at Our option repair or replace the damaged or destroyed item or pay the cash equivalent of such repair or replacement.

Provided that:

- > if the damage is repairable We will pay the necessary costs to restore the item to its condition immediately before the Collapse or Explosion;
- > if restoration costs exceed the value of a new and equivalent replacement item then We will replace the damaged or destroyed item with an item of similar quality and size. If the item is replaced with one that is of a better quality or size, We will pay the cost that would have been incurred if an exact replacement had been installed;
- > if repair or replacement is not effected within 12 months from the date of Collapse or Explosion, We will not pay more than the Indemnity Value of the item immediately before the Collapse or Explosion;
- > We will not pay for the cost of alterations, improvements, maintenance or overhauls carried out in conjunction with the repair or replacement.

6. Automatic Temporary Cover (Applicable to Option A only)

We will automatically extend cover under the terms, conditions and exclusions of the Policy for a period of ninety (90) days, on any additional machine installed or brought into use at the Situation provided that:

- > You will notify Us within ninety (90) days and pay to Us on demand the premium for the additional machine from the date of installation or bringing into use;
- > the additional machine is free from known defects and complies with any Statutory requirements;
- > this temporary cover will not be provided until the additional machine has worked satisfactorily for eight (8) hours and has become Your responsibility;
- > the temporary cover will only apply if Option A is selected and the new machine is driven by a motor which does not exceed 5HP or 4kW;
- > if, following inspection, any additional machine is unacceptable to Us for insurance, You will be notified by mail. We will give You not less than three (3) business days written notice advising that the additional machine is no longer covered by the Policy; and
- > the Limit of Liability and Excess in respect of the additional machine will be that currently specified under Option A in the Schedule.

7. Specific Exclusions applying to Section 6 - Machinery Breakdown

7.1 We will not pay for any costs associated with:

- > cleaning or maintenance services;
- > alterations, additions, improvements or overhauls, adjustments or replacement of undamaged components whether carried out in the course of repairs or as a separate operation;
- > replacement or restoration following gradual deterioration (including rust, corrosion, erosion, oxidation or scale formation);
- > repair of or claims for scratches to, or discolouration, of painted or polished surfaces;
- > adjustment, cleaning or recharging of refrigeration or air conditioning equipment unless necessary as part of the repair of any Machine insured under Section 6 of the Policy;
- > provisional repairs or remedial action unless such repairs or action constitute part of the final repairs and do not increase the total repair costs;

Section 3 - Machinery Breakdown cont'd

- > loss of refrigerant, oil or lubricant due solely to worn or deteriorated seals or valves;
- > the cost of converting refrigeration/air-conditioning units from the use of CFC (chlorofluorocarbon) refrigerant gas to any other type of refrigerant gas.

7.2 We will not pay for the cost of repair or replacement of:

- > worn or spent belts, filters, refrigerant dryers, fuses, electric heating elements, electrical contacts, thermostats, thermostatic expansion valves, lamps gland packing, seals, cutting blades, commutators, slip rings, conducting brushes, chains, ropes, tyres, pressure switches, bearings, glass or ceramic components, fuel lamps, collecting brushes, belts, joints or non metallic parts and all operating media;
- > component parts necessitated by wear and tear caused by or resulting from ordinary use or working or gradual deterioration;
- > storage tanks and vats.

7.3 We will not pay for loss, destruction or damage caused by:

- > any crack, fracture, blister, lamination, flaw or grooving even when accompanied by leakage, which has not penetrated completely through the entire thickness of the material of the Machine or Boilers and Pressure Plant;
- > any slowly developing deformation or distortion to any Machine or Boilers and Pressure Plant;
- > fire, smoke or soot, extinguishment of a fire or subsequent demolition, spontaneous combustion;
- > lightning, Earthquake, hail, wind, rain, Flood, Storm and/or Tempest, action of The Sea, tidal wave, erosion, collapse, subsidence, landslide, mudslide, settling or movement of earth;
- > impact by Aircraft and Aerial Devices, falling trees, Vehicles, Watercraft, external antennas, communication towers, masts, satellite dishes or any animal;
- > theft or attempted theft or malicious damage;
- > leakage of water or liquid from any pipe, tank, guttering or fixed apparatus including automatic fire sprinkler systems;
- > any process of heat treatment, welding, grinding, cutting, drilling, shaping or the application of tools to the Machine or Boilers and Pressure Plant;

- > unloading or delivery to, or loading prior to dispatch from the Situation;
- > testing and commissioning, intentional overloading or experiments, and any usage beyond or outside the manufacturers specifications;
- > any chemical explosion (except flue gas explosion in boilers).

7.4 We will not pay for any additional costs due to:

- > delay or detention; or
- > penalties.

7.5 We will not pay for any loss or damage to any Machine or Boilers and Pressure Plant for which the manufacturer or supplier or other parties are responsible under any maintenance or service agreement or manufacturers or suppliers warranty, or would have been responsible but for a breach of the conditions of such agreements or warranty by You.

7.6 We will not pay for any loss, damage or destruction to:

- > reticulated electrical wiring, liquid or gas piping; or
- > a safety or protective device caused by its own operation.

7.7 We will not pay for consequential loss of any kind or description whatsoever unless specifically included in this Section.

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