



Industrial Special Risks  
Mark IV  
Additional Endorsement  
Wording 2024 09

# INDUSTRIAL SPECIAL RISKS INSURANCE MARK IV WORDING – PREAMBLE TO ENDORSEMENT

## ENDORSEMENTS ATTACHING TO AND FORMING PART OF THE SCHEDULE TO THE HALO INDUSTRIAL SPECIAL RISKS INSURANCE MARK IV WORDING.

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### PREAMBLE TO ENDORSEMENT

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ENDORSEMENTS ATTACHING TO AND FORMING PART OF INDUSTRIAL SPECIAL RISKS INSURANCE POLICY

(Headings have been included for ease of reference and it is understood and agreed that the Policy and endorsements are not to be interpreted by reference to such headings.)

Notwithstanding anything contained herein to the contrary it is hereby declared and agreed that the following Endorsements are made to the Policy:

## SECTION 1 MATERIAL LOSS OR DAMAGE

### THE INDEMNITY

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#### LIABILITY TO MAKE ENQUIRIES

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This Policy extends to include costs and expenses incurred by the Insured in respect of any legal liability to make enquiries consequent upon physical loss, destruction or damage insured by this Policy, but not exceeding the sub-limit stated in the Schedule.

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#### STATUTORY INQUIRIES

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Paragraph (a) of The Indemnity shall extend to include costs and expenses incurred by the Insured in connection with Statutory Inquiries following damage to Property Insured but not exceeding the sub-limit stated in the Schedule.

The term 'Statutory Inquiries' shall mean any judicial, coronial or other form of inquiry or hearing established by or at the direction of any government, semi-government, local or planning authority as a direct result of damage to Property Insured.

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

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## **DAMAGE DIMINUTION AND ACCIDENTAL DISCHARGE COSTS (B)**

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In paragraph (c) of The Indemnity in Section 1 – Material Loss or Damage, the words “for the purpose of preventing or diminishing imminent damage to property” are amended to read: “for the purpose of preventing imminent damage or minimising damage to Property Insured”.

The indemnity under paragraph (c) extends to include costs and expenses incurred to switch off and re-set alarms following an occurrence caused by an insured peril. The indemnity under paragraph (c) shall apply whether or not Damage occurs to Property Insured in circumstances giving rise to indemnity under Section 1 – Material Loss or Damage of this Policy. Our liability shall not exceed the amount of the sub-limit stated in the Policy Schedule against “Damage Diminution and Accidental Discharge Costs (B)” for any one loss or series of losses arising out of any one event or occurrence.

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## **LOSS MINIMISATION (B)**

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Clause (c) of The Indemnity in Section 1– Material Loss or Damage is extended to incorporate such reasonable costs (including travelling expenses) incurred to avert or minimise losses by perils insured by this Policy, including the protection, safeguard or recovery of Property Insured. Our liability shall not exceed the amount of the sub-limit stated in the Policy Schedule against “Loss Minimisation (B)” for any one loss or series of losses arising out of any one event or occurrence.

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## **UNPACKING EXPENSES**

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This Policy extends to include costs and expenses incurred by the Insured in taking inventory (including unpacking, repacking and restocking) to identify, quantify and value any property physically lost, destroyed or damaged by any peril insured against by this Section including examination of property not belonging to but in the care, custody or control of the Insured. Our liability shall not exceed the amount of the sub-limit stated in the Policy Schedule of the against “Unpacking Expenses” for any one loss or series of losses arising out of any one event or occurrence.

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## **EXPLORATORY COSTS**

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

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## **DEMOLITION AND REMOVAL OF OWNED PROPERTY**

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The words “which is no longer useful for the purpose it was intended” are deleted from Clause (f) (iii) of The Indemnity in Section 1 – Material Loss or Damage.

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## **REINSTATEMENT OF UNDAMAGED PROPERTY**

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

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## **AWARD LIABILITY FOR EMPLOYEES’ CLOTHING AND/OR TOOLS (B)**

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

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## **PERSONAL PROPERTY OF EMPLOYEES AND OTHERS (B)**

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The wording of Clause (g) of the indemnity is amended to read:

“(g) damage to personal property, tools and effects (excluding money) of directors and employees whilst on the Insured’s Premises and damage to visitor’s personal effects (excluding money) whilst on the Insured’s Premises, but only to the extent that such property is not otherwise insured. Our liability for any one loss or series of losses arising out of any one event or occurrence is limited to the amount of the sub-limits stated in the Policy Schedule against “Personal Property of Employees and Others (B).”

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

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

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

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

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## **EXPEDITING EXPENSES**

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The Policy extends to include reasonable costs and expenses incurred by the Insured for express carriage rates and extra payments for overtime, night, Sunday or holiday working incurred in connection with the repair or reinstatement of the Property Insured directly or indirectly arising from an event insured by the Policy. Our liability shall not exceed the amount of the sub-limit stated in the Policy Schedule against “Expediting Expenses” for any one loss or series of losses arising out of any one event or occurrence.

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

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The Indemnity Clause is extended to include additional costs necessarily and reasonably incurred by the Insured in the clearance of blocked pipes, drains, gutters, sewers, filters, pumping equipment and the like during the Period of Insurance, including exploratory costs, at the Premises as a direct result of damage as insured herein. Our liability shall not exceed the amount of the sub-limit stated in the Policy Schedule against “Cost of Cleaning Blocked Drains, Pipes, Filters and Pumps (B)” for any one loss or series of losses arising out of any one event or occurrence.

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

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## **LIABILITY FOR DUTY**

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The Policy extends to include the Insured’s liability for customs, excise and other duties which the Insured becomes liable to pay in the event of damage to Property Insured, but not exceeding the sub-limit specified in the Schedule.

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## **AMENDED PROVISIO**

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The provision to The Indemnity is amended to read:

“Provided that only Clause (a) above shall be subject to any Co-Insurance Clause or memorandum contained in this Policy.”

# THE PROPERTY INSURED

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## CUSTOMERS' GOODS

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The Policy extends to insure goods belonging to the Insured's customers at the Premises, to the extent that such goods are not otherwise insured. Our liability shall not exceed the amount of the sub-limit stated in the Policy Schedule against "Customers' Goods" for any one loss or series of losses arising out of any one event or occurrence.

## PROPERTY INSURED (B)

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

"All tangible property both 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 or for damage to which the Insured becomes responsible or assumes responsibility to insure, after the commencement of the Period of Insurance.

## MONEY - EXTENDED DEFINITION

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The definition of Money extends to include travellers' cheques, securities and negotiable instruments.

# BASIS OF SETTLEMENT

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## LANDSCAPING (C)

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This Policy extends to include damage to landscaping; which term shall mean lawns, gardens, plants, shrubs, trees, rockwork, ornamentation and the like. Our liability shall not exceed the amount of the sub-limit stated in the Schedule of the Policy against "Landscaping (C)" for any one loss or series of losses arising out of any one event or occurrence.

## ELECTION TO CLAIM INDEMNITY VALUE (B)

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In Section 1 - Material Loss or Damage, Basis of Settlement Clause (a) is extended to include the following extra provision:

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

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## SECURITIES (A)

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In Section 1 - Material Loss or Damage, Basis of Settlement Clause (e) is amended by deleting the word 'securities'. In the case of Securities (which shall mean certificates of stock, bonds, coupons and all other types of securities), the basis of valuation shall be:

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

Such valuation being in the currency in which the loss was sustained. Losses sustained in currencies other than Australian dollars shall be settled by converting the amount of loss to Australian dollars at the market rate as set by the Reserve Bank of Australia at the time of settlement of the loss or such other rates as may be expressly agreed with the Insurer(s). If there is no market price or value on the relevant day stated herein, then the value shall be agreed between the Insured and the Insurer(s) or, in default thereof, the Insured and the Insurer(s) shall submit to arbitration and be bound by the decision of the Umpire.

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## BASIS OF SETTLEMENT (E)

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In Section 1 - Material Loss or Damage, Basis of Settlement Clause (e) is amended to read: "(e) On computer systems records, computer software, documents, manuscripts, securities, deeds, specifications, plans, drawings, designs, business books, and other records of every description:

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

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## BASIS OF SETTLEMENT (G)

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In Section 1- Material Loss or Damage, Basis of Settlement Clause (g) is amended to read: "(g) On glass:

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

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

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## VALUATION OF PROPERTY – EMPLOYEES AND OTHERS

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In Section 1 - Material Loss or Damage, Basis of Settlement Clause (h) is amended to read:

"(h) on personal property, tools and effects of the insured's directors, employees and of visitors to the Insured's Premises: The replacement cost at the time and place of replacement."

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## JEWLFPC4 – JEWELLERY AND FURS OF EMPLOYEES AND OTHERS (B)

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The words "jewellery, furs" in Property Exclusion 3 shall not apply to personal property belonging to employees and directors of the Insured not otherwise insured at the Insured's Premises.

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## GOODS SOLD BUT NOT DELIVERED (A)

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In Section 1 – Material Loss or Damage, Clause (d) of the Basis of Settlement under Section 1 – Material Loss or Damage of the Policy is extended to include the following Clause:

“On goods sold but not delivered for which the Insured is responsible and with regard to which, under the conditions of sale, the sale contract is by reason of the damage, cancelled either wholly or to the extent of the damage:

The contract price.”

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## WORKS OF ART, ANTIQUES AND CURIOS

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in Section 1 – Material Loss or Damage, the following paragraph is inserted after paragraph (i) of the Basis of Settlement Clause:

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

Notwithstanding the first paragraph of Basis of Settlement (a), the cost of restoring and repairing to a condition substantially the same as before the Damage plus any reduction in market value caused by the Damage. If restoration or repair is not possible, the market value immediately before the Damage. ”Our liability shall not exceed the amount of the sub-limit stated in the Policy Schedule against “Works of Art, Antiques and Curios” for any one loss or series of losses arising out of any one event or occurrence.”

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## PAIRS AND SETS (A)

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The Basis of Settlement under Section 1 – Material Loss or Damage, Clause (h) of the Policy is extended to include the following Clause, not with standing Clause (a):

“On personal property comprising a pair or set:

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

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## LEASED EQUIPMENT (RESIDUAL VALUE)

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The Basis of Settlement under Section 1 – Material Loss or Damage of the Policy is extended to include the following Clause, notwithstanding Clause (a):

“On machinery, plant and equipment leased on a Residual Value basis:

In the event of actual or constructive total loss, the amount for which the lessee is contractually liable to the lessor, but not exceeding the sum represented by rent payable under such lease(s) for the period commencing on the date of physical loss, destruction or damage and ending on the retirement date(s) of such lease(s), plus the current market value of the property immediately before its loss or damage or the Residual Value, whichever is the greater, less any salvage value, but in any case not exceeding ten per cent (10%) above replacement value. In the event of damage which does not amount to a constructive total loss, the cost of repair in accordance with the provisions of the Reinstatement or Replacement and Extra Cost of Reinstatement Memorandum as set out herein.

For the purpose of this Basis of Settlement, the term “Residual Value” shall mean the minimum amount which the lessee has guaranteed that the leased property will realise, being the same amount which the lessee has agreed would be payable to acquire such property upon the retirement date of the lease.”

# MEMORANDA APPLICABLE TO SECTION 1 – MATERIAL LOSS OR DAMAGE

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## LABELS, CONTAINERS AND WRAPPINGS

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

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## DECLARED VALUES (B)

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The memorandum to Section 1 - Material Loss or Damage under this heading is extended to include the following paragraphs:

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

Declared values shall not include any allowance for Extra Cost of Reinstatement nor any of the costs and expenses referred to under any of the Clauses, except Clause (g), of The Indemnity.”

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## REINSTATEMENT OR REPLACEMENT PROVISION (VI)

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The following additional Provision (vi) is included:

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

a. the cost of the dissimilar property; or

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

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## REINSTATEMENT OF DAMAGE BY THE INSURED

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

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## REINSTATEMENT ELSEWHERE

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

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

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## FIRST LOSS INSURANCE - THEFT AND MONEY

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

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



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## ADDITIONAL EXTRA COST OF REINSTATEMENT (B)

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(Applicable to buildings, machinery, plant and all other property and contents other than those specified in items (b) to (i) under Basis of Settlement).The Policy extends to cover the additional extra cost of reinstatement including demolition or dismantling of the insured property damaged, necessarily incurred by the Insured to comply with the requirements of any Act of Parliament or regulation made thereunder or any by-law or regulation of any municipal or other statutory authority and not otherwise recoverable under the terms and conditions of the Policy.

Provided that the indemnity afforded by this Clause:

- a. shall be limited in respect of each loss or series of losses arising out of any one event to the amount shown in the Policy Schedule against Additional Extra Cost of Reinstatement (B), which amount shall be separate from and additional to the Limit of Liability expressed in the Policy Schedule in respect of buildings, machinery, plant and all other property and contents other than those specified in items (b) to (i) under Basis of Settlement;
- b. shall not include the additional cost incurred in complying with any such Act, regulation, by-law or requirement with which the Insured has been duly required to comply prior to the happening of the damage; and
- c. shall not be subject to the Co-Insurance Memorandum contained in Section 1 – Material Loss or Damage of the Policy.

The work of reinstatement (which may be carried out wholly or partially upon another site or sites if the aforesaid Act, by-law or regulation so necessitates subject to the liability of the Insurer(s) not being thereby increased) must be commenced and carried out with reasonable despatch, failing which the Insurer(s) shall not be liable to make any payment beyond the amount that would have been payable under the Policy if this Memorandum had not been incorporated therein.

Our liability shall not exceed the amount of the sub-limit stated in the Policy Schedule against “Additional Extra Cost of Reinstatement (B)” for any one loss or series of losses arising out of any one event or occurrence.

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## EXTRA COST OF REINSTATEMENT ELSEWHERE

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

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## EXTRA COST OF REINSTATEMENT – PROVISION (V) DELETED

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Provision (v) of the Extra Cost of Reinstatement Memorandum is deleted.

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## FLOOR SPACE RATIO INDEX (PLOT RATIO) (A)

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

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## ACQUIRED COMPANIES (D)

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The Memorandum to Section 1 – Material Loss or Damage headed “Acquired Companies” is deleted and the following Memorandum substituted for it in the MEMORANDA to all sections:

“This Policy extends to include:

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

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

- a. the name of the company or other organisation and the nature of its business;
- b. the nature and extent of the property to be insured;
- c. the value of the indemnity provided, calculated in accordance with the relevant Basis of Settlement Clauses;

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

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

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

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

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## CO-INSURANCE CLAUSE

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Provision (iii) of the Reinstatement and Replacement memorandum is deleted together with The Co-Insurance Memorandum and the Declared Values Memorandum.

The following additional memorandum shall apply to Section 1 – Material Loss or Damage of the Policy:

### **“Average/Under-Insurance**

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

In the event of a claim, the moneys otherwise payable under Section 1 – Material Loss or Damage of this Policy shall be the proportion that the Insured’s declaration at the time of the commencement of the Period of Insurance of the value of all Property Insured at the Situation to which the damaged item or items belong bears to eighty per cent (80%) of the value of all such property as at the time of commencement of the Period of Insurance calculated in accordance with the appropriate Basis of Settlement Clauses.

This Memorandum shall not apply if the amount of the damage does not exceed ten per cent (10%) of the amount of the Insured’s declaration of value for that Situation.

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

For the purposes of the application of this Clause, the Insured’s Declared Values at any Situation shall not include any allowance for Extra Cost of Reinstatement or for the costs and expenses referred to in the additional cover provided in Sub-Clauses (b) to (g).

Provided further that this Clause is deleted for property forming part of the Property Insured, which has been insured under this Policy for the full value stated in a Valuation prepared by an Approved Valuer not less than three years before the commencement of the Period of Insurance, and which an Approved Valuer has updated not more than twelve months prior to the commencement of the Period of Insurance.

Approved Valuer means a Certified Practising Valuer registered with The Australian Property Institute within the relevant property discipline.”

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## OUTPUT REPLACEMENT

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

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

The difference between the insurable value so calculated and the new installed cost of the replacement item or items shall be borne by the Insured.

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

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

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## CONSTRUCTIVE TOTAL LOSS

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For the purposes of this endorsement there shall be deemed to be a constructive total loss when the Property Insured specified herein or any part thereof is reasonably abandoned:

- a. because its actual total loss seems unavoidable; or
- b. because it could not be preserved from actual total loss without an expenditure which would exceed its repaired and/or recovered value.

It is understood and agreed that the words actual total loss shall mean loss, destruction or damage (and not merely physical loss, destruction or damage) of or to the Property Insured specified herein or any part thereof.

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## **ABANDONED UNDAMAGED PORTION OF A BUILDING**

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

Our liability shall not exceed the amount of the sub-limit stated in the Schedule of the Policy against “Abandoned Undamaged Portion of a Building” for any one loss or series of losses arising out of any one event or occurrence.

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

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## **UNDAMAGED FOUNDATIONS (A)**

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When Property Insured is damaged but its foundations are not destroyed and, due to the exercising of statutory powers or delegated legislation or authority by any government department, local government or other statutory Authority, reinstatement of the Property Insured is carried out upon another site or sites, then the abandoned foundations shall be deemed to have been destroyed: If the presence of the abandoned foundations increases the sale value of the original site, then such increase shall be regarded as salvage and shall be payable to the Insurer(s) by the Insured upon completion of the sale, or shall be deducted from the total amount otherwise payable by the Insurer(s) under this Policy, whichever shall occur later.

All differences relating to the amount of such increase in site sale value shall forthwith be referred to the decision of two registered valuers, one to be appointed by each of the parties to this Policy. If the two valuers fail to agree, their differences shall be referred to the decision of a third valuer, appointed by the President of the Australian Institute of Valuers as an expert, whose decision shall be binding.

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## **UNDAMAGED FOUNDATIONS (B)**

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

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

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If plant and machinery is destroyed but its ancillary and/or peripheral equipment is not destroyed but upon replacement of the destroyed plant and/or machinery the ancillary and/or peripheral equipment is rendered superfluous, then such equipment shall be deemed to be destroyed and its salvage value shall be payable to the

Insurer(s) by the Insured upon completion of any sale or shall be deducted from the total amount otherwise payable by the Insurer(s) under the Policy, whichever shall occur later.

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## **APPLICATION OF DEDUCTIBLES**

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

# SECTION 2

## CONSEQUENTIAL LOSS

### THE INDEMNITY

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#### PROPERTY AT OUTSIDE STORES AND OUTWORKERS PREMISES (B)

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

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

#### PRESSURE VESSEL PERILS (B)

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The second paragraph of The Indemnity in Section 2 – Consequential Loss is amended to read:

“Provided that the Insurer(s) will not be liable for any loss under this Section unless the Insured’s property lost, destroyed or damaged is insured against such Damage (loss arising out of destruction or damage by the explosion, implosion, rupture, collapse, bursting, cracking or overheating of any boiler, economiser or other pressure vessel, including pipes, valves, and other apparatus forming part of any of these and in respect of any of which a certificate is required to be issued under the terms of any statute or regulation being excepted from this provision) and the insurer or insurers by which such property is insured shall have paid for or admitted liability in respect of such Damage unless no such payment shall have been made or liability shall not have been admitted therefore solely owing to the operation of a provision in such insurance excluding liability for loss below a specific amount.”

### BASIS OF SETTLEMENT

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#### GROSS PROFIT - 80% AVERAGE / UNDER-INSURANCE

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

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

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

Rate of Gross Profit means the proportion that the Gross Profit bears to the Turnover during the financial year immediately before the day of commencement of the Period of Insurance.

Annual Turnover means the Turnover during the twelve months immediately before the day of commencement of the Period of Insurance.”

Other than as expressly set out above, the terms, Conditions, , Exclusions and limitations contained in the Policy remain unaltered.

---

## GROSS PROFIT - AVERAGE / UNDER-INSURANCE AMENDED (B)

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Despite anything contained elsewhere in the Policy, in Section 2 – Consequential Loss, under the heading Basis of Settlement, the last paragraph of Item No. 1 - Loss of Gross Profit is amended as follows:

Provided that if the estimated value of Gross Profit declared at the commencement of the Period of Insurance is less than eighty per cent (80%) of the sum produced by applying the Rate of Gross Profit to the Annual Turnover (appropriately increased if the Indemnity Period exceeds twelve (12) months) which would have been achieved if the Damage had occurred on the day of commencement of the Period of Insurance, the amount payable hereunder shall be appropriately reduced.

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

Provided further that the proviso to Item No. 1 – Loss of Gross Profit is deleted where the estimated value of Gross Profit declared at the commencement of the Period of Insurance has been stated in a valuation prepared by LMI Group, MSM Loss Management, Martin Minett Claims Preparation Services or a valuer approved by the Insurer(s).

Other than as expressly set out above, the terms, Conditions, Exclusions and limitations contained in the Policy remain unaltered.

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## CONTRACTUAL FINES AND PENALTIES (B)

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Despite anything contained elsewhere in the Policy, in Section 2 – Consequential Loss , under the heading Basis of Settlement, the following Item No. 5 is inserted:

### **“Item No. 5**

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

The maximum the Insurer(s) will pay is the Sub-Limit of Liability for ‘Contractual Fines and Penalties (B)’ stated in the Schedule for any one loss or series of losses arising out of any one event or occurrence.

Other than as set out above, the terms, Conditions, Exclusions and limitations contained in the Policy remain unaltered.

---

## DUAL PAY-ROLL - 80% AVERAGE / UNDER-INSURANCE

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

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

This provision shall not apply if the amount of the loss does not exceed ten per cent (10%) of the estimated value of Insured Pay-Roll declared at the commencement of the Period of Insurance.

Other than as expressly set out above, the terms, Conditions, Exclusions and limitations contained in the Policy remain unaltered.

---

## SEVERANCE PAY

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

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

---

## ACCOUNTS RECEIVABLE (B)

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The insurance under this item is limited to the loss sustained by the Insured in respect of all outstanding debit balances if the Insured is unable to effect collection thereof as a direct result of Damage to records of accounts receivable. The Insurer(s) will also pay:

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

Where there is proof that a loss covered by the Policy has occurred, but the Insured cannot accurately establish the total amount of accounts receivable outstanding at the date of Damage, such amount shall be computed as follows:

- a. Determine the total amount of accounts receivable outstanding on the last working day of the fiscal month which ended twelve months before the beginning of the month in which the Damage occurs.
- b. Calculate the average increase or decrease in the monthly total amounts of accounts receivable outstanding on the last working day of each of the twelve months immediately preceding the month in which Damage occurs.
- c. The amount determined under paragraph (a), increased or decreased by the percentage calculated in accordance with paragraph (b) shall be deemed to be the total amount of accounts receivable outstanding at the time and date of the Damage.
- d. The amount determined under paragraph (c) shall be adjusted as may be necessary to provide for any demonstrable variance from the amount so determined occurring before but during the month in which the Damage occurs; due consideration also being given to normal monthly trends in receipts.

There shall be deducted from the total amount of accounts receivable, however established, the amount of such accounts evidenced by records not lost or damaged, or otherwise established or collected by the Insured, and an equitable amount to provide for doubtful debts. The cover hereby granted shall be subject to the sub-limit stated in the Schedule against "Accounts Receivable".

## DEFINITIONS

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### GOVERNMENT INCENTIVES

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

### CONSOLIDATED PERIOD

---

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

### INSURED PAY-ROLL

---

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

### PAYROLL: AMENDED DEFINITION

---

The definition of Payroll in Section 2 – Consequential Loss of the Policy is amended to read:

The remuneration (including but not limited to payroll tax, fringe benefits tax, bonuses, holiday pay, sick pay, long service leave, workers' compensation insurance premiums and/or accident compensation levies, superannuation and pension fund contributions and the like) paid to all employees of the Insured.

## MEMORANDA TO SECTION 2

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### DEPARTMENTAL CLAUSE

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The Memorandum under this heading is amended to read:

"If the Business is conducted in departments or business units the independent trading results of which are ascertainable, the provisions of Clauses (a) and (b) of Items No. 1 and 3 shall apply separately to each department or unit affected by the Damage."

### ACCUMULATED STOCKS

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



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## REMOTE PREMISES OF PUBLIC UTILITIES (B)

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The Memorandum headed “Public Utilities Extension” is amended to read:

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

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

---

## OTHER CONTRIBUTING PROPERTIES (A)

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

Our liability shall not exceed the amount of the sub-limit stated in the Schedule of the Policy against “Other Contributing Properties (A)” for any one loss or series of losses arising out of any one event or occurrence.

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## TURNOVER / OUTPUT ALTERNATIVE AMENDED

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The Memorandum headed Turnover/ Output Alternative in Section 2 – Consequential Loss of this Policy is amended to read:

“If it gives a more equitable result in determining the actual loss sustained by the Insured, the term ‘Output’ may be substituted for the term ‘Turnover’ and, for the purpose of this Section, ‘Output’ shall mean the sale and/or invoice value of goods manufactured and/or processed by the Insured in the course of the Business at the Premises.

Provided that only one such term shall be operative in connection with any one event involving Damage.”

If the meaning set out above is used, the memorandum ‘Trading Elsewhere After Damage’ shall be altered to read as follows:

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

And the Memorandum titled “Accumulated Stocks” shall be altered to read as follows:

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

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## UNSPECIFIED SUPPLIERS’ AND / OR CUSTOMERS’ PREMISES (AUSTRALIA AND NEW ZEALAND) (SINGLE LIMIT) (B)

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

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

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

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## UNSPECIFIED SUPPLIERS' AND / OR CUSTOMERS' PREMISES - (WORLDWIDE) (C)

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(This Clause is only operative when a sub-limit is shown in the Schedule)

Notwithstanding anything contained in this Policy to the contrary, Loss resulting from interruption of or interference with the business in consequence of Damage to property at the Premises, anywhere in the world **(excluding Afghanistan, Albania, Angola, Armenia, Azerbaijan, Belarus, Bosnia-Herzegovina, Bulgaria, Burma/Myanmar, Democratic Republic of Congo, Cuba, Eritrea, Georgia, Republic of Guinea, Iran, Iraq, Ivory Coast {Republic of Côte d'Ivoire}, Kazakhstan, Kampuchea, Kyrgyzstan, Laos, Lebanon, Liberia, Libya, Macedonia, Montenegro, North Korea, Mongolia, Romania, Russia, Rwanda, Serbia, Sierra Leone, Somalia, Sudan {North and South}, Syria, Tajikistan, Tibet, Turkmenistan, Ukraine, Uzbekistan, Zaire and/or Zimbabwe)** of any producer or merchant shall be deemed to be loss resulting from Damage to property used by the Insured at the Premises.

The liability of the Insurer(s) under this endorsement, in respect of any one loss or series of losses arising out of any one event or occurrence at any one premises, shall be limited to the sub-limit stated in the Schedule, in respect of any one loss or series of losses arising out of any one event or occurrence. For the purposes of this endorsement, the term "premises of a producer" refers to premises, other than those described in the Public Utilities Extension to Section 2 of the Policy, at which any of the goods or services used by the Insured are produced, assembled or stored. The term "premises of a merchant" refers to premises to which the Insured provides goods or services.

The extension specifically excludes losses arising from:

- i. Earthquake, tsunami, volcanic eruption, hydrothermal or geothermal activity, or subsequent fire,
- ii. Flood, or Storm.

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## INTERDEPENDENCY - AUSTRALIA

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Loss as insured by Section 2 - Consequential Loss of the Policy resulting from interruption of or interference with the Business in consequence of Damage to property not insured by Section 1 - Material Loss or Damage of the Policy and situated at any other premises in Australia owned and/or occupied by the Insured for the purpose of the Business shall be deemed to be resulting from Damage to property used by the Insured at the Premises.

Our liability shall not exceed the amount of the sub-limit stated in the Policy Schedule against "Interdependency" for any one loss or series of losses arising out of any one event or occurrence.

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## VERMIN, PESTS OR DEFECTIVE SANITARY ARRANGEMENTS; FOOD OR DRINK POISONING; MURDER, SUICIDE

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Loss as insured by the Policy resulting from interruption of or interference with the Business arising from closure or evacuation of the whole or part of the Premises by order of a competent public authority consequent upon:

- a. vermin or pests or defects in the drains or other sanitary arrangements at the Premises;
- b. injury, illness or disease directly caused by the consumption of food or drink provided on the Premises;
- c. murder or suicide occurring in or at the Premises, shall be deemed to be loss resulting from Damage to Property used by the Insured at the Premises; or
- d. legionnaires' disease (legionellosis).

Indemnity under this endorsement shall not exceed the Sub Limit of Liability per event and in the annual aggregate expressed in the Schedule.

---

## ROYALTIES RECEIVABLE (B)

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(This Clause is only operative when a sub-limit is shown in the Schedule)

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

---

## TRADE EXHIBITIONS (A)

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Loss as insured by Section 2 – Consequential Loss of the Policy resulting from interruption of or interference with the Business due to curtailment of any trade exhibition anywhere in the world in consequence of Damage thereat and/or to property exhibited therein by the Insured shall be deemed to be loss resulting from Damage to property used by the Insured at the Premises.

Provided that the liability of the Insurer(s) shall be limited to the sub-limit stated in the Schedule of the Policy against “Trade Exhibitions” for any one loss or series of losses arising out of any one event or occurrence.

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## REDUCED MARGIN

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

### **Goods and Services Tax (GST)**

Basis of Settlement - Additional Clause: Sections 1 – Material Loss or Damage and Section 2 – Consequential Loss. Where settlement is made under Section 1 – Material Loss or Damage of this Policy wholly or partly by way of:

1. payment for the acquisition of goods, services or other supply; or
2. payment of compensation instead of payment for the acquisition of goods, services or other supply, the Insurer shall reduce the settlement amount by:
3. the amount of any input tax credit that the Insured is or will be entitled to under A New Tax System (*Goods and Services Tax*) Act 1999 (Cth) in relation to the acquisition of such goods, services or supply;

the amount of any input tax credit that the Insured would be entitled to under A New Tax System (*Goods and Services Tax*) Act 1999 (Cth) had the monetary compensation been applied to acquire such goods, services or supply.

# EXCLUSIONS TO ALL SECTIONS

## PROPERTY EXCLUSIONS

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### IMPERMANENT REMOVALS

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

### TEMPORARY REMOVAL EXEMPTION (B)

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The final sentence of Property Exclusion 1 is amended to read:

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

Our liability shall not exceed the amount of the sub-limit stated in the Schedule of the Policy against "Temporary Removal Exemption (B)" for any one loss or series of losses arising out of any one event or occurrence.

### MONEY CARRIERS - OTHER INSURANCE

---

The first paragraph of Property Exclusion 2(a) is amended to read:

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

### BUSINESS HOURS

---

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

### LOSS DISCOVERED LATE

---

Property Exclusion 2(d) is amended to read:

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

### DECORATIVE LIVESTOCK (FIRE COVER ONLY)

---

Property Exclusion 6 is amended to read:

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

Our liability shall not exceed the amount of the sub-limit stated in the Schedule of the Policy against "Decorative Livestock (Fire Cover Only)" for any one loss or series of losses arising out of any one event or occurrence.

---

## PAVED AREAS (B)

---

Property Exclusion 9 is amended to read:

- “(a) bridges, canals, roadways (other than driveways, vehicle parking or manoeuvring areas and other paved areas at the Premises used or occupied by the Insured for the purposes of its business) and tunnels, dams and reservoirs (other than tanks) and their contents;
- (b) railway tracks (other than on the premises occupied or used by the Insured for the purpose of its business.”

---

## WEATHER DAMAGE TO CERTAIN PROPERTY

---

Property Exclusion 13 is deleted. Our liability shall not exceed the amount of the sub-limit stated in the Policy Schedule against “Weather Damage to Certain Property” for any one loss or series of losses arising out of any one event or occurrence.

---

## PRESSURE VESSEL PERILS - SECTION 2

---

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

“The provisions of this Exclusion shall not apply to Section 2 – Consequential Loss of this Policy.”

---

## RESULTING DAMAGE TO PRESSURE VESSELS

---

Property Exclusion 17 is extended to include the following provision:

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

# PERILS EXCLUSIONS

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## DEMOLITION OF DAMAGED PROPERTY

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The first paragraph of Perils Exclusion 1(b) is amended to read:

“(b) resulting from confiscation, nationalisation, requisition or damage to property by or under the order of any Government or Public or Local Authority, unless such order involves the demolition of property deemed unsafe following damage by any peril not otherwise excluded by this Policy.”

---

## PREVENTION OF IMMINENT DAMAGE

---

The Clause immediately following Perils Exclusion 1(b) is amended to read:

“Notwithstanding the provisions of Perils Exclusion 1(b), the Insurer(s) shall be liable for loss or destruction of or damage to Property Insured and for the reasonable cost of removal of such property including damage resulting from such removal, in each case for the purpose of preventing or diminishing imminent damage by, or inhibiting the spread of, fire or any other cause not excluded under this Policy.”

---

## **NUCLEAR: EXEMPT EQUIPMENT**

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Perils Exclusion 2 is amended by adding the following:

“This Exclusion (2) does not apply to any radiations emitted by spectrometers, x-ray units, diathermy machines, equipment for radio and television broadcasting, telecommunications equipment, radar installations or industrial and commercial appliances used for sealing plastics or for welding, heating, drying and cooking.”

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## **FLOOD**

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Paragraph (a) of Perils Exclusion 3 is deleted. Our liability shall not exceed the amount of the sub-limit stated in the Schedule of the Policy against “Flood” for any one loss or series of losses arising out of any one event or occurrence.

---

## **FLOOD - AMENDED DEFINITION**

---

The definition of “flood” forming part of Perils Exclusion 3(a) is amended to read:

“The covering of normally dry land by water that has escaped or been released from the normal confines of any of the following:

- a. a lake (whether or not it has been altered or modified);
- b. a river (whether or not it has been altered or modified);
- c. a creek (whether or not it has been altered or modified);
- d. another natural watercourse (whether or not it has been altered or modified);
- e. a reservoir;
- f. a canal;
- g. a dam.”

---

## **THEFT OF PROPERTY IN OPEN AIR**

---

Perils Exclusion 6(a) is deleted for any losses arising from theft of property in the open air up to the amount of the sub-limit shown in the Policy Schedule.

Provided that cover is only afforded only for property within the boundaries of the Insured’s locations, as specified on the Schedule.

---

## **THEFT IN OPEN - RESULTANT DAMAGE**

---

Perils Exclusion 6(a) is extended to include the following additional provision:

“Provided further that the Insurer(s) will indemnify the Insured for any damage to Property Insured caused directly by any circumstances not excluded under Section 1 – Material Loss or Damage of this Policy, notwithstanding that these circumstances may in turn have been occasioned by or happened through theft of property (other than Money in transit) in the open air.”

---

## **DISHONEST ACTS BY EMPLOYEES (C)**

---

The following additional provision is added to Perils Exclusion 7(a)(i):

In addition, the following provision is included at the end of Perils Exclusion 7:

“Provided further that the term ‘dishonest acts’, in relation to any of the Insured’s employees, shall not be deemed to mean acts of arson or vandalism for the purposes of Perils Exclusion 7.”

---

## SUBSIDENCE CAUSED BY SEISMOLOGICAL DISTURBANCE

---

Perils Exclusion 7(c) is extended to include the following provision:

“Provided that this Exclusion 7(c) shall not apply if damage is caused by or arises out of an earthquake or seismological disturbance.”

---

## HOLD-UP / THEFT

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Perils Exclusion 7(d) is amended by adding the words:

“Provided that this exclusion shall not apply to loss caused by hold-up and/or theft or any attempt thereat.”

---

## DEPRECIATION OF UNDAMAGED STOCKS (B)

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The following paragraph is inserted after paragraph (i) of the Basis of Settlement Clause in Section 1 – Material Loss or Damage:

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

---

## LOSS OF LAND VALUE (B)

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

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

less any sum paid by way of compensation by such Authority arising out of the action referred to in (a) or (b) above.

The liability of the Insurer(s) shall be limited to the sub-limit stated in the Schedule of the Policy against “Loss of Land Value” for any one loss or series of losses arising out of any one event or occurrence at any one location.

### Definition

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

### Special Conditions

Settlement shall be made following the ruling of the competent local or government Authority resulting in the loss of land value. Should settlement have been made however and subsequently the ruling of the competent local or government Authority be changed prior to completion of the reconstruction, resulting in an increase in the Land Value, that part of the claim paid in excess of the revised Land Value shall be refunded to the Insurer(s).

All differences relating to the Land Value arising out of the Policy shall forthwith be referred to the decision of two registered valuers; one to be appointed by each of the parties and in case the two registered valuers do not agree, of a third valuer, appointed by the President of the Australian Institute of Valuers as an expert, whose decision shall be binding.

---

## POLLUTION AND CONTAMINATION (C)

---

The following Perils Exclusion 10 is added to the Policy:

Notwithstanding anything to the contrary contained herein, this Policy does not cover loss or destruction or damaged resulting from pollution or contamination except (unless otherwise excluded) loss or destruction of or damage to property or any part thereof used by the Insured at the premises for the purpose of the business caused by:

- a. Pollution or contamination at the premises which itself results from fire, lightning, explosion, aircraft or other aerial devices or articles dropped therefrom, riot, civil commotion, strikers, locked out workers, persons taking part in labour disturbances, malicious person, earthquake, storm, flood, bursting, overflowing discharging or leaking of water tanks, apparatus or pipes, sprinkler leakage or impact by any road vehicle or animal.

any of the perils listed in (a) above which itself results from pollution or contamination.

## MEMORANDA TO ALL SECTIONS

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### AMOUNT OF POLICY NOT REDUCED BY LOSS (B)

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The Memorandum applicable to all Sections and headed "Amount of Policy not Reduced by Loss" is deleted and replaced by the following:

"Unless the Insured requests otherwise the Insurance under each section and/or item of this Policy and the Indemnity Period shall be automatically reinstated in the event of any loss in consideration of the payment by the

Insured upon request by the Insurer(s) of a pro-rata additional premium calculated on the amount of the loss settlement at the rate(s) agreed for the Period of Insurance."

---

### EVENT (C)

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The Memorandum applicable to all sections and headed "Event" is amended to read:

"Only for the purpose of the application of any deductible: all loss, destruction or damage resulting from earthquake, volcanic eruption, subterranean fire or atmospheric disturbance occurring during each period of 72 consecutive hours shall be considered as one event whether continuous or sporadic in its sweep and/or scope and whether the loss, destruction or damage was due to the same seismological or meteorological conditions. Each event shall be

deemed to have commenced on the first happening of any such loss, destruction or damage, not within the period of any previous event."

---

### PUBLIC AUTHORITIES, STORAGE LEASE AND HIRE AGREEMENTS

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The Memorandum headed 'Subrogation Waiver' is extended to include the following Clause: "The Insured may, without prejudicing its position under this Policy:

- a. release any statutory governmental, semi-governmental or municipal authority from any liability if required by any contract to do so;
- b. agree to enter into a contract for storage of goods or merchandise even if the terms of the contract include a disclaimer Clause; and

agree to enter into a lease for occupancy of any building or part of a building or a lease or hiring of property where the terms of the lease or hiring include a disclaimer Clause in favour of the lessor or the owner."



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## **SUBROGATION WAIVER (PARTNERS)**

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The wording of the Memorandum to all sections, headed “Subrogation Waiver”, is amended to read:

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

- a. any Insured named or described by this Policy (including its directors, partners, officers, employees or servants); any corporation or organisation (including its directors, officers, partners, 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.”

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## **SUBROGATION WAIVER (OTHER INTERESTED PARTIES)**

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The wording of the Memoranda to all sections, headed “Subrogation Waiver”, is extended to include the following paragraph:

“Any party described in the memorandum to Section 1 – Material Loss or Damage, headed “Interests of Other Parties”, unless the Insured expressly agrees to the pursuit of recovery action against that party.”

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## **ADJUSTMENT OF PREMIUM**

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The Memoranda to all sections, headed “Adjustment of Premium’ is extended to include the following Clause:

“(f) If any claim paid or payable under Section 1 – Material Loss or Damage and/or Section 2 – Consequential Loss of the Policy in respect of Damage occurring during the Period of Insurance is reduced due to underinsurance in accordance with the provisions of a Co-Insurance or Average Clause or Clauses, the Insurer(s) shall waive any additional premium for that Period of Insurance, which would otherwise be payable in accordance with this Memorandum.”

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## **DECLARATIONS OF ACQUIRED PROPERTY (B)**

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The following paragraph is added to the Adjustment of Premium Memorandum, at the end of paragraph (b):

“The Insured shall also make such declarations to the Insurer(s) under paragraph (b)(i) in respect of acquisitions of Property Insured, provided that no such declaration shall be required upon acquisition when the value of the acquisition does not exceed the amount stated in the Schedule against “Declarations of Acquired Property (B)” of the Insured’s total declaration of value under Section 1 – Material Loss or Damage as at the commencement of the Period of Insurance. Notwithstanding the acceptance of a total variation in the Declared Values up to the amount stated in the Policy Schedule against “Declaration of Acquired Property (B)” under Sub-Limits of Liability, Section 1 - Material Damage, nothing here shall be construed as automatically noting or providing an increase in the Limit of Liability under the Policy.”

# CONDITIONS APPLICABLE TO ALL SECTIONS

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## MISDESCRIPTION, NON-DISCLOSURE AND ALTERATION

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Condition 1 of the Policy is extended to include the following paragraph:

“Notwithstanding the provisions of Conditions 1 and 2, the Insured shall not be prejudiced by any unintended and/or inadvertent error, omission or misdescription of the risk, interest or Property Insured under the Policy, failure to advise the Insurer(s) of any change of risk, interest or Property Insured or failure to comply with any statutory requirement, provided that the Insured’s officer responsible for insurance shall, upon becoming aware of any such unintended and/or inadvertent act, error or omission, inform the Insurer(s) as soon as reasonably practicable and that the Insured shall, upon request, pay any reasonable extra premium to the Insurer(s) from the date of the increase in risk.”

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## BREACH OF CONDITIONS

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Any breach of a condition without the knowledge or consent of the Insurance Officer of the Insured shall not prejudice or invalidate this insurance provided that due diligence is exercised at all times by the Insured.

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## ALTERATION (A)

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Condition 2 is extended to include the following additional provision:

“Provided further that paragraphs (a) and (b) of this Condition 2 shall not apply if such alteration(s) are neither known to nor made by an officer of the Insured who is responsible for insurance.”

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## ALTERATION (B)

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The preamble to paragraphs (a) to (d) of Condition 2 is amended to read:

“Subject to Section 54 of the *Insurance Contracts Act 1984* (Cth), the Insurer(s) shall not be liable for loss, destruction of or damage to any Property Insured hereunder caused or contributed to by any alteration after the commencement of this Policy.”

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## SPRINKLER INSTALLATIONS (C)

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Condition 3 is amended with the words “or are required by law to be protected” being deleted, and the following paragraphs added:

“Where the sprinklered Premises are leased to a tenant and the lease provides that the tenant shall provide for maintenance of the installation, any failure so to do will not prejudice the rights of the Insured, provided that the Insured, upon becoming aware of the failure, shall either immediately provide for maintenance of the installation or immediately give notice in writing to the Insurer(s) and on demand pay such reasonable additional premium as the Insurer(s) may require.

Where the Insured or a tenant responsible to provide for maintenance of the installation enters into an agreement for maintenance with a contractor and such agreement provides in substance that the Insured or tenant shall indemnify and/or hold harmless and/or release from liability the contractor in respect of loss, destruction or damage which may occur as a result of any peril insured against by this Policy, the insurance hereby shall not be prejudiced by the Insured or the said tenant agreeing to such provision.

The Insured’s officer responsible for insurance shall, upon becoming aware of such agreement, inform the Insurer(s) as soon as reasonably practicable and a reasonable additional premium will be paid if required by the Insurer(s).”

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## OTHER INSURANCE

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Condition 4 is deleted.

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## CANCELLATION BY THE INSURED

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Paragraph (a) of Condition 5 is amended to read:

“This Policy may be cancelled at any time at the request of the Insured, in which case the Insurer(s) will be entitled to a pro rata proportion of the premium, subject to any adjustment in accordance with the Adjustment of Premium Memorandum, for the time this Policy has been in force.”

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## NOTIFICATION OF CLAIMS (B)

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The first paragraph of Condition 6 is amended to read:

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

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## INSURER(S)' RIGHTS

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

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## ORDER OF PRIORITY – SUBROGATION RECOVERIES

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

“(b) Recoveries, whether effected by the Insurer(s) or the Insured, shall be applied, net of the expense of such recovery, first to the satisfaction of the Insured’s loss in excess of the claim paid under this Policy (disregarding the amount of any Deductible applicable), secondly to the Insurer(s) as reimbursement of the amount(s) paid in settlement of the Insured’s claim and thirdly to the Insured in satisfaction of any Deductible amount applicable.

Recovery from reinsurance shall not be deemed a recovery for the purpose of this paragraph (b).”

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## TERMINATION OF COVER UNDER SECTION 2 (A)

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

“If during the currency of the Policy the Insured:

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

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

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## BREACH OF CONDITIONS

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Any breach of a condition without the knowledge or consent of the Insurance Officer of the Insured shall not prejudice or invalidate this insurance provided that due diligence is exercised at all times by the Insured.

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## PROGRESS PAYMENTS

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The words “may be made” in Condition 15 are amended to read “shall be made”.

## CONTACT

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