

Compact Policy Wording

Version 01.11



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CONDITIONS (Applicable to all Policies)

1. Misdescription

The Policies shall be voidable in the event of misrepresentation, misdescription, or non-disclosure which is fraudulent.

2. Errors and Omissions

The Insured is not to be prejudiced by any unintentional and/or inadvertent omission, error, incorrect valuation or incorrect description of the interest, risk or Property Insured or during the currency of the Policy in respect of failure to advise change in any interest, risk or Property Insured, or failure to advise any acquisition of interest, risk or Property provided notice is given to the Insurer as soon as practicable upon discovery of any such error, omission or failure to give advice.

The Insured shall not be prejudiced by any non-compliance with any Statutory requirement.

3. Cancellation

(a) Method of Cancellation

- (i) The Insured may cancel the Policies at any time by notifying the Insurer in writing.
- (ii) The Insurer may cancel the Policies in accordance with Clauses 59, 60, 61 or 62 of Part VII of the

Insurance Contracts Act 1984. Notice of cancellation shall be given in accordance with Clause 77 of Part X of the said Act.

(b) Adjustment of Premium

- (i) After cancellation by the Insured, refund will be allowed at pro-rata of the unexpired premium less 30%.
- (ii) After cancellation by the Insurer the Insured shall be entitled to a pro rata refund of the unexpired premium.

Notwithstanding the cancellation or termination of the Policies the Insured shall furnish such particulars as the Insurer may require for the adjustment of premium as aforesaid.

4. Notification of Claims

On the happening of any loss, destruction or damage, the Insured shall forthwith give notice thereof in writing to the Insurer and shall as soon as practicable after such loss, destruction or damage or such further time as the Insurer may in writing allow, at his own expense deliver to the Insurer a claim in writing containing as particular an account as may be reasonably practicable of the several articles or portions of Property lost, destroyed or damaged and of the amount of loss, destruction or damage thereto respectively having regard to their value at the time of the loss, destruction or damage, together with details of any other insurances on any interest or Property hereby insured.

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

5. Fraudulent Claims

If any claim be in any respect fraudulent or if any fraudulent means or devices be used by the Insured party or anyone acting on behalf of any Insured party to obtain any benefit under the Policies or if any damage be occasioned by the wilful act or with the connivance of any Insured party, that Insured party's benefit under the Policies in respect of such fraudulent claim or benefit or such wilful or connived loss, destruction or damage may be forfeited.

6. Insurer's Rights

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

This Condition shall be evidence of the leave and licence of the Insured to the Insurer so to do. The Insured shall not in any case be entitled to abandon any Property to the Insurer whether taken possession of by the Insurer or not.

7. Contribution

If at the time of any claim there be any other subsisting Insurance or Insurances, whether effected by the Insured or by any other person or persons covering any of the risks insured hereunder, or if any Insurance covering more

specifically any Property or any occurrence which occasioned such loss, then the Insured shall notify the Insurer details of such other Insurance.

8. Subrogation

Any claimant under the Policies shall at the request and at the expense of the Insurer do and concur in doing and permit to be done all such acts and things as may be necessary or reasonably required by the Insurer for the purpose of enforcing any rights and remedies, or of obtaining relief or indemnity from other parties to which the Insurer shall be or would become entitled or subrogated, upon its paying for or making good any loss, destruction or damage under the Policies, whether such acts and things shall be or become necessary or required before or after this indemnification by the Insurer.

9. Precautions to Prevent Injury, Loss or Damage

The Insured shall take all reasonable care to prevent injury, loss or damage and to maintain his premises, plant and everything used in the Business in proper repair and to act in accordance with all statutory obligations and regulations.

10. Insured's Action after Theft of Damage

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

11. Termination of Cover Under Policy 2

Notwithstanding anything contained herein to the contrary, if during any period in respect of which the Policies are in force the Insured (being a corporation) is placed in liquidation (or provisional liquidation), is placed under official management, enters into a scheme of arrangement, has Receivers and/or Managers appointed over its assets or undertaking(s) or is unable to pay its debts as and when they fall due, then the insurance cover provided under Policy 2 in respect of such Business or Insured shall automatically and forthwith cease and, in the event of the Indemnity Period having begun to run in respect of such Business or Insured, the Indemnity Period shall thereupon be at an end, unless its continuance be admitted by memorandum signed for and on behalf of the Insurer.

12. Observance of Terms and Conditions

The due observance and fulfilment of these Conditions and the other Terms of the Policies by the Insured insofar as the same are capable of being construed as such, are conditions precedent to any liability of the Insurer to make any payment under the Policies.

13. Progress Payments

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

14. Interpretation

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

Where a sum Insured or Limit of Liability for any particular Policy is not indicated in the Schedule then that Policy shall be ineffective.

15. Excess

Should more than one excess appear under these Policies for any claim or series of claims arising from the one event, such excesses shall not be aggregated and the highest single level of excess only shall apply.

16. Alarms and other Protections

- (a) All protections and safeguards advised to Underwriters or required by Underwriters for the safekeeping or protection of the insured property shall be put in full and effective operation at all times when the premises are left unattended and at all other appropriate times.
- (b) Alarm systems (where fitted) shall be regularly maintained in good order by a registered alarm company.
- (c) Such safeguards and protections shall not be withdrawn or altered to the detriment of the interests of Underwriters without their prior consent.

17. Premium Funding

In the event that the premium has been funded by a premium funding company which holds a legal right over this insurance by virtue of a Notice of Assignment and irrevocable Power of Attorney then it is agreed that the Underwriters will cancel this Policy at the request of the premium funding company, however the effective date of such cancellation will be the date Underwriters first receive notice of cancellation and not the date of payment default.

Material Loss or Damage – Policy 1 Specification

The Indemnity:

In the event of any Physical Loss, Destruction or Damage (hereinafter referred to as "damage" with "damaged" having a corresponding meaning) not otherwise excluded happening at the Situation to the Property Insured described in Policy 1 the Insurer will, subject to the provisions of the Policy including the limitation of the Insurer's liability, indemnify the Insured in accordance with the applicable Basis of Settlement.

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

- (a) Architects', Surveyors', Consulting Engineers', legal and other fees and Clerk of Works' salaries for estimates, plans, specifications, quantities, tenders and supervision necessarily incurred in reinstatement consequent upon damage to Property hereby insured including such costs, fees and salary for preparing any claim hereunder.
- (b) Costs and expenses necessarily and reasonably incurred or Property damaged or destroyed for the purpose of extinguishing or inhibiting fire or other catastrophe insured against herein at or in the vicinity of Property hereby insured or threatening to involve such Property or for the purpose of preventing or diminishing imminent damage to Property hereby insured by any other peril insured against by the Policy, including damage to gain access and the cost of replenishment of fire fighting appliances and charges incurred for the purpose of shutting off the supply of water or other substance following accidental discharge from any fire protective equipment or otherwise escaping from intended confines.
- (c) Costs and expenses necessarily and reasonably incurred for the temporary protection and safety of Property hereby insured pending repair or replacement consequent upon damage recoverable hereunder.
- (d) Costs and expenses necessarily and reasonably incurred in respect of:
 - (i) the removal of debris or the demolition, dismantling, shoring up, propping, underpinning or other temporary repairs consequent upon damage to Property insured by this Policy and occasioned by a peril hereby insured against.
 - (ii) the demolition and removal of any Property belonging to the Insured 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 Property insured under this Policy and is consequent upon damage to Insured Property by a peril hereby insured against.
- (e) Damage to personal property, tools and effects of Directors and Employees whilst on the Insured Premises and work sites of the Insured and damage to property of Welfare and Social Clubs and visitors' effects whilst on the Insured Premises provided that such property is not otherwise insured (limit \$500 in respect to any one person and \$1,000 in respect to any one loss).

Provided that the insurance under Clauses (b) to (e) inclusive above shall not be subject to application of any Co-Insurance Clause in the Policy.

The Property Insured:

"Property Insured" as used in this Policy shall mean:

- (a) Building including fixtures and fittings, walls, gates, fences, foundations, awnings, exterior lights and signs, storage tanks above and below ground, fixed fire fighting installations, paths, roadways and all other improvements of a structural nature
- (b) Machinery, plant, machinery foundations, settings and bedding thereof and all other contents (other than Stock in Trade and/or Merchandise) not more specifically insured including
 - (i) computer systems records, documents, manuscripts, specifications, plans, drawings, designs and business books, but only for the value of the materials as stationery together with cost of clerical labour and any computer time expended in reproducing the said Property, or if such is not required the current replacement cost of materials as blank stationery
 - (ii) any curiosity or work of art up to a limit of \$1,000 the Property of the Insured, or held in trust or on commission for which the Insured is legally responsible
- (c) Stock in Trade and/or Merchandise (including all materials used in the packing of same) and work in progress the Property of the Insured or held in trust or on commission for which the Insured is legally responsible.

Including the Insured's liability for Customs, Excise and other Duties which the Insured may become liable to pay in the event of loss of or damage to Property Insured.

The Policy does not cover physical loss, destruction or damage directly or indirectly to:

1. Property insured whilst in transit other than the incidental movement of such Property within situations occupied by the Insured. This exclusion shall not apply during temporary removal of Property (other than Stock and/or Merchandise) to any situation in the Commonwealth of Australia
2. Money - current coin, bank notes, currency notes, cheques including non-negotiable cheques, credit card sales vouchers, postal orders, money orders, unused postage and revenue stamps, franking machine contents, travellers cheques, securities and other negotiable instruments
3. Jewellery, furs, bullion, precious metals or stones other than as Stock and/or Merchandise of the Business
4. Any boiler (other than a boiler used for domestic purposes) economiser or other pressure vessel, including pipes, valves and other apparatus thereof in respect of which a certificate is required to be issued under the terms of any statute or regulation occasioned by or arising from explosion, rupture, collapse, bursting, cracking or overheating thereof
5. Any watercraft or aircraft other than as Stock and/or Merchandise of the Business
6. Vehicles or trailers registered or licensed to travel on a public road provided that this exclusion shall not apply to Mobile Plant and Equipment (excluding cars, sedans, panel vans and trucks) not otherwise insured whilst on any premises occupied or used by the Insured
7. Livestock, animals, birds or fish other than as Stock and/or Merchandise of the Business
8. Land provided that this exclusion shall not apply to structural improvements on or in the land if values for such structural improvements are included in the Policy
9. Bridges, canals, roadways and tunnels, railway trucks (other than on the premises occupied by or used by the Insured and provided values are included in the Policy), dams and reservoirs (other than tanks) and their contents
10. Property during the course of and as a result of its normal processing unless fire or explosion ensues and then only for the damage caused by such fire or explosion
11. Property undergoing construction, erection, alteration or addition when the value of work exceeds ten per cent (10%) of the Limit of Liability stated herein or \$200,000, whichever is the lesser
12. Property in the open air caused by storm and/or tempest and/or rainwater (unless such property comprises or forms part of a permanent structure designed to function without the protection of walls or roofs).

Limits of Liability:

The amount(s) set out in the Schedule represent the Insurer's maximum Limit(s) of Liability any one loss or series of losses arising out of the one loss at any one location subject to any lesser Limit(s) of Liability specified elsewhere in the Policy.

Sub-Limits of Liability:

The liability of the Insurer shall be further limited as set out in the Schedule and it is understood and agreed that such Sub-Limits shall not increase the liability of the Insurer beyond the Limits of Liability expressed in the Schedule and also the undermentioned excess will apply in respect of these Sub-Limits but shall not be cumulative.

Exclusions:

Perils:

The Insurer shall not be liable in respect of:

1. Physical loss, destruction or damage directly or indirectly occasioned by or happening through or connected with war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power, looting, sacking or pillaging following the same or resulting from confiscation, nationalisation, requisition or damage to property by or under the order of any Government or Public or Local Authority
2.
 - (a)
 - (i) Physical loss, destruction or damage of any Property whatsoever or any loss or expense whatsoever resulting or arising therefrom or any consequential loss
 - (ii) Any legal liability of whatsoever nature directly or indirectly caused by or contributed to by or arising from ionising radiations or contamination by radioactivity from any nuclear waste or from the combustion of

nuclear fuel. For the purpose of this exclusion only combustion shall include any self-sustaining process of nuclear fission

- (b) Physical loss, destruction or damage directly or indirectly caused by or contributed to or arising from nuclear weapons or materials
- 3. Any legal liability of whatsoever nature other than as herein provided
- 4. Consequential loss of any kind including consequential loss due to delay, lack of performance, loss of contract or depreciation in the value of land or stock, except as provided in Policy 2
- 5. Physical loss, destruction or damage directly or indirectly caused by or arising from or in consequence of or contributed to by:
 - (a) incorrect siting of buildings
 - (b) demolitions ordered by Government or Public or Local Authorities due to failure on the part of the Insured or their Agents to obtain the necessary permits required
- 6. Physical loss, destruction or damage directly or indirectly caused by or arising out of:
 - (a) burglary and/or theft
 - (b) unexplained inventory shortage or disappearance resulting from clerical or accounting errors, shortage in the supply or delivery of materials to or from the Insured
 - (c) spontaneous combustion, fermentation or heating or any process involving the direct application of heat. Provided that this exclusion shall be limited to the item or items immediately affected and shall not extend to other property damaged as a result of such spontaneous combustion, fermentation, heating or process involving the direct application of heat
 - (d) flooding caused by water that has escaped or been released from a lake, watercourse, reservoir, canal or dam or flooding caused by action of the sea, tidal wave or tsunami
 - (e) accidental breakage of glass other than by fire, lightning, explosion, implosion, earthquake, impact by vehicles or animals, aircraft and other aerial devices and/or articles dropped therefrom, riots or civil commotion, malicious damage, storm or wind
- 7. Physical loss, destruction or damage directly or indirectly caused by or arising out of:
 - (a) mechanical, hydraulic, electrical or electronic breakdown, failure, malfunction or derangement of any machine or electrical and/or electronic device and/or damage to goods maintained in a temperature controlled environment where such loss, destruction or damage arises directly out of mechanical, hydraulic, electrical or electronic breakdown to the temperature controlling equipment
 - (b) data processing or media failure or breakdown or malfunction of the processing system including operator error or omission

Provided that this exclusion 7(a) and (b) shall not apply to further loss, destruction or damage to the machine, device or processing system immediately affected by such breakdown, malfunction or derangement which result from or is occasioned by any peril (not otherwise excluded) nor the subsequent loss, destruction or damage caused by any peril (not otherwise excluded) to other Property insured by the Policy, such other Property being external to the machine, device or processing system in which such loss, destruction or damage occurs

- 8. Physical loss, destruction or damage directly or indirectly caused by or arising out of:
 - (a) moths, termites or other insects, vermin, rust or oxidation, mildew, mould, contamination or pollution, wet or dry rot, corrosion, change of colour, dampness of atmosphere or other variations in temperature, evaporation, disease, inherent vice or latent defect, loss of weight, change in flavour, texture or finish, smut or smoke from industrial operations (other than sudden and unforeseen damage resulting therefrom)
 - (b) wear and tear, fading, scratching or marring, gradual deterioration or developing flaws, normal upkeep or making good
 - (c) error or omission in design, plan or specification or failure of design.
 - (d) normal settling, seepage, shrinkage or expansion of buildings or foundations, walls, pavements, roads and other structural improvements, creeping or heaving
 - (e) faulty materials or faulty workmanship
 - (f) fraud or dishonest acts involving the Property Insured on the part of the Insured or any Employee of the Insured acting alone or in collusion with any other person or persons, embezzlement including forgery, erasure and counterfeiting including fraudulent misappropriation by electronic means. Provided that this exclusion shall not apply to theft consequent upon forcible and violent entry upon premises or felonious concealment upon premises committed by any Employee of the Insured
 - (g) total or partial cessation of work or the retarding or interruption of work or the retarding or interruption or cessation of any process or operation as the direct results of strikes, labour disturbances or locked-out workers. (This exclusion shall not apply to the interruption or cessation or partial cessation of any work, process or

operation resulting from damage to property at the premises caused by strikes, people involved in labour disturbances or locked-out workers)

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

Provided that this exclusion 8(a) to (i) shall not apply to subsequent loss, destruction or damage to Property insured by the Policy occasioned by a peril (not otherwise excluded) resulting from any event, occurrence or peril referred to in this exclusion

9. Physical loss, destruction or damage directly or indirectly caused by malicious acts of persons being lessees of the insured Buildings or Contents.
10. ELECTRONIC DATE RECOGNITION EXCLUSION (EDRE). This policy does not cover any loss, damage, cost, claim or expenses, whether preventative, remedial or otherwise, directly or indirectly arising out of or relating to:
 - (a) the calculation, comparison, differentiation, sequencing or processing of data involving the date change to the year 2000, or any other date change, including leap year calculations, by any computer system, hardware, programme or software and/or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the insured or not; or
 - (b) any change, alteration, or modification involving the date change to the year 2000, or any other date change, including leap year calculations, to any such computer system, hardware, programme or software and/or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the insured or not.

This clause applies regardless of any other cause or event that contributes concurrently or in any sequence to the loss, damage, cost, claim or expense.

Excess:

The Insured shall bear the following amount(s) in respect of each loss or series of losses arising out of the one event.

- | | |
|--|---|
| Earthquake, subterranean fire or volcanic eruption | (a) \$20,000 or
(b) an amount equal to 1% of the total Sum Insured whichever is the lesser |
| Accidental physical loss damage by any other peril hereby insured against other than fire, lightning, explosion, implosion, impact by vehicles or animals, aircraft and other aerial devices and/or articles dropped therefrom, riots or civil commotion, malicious damage, storm wind or rain-water or liquid discharged or leaking from any pipe or water system | (c) As indicated in the Schedule |
| All other claims | (d) As indicated in the schedule |

Basis of Settlement:

- (a) On Building, Machinery and Plant and all other Property and Contents (other than those specified below): The Insurer may at its option and in accordance with the Reinstatement or Replacement and Extra Cost of Reinstatement memoranda set out herein, reinstate, replace or repair any damaged item or pay the cost of such reinstatement, replacement or repair.
- (b) On Stock in Trade and/or Merchandise: the cost of restocking such goods.
- (c) On Computer Systems Records, Documents, Manuscripts, Securities, Deeds, Specifications, Plans, Drawings, Designs, Business Books and other records of every description: the cost of reinstating, replacing, reproducing or restoring same, including information contained therein or thereon but not for the value to the Insured of the said information; or if such is not required, the current replacement cost of materials as blank stationery.
- (d) On Directors' and Employees' Personal Property, Welfare and Social Club Property and Visitors' Effects: the current replacement cost subject to due allowance for wear and tear, depreciation and betterment.

Memoranda to Policy 1

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

Interests of Other Parties:

It is hereby expressly declared and agreed that in addition to the indemnity provided to the Insured this Policy extends to indemnify any other party having an interest in the Property Insured by virtue of and in accordance with the terms of a Mortgage, Leasing, Hiring or Renting Agreement or any other form of financial or equity agreement and it is further understood and agreed that the receipts of any such parties for any claims settlements under the Policy in relation to their respective interests shall be a full and sufficient discharge to the Insurer.

For the purpose of the indemnity by this Memorandum, it is declared and agreed that the Insurer will waive all rights of Subrogation which it may have or acquire against any of the said parties and that any agreement that the Insured may have between any or all such parties will not affect the validity of this Memorandum.

Designation Clause:

For the purpose of ascertaining the Classification under which any Property is insured the Insurer agrees to accept the designation applied to such Property by the Insured.

Branded Goods:

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

Reinstatement or Replacement:

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

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

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

1. Where Property is lost or destroyed, in the case of a Building, the rebuilding thereof, or in the case of Property other than a Building, the replacement thereof, by similar property, in either case in a condition equal to but not better or more extensive than its condition when new.
2. Where Property is damaged, the repair of the damage and the restoration of the damaged portion of the Property to a condition substantially the same as but not better or more extensive than its condition when new.

Provisions

- (i) The work of rebuilding, or replacing, or repairing, or restoring, as the case may be (which may be carried out upon another site and in any manner suitable to the requirements of the Insured, but subject to the liability of the Insurer not being thereby increased), must be commenced and carried out with reasonable despatch, failing which the Insurer shall not be liable to make any payment beyond the amount which would have been payable under the Policy if this Memorandum had not been incorporated therein.
- (ii) When any Property insured to which this Memorandum applies is damaged in part only, the liability of the Insurer shall not exceed the sum representing the cost which the Insurer could have been called upon to pay for reinstatement if such Property had been wholly damaged.
- (iii) Property insured under this Memorandum is separately subject to the following:
In the event of damage to Property insured hereunder caused by any peril hereby insured against, the Insurer shall be liable for no greater proportion of such damage than the amount of the Sum Insured on such Property on the day of the commencement of the Period of Insurance bears to the sum representing ninety per cent (90%) of the cost which would have been incurred in reinstatement if the whole of the Property insured hereunder on the day of commencement of the

Period of Insurance had been damaged on that day, but not exceeding the Limit of Liability expressed in the said Schedule; provided that if the sum actually incurred or expended in rebuilding or replacing the Property damaged within the meaning of sub-paragraph (a) of the above-mentioned definition of reinstatement, exceeds the amount which would have been payable under the policy if this Memorandum had not been incorporated therein, but is less than the cost of reinstatement as above defined, then the sum so actually incurred and expended shall for all purposes of this Memorandum be deemed to be the cost of reinstatement of the Property.

Provided further that the above Clause shall not apply if the amount of any damage does not exceed five per cent (5%) of the Sum Insured on such Property.

- (iv) No payment beyond the amount which would have been payable under the Policy if this Memorandum had not been incorporated therein shall be made until a sum equal to the cost of reinstatement shall have been actually incurred.
- (v) All other insurances covering the Property effected by or on behalf of the Insured shall be on a similar reinstatement basis.
- (vi) For the purpose of these Provisions the amount which would have been payable under Policy 1 had this Memorandum not been incorporated therein shall be, notwithstanding anything contained in this Memorandum or in Basis of Settlement (a) to the contrary, the value of the Property insured at the time of the happening of the damage.

Extra Cost of Reinstatement:

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

The Policy extends to include the extra cost of reinstatement (including demolition or dismantling) of the insured Property damaged necessarily incurred to comply with the requirements of any Act of Parliament or Regulation made thereunder or any By-law or Regulation of any Municipal or other Statutory Authority, subject to the following provisions and subject also to the terms, conditions and Limit(s) or Sub-Limit(s) of Liability of the Policy.

Provisions

- (i) The work of reinstatement (which may be carried out wholly or partially upon another site if the aforesaid Act, By-law or Regulation of any Municipal or other Statutory Authority so necessitates subject to the liability of the Insurer not being thereby increased) must be commenced and carried out with reasonable despatch, failing which the Insurer shall not be liable to make any payment beyond the amount which would have been payable under the Policy if this Memorandum had not been incorporated therein.
- (ii) The amount recoverable shall not include the additional cost incurred in complying with any such Act, Regulation, By-law or requirement with which the Insured had been required to comply prior to the happening of the damage.
- (iii) Co-insurance shall not be applied to the amount recoverable under this Memorandum and any amount specified shall not be taken into account for Co-insurance purposes in terms set out in any clause contained in the Policy.
- (iv) All other insurances covering the Property effected by or on behalf of the Insured shall be on a similar basis.
- (v) If the cost of reinstatement of the damage directly caused by any of the perils insured against is less than fifty per cent (50%) of what would have been the cost of reinstatement of the Property insured had such property been destroyed the amount recoverable shall be limited to the extra cost necessarily incurred in reinstating only that portion damaged.

Floor Space Ratio Index (Plot Ratio):

In the event of the Building being damaged so as to constitute total loss or constructive total loss and as a result of the exercise of statutory powers and/or authority by any Government Departments, Local Government or any other Statutory Authorities reinstatement of the Building as before is prohibited and reinstatement is only permissible subject to a reduced Floor Space Ratio Index and the payment of certain fees and contributions as pre-requisites for consent to reinstatement.

The Insurer agrees to pay in addition to any amount payable on reinstatement of the Building

1. The difference between
 - (a) the actual cost of reinstatement incurred in accordance with the reduced Floor Space Ratio Index and
 - (b) the cost of reinstatement which would have been incurred had a reduced Floor Space Ratio Index not been applicable.
2. Any fee, contribution or other impost payable to any Government, Local Government or other Statutory Authority where such fee, contribution or impost is a condition precedent to the obtaining of consent to reinstate the said Building.

In arriving at the amount payable under 1(a) and (b) above any payments made by the Insurer shall include the extra cost of reinstatement including demolition or dismantling of the insured Property necessarily incurred to comply with the requirements of any Act of Parliament or Regulation made thereunder or any By-law or Regulation of any Municipal or other Statutory Authority.

Any payments made under this Memorandum shall be subject to the following provisos:

- (i) Any payment made for the difference between 1(a) and (b) above shall be made as soon as the said difference is ascertained upon completion of the rebuilding works and certified by the architect acting on behalf of the Insured in the reinstatement of the Building.
- (ii) Any payment made under 2 above shall be in accordance with the fee, contribution or impost payable to the said Government, Local Government or other Statutory Authority pursuant to consent to reinstate the said Building.
- (iii) The total amount recoverable under the Policy in respect of any one loss or series of losses arising out of one occurrence shall not exceed the Limit of Liability.

Co-Insurance:

Unless otherwise stated herein to the contrary the Policy is subject to the following Co-insurance clause.

In the event of damage to Property insured hereunder caused by any peril hereby insured against, the Insurer shall be liable for no greater proportion of such damage than the amount of the Insured's declaration of value of Property on the day of the commencement of the Period of Insurance bears to the sum representing ninety per cent (90%) of the cost which would have been incurred in reinstatement if the whole of the Property insured hereunder on the day of commencement of the Period of Insurance had been damaged on that day, but not exceeding the Limit of Liability expressed in the said Schedule. Provided that this clause shall not apply if the amount of any damage does not exceed five per cent (5%) of the amount of the Insured's declaration aforementioned.

Event:

It is agreed and declared that any loss or damage arising in any consecutive period of seventy-two (72) hours, commencing from the time of the actual loss or damage and caused directly or indirectly by any of the categories of perils as follows:

- (a) Storm and Tempest, Rainwater or
- (b) Earthquake, Subterranean Fire or Volcanic Eruption

shall be deemed to be the one event and the appropriate Limit of Liability and excess shall apply accordingly.

Accidental Physical Loss or Damage:

For the purpose of any Sub-Limit or Excess stated in the Schedule accidental physical loss or damage shall mean physical loss or damage by any other peril hereby insured against other than fire, lightning, explosion, implosion, earthquake, impact by vehicles or animals, aircraft and other aerial devices and/or articles dropped therefrom, riots or civil commotion, malicious damage, storm wind or rainwater, flooding or liquid discharged or leaking from any pipe or water system.

Business Interruption – Policy 2 Specification

The Indemnity:

In the event of Property insured under Policies 1, 3, 5 or 6 or Property insured under any other Policy effected by or on behalf of the Insured or any Property or any part thereof used by the Insured at the premises for the purpose of the Business being physically lost, destroyed or damaged by any of the perils insured against under Policies 1, 3, 5 or 6 (loss, destruction or damage so caused being hereinafter termed "damage") and the Business carried on by the Insured being in consequence thereof interrupted or interfered with, the Insurer will subject to the terms, conditions, exclusions, warranties of the Policy and the Memoranda applicable to this Policy pay to the Insured the amount of loss resulting from such interruption or interference in accordance with the provisions of the respective Items hereinafter set forth.

Provided that the Insurer will not be liable for any loss under this Policy unless the Insured's Property lost, destroyed or damaged is insured against such damage (loss arising out of destruction or damage by explosion of Boilers and/or Economisers excepted) and the Company or Companies by which such Property is insured shall have paid for or admitted liability in respect of such damage unless no such payment shall have been made or liability shall not have been admitted solely owing to the operation of a provision in such insurance excluding liability for loss below a specific amount AND THAT the liability of the Insurer shall in no case exceed the Sum Insured as stated in the Schedule.

Basis of Settlement:

Gross Profit

The insurance is limited to loss of Gross Profit due to (a) REDUCTION IN TURNOVER and (b) INCREASE IN COST OF WORKING and the amount payable as Indemnity thereunder shall be:

- (a) IN RESPECT OF REDUCTION IN TURNOVER:
the sum produced by applying the Rate of Gross Profit to the amount by which the Turnover during the Indemnity Period shall, in consequence of the damage, fall short of the Standard Turnover,
- (b) IN RESPECT OF INCREASE IN COST OF WORKING:
the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the Reduction in Turnover which but for that expenditure would have taken place during the Indemnity Period in consequence of the damage, but not exceeding the sum produced by applying the Rate of Gross Profit to the amount of the reduction hereby avoided,

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

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

Subject to the liability of the Insurer not being increased beyond the Sum Insured stated in the Schedule, the Insurer will also indemnify the Insured for:

Fees

Such reasonable professional fees as may be payable by the Insured and such other reasonable expenses necessarily incurred by the Insured and not otherwise recoverable, for preparation of claims under the Insured's Material Damage and Consequential Loss Policies and the Insurer shall indemnify the Insured for such reasonable fees and expenses.

Additional Expenditure

Such further additional expenditure beyond that recoverable under Clause (b) as the Insured shall necessarily and reasonably incur during the Indemnity Period in consequence of the damage for the purpose of avoiding or diminishing the Reduction in Turnover and/or resuming or maintaining normal business operations and/or services.

Definitions

GROSS PROFIT: The sum produced by adding to the Net Profit the amount of the Insured Standing Charges or if there be no Net Profit the amount of the Insured Standing Charges less such a proportion of any net trading loss as the amount of the Insured Standing Charges bears to all the Standing Charges of the Business.

NET PROFIT: The net trading profit (exclusive of all capital receipts and accretions and all outlay properly chargeable to capital) resulting from the Business of the Insured at the premises after due provision has been made for all Standing and other charges including depreciation.

INSURED STANDING CHARGES: As stated in the Schedule.

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

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

RATE OF GROSS PROFIT: The rate of Gross Profit earned on the Turnover during the financial year immediately before the date of the damage

ANNUAL TURNOVER: The Turnover during the twelve (12) months immediately before the date of the damage

STANDARD TURNOVER: The Turnover during that period in the twelve (12) months immediately before the Indemnity Period

Memoranda to Policy 2

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

Turnover Elsewhere after Damage:

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

Departmental Clause:

If the Business be conducted in departments the independent trading results of which are ascertainable the provision of Clauses (a) and (b) of the Basis of Settlement Clause shall apply separately to each department affected by the damage.

New Business:

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

RATE OF GROSS PROFIT: The rate of Gross Profit earned on the Turnover during the period between the date of the commencement of the Business and the date of the damage

ANNUAL TURNOVER: The proportional equivalent, for a period of twelve (12) months, of the Turnover realised during the period between the commencement of the Business and the date of the damage

STANDARD TURNOVER: The proportional equivalent, for a period equal to the Indemnity Period, of the Turnover realised during the period between the commencement of the Business and the date of the damage

Accumulated Stock:

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

Books of Account:

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

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

Essential Services Extension:

It is agreed and declared that loss as insured by this Policy resulting from interruption of or interference with the Business in consequence of damage (as within defined) to Property either at or away from the premises belonging to or under the control of suppliers of electric power, gas, steam, water or sewerage reticulation control systems shall be deemed to be loss resulting from damage to Property used by the Insured at the premises.

Salvage Sale:

If following damage giving rise to a claim under the Policy, the Insured shall hold a Salvage Sale during the Indemnity Period, Clause (a) of the Basis of Settlement Clause of this Policy shall, for the purpose of such claim read as follows:

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

Premises in the Vicinity (Prevention of Access):

Loss as insured by the Policy resulting from interruption of or interference with the Business in consequence of damage to Property

- (a) in the vicinity of the Premises
- (b) in the same shopping complex

caused by a peril damage as a result of which is insured hereunder which shall prevent or hinder the use thereof or access thereto, whether the Premises or Property of the Insured therein shall be damaged or not shall be deemed to be loss resulting from damage to property used by the Insured at the Premises.

Loss as insured by the Policy resulting from interruption of or interference with the Business in consequence of damage to Property in the vicinity of and forming part of or contained in the complex of which the Premises forms part caused by a peril damage as a result of which is insured hereunder which results in a cessation or diminution of trade due to

temporary falling away of potential custom whether the Premises or Property of the Insured therein shall be damaged or not shall be deemed to be loss resulting from damage to Property used by the Insured at the Premises.

Unspecified Suppliers' and/or Customers' Extension:

It is hereby agreed and declared subject to a limitation of twenty per cent (20%) of the Total Liability that loss as insured by this Policy resulting from interruption of or interference with the Business in consequence of damage (as within defined) to Property at any situation in the Commonwealth of Australia or in the vicinity of any such premises in association with any Supplier and/or Customer of goods to and/or from the Insured shall be deemed to be loss resulting from damage to Property used by the Insured at the premises.

Intervention of Authorities:

Interruption to or interference with the Business arising from the intervention of any lawfully constituted authority resulting from actual damage and/or threat or fear of damage to premises in the vicinity shall be deemed to be loss resulting from damage to Property used by the Insured at the premises.

Uninsured Standing Charges:

If any Standing Charges of the Business be not insured by this Policy then in computing the amount recoverable hereunder as Increase in Cost of Working that proportion only of the additional expenditure shall be brought into account which the sum of the Net Profit and the Insured Standing Charges bears to the sum of the Net Profit and all the Standing Charges.

Electronic Date Recognition Exclusion (EDRE)

This policy does not cover any loss, damage, cost, claim or expenses, whether preventative, remedial or otherwise, directly or indirectly arising out of or relating to:

- (a) the calculation, comparison, differentiation, sequencing or processing of data involving the date change to the year 2000, or any other date change, including leap year calculations, by any computer system, hardware, programme or software and/or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the insured or not; or
- (b) any change, alteration, or modification involving the date change to the year 2000, or any other date change, including leap year calculations, to any such computer system, hardware, programme or software and/or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the insured or not.

This clause applies regardless of any other cause or event that contributes concurrently or in any sequence to the loss, damage, cost, claim or expense.

Excess:

The Insured shall bear the amount indicated in the Schedule in respect of each loss or series of losses arising out of the one event.

Burglary/Theft- Policy 3 Specification

This Policy Insures

Stock in Trade and/or Merchandise (including all materials used in the packing of same) and work in progress (excluding tobacco unless separately insured hereunder) the Property of the Insured or held in trust or on commission for which the Insured is legally responsible

Tobacco, the Insured's own or held in trust or on commission for which the Insured is legally responsible

Machinery, plant, machinery foundations, settings and bedding thereof and all other contents (other than Stock in Trade and/or Merchandise) not more specifically insured including

- (i) computer systems records, documents, manuscripts, specifications, plans, drawings, designs and business books, but only for the value of the materials as stationery together with cost of clerical labour and any computer time expended in reproducing the said Property, or if such is not required the current replacement cost of materials as blank stationery
- (ii) any curiosity or work of art up to a limit of \$1,000 the Property of the Insured, or held in trust or on commission for which the Insured is legally responsible.

Insured Perils

Against loss or damage caused by any of the insured perils defined below.

1. Theft consequent upon forcible and violent entry upon the premises or any attempt thereat
2. Theft or any attempt thereat by a person feloniously concealed on the premises
3. Theft consequent upon threat of immediate violence or violent intimidation.

This Policy further insures

Following loss or damage by any of the insured perils:

Damage to premises and cost of temporary protection

- (1) damage to the premises
- (2) costs and expenses necessarily and reasonably incurred for the temporary protection and safety of Property hereby insured pending repair or replacement consequent upon damage recoverable hereunder.

Money, securities and stamps

Theft of cash, bank and currency notes, cheques including non-negotiable cheques, credit card sales vouchers, postal orders, money orders, unused postage and revenue stamps, franking machine contents, travellers cheques, securities and other negotiable instruments not exceeding \$100.

Costs associated with Burglary / Theft

The cost of replacing locks and keys and/or combinations if as a result of theft or any attempt thereof, keys and/or combinations are stolen or if there are any reasonable grounds to believe that they have been duplicated, also the cost of opening locked safes as a result of theft of keys and/or combinations.

Limit of Liability

The Insurer's liability during any one Period of Insurance shall in no case exceed in respect of each item of the Property Insured, the Sum Insured thereon as stated in the Schedule.

EXCESS

The Insured shall bear the amount indicated in the Schedule in respect of each loss or series of losses arising out of the one event.

Exclusions

This Policy does not cover

1. Loss or damage occurring during any period whereby the premises become unoccupied and so remain for a period of more than thirty (30) consecutive days.
2. Cash, bank and currency notes, cheques including non-negotiable cheques, credit card sales vouchers, postal orders, money orders, unused postage and revenue stamps, franking machine contents, travellers cheques, securities and other negotiable instruments unless specifically mentioned as insured by this Policy.
3. Loss or damage involving the Property Insured committed by the Insured or any Employee of the Insured acting alone or in collusion with any other persons provided that this exclusion shall not apply to theft consequent upon forcible and violent entry upon premises or felonious concealment upon premises committed by any Employee of the Insured.
4. Loss or damage occasioned by or consequent upon fire.
5. Unexplained inventory shortage or disappearance resulting from clerical or accounting errors, shortage in the supply or delivery of materials to or from the Insured.

Money - Policy 4 Specification

This Policy Insures

Money namely cash, bank and currency notes, cheques including non-negotiable cheques, credit card sales vouchers, postal orders, money orders, unused postage and revenue stamps, franking machine contents, travellers cheques, securities and other negotiable instruments

Belonging to The Insured's Business or for which the Insured is legally responsible in the course of the Business.

Insured Perils Against loss or damage but excluding any

- (1) Loss due to shortages resulting from clerical or accounting errors or loss due to errors in receiving or paying out
- (2) Loss or damage occasioned by any act of fraud or dishonesty by the Insured or by any person or persons in the service of the Insured not discovered within seven (7) days of the fraudulent or dishonest act
- (3) Loss or damage to money whilst insured by any cash carrying organisation or professional or common carrier
- (4) Consequential loss whatsoever
- (5) Loss from an unattended vehicle.

Limits of any one loss:

In transit or night safe

Money in the personal custody of the Insured and/or persons authorised by the Insured whilst being prepared for bank deposit or in transit to or from the premises including transit from the private residence of the Insured and/or persons authorised by the Insured to the bank and including whilst such money is contained in the night safe of any bank where the Insured normally transacts business provided that the liability of the Insurer for money in night safes shall cease at bank closing time on the next business day following deposit therein

In the case of money drawn as wages and/or salaries and carried by the Insured and/or persons authorised by the Insured also whilst such money is on the premises of the Insured and places of disbursement until paid away.

In respect of money not paid out on the day of withdrawal from the bank the Insurer's liability shall be limited to an amount not exceeding forty per cent (40%) of the particular withdrawal provided that the total amount claimable under this section shall not exceed the limit as specified in the Schedule and provided further that outside business trading hours such money be kept in a securely locked safe on the Insured's premises.

On premises during business trading hours

Money whilst on the premises during normal business trading hours of the Insured.

On premises outside business trading hours

Money whilst on the premises outside normal trading hours of the Insured.

In locked safe

Money on the premises only whilst such money is contained in a securely locked safe.

In private residence

Money whilst contained in the residence of the Insured or persons authorised by the Insured provided that the liability of the Insurer shall cease at bank closing time on the next bank business day following that on which the transit of money to the residence was completed.

ALL OF THE ABOVE LIMITS
AS SPECIFIED IN THE SCHEDULE

Business trading hours

shall mean the working hours during which the Insured, his Principals or Employees entrusted with the Insured's money are on the premises for the purpose of the Business.

Special Conditions

It is a condition of cover that

- (i) The Insured shall take all reasonable precautions for the safety and security of the money
- (ii) The safes are locked with key or combination when unattended and the keys or combinations be not left in the vicinity of the safes
- (iii) The keys or combinations shall not be left on the premises when the Insured or any authorised Employees are not on the premises
- (iv) A complete record shall be kept of the money in transit and money on the premises and such record shall be deposited in a secure place other than in the safes containing the money.

EXCESS

The Insured shall bear the amount indicated in the Schedule in respect of each loss or series of losses arising out of the one event.

Glass - Policy 5 Specification

This Policy Insures

The Glass Insured as specified in the Schedule belonging to the Insured or for which the Insured is legally responsible situated at the premises stated in the Schedule.

Insured Perils

Against loss or damage caused by breakage but excluding

- (1) any disfiguration or damage to glass other than a fracture extending through the entire thickness of the glass
- (2) breakages arising directly or indirectly from or in consequence of fire, artificial heat or flood
- (3) cracked or imperfect glass unless specially declared as such and specifically included in this Policy
- (4) glass when in transit or whilst being fitted into position or removed from its fitting
- (5) breakage occurring during any period whereby the premises become unoccupied and so remain for a period of more than thirty (30) consecutive days.

Basis of Settlement

It shall be at the option of the Insurer either to pay the Insured the amount of the loss in money, or to make replacement with glass of a similar manufacture and quality, however the Insurer will pay the extra cost necessarily incurred to comply with the minimum requirements of any Statutory Authority.

Following breakage of the glass insured this Policy includes

- (1) the cost of removal or replacement of any frames, fixtures, fittings or other obstruction forming part of the shop front, necessarily incurred for reglazing
- (2) the cost of replacing any signwriting or ornamentation or burglar alarm tape or wiring
- (3) the cost of temporary shuttering, boarding up and/or other protection of the Property exposed pending replacement
- (4) damage to Stock by broken glass
- (5) damage to show case frames and/or fittings
- (6) damage to window frames and/or modification in compliance with the minimum requirements of any Statutory Authority.

EXCESS

The Insured shall bear the amount indicated in the Schedule in respect of each loss or series of losses arising out of the one event.