

**Industrial Special Risks
Master Policy Number
ISR2564V1/1415**

Issued to clients of VMIA

For the period 30 June 2014 to 30 June 2015

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Industrial Special Risks Insurance Policy

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

WHEREAS the Insured named in the Schedule has paid or agreed to pay to the Victorian Managed Insurance Authority (VMIA) the Premium shown on the Schedule, now the VMIA agrees, subject to the terms, Conditions, Exclusions, Memoranda, Warranties, limitations and other provisions contained herein or endorsed hereon, to indemnify the Insured as specified herein against loss arising from any insured events which occur during the Period of Insurance stated in the Schedule or any renewal thereof.

PROVIDED THAT the total liability of the VMIA shall not exceed the appropriate Limit or Sub Limit(s) of Liability as stated in the Schedule or such amount(s) as may be substituted therefor by endorsement or memorandum herein or attached hereto.

Section 1 - Material Loss or Damage

The Indemnity

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

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

- (a) architects', surveyors', consulting engineers', legal and other fees and clerk(s) 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 salaries for preparing any claim hereunder.
- (b) any fee, contribution or other impost payable to any Government, Local Government or other Statutory Authority; where payment of such fee, contribution or impost is a condition precedent to the obtaining of consent to reinstate any building(s) insured hereunder; provided that the VMIA shall not be liable for payment of any fines and/or penalties imposed upon the Insured by any such Authorities.
- (c) costs and expenses necessarily and reasonably incurred for the purpose of extinguishing fire at or in the vicinity of property hereby insured or threatening to involve such property or for the purpose of preventing or diminishing imminent damage to property hereby insured by any other peril insured against by this 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 and post fire related costs including the cleaning or clearing up of the Premises not otherwise covered by this policy.

(d) costs and expenses necessarily and reasonably incurred for the temporary protection and safety of property hereby insured pending repair or replacement consequent upon damage recoverable hereunder.

(e) costs of replacing locks and/or keys and/or combinations where if as a result of burglary, theft or any attempt thereat the keys and/or combinations are stolen or if there are reasonable grounds to believe the keys may have been duplicated also the cost of opening safes and/or strongrooms as a result of theft of keys and/or combinations.

(f) costs and expenses necessarily and reasonably incurred in respect of:

(i) the removal, storage and/or disposal of debris or the demolition, dismantling, shoring up, propping, underpinning or other temporary repairs consequent upon damage to property insured by this Policy and occasioned by a peril insured against;

(ii) the Insured's legal liability in respect of removal, storage and/or disposal of debris, notwithstanding Excluded Peril 7 in relation to premises, roadways, services, railway or waterways of others consequent upon damage to the property Insured by a peril hereby Insured against, for such costs together with the cost of cleaning provided that such liability was not assumed by the Insured under an agreement entered into after the commencement of the Period of Insurance or any renewal thereof unless liability would have attached in the absence of such agreement.

Provided that the insurance under this section does not extend to any liability that the Insured may incur as a consequence of pollution of any kind.

(iii) the demolition and removal of any property belonging to the Insured which is no longer useful for the purpose it was intended, providing such demolition and removal is necessary for the purpose of the reinstatement or replacement of Property Insured under this section and is consequent upon damage to the Property Insured by a peril hereby insured against.

(g) damage to personal property tools and effects (including Money) of directors and employees whilst on the Insured's Premises and/or work sites and damage to property of welfare, sport and social clubs, customers goods and visitors effects (including money) whilst on the Insured's Premises, provided that such property is not otherwise insured.

(h) all sums due to the Insured from debtors, provided the Insured's inability to effect collection thereof is as a result of damage to records of accounts receivable and, in addition, the VMIA will pay:

(i) all interest charges at ruling bank rates on any loan to offset impaired collections pending repayment of such amount(s) rendered uncollectible as a result of such damage;

(ii) interest lost by the Insured in consequence of such impaired collections;

(iii) additional expenditure incurred in tracing and establishing the amount(s) of accounts receivable;

(iv) any collection expenses in excess of normal collections costs made necessary because of such damage;

(v) the Insured's liability for customs, excise and other duties which the Insured may become liable to pay in the event of damage to the Property Insured and/or the

Insured's liability to compensate others who may become liable for such customs, excise or other duties.

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

The Property Insured

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

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

Basis of Settlement

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

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

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

(c) On material in process of manufacture; the replacement value of the raw materials and the value of labour and other overhead charges expended thereon at the time and the place of the damage.

(d) On finished goods; the replacement value of the raw materials and the value of labour and other overhead charges expended thereon before any allowance for profit or the cost of re-stocking such goods, whichever is the lesser.

(e) On computer systems records, documents, manuscripts, securities, deeds, specifications, plans, drawings, designs, business books and other records of every description; the cost of reinstating, replacing, reproducing or restoring same, including information contained therein or thereon but excluding the value to the Insured of the said information; or, if such is not required, the replacement cost of materials as blank stationery at

the time and place of the damage.

(f) On patterns, models, moulds, dies or lasts; the cost of repair or replacement (if actually replaced) otherwise the indemnity value to the Insured of such property.

(g) On glass; the cost of repairing or replacing the broken glass including:

- temporary shuttering and/or hiring of security service pending replacement of broken glass;
- sign writing or ornamentation on glass;
- replacement burglar alarm tapes on glass;
- removing and re-fixing of window and show case frames and fittings; heat reflecting material or process on glass.

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

(i) On Accounts Receivable; where there is proof that a loss covered by this Policy has occurred, but the Insured cannot more accurately establish the total amount of accounts receivable outstanding as of the date of loss, such amount shall be computed as follows:

(i) the monthly average of accounts receivable represented by the Insured shall be adjusted in accordance with the percentage increase or decrease in the twelve months average of monthly gross sales of goods and services which may have occurred in the interim.

(ii) the monthly amount of accounts receivable thus established shall be further adjusted in accordance with any demonstrable variance from the average for the particular month(s) in which the loss occurred, due consideration also being given to the normal fluctuations in the amount of accounts receivable within the fiscal month(s) involved.

There shall be deducted from the total amount of accounts receivable, howsoever established, the amount of such accounts evidenced by records not lost or damaged, or otherwise established or collected by the Insured, and an amount to allow for probable bad debts which would normally have been uncollectible by the Insured.

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

Memoranda to Section 1

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

1. Interests of Other Parties

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 any mortgage, lease, hiring or rental agreement or any other form of financial or equity agreement and it is understood and agreed that the receipt(s) of any such parties for any claims settlements under this Policy in relation to their respective interests shall be a full and sufficient discharge to the VMIA.

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

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

2. Branded Goods

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

3. Reinstatement or Replacement

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

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

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

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

Provisions

- (i) The work of rebuilding, replacing, repairing or restoring as the case may be (which may be carried out upon any other site(s) and in any manner suitable to the requirements of the Insured, but subject to the liability of the VMIA not being thereby increased), must be commenced and carried out with reasonable despatch, failing which the VMIA shall not be liable to make any payment greater than the indemnity value of the damaged property at the time of the happening of the damage.
- (ii) When any property insured to which this memorandum applies is damaged in part only, the liability of the VMIA shall not exceed the sum representing the cost which the VMIA could have been called upon to pay for reinstatement if such property had been wholly destroyed.
- (iii) No payment beyond the amount which would have been payable under this Policy if this memorandum had not been incorporated herein shall be made until a sum equal to the cost of reinstatement shall have been actually incurred; provided that where the Insured reinstates or replaces any lost or destroyed property at a cost which is less than the cost of reinstatement (as defined) but greater than the value of such property at the time of the happening of its loss or destruction, then the cost so incurred shall be deemed to be the cost of reinstatement.
- (iv) All other Industrial Special Risks and/or Fire and Named Perils insurances covering the property effected by or on behalf of the Insured shall be on a similar reinstatement basis.
- (v) Where any lost or destroyed property is replaced by smaller and/or cheaper property then the VMIA shall pay to the Insured, (in addition to the cost of such replacement property) the difference between the cost which would have been incurred if the lost or destroyed property had been reinstated (in accordance with clause (a) of the definition of reinstatement) and the cost of the said smaller and/or cheaper replacement property.
- (vi) Where any lost or destroyed property is replaced by dissimilar property (whether or not such property is to be used for a similar purpose to the lost or destroyed property), the VMIA shall pay to the Insured the cost of such dissimilar property.
- Provided that, where the cost of such dissimilar property is less than the cost which would have been incurred if the lost or destroyed property had been reinstated in accordance with clause (a) of the definition of 'reinstatement', the VMIA shall pay the Insured the amount of the difference between the cost of such dissimilar property and the cost of reinstatement which would otherwise have been incurred.
- (vii) Where any lost or destroyed property is replaced by property which is better or more extensive than its condition when new, the VMIA shall pay to the Insured the cost which would have been incurred if the lost or destroyed property had been reinstated in accordance with the provisions of clause (a) of the definition of 'reinstatement'. The Insured shall bear the balance of the cost of such better or more extensive property.
- (viii) The Insured shall not be bound to reinstate any destroyed building (together with machinery, plant and all other contents, other than stock, therein) but may, as its option purchase an alternative building (including machinery, plant and all other contents, other than stock, therein) to replace the destroyed property but not exceeding, the cost which would have been incurred if the destroyed property had been reinstated in accordance with the provisions of clause (a) of the definition of 'reinstatement'.

4. Extra Cost of Reinstatement

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

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

Provisions

- (i) The work of reinstatement (which may be carried out wholly or partially upon any other site(s), if the requirements of the aforesaid Act, Regulation or By-Law so necessitate, subject to the liability of the VMIA not being thereby increased), must be commenced and carried out with reasonable despatch, failing which the VMIA shall not be liable to make any payment beyond the amount which would have been payable under this Policy if this memorandum had not been incorporated herein.
- (ii) The amount recoverable shall not include the additional cost incurred in complying with any such Act, Regulation, By-law or requirement with which the Insured had been required to comply prior to the happening of the damage.
- (iii) Co-insurance shall not be applied to the amount recoverable under this memorandum and any amount specified shall not be taken into account for co-insurance purposes in terms set out in any clause contained in this Policy.
- (iv) All other Industrial Special Risks and/or Fire and Named Perils insurances covering the property effected by or on behalf of the Insured shall be on a similar basis.

5. Floor Space Ratio Index (Plot Ratio)

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

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

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

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

6. Acquired Companies

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

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

7. Fire Brigade Attendance Charges

Subject to the liability of the VMIA not being increased beyond the Limit(s) of Liability stated herein, Section 1 of this Policy extends to include:

The Insured's statutory liability to pay fire brigade attendance charges where the amount of any damage (not otherwise excluded by this Policy) falls within the amount of any applicable Deductible.

The amount payable as indemnity hereunder shall be such amount as the Insured shall be so liable to pay.

8. Rental Value of Buildings Owned by the Insured

The rental value of building(s) or parts thereof occupied by the Insured as owner, shall be assessed at a reasonable market value. Should any of the overhead charges incurred for maintaining the Premises in a tenable condition (such as wages for caretaker, cost of power, lighting and the like) cease or be reduced in consequence of the damage the amount payable as indemnity shall be reduced accordingly.

9. Designation

For the purpose of ascertaining the classification under which any property is insured the VMIA agree to accept the designation applied to such property by the Insured.

10. Output Replacement

If any interest insured under this Policy constitutes property which has a measurable output and which is capable of replacement with a new item or items which perform a similar function then such property shall be valued for insurance purposes as follows, and values for the settlement of any damage in respect thereof shall be on the same basis:

(a) where any damaged property is to be replaced by an item or items which have the same or a lesser total output, then the insurable value of such damaged property is the new installed cost of such replacement item or items as would give the same total output as the damaged property.

(b) where any damaged property is to be replaced by an item or items which have a

greater total output and the new installed cost of such replacement property is no greater than the replacement value of the damaged property, then no deductions shall be made from any claim for the improved output of the replacement property.

(c) if any damaged property insured is to be replaced by an item or items which have a greater total output and the new installed cost of such replacement property is greater than the replacement value of the damaged property, then the insurable value of such damaged property is either:

(i) the estimated cost of reinstatement of such damaged property as defined in sub-clause (a) of the Reinstatement and Replacement Memorandum; or

(ii) that proportion of the new installed cost of the replacement item or items which the output of the damaged property bears to the output of the replacement item or items; whichever amount is the greater.

The difference between the insurable value as defined in this memorandum and the new installed cost of the replacement item or items shall be borne by the Insured.

Provided that where any damaged property insured is to be repaired the VMIA shall pay the cost of restoration of such damaged property to a condition substantially the same as, but not better or more extensive than, its condition when new and the liability of the VMIA shall not exceed the sum representing the cost which the VMIA could have been called upon to pay if such property insured had been wholly destroyed.

11. Constructive Total Loss

If any property insured hereunder, or any part thereof, is reasonably abandoned:

(a) on account of its actual total loss or destruction appearing to be unavoidable; or

(b) because it could not be preserved from actual total loss or destruction without the Insured incurring an expenditure which would exceed its repaired and/or recovered value, such property shall be regarded as lost or destroyed and the amount payable as indemnity shall be the cost of reinstatement as defined in sub-clause (a) of the Reinstatement and Replacement Memorandum.

12. Undamaged Foundations

Where any property insured hereunder is damaged but the foundations thereof are undamaged and due to the exercising of statutory powers and/or delegated legislation and/or authority by any Government Department, Local Government or other Statutory Authority reinstatement of the damaged property has to be carried out upon any other site(s) then the abandoned foundations will be considered as being destroyed; provided that if the presence of such abandoned foundations increases the resale value of the original building site then such increase in resale value shall be regarded as salvage and the amount thereof shall accordingly be payable to the VMIA by the Insured upon completion of the sale of the site.

All differences relating to the amount of such increase in site resale value shall forthwith be referred to the decision of two Registered Valuers, one to be appointed by each of the parties to this contract of insurance. In the event that the two Valuers do not reach agreement, such differences shall be referred to the decision of a third Valuer, appointed by the President of the Commonwealth Institute of Valuers as an expert, whose decision shall be binding.

13. Undamaged Buildings

In the event of any building(s) insured hereunder being damaged and due to the exercising of statutory powers and/or delegated legislation and/or authority by any Government Department, Local Government or other Statutory Authority reinstatement of such building(s) has to be carried out upon any other site(s) then the abandoned undamaged portion(s) of such building(s) will be considered as being destroyed; provided that if the presence of such abandoned undamaged portion(s) of the building(s) increase(s) the resale value of the original building site then such increase in resale value shall be regarded as salvage and the amount thereof shall accordingly be payable to the VMIA by the Insured upon completion of the sale of the site.

All differences relating to the amount of such increase in site resale value shall forthwith be referred to the decision of two Registered Valuers, one to be appointed by each of the parties to this contract of insurance. In the event that the two Valuers do not reach agreement, such differences shall be referred to the decision of a third Valuer, appointed by the President of the Commonwealth Institute of Valuers as an expert, whose decision shall be binding.

14. Alternative Basis of Settlement

(a) Obsolete Buildings and Machinery

The insurance of any buildings and machinery for other than reinstatement and replacement value is permitted.

In the event of any damage to such property the VMIA will pay to the Insured the value thereof at the time of the happening of the damage.

(b) Works of Art, Cultural Property and Antiques

(i) Where a damaged item cannot be repaired the loss can be settled on a cash basis, the amount of settlement to be equal to the value at the time of loss as determined by two accredited experts in the appropriate field. In the event of disagreement the value is to be taken as the average of the two valuations. The Insured and the VMIA to appoint own accredited experts if necessary.

(ii) The Insured is to be allowed to expend claim settlement money in any manner seen to be reasonable and responsible and is not committed to utilising claim proceeds to purchase a similar article to that being the subject of a claim.

(iii) Where the damaged article comprises one of a set, the diminution, if any, of the overall value of the set is to be taken into account in any loss settlement.

(iv) The Insured and accredited experts appointed are to determine whether a damaged item should be repaired or treated as a constructive total loss. In the former case, due allowance for restoration and any diminution in value will be made in calculating the amount of the loss settlement. In the latter case, the salvage is to remain the property of the Insured, but the residual value as determined by two accredited experts in the appropriate field is to be deducted from the claim settlement. In either case, in the event of a disagreement, the value is to be taken as the average of the two valuations. The Insured and the VMIA to appoint own accredited experts if necessary.

(v) In the event of settlement of any claim by payment to the Insured of the full value of any item, the item will become the property of the VMIA.

Should the item subsequently be recovered, the Insured will be given the first option to reacquire its former property subject to the re-payment of the amount it received in settlement of the claim adjusted for inflation to the current money value equivalent when the period elapsed since the date of settlement exceeds two years.

Where the item is recovered in a damaged condition, due allowance for restoration and any diminution in value will be made in calculating the amount to be refunded to the VMIA.

Should the Insured decline to take up the option to reacquire its former property, the VMIA will dispose of the item and will retain the full salvage proceeds.

Expenses incurred in the recovery of any item will be borne by the VMIA.

In applying this sub-clause (vi), due regard shall be had to the application of any level of deductible that applied to the original claim settlement.

(c) Historic Property

In respect of damage to buildings where the architectural features and/or structural materials of the buildings possess an ornamental, antiquarian or Historical character, the rebuilding or replacing or restoring of the building/s to reasonable equivalent utility and capacity is agreed, using at the option of the Insured:

- (i) current design, current construction methods and available and/or modern materials resulting in a modern appearance.
- (ii) current design, current construction methods and available and/or modern materials resulting in an original appearance.
- (iii) current design, current construction methods and original materials if available, and subject to the VMIA's agreement, such agreement not to be unreasonably withheld, resulting in an original appearance.

15. Reinstatement of Damage by the Insured

In the event of any claim hereunder the Insured may, with the consent of the VMIA, reinstate damaged property insured and the VMIA shall pay the cost of such reinstatement (including the value of labour and other overhead charges expended thereon together with a margin for profit which would otherwise have been earned by the Insured); provided always that the liability of the VMIA shall not exceed the amount which would otherwise have been payable hereunder had such reinstatement been carried out by outside contractors.

16. Expediting Expenses

This Policy extends to include costs and expenses necessarily and reasonably incurred for the sole purpose of expediting reinstatement, replacement or repair of any physical loss, destruction of or damage to Property Insured, including but not limited to:

- (a) express or chartered carriage or delivery, including delivery by sea or air;
- (b) chartered or other travel, including by sea or air, of the Insured's directors, partners, officers, employees, agents, sub-contractors, consultants and representatives;
- (c) overtime or penalty rates of labour and other related allowances or payments;
- (d) hire of additional labour, plant, machinery, equipment, materials, expertise or services;

- (e) accommodation and boarding costs, including meals and other costs associated therewith;
- (f) additional administrative and/or overhead expenses;
- (g) additional costs to receive preferential treatment from a manufacturer or supplier.

17. Leased Buildings

Where the Insured (as Lessee) enters or has entered into any lease agreement which contains any covenant(s) or provision(s) that the Lessee shall be responsible for reinstatement of any part(s) of the Premises following damage thereto by any cause or event insured against by this Policy, and/or the Lessee shall indemnify and/or hold harmless and/or release from liability the Lessor against any such damage, the insurance provided under this Policy shall not be prejudiced by the Insured entering, or having entered, into such agreement and the VMIA shall, subject to the terms, Exclusions and Conditions of this Policy including the limitation on the VMIA's liability, indemnify the Insured accordingly.

18. Delayed Unpacking of Materials, Supplies or Merchandise

Where consignments and/or packages of raw materials, supplies and/or merchandise are not opened for inspection on arrival at the Insured's store and/or Premises any concealed damage in transit occasioned by any cause (not herein excepted) which shall come to light when the consignments and/or packages are unpacked shall be damage recoverable under this Policy and the amount recoverable as indemnity shall be determined in accordance with the provisions of clause (b) of the Basis of Settlement.

Provided always that:

- (a) the damage shall be discovered not later than three (3) months after receipt of the consignments/packages by the Insured;
- (b) consignments and/or packages bearing visible signs of damage at the time of their arrival shall be inspected as soon as practicable, appropriate claim(s) shall be made against the carriers and the Insured shall forward copies of such claim(s) and any replies received from carriers to the VMIA as soon as practicable.

19. Change in a Temperature Controlled Environment Extension

This Policy extends to include damage to stocks occasioned by or happening through change in a temperature controlled environment where such change arises out of mechanical, hydraulic, electrical, electro-mechanical or electronic breakdown of the temperature controlling equipment for a period of not less than twelve (12) hours and the amount payable as indemnity shall be determined in accordance with clauses (b) (c) and (d) of the Basis of Settlement.

20. Depreciation of Undamaged Stock

This Policy extends to include loss sustained by the Insured as the result of depreciation of undamaged stock which cannot be processed promptly due to interruption of or interference with the Business in consequence of damage to any property insured hereunder and the amount payable as indemnity shall be determined in accordance with the provisions of clauses (b) and (c) of the Basis of Settlement.

21. Outside Premises Storage

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

22. Branded Stock

In the assessment of any claim for damage to stock in trade covered by this Policy, it is hereby expressly declared and agreed that:

- (a) stock damaged or suspected of being damaged by any cause or event not herein excluded (hereinafter referred to as salvaged stock) shall not be disposed of by sale or otherwise without the written consent of the Insured.
- (b) Because of the prime quality of the Insured's products, the Insured can elect to have any salvaged stock destroyed under supervision and such stock will then be deemed to have no salvage value in the assessment of any claim. Salvaged stock destroyed in such circumstances shall be deemed to have been destroyed by the operation of insured perils.

23. Property in Transit Extension

Subject to the Sub-Limit specified in the Schedule, this Policy extends to cover Property Insured whilst in transit (excluding to, from or whilst on exhibit but such exclusion shall not apply in respect of property belonging to or on long-term loan to the Insured whilst on exhibit or during the incidental movement of such property within or between situations occupied by the Insured) between port or ports, place or places within the Commonwealth of Australia (including whilst being loaded on to or unloaded from conveying vessels and/or vehicles and/or aircraft).

For the purpose of this extension only, the undernoted Exclusions to all Sections shall be deemed inoperative:

- Property Exclusion - 1
- Perils Exclusions - 3(a), 5(b), and 6(c).

This insurance also covers general average and salvage charges, adjusted or determined according to the contract of affreightment and/or the governing law and practice, incurred to avoid or in connection with the avoidance of loss which is insured hereunder.

The VMIA shall not be liable under this insurance for:

- (a) loss, damage or expense caused by inherent vice or nature of any property insured hereunder;
- (b) ordinary leakage, ordinary loss in weight or volume of any property insured hereunder;
- (c) loss, damage or expense proximately caused by delay; except for any expenses payable in connection with general average and salvage charges as mentioned above;
- (d) loss, damage or expense arising from insolvency or financial default of the owners, managers, charterers or operators of any vessel;
- (e) loss, damage or expense arising from:

- (i) unseaworthiness of vessel or craft;
- (ii) unfitness of vessel, craft, conveyance, container or liftman for the safe carriage of property insured hereunder; where the Insured or their servants are privy to such unseaworthiness or unfitness at the time the property insured is loaded therein.

24. Boiler and/or Pressure Vessel Extension

Subject to the Sub-Limit of Liability as specified in the Schedule, this Policy extends to indemnify the Insured for sudden and unforeseen damage to boilers, economisers or other pressure vessels including pipes, valves and other apparatus thereof and/or thereon (hereinafter referred to as the "Plant") in respect of which a certificate is required to be issued under the terms of any Statute or Regulation.

For the Purpose of this extension:

1. the following Exclusions to All Sections shall be deemed inoperative:

- Property Exclusions 14 and 15
- Perils Exclusions 3(c) and (e)

2. The following defects do not constitute insured damage even though repair or replacement may be necessary:

(a) wearing away or wasting of the material of the Plant, whether by leakage corrosion or by the action of the fuel or otherwise;

(b) slowly developing deformation or distortion of any part of the Plant;

(c) cracks, fractures, blisters, laminations, flaws or grooving even when accompanied by leakage or damage to tubes, headers or other parts of the Plant caused by over-heating or leakage at seams, tubes or other parts of the Plant;

(d) failure of joints; but, sudden and unforeseen damage arising from any such defect is insured hereunder.

3. The following Specific Exclusions shall apply:

The VMIA shall not be liable for damage to any item of Plant if at the time of explosion or collapse thereof:

(a) the load on the safety valve or safety valves upon the particular item of Plant was in excess of that permitted by the latest certificate issued in accordance with any Statute or Regulation thereunder applicable thereto; and/or

(b) any safety valve limiting the pressure is removed or rendered inoperative; and/or

(c) such Plant has not been duly certified where certificates of inspection are required by any Statute or Regulation thereunder;

(d) such Plant is undergoing the application of any hydraulic test and the damage is occasioned thereby.

25. Machinery Breakdown Extension

Notwithstanding Property Exclusion 14, and subject to a Sub-Limit of Liability as specified in the Schedule, VMIA will (subject to the following terms, Definitions, Specific Exclusions, and the terms and conditions of the Policy) indemnify the Insured for damage to Machinery (as hereinafter defined) occasioned by or happening through any mechanical, electrical, electromechanical, electronic or hydraulic malfunction, failure, derangement, breakdown or non-operation of whatsoever kind except as hereinafter specifically excluded.

For the purpose of this Extension:

Machinery means any apparatus, including electronic control equipment, whether or not functioning independently or as part of a collection of apparatus which generates, contains, controls, transmits, receives, transforms or utilises any form or source of energy or power as now existing or hereafter acquired, the Insured's own, held in trust or on commission or for which the Insured is or may become liable or has accepted responsibility.

The following Specific Exclusions shall apply to this Extension:

Property Exclusions:

- (a) any sewer piping, underground gas piping, piping forming part of any sprinkler system or water piping other than boiler feed water piping, boiler condensate return piping or water piping connecting to or used with an air conditioning system;
- (b) any structure, foundation or setting (other than a bedplate) supporting or housing any Machinery, or the lining or fire wall of any unfired vessel;
- (c) any vehicle or mobile equipment whilst being driven on a public thoroughfare (but damage to such vehicle or mobile equipment whilst being used at any situation as a tool of trade is not excluded);
- (d) any aircraft or floating vessel;
- (e) any elevator, crane, hoist, power shovel, dragline or conveyor but not excluding any pressure vessel or electrical equipment used with such items of Machinery;
- (f) any computing machine or electronic data processing equipment;
- (g) any x-ray machine, spectrograph, gauges or other apparatus using radioactive materials and radio and television apparatus;
- (h) any penstock, draft tube or well casing;
- (i) any steam or gas turbine - generator unit of capacity exceeding 250 horsepower or equivalent; or
- (j) electric wiring and fittings associated with lighting and power circuits.

Perils Exclusions:

VMIA shall not be liable in respect of:

- (a) wear and tear and gradual deterioration whether by wasting, grooving, rust, corrosion, erosion or otherwise nor for the cost of maintenance work generally;
- (b) gradually developing flaws, deformation, distortion, cracks or partial fractures;

Provided that Perils Exclusions (a) and (b) shall be limited to the part(s) of the Machinery immediately so affected and shall not apply to any other part(s) of the Machinery which sustain sudden and unforeseen damage as a direct consequence thereof.

(c) repair or renewal of non-metallic parts and expendable tools, blades, edges, moulds, dies, templates, screens, sieves, ropes, belts and like items subject to rapid wear and tear unless repair or renewal thereof is necessitated by the occurrence of damage (as insured by this Extension) to any other part(s) of the Machinery;

(d) damage:

(i) arising from the intentional application of any tool or process to the Machinery during the course of repair, alteration, modification, maintenance or overhaul thereof;

(ii) to the Machinery resulting from the imposition of abnormal conditions relating to testing or intentional overloading of or experiments with the Machinery, unless VMIA shall have agreed in writing to grant indemnity under this Endorsement whilst the Machinery is being operated under such conditions;

(iii) to the Machinery resulting from fault(s) or defect(s) therein known to the Insured, or to responsible employees of the Insured;

but not disclosed to VMIA at the time of commencement of the cover provided under the Extension commences.

(e) consequential loss due to lack of performance, loss of contract or payment in respect of any contractual fine or penalty due to late or non performance of services by the Insured.

The insurance under this Endorsement shall include Expediting Expenses, which shall mean:

(i) penalty rates for wages during overtime, shift, night, Sunday or holiday working;

(ii) payment for carriage by express passenger, fast-goods or other rail or road transport;

(iii) payment for carriage by air freight via licensed airline(s) operating a regular scheduled service but not by aircraft chartered for such carriage unless agreed in writing with the VMIA;

Provided such Expediting Expenses shall not exceed fifty per cent (50%) of the normal cost of repair or replacement of the damaged Machinery.

26. Electronic Data Processing Equipment Extension

Notwithstanding Property Exclusion 14, and subject to a Sub-Limit of Liability as specified in the Schedule, VMIA will (subject to the terms and conditions of the Policy) indemnify the Insured for damage to Property Insured (as hereinafter defined) occasioned by or happening through any mechanical, electrical, electro-mechanical, electronic or other malfunction, failure, derangement, breakdown or non-operation of whatsoever kind.

For the purpose of this Extension:

Property Insured means electronic data processing systems including peripheral and ancillary equipment (including air conditioning plant associated therewith) and media against sudden and unforeseen damage whilst such property is working or at rest or being dismantled,

moved, reassembled or reinstated for the purpose of cleaning, adjustment, inspection, repair, overhaul or relocation, as now existing or hereafter acquired, the Insured's own, held in trust or on commission or for which the Insured may be liable or have accepted responsibility.

27. Fraudulent or Dishonest Acts Optional Extension

If a Sub-limit of Liability is specified in the Schedule for this Extension, then notwithstanding Perils Exclusion 6(a) VMIA will (subject to the following terms, Definitions, Special Provisions and Specific Exclusions, and the terms and conditions of the Policy) indemnify the Insured against loss sustained by Employee Dishonesty (as hereinafter defined) committed during the Period of Insurance and discovered not later than twelve (12) months after the termination of this Policy or not later than twelve (12) months after the termination of the employment of such Employee whichever shall have occurred first.

Definitions applicable to this Extension:

(a) 'Insured' shall be deemed to include any superannuation, pension, savings or like scheme, welfare, social and/or sporting club, formed with the knowledge and consent of the Insured.

(b) 'Employee' means:

(i) any person whilst in the service of the Insured in the ordinary course of the Insured's business, during the currency of this Policy, and whom the Insured compensates by way of salary, wages and/or commissions and has the right to govern and direct in the performance of such services;

(ii) any ex-employee during a period not exceeding 30 days following the termination of such service;

(iii) any director or trustee of the Insured whilst performing acts coming within the scope of the usual duties of an Employee or member of any committee duly elected or appointed to examine or audit or have custody of or access to the Insured's property;

(iv) any person assigned to perform Employee duties for the Insured by an agency furnishing personnel, provided always that this Policy as amended by this Extension covers only the excess of loss (insured hereunder) over that covered by any insurance or suretyship held by such agency;

(v) any officer bearer or member of any superannuation, pension, savings or like scheme, welfare, social and/or sporting club formed with the knowledge and consent of the Insured.

(c) 'Premises' means:

any building, including outbuildings, and other improvements of a structural nature at which Money and/or other property of whatsoever kind is stored or kept by, or on behalf of, the Insured.

(d) 'Employee Dishonesty' means:

Loss of Money and/or property of whatsoever kind, the Insured's own or for which the Insured is legally liable or has accepted responsibility, sustained by the Insured during the Period of Insurance through any fraudulent or dishonest acts committed by any Employee of the Insured acting alone or in collusion with any other(s).

The term 'dishonesty' is deemed to include the acts of any Employee(s) in establishing and operating trading companies and/or other entities which carry on business dealings with the Insured and/or with any customer(s) or principal(s) of the Insured, to the Insured's financial detriment, where the Insured is unaware of the fact that such Employee(s) is/are so operating.

Special Provisions applicable to this Extension:

(a) Loss under prior policy

If the coverage of this Policy is substituted for any prior policy of insurance carried by the Insured or by a predecessor in interest of the Insured, which prior policy is terminated, cancelled or allowed to expire as of the time of such substitution, VMIA agrees that this Policy applies to loss which is discovered and which occurred prior to commencement of this Policy and which would have been recoverable by the Insured or such predecessor under such prior policy except for the fact that the time within which to discover loss thereunder had expired, provided that:

- (i) the insurance hereunder shall form part of, and shall not be in addition to, the Sub-Limit of Liability stated herein;
- (ii) such loss would have been covered under this Policy had this Policy been in force when the acts or defaults causing such loss were committed; and
- (iii) recovery under this Policy on account of such loss shall not exceed the amount which would have been recoverable hereunder had this Policy been in force when such acts or defaults were committed or the amount which would have been recoverable under such prior policy had such prior policy continued in force until the discovery of such loss, if the latter amount be smaller.

(b) Loss caused by unidentifiable Employee(s)

If a loss is alleged to have been caused by the fraud or dishonesty of any one or more of the Employees and the Insured shall be unable to designate the specific Employee or Employees causing such loss, the Insured shall nevertheless have the benefit of this Policy provided that the evidence submitted reasonably establishes that the loss was in fact due to the fraud or dishonesty of one or more of the Employees and that the aggregate liability of the VMIA for any such loss shall not exceed the Sub-Limit of Liability stated.

(c) Other Interested Parties

VMIA will indemnify, as though they were the Insured, all parties interested in the property hereby insured by way of loan, lease, hire purchase or other agreement.

(d) Non-Accumulation of Liability

Regardless of the number of years this Endorsement shall continue in force, and the number of premiums which shall be payable or paid, the liability of VMIA under this Endorsement with respect to any loss or losses shall not be cumulative from year to year or from period to period. When there is more than one Insured, the aggregate liability of VMIA for loss or losses sustained by any or all of such Named Parties shall not exceed the amount for which VMIA would be liable if all losses were sustained by any one of such Named Parties.

(e) Set-off of Money and/or other assets of defaulting Employee

In the event of any claim being made under this Endorsement the Insured shall (to the extent allowed by law) retain all salary, commission, money or assets, the property of any Employee in respect of whom a claim is made, which may be in or come into the Insured's hands or under the Insured's control and shall apply the same towards making good the amount of any default due to acts Insured against under this Extension.

The following Specific Exclusions shall apply to this Extension:

The VMIA shall not be liable for:

- (a) loss(es) arising from any fraudulent or dishonest act(s) committed by any Employee after the Insured shall have knowledge of any act of fraud or dishonesty on the part of such Employee; provided this Exclusion (a) shall not apply to loss of Money (as defined in this Policy) or property then being conveyed by such Employee outside the Insured's Premises;
- (b) any loss arising from the complete or partial default upon or non-payment of any loan, extension of credit or transaction in the nature of a loan, obtained from or made by the Insured or by any Employee, whether authorised or unauthorised by the Insured, unless such loss arises from the fraudulent or dishonest act of any Employee;
- (c) any loss or that part of any loss, the proof of which (either as to its existence or its amount) is deduced from an inventory or profit computation; provided that this Exclusion shall not apply to loss of Money or other property which the Insured can prove, through evidence wholly apart from such inventory or profit computation, was sustained due to the fraudulent or dishonest act of any Employee.

Section 2 - Consequential Loss

The Indemnity

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

Provided that the VMIA will not be liable for any loss under this Section unless the Insured's property lost, destroyed or damaged is insured against such Damage (loss arising out of destruction or damage occasioned by or arising out of explosion, rupture, collapse, bursting, cracking or overheating of any boiler, economiser or other pressure vessel, including pipes, valves and other apparatus thereof excepted) and the VMIA by which such property is insured shall have paid for, or admitted liability in respect of, such Damage unless no payment shall have been made or liability admitted solely owing to the operation of a provision in such insurance excluding liability for loss below a specific amount.

Basis of Settlement

Item No. 1

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

(a) **In respect of reduction in Gross Revenue:**

The amount by which the Gross Revenue during the Indemnity Period shall, in consequence of the Damage, fall short of the Standard Gross Revenue,

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

The additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the loss of Gross Revenue which, but for that expenditure, would have taken place during the Indemnity Period in consequence of the Damage, but not exceeding the loss of Gross Revenue thereby avoided; less any sum saved during the Indemnity Period in respect of such charges and expenses of the Business as may cease or be reduced in consequence of the Damage.

Item No. 2

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

Item No. 3

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

Item No. 4

Subject to the Limit of Liability, this Section extends to indemnify the Insured in respect of fines and/or damages for breach of contract and the amount payable as indemnity thereunder shall be such sum(s) as the Insured shall be legally liable to pay and shall pay in discharge of fines and/or damages incurred in consequence of the Damage for non-completion and/or late completion of orders and/or non-performance and/or late performance of services.

Definitions

Gross Revenue

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

Standard Gross Revenue

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

Annual Gross Revenue

The Gross Revenue earned during the twelve months immediately before the date of the Damage.)

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

Gross Revenue elsewhere after Damage

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

New Business

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

Standard Gross Revenue

The proportional equivalent, for a period equal to the Indemnity Period, of the Gross Revenue realised during the period between the commencement of the Business and the date of the Damage)

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

Annual Gross Revenue

The proportional equivalent, for a period of twelve months of the Gross Revenue realised during the period between the commencement of the Business and the date of the Damage.)

Indemnity Period

The period beginning with the occurrence of the Damage and ending not later than the number of months specified in the Schedule thereafter during which the results of the Business shall be affected in consequence of the Damage. **Memoranda to Section 2**

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

1. Departmental Clause

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

2. Accumulated Stocks

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

3. 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 VMIA for the purpose of investigating or verifying any claim hereunder may be produced and certified by the Insured's auditors and their certificate shall be prima facie evidence of the particulars and details to which such certificate relates.

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

4. Utilities

Notwithstanding anything contained in this Policy to the contrary, loss resulting from interruption of or interference with the Business in consequence of damage to property, whether belonging to the Insured or not, either at or away from the Premises anywhere in Australia that affects the supply of land based electricity, communication services, power, gas, natural gas, steam, water or sewerage reticulation, shall be deemed to be loss resulting from damage to property used by the Insured at the Premises.

5. Computer

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

6. Premises in the Vicinity (Prevention of Access)

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

Loss as insured by this 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.

7. Registered Vehicles &/or Trailers

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

8. Inter-Group

Where goods or services are purchased by a party jointly insured hereunder from any other parties also jointly insured hereunder, the full sales price of such goods or services shall be taken into account for the purpose of adjusting a claim (as though such goods or services were purchased from a party not jointly insured by this Policy) and any previous inter-group earned revenue will not be taken into account when adjusting a loss hereunder.

9. Suppliers' and/or Customers' Premises Extension

Loss resulting from interruption of or interference with the Business in consequence of damage (as herein defined) to property at any situation in Australia or in the vicinity of any such situation, in association with any unspecified direct supplier and/or customer shall be deemed to be loss resulting from Damage to property used by the Insured at the Premises.

It is understood and agreed that:

- (a) unspecified direct supplier's premises are any premises from which

the Insured obtains supplies of commodities, materials, components, goods or services other than those services referred to under the Utilities Extension; the premises of processors and the premises of manufacturers of plant and equipment for the Insured.

(b) Unspecified direct customer's premises are any premises to which the Insured supplies or provides commodities, materials, components, goods or services.

10. Infectious or Contagious Diseases, Food or Drink Poisoning, Murder, Suicide Extension

Loss as insured by this Policy resulting from interruption of or interference with the Business directly arising from an occurrence or outbreak at the Insured's Premises only and limited to:

closure or evacuation of the whole or part of the Premises by order of any Government, Local Government or other Statutory Authority consequent upon:

1.(a) any occurrence of a Notifiable Disease (as defined below) at the Premises;

(b) any discovery of an organism at the Premises likely to result in the occurrence of a Notifiable Disease;

2.food or drink poisoning;

3.the discovery of vermin or pests at the Premises;

4.defects in the drains or other sanitary arrangements at the Premises;

5.any occurrence of murder or suicide at the Premises;

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

Notifiable Disease shall mean illness sustained by any person resulting from an occurrence of a human infectious or human contagious disease which the competent local authority has stipulated shall be notified to them, with the exception of any occurrence, whether directly or indirectly, of Acquired Immune Deficiency Syndrome (AIDS) or an AIDS related condition, Severe Acute Respiratory Syndrome (SARS), any mutation of H5N1 that manifests itself as a human infectious or human contagious disease which are all specifically excluded hereunder.

For the purpose of this Extension:

Indemnity period shall mean the period during which the results of the Business shall be affected in consequence of the Damage, beginning with the date when closure or evacuation of the whole or part of the Premises is ordered by any Government, Local Government or other Statutory Authority and ending not later than the Indemnity Period specified in the Schedule.

The VMIA shall not be liable under this Extension for any costs incurred in the cleaning, repair, replacement, and recall or checking of property.

The VMIA shall only be liable for loss arising at those Premises which are directly subject to the Damage.

The liability of the VMIA shall in no case under this Memorandum and the Policy exceed \$10,000,000 any one event and in the annual aggregate for any one Period of Insurance.

11. Trade Exhibitions

Loss resulting from interruption of or interference with the Business owing to the curtailment of any trade exhibition in consequence of damage (as herein defined) at such situation(s) and/or to property exhibited therein by the Insured shall be deemed to be loss resulting from Damage to property used by the Insured at the Premises.

Exclusions to All Sections

Property Exclusions

This Policy does not cover physical loss, destruction of or damage to the following property or loss under Section 2 resulting therefrom:

1. Property in Transit

property (except Money) whilst in transit other than during the incidental movement of such property within situations occupied by the Insured. This exclusion shall not apply during temporary removal of property (other than stock and/or merchandise) and unregistered motor vehicles to any situation in the Commonwealth of Australia but, whilst such property is in transit, cover is limited to physical loss, destruction or damage caused by fire, lightning, explosion, earthquake, aircraft, riot, strikes, malicious damage and storm and/or tempest.

2. Money

(a) whilst being carried by professional money carriers, professional carriers or common carriers which is more specifically insured excepting the excess amount over and above such more specific insurance which excess is held to be covered hereunder.

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

(b) stolen from an unlocked and unattended vehicle.

(c) stolen from a safe or strongroom opened by a key or by use of details of a combination, either of which has been left at the Situation outside business

hours, unless such key or combination details have been properly secured.

(d) where the loss is not discovered within five (5) working days of the event.

(e) where the loss arises out of:

(i) kidnapping;

(ii) bomb threat;

(iii) hoax;

(iv) extortion,

or any attempt thereat.

3. Specie

exhibitions and artworks that relate to the National Gallery of Victoria that have been specifically insured under the Fine Arts Program, jewellery, furs, bullion, precious metals or precious stones other than as stock and/or merchandise of the Business.

4. Aircraft and Locomotives

(a) any aircraft (including its accessories and/or spare parts) other than as stock or merchandise of the Business; provided always that no cover shall apply hereunder during taxiing, take-off, flight or landing;

(b) any locomotives and rolling stock.

5. Registered Vehicles

vehicles or trailers registered or licensed to travel on a public road, provided that this exclusion shall not apply whilst such vehicles or trailers are on the Insured's Premises except in respect of accidental damage to such vehicles whilst they are being driven on the Insured's Premises.

6. Livestock

livestock, animals, birds or fish (however this exclusion shall not apply to loss, destruction or damage caused by fire, lightning, thunderbolt, explosion, implosion, earthquake, subterranean fire, volcanic eruption, impact, aircraft and/or other aerial devices and/or articles dropped therefrom, sonic boom, smoke and/or soot and/or smut and/or steam, spontaneous fermentation or heating, spontaneous combustion, subsidence, earth movement or collapse resulting therefrom or landslip, flood, water from or action by the sea, tidal wave or high water, the acts of persons taking part in any riots or civil commotions or of strikers or locked out workers or of persons taking part in labour disturbances or of malicious persons or the acts of any lawfully constituted authority in connection with the foregoing acts or in connection with any conflagration or other catastrophe, storm and/or tempest and/or rainwater and/or wind

and/or hail and/or sleet and/or snow and or ice, water or other liquids or substances discharged, overflowing or leaking from apparatus, appliances, pipes of any other system at the Premises or elsewhere).

7. Standing Timber and Crops

standing timber, growing crops and pastures.

8. Land

land (including but not limited to land on which the insured property is located) or air, however and wherever occurring, or any right or interest therein;

provided further that this exclusion shall not apply to structural improvements on or in the land if such structural improvements are not otherwise excluded in this Policy.

9. Railway, Dams and Reservoirs

railway tracks (other than on the Premises occupied or used by the insured), dams and reservoirs (other than tanks) and their contents.

10. Mining Property

mining property located beneath the surface of the ground unless otherwise expressly stated in this Policy.

11. Property Under Process

property during the course of, and as a result of, its normal processing unless fire or explosion ensues in which event the VMIA shall only be liable for the damage caused by such fire or explosion.

12. Property Under Construction

(a) property undergoing construction, erection, alteration or addition when the value of the work exceeds ten per cent (10%) of the Limit of Liability or five hundred thousand dollars (\$500,000) whichever is the lesser;

Provided that this Exclusion 12(a):

(i) shall only apply to the portion(s) of the Insured's Premises and/or part(s) of any property which are the subject of such works;

(ii) shall not apply to any other Property Insured hereunder; and

(iii) shall not apply to any Damage to existing Property Insured caused by a peril or event not otherwise excluded under this Policy.

(b) empty Premises undergoing demolition.

13. Oil and Gas Rigs

oil and gas drilling and/or production rigs whilst offshore.

14. Electronic Data

- (a)(i) total or partial destruction, distortion, erasure, corruption, alteration, misinterpretation or misappropriation of Electronic Data;
- (ii) error in creating, amending, entering, deleting or using Electronic Data; or
- (iii) total or partial inability or failure to receive, send, access or use Electronic Data for any time or at all from any cause whatsoever, regardless of any other contributing cause or event whenever it may occur.

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

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

Fire, Explosion, Lightning, Windstorm, Hail, Tornado, Cyclone, Hurricane, Earthquake, Volcano, Tsunami, Flood, Freezing, Weight of Snow, Impact by Aircraft or other aerial objects dropped therefrom, Impact by any Road Vehicle or Animal, Accidental Damage (which means damage that is physical, sudden, unexpected and unintended from the standpoint of the Insured), Bursting Overflowing Discharging or Leaking of Water Tanks Apparatus or Pipes, or Theft of Electronic Data solely where such Theft is accompanied by Theft of the computer hardware, firmware, medium, microchip, integrated circuit or similar device containing such Electronic Data.

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

Any terrorism exclusion in this Policy or any endorsement thereto prevails over this exclusion.

15. Boilers and Pressure Vessels

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

16. Transmission Lines

overhead transmission and distribution lines (including but not limited to transformers, poles, towers, wiring and equipment connected therewith), but this exclusion shall not apply to the Section 2 Utilities Memorandum.

Perils Exclusions

The VMIA shall not be liable under Sections 1 and/or 2 in respect of:

1. War

physical loss, destruction of or damage to the Property Insured

- (a) directly or indirectly occasioned by or happening through or connected with war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power;
- (b) resulting from confiscation, nationalisation, requisition or damage to property by or under the order of any Government or Public or Local Authority; notwithstanding the provisions of Perils Exclusion 1(b) the VMIA shall be liable for loss, destruction of or damage to, or the cost of removal of, sound property at the Premises for the purpose of preventing or diminishing imminent damage by, or inhibiting the spread of, fire or any other peril insured against under this Policy.

2. Nuclear

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

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

- (ii) nuclear weapons materials.

3. Insects and Vermin, Atmosphere, Wear and Tear, Design Error, Seepage, Faulty Workmanship, and Miscellaneous Perils

physical loss, destruction or damage occasioned by or happening through:

- (a) moths, termites or other insects, vermin, rust or oxidation, mildew, mould, contamination or pollution, wet or dry rot, corrosion, change of colour, dampness of atmosphere or other variations in temperature, evaporation, disease, inherent vice or latent defect, loss of weight, change in flavour texture or finish, smut or smoke from

industrial operations (other than sudden and unforeseen damage resulting therefrom);

(b) wear and tear, fading, scratching or marring, gradual deterioration or developing flaws, normal upkeep or making good;

(c) error or omission in design, plan or specification or failure of design;

(d) normal settling, seepage, shrinkage or expansion in buildings or foundations, walls, pavements, roads and other structural improvements, creeping, heaving and vibration;

(e) faulty materials or faulty workmanship; provided that this Exclusion 3(a) to (e) shall not apply to subsequent loss, destruction of or damage to the Property Insured occasioned by a peril (not otherwise excluded) resulting from any event or peril referred to in this exclusion.

4. Incorrect Siting, Demolition

physical loss, destruction or damage occasioned by or happening through:

(a) incorrect siting of buildings consequent upon:

(i) error in architectural design or specification;

(ii) faulty workmanship;

(iii) non compliance by the Insured (or anyone acting on behalf of the Insured) with the necessary permits issued by Government, Public or Local Authorities;

(b) demolitions ordered by Government or Public or Local Authorities due to failure on the part of the Insured or their agents to obtain the necessary permits required.

5. Inventory Shortage, Spontaneous Combustion

physical loss, destruction or damage occasioned by or happening through:

(a) unexplained or inventory shortage, disappearance resulting from clerical or accounting errors, shortage in the supply or delivery of materials to or from the Insured;

(b) (i) spontaneous combustion;

(ii) spontaneous fermentation or heating or any process involving the direct application of heat; provided that Perils Exclusions 5(b)(i) and 5(b)(ii) shall be limited to the item or items immediately affected and shall not extend to other property damaged as a result of such spontaneous combustion, fermentation or heating or process involving the direct application of heat.

6. Fraud, Computer Access, Cessation of Work, Erosion, Kidnapping

physical loss, destruction or damage occasioned by or happening through:

(a) (i) fraudulent or dishonest acts, fraudulent misappropriation, embezzlement, forgery, counterfeiting data corruption, unauthorised amendment of data and erasure by electronic or non-electronic means involving the Property Insured by the Insured or any employee(s) of the Insured acting alone or in collusion with any other person(s);

(ii) access by any person(s) other than the Insured or the Insured's employee(s) to the Insured's computer system via data communication media that terminate in the Insured's computer system; provided that this exclusion shall not apply to theft consequent upon forcible and violent entry upon Premises or felonious concealment upon Premises committed by an employee of the Insured or theft of money whilst in transit.

(b)(i) the cessation of work whether total or partial;

(ii) the cessation, interruption or retarding of any process or operation as a result of strikes, labour disturbances or locked out workers; provided that Perils Exclusions 6(b)(i) and 6(b)(ii) shall not apply in respect of physical loss, destruction or damage directly caused by strikers, locked out workers or similar persons;

(c) erosion, subsidence, earth movement or collapse resulting therefrom provided that this Exclusion 6(c) shall not apply to any event caused by or resulting from earthquake, volcanic eruption, storm and tempest, flood or sudden and/or accidental discharge of water;

(d) kidnapping, bomb threat, threat of contamination, hoax, extortion or any attempt thereat; provided that this Exclusion 6(a) to (d) shall not apply to subsequent loss, destruction or damage to the Property Insured occasioned by a peril (not otherwise excluded) resulting from any event or peril referred to in this exclusion.

7. Legal Liability

any legal liability of whatsoever nature other than as herein provided.

8. Consequential Loss

consequential loss of any kind including consequential loss due to delay, lack of performance, loss of contract or depreciation in the value of land or stock, except as herein provided in Section 2.

9. Electronic Equipment Failure

any loss, damage, cost, claim or expense, directly or indirectly, proximately or remotely, whether in whole or part caused by, resulting from, contributed to, aggravated by or consisting of any malfunction, derangement or inability of:

(a) the failure of any Electronic Equipment and/or Device to recognise, interpret, calculate, compare, differentiate, sequence or

process data consisting of, dependent on or deduced from one or more dates or times or;

(b) any change, repair, alteration, correction or modification of any part of an Electronic Equipment and/or Device to correct or prevent any anticipated or actual condition or circumstance stated in (a) above.

For the purpose of this exclusion, Electronic Equipment and/or Device includes but is not limited to computers, computer equipment, coding, programs, instructions or any software stored on electronic, electromechanical, electromagnetic data processing or electronically controlled equipment and media:

- (i) computer hardware, including microprocessors;
- (ii) computer application software;
- (iii) computer operating systems and related software;
- (iv) computer networks;
- (v) microprocessors (computer chips) not part of any computer system;
- (vi) any other computerised or electronic equipment or components, whether the property of the Insured or not.

10. Terrorism

notwithstanding any provision to the contrary within this policy or any endorsement thereto) loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any Act of Terrorism regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

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

This exclusion also applies to loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to any Act of Terrorism.

11. Electronic Data

- (a) total or partial destruction, distortion, erasure, corruption, alteration, misinterpretation or misappropriation of Electronic Data;
- (b) error in creating, amending, entering, deleting or using Electronic Data; or
- (c) total or partial inability or failure to receive, send, access or use Electronic Data for any time or at all; from any cause whatsoever regardless of any other contributing cause or event whenever it may occur.

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

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

Further, this exclusion does not apply in the event that a peril listed below (being a peril insured by this policy but for this exclusion) causes any of the matters described in items (a), (b) and (c) above.

Fire, explosion, lightning, windstorm, hail, tornado, cyclone, hurricane, earthquake, volcano, tsunami, flood, freezing, weight of snow, impact by aircraft or other aerial objects dropped therefrom, impact by any road vehicle or animal, bursting overflowing discharging or leaking of water tanks apparatus or pipes, or theft of Electronic Data solely where such theft is accompanied by theft of the computer hardware, firmware, medium, microchip, integrated circuit or similar device containing such Electronic Data.

For the purposes of the Basis of Settlement provision in this Policy, computer systems records include Electronic Data as defined below.

For the purpose of this exclusion 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 programmes, software and other coded instructions for such equipment.

Any terrorism exclusion in this Policy or any endorsement thereto prevails over this exclusion.

Memoranda Applicable to All Sections

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

1. Amount of Policy Not Reduced by Loss

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

2. Event (Bushfire only)

Only for the purposes of this cover, all losses or series of losses arising out of Bushfire in Australia, including all individual losses occurring during the period of 168 consecutive hours caused by fires spreading through trees and/or grassland, irrespective of origin or location, shall be deemed to arise out of one "event". No individual loss which occurs outside the area or period of 168 consecutive hours shall be included in that event.

The Insured may choose the date and time from which any such period of consecutive hours commences and, if losses occur over periods of greater duration than the above period, the Insured may divide those losses into two or more "events", provided that no two periods overlap and provided further that no period commences earlier than the date and time of the happening of the first recorded individual loss.

3. Event (non Bushfire)

For the purposes of this cover, all losses or series of losses occurring during the following periods shall be deemed to arise out of one "event":

- (a) 168 consecutive hours as regards losses arising out of cyclone, hurricane, typhoon, windstorm, rainstorm, hailstorm, flood and/or tornado;
- (b) 168 consecutive hours as regards losses arising out of earthquake, seaquake, tsunami, tidal wave and/or volcanic eruption;
- (c) 168 consecutive hours and within the limits of one State capital city, city, town or village as regards losses arising out of riots, strikes, civil commotions and/or malicious damage;
- (d) 168 consecutive hours for any other loss or series of losses of whatsoever nature - and no individual loss from any insured peril, which occurs outside these periods or areas, shall be included in that "event".

The Insured may choose the date and time from which any such period of consecutive hours commences and, if losses occur over periods of greater duration than the above periods, the Insured may divide those losses into two or more "events", provided that no two periods overlap and provided further that no period commences earlier than the date and time of the happening of the first recorded individual loss.

4. Subrogation Waiver

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

- (a) any Insured named or described by this Policy (including its directors, officers, employees or servants);
- (b) any corporation or organisation (including its directors, officers, employees or servants) owned or controlled by any Insured named herein or subsidiary to any Insured named herein or any co-owner of the property insured hereunder;
- (c) any party referred to in Section 1 memorandum entitled Interests of Other Parties, and that any agreement(s) that the Insured may have between any or all such parties will not affect the validity of this extension.

5. Contractual Agreements

Where in the ordinary course of business the Insured enters into a contractual agreement which provides that the Insured shall indemnify and/or hold harmless and/or release from liability another party in respect of damage which may occur as a result of any cause or event insured against by this Policy, this insurance shall not be prejudiced by the Insured entering into such agreement.

Provided that the Insured's officer(s) responsible for insurance shall, upon becoming aware of any such agreement, inform the VMIA as soon as reasonably practicable and the Insured shall pay a reasonable additional premium upon request by the VMIA from the date of any such change or variation of risk.

Conditions - Applicable to All Sections

1. Errors, Omissions & Misdescription

The Insured shall not be prejudiced by any unintended and/or inadvertent:

- (a) error, omission or misdescription of the risk, interest or property insured hereunder;
- (b) incorrect declaration of value of such property;
- (c) failure to advise the VMIA of any change of risk, interest or property insured hereunder;
- (d) failure to advise the VMIA of any acquisition of risk, interest or property to be insured hereunder;
- (e) failure to comply with any statutory requirement.

Provided always that the Insured's officer(s) responsible for insurance shall, upon becoming aware of any such matters, inform the VMIA as soon as reasonably

practicable and the Insured shall pay a reasonable additional premium upon request by the VMIA from the date of any such charge or variation of risk.

2. Alteration

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

- (a) by removal of such property from the Premises other than as provided under the terms of Property Exclusion 1;
- (b) in the trade or processes of manufacture carried on at the Premises or whereby the nature of the occupation or other circumstances affecting the Premises and/or the Insured's property therein contained shall be changed in such a way as to increase the risk of loss, destruction or damage;
- (c) whereby any Premises containing any property insured hereunder shall become unoccupied, and so remain for a period of more than thirty days; or
- (d) whereby the Insured's interest ceases except by will or the operation of law,

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

3. Other Insurance

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

4. Cancellation

- (a) This Policy may be cancelled at any time at the request of the Insured, in which case the VMIA will retain the customary short-period rate for the time this Policy has been in force.
- (b) The VMIA may also cancel this Policy by giving the Insured written notice to that effect where:
 - (i) the Insured or any person who was at any time the Insured failed to comply with the duty of utmost good faith;
 - (ii) the person who was the Insured at the time when this Policy was entered into failed to comply with the duty of disclosure;
 - (iii) the person who was the Insured at the time when this Policy was entered into made a misrepresentation to the VMIA during the negotiations for this Policy but before it was entered into;
 - (iv) the Insured or any person who was at any time the Insured failed to comply with a provision of this Policy, including a provision with respect to the payment

of the Premium;

(v) the Insured has made a fraudulent claim under this Policy or any other policy of insurance (whether with the VMIA or some other VMIA that provided insurance cover during any part of the period during which this Policy provides insurance cover;

(vi) the Insured failed to notify the VMIA of any specific act or omission where such notification is required under the terms of this Policy; or

(vii) the Insured acted in contravention of or omitted to act in compliance with any condition of this Policy which empowers the VMIA to refuse to pay, or reduce its/their liability in respect of, a claim in the event of such contravention or omission.

(c) The VMIA notice of cancellation takes effect at the earlier of the following times:

(i) the time when another policy of insurance between the Insured and the VMIA or some other insurer, being a policy that is intended by the Insured to replace this Policy, is entered into; or

(ii) 4.00 p.m. on the thirtieth business day after the day on which notice was given to the Insured.

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

5. Notification of Claim

On the happening of any loss, destruction or damage, the Insured shall forthwith give notice thereof in writing to the VMIA and shall as soon as practicable thereafter, at the Insured's own expense, deliver to the VMIA 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, having regard to their value at the time of the loss, destruction or damage, together with details of any other insurances on any property hereby insured.

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

6. Fraud

If any claim be in any respect fraudulent or if any fraudulent means or devices be used by the Insured or anyone acting on the Insured's behalf to obtain any benefit under this Policy, or if any destruction or damage be occasioned by the wilful act or with the

connivance of the Insured, the VMIA, without prejudice to any other right(s) the VMIA might have under this Policy, shall be entitled to refuse to pay such claim.

7. Reinstatement

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

8. VMIA's Rights

On the happening of any loss, destruction or damage in respect of which a claim is or may be made under this Policy the VMIA and every person authorised by the VMIA may, without thereby incurring any liability, and without diminishing the right of the VMIA to rely upon any Conditions of this Policy, enter, take or keep possession of any building or Premises where the loss, destruction or damage has happened and may take possession of or require to be delivered to the VMIA 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 VMIA so to do. If the Insured or any one acting on the Insured's behalf shall not comply with the requirements of the VMIA or shall hinder or obstruct the VMIA in doing any of the abovementioned acts, then all benefits under this Policy shall be forfeited. The Insured shall not in any case be entitled to abandon any property to the VMIA whether taken possession of by the VMIA or not.

9. Subrogation

(a) Any person claiming under this Policy shall at the request and at the expense of the VMIA do and concur in doing and permit to be done all such acts and things as may be necessary or reasonably required by the VMIA for the purpose of enforcing any rights and remedies, or of obtaining relief or indemnity from other parties to which the VMIA shall be or would become entitled or subrogated upon the VMIA paying for or making good any destruction or damage under this Policy.

(b) Where the VMIA, in exercising a right of subrogation in respect of any loss for which payment has been made hereunder, recover(s) an amount, the Insured may recover that amount from the VMIA, provided always that the Insured may not recover:

(i) an amount greater than the amount (if any) by which the amount recovered by the VMIA exceeds the amount paid to the Insured by the VMIA in relation to the loss; or

(ii) an amount that, together with the amount paid to the Insured by the VMIA in relation to the loss, is greater than the amount of the Insured's loss.

10. Precautions to Prevent Loss

The Insured shall take all reasonable precautions to prevent loss, destruction or damage to the property insured by this Policy.

11. Insured's Action After Theft or Damage

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

12. Termination of Cover Under Section 2

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

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

(b) the Insured (being a corporation) is placed in liquidation (or provisional liquidation), is placed under Official Management, enters into a Scheme of Arrangement, has Receivers and/or Managers appointed over its assets or undertaking(s); or

(c) the Insured (being a natural person) becomes a bankrupt or enters into a scheme of arrangement or compromise or composition with creditors; then the insurance cover provided under Section 2 of this Policy in respect of such Business or Insured shall automatically and forthwith cease.

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

13. Observance of Terms and Conditions

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

14. Progress Payments

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

15. Headings

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

Endorsement No. ISR 001

Portable Electronic Equipment

It is hereby declared that a minimum deductible of \$5,000 will apply to each and every claim for Portable Electronic Equipment. This deductible does not apply where a higher deductible has been agreed in this or a previous policy period, in which case such higher deductible will apply.

For Portable Electronic Equipment that is secured at the time of the loss (whether by locked cabinet or cage, or security cabling) the standard policy deductible is to apply.

Portable Electronic Equipment shall be defined as all computers and/or electronic equipment that are designed to be carried by persons, including but not limited to laptop or note book computers, palm top computers, data projectors and computerised laser or visual computer or communication equipment including all accessories and protective cases or containers.

Endorsement No. ISR 002

Directors and Employees Property in Transit

Indemnity provided by clause (g) of The Indemnity under Section 1 - Material Loss Or Damage of this policy shall also apply for property of directors and employees whilst in transit within Australia, including whilst such property is in temporary storage for a period of up to six (6) months, during relocation from one permanent residence to another. The indemnity provided hereby shall be subject also to the terms and conditions of Memoranda to Section 1 - Property in Transit Extension.

For the purpose of the additional indemnity granted by this extension only, a \$200 deductible per event shall apply.

In all other respects, this policy remains unaltered.

Privacy Statement

VMIA is committed to protecting your privacy. Any personal information collected, handled, stored or disclosed about you through our services will be managed in accordance with the *Victorian Managed Insurance Act 1996*, *Information Privacy Act 2000* and the *Health Records Act 2001*.

Personal information means information or an opinion that is recorded about an individual whose identity is apparent, or can reasonably be ascertained, from the information or opinion.

Collection and use of Personal Information

VMIA will only collect and record personal information via this website if it is provided directly to us and is necessary for us to perform our functions or activities; for example VMIA will need to collect personal information, to send requested information, or to act on feedback provided. In particular, personal information is collected in the following situations:

- when you send us an email
- when you use our online services, such as completing a form electronically
- when you register as a site user
- when you provide feedback by email or by using the feedback form on our website.

Access and Correction

If you:

- want to have access to the personal information (if any) that we hold about you
- want to know more about what sort of information we hold, for what purposes and how we deal with that information
- believe that personal information that we hold about you is not accurate, complete and up to date; or
- have concerns about your privacy rights,

please contact VMIA's Information Privacy Officer on 03 9270 6912.