

CHUBB®

Chubb Benchmarq

Commercial Property Insurance for Retail
Policy Wording



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Chubb Commercial Property Insurance for Retail Policy Wording

Important Notices

Your Duty of Disclosure

Before you enter into an insurance contract, you have a duty to tell us anything that you know, or could reasonably be expected to know, may affect our decision to insure you and on what terms.

You have this duty until we agree to insure you.

You have the same duty before you renew, extend, vary or reinstate an insurance contract.

What you do not need to tell us

You do not need to tell us anything that:

- reduces the risk we insure you for; or
- is common knowledge; or
- we know or should know as an insurer; or
- we waive your duty to tell us about.

If you do not tell us something

If you do not tell us anything you are required to, we may cancel your contract or reduce the amount we will pay you if you make a claim, or both.

If your failure to tell us is fraudulent, we may refuse to pay a claim and treat the contract as if it never existed.

General Insurance Code of Practice

We are a signatory to the General Insurance Code of Practice (**Code**). The objectives of the Code are to further raise standards of service and promote consumer confidence in the general insurance industry. Further information about the Code and your rights under it is available at codeofpractice.com.au and on request. As a signatory to the Code, we are bound to comply with its terms. As part of our obligations under Parts 9 and 10 of the Code, Chubb has a Customers Experiencing Vulnerability & Family Violence Policy (Part 9) and a Financial Hardship Policy (Part 10). The Code is monitored and enforced by the Code Governance Committee.

Privacy Statement

In this Statement, We, Our and Us means Chubb Insurance Australia Limited (**Chubb**).

You and Your refers to Our customers and prospective customers as well as those who use our website.

This statement is a summary of Our privacy policy and provides an overview of how We collect, disclose and handle Your personal information. Our privacy policy may change from time-to-time and where this occurs, the updated privacy policy will be posted to Our [website](#).

Chubb is committed to protecting Your privacy. Chubb collects, uses and retains Your personal information in accordance with the requirement of the *Privacy Act 1988* (Cth) and the Australian Privacy Principles, as amended or replaced from time-to-time.

Why We collect Your Personal Information

The primary purpose for Our collection and use of Your personal information is to enable Us to provide insurance services to You.

Sometimes, We may use Your personal information for Our marketing campaigns and research, in relation to new products, services or information that may be of interest to You.

How We obtain Your Personal Information

We collect Your personal information (which may include sensitive information) at various points including, but not limited to, when You are applying for, changing or renewing an insurance policy with Us or when We are processing a claim. Personal information is usually obtained directly from You, but sometimes via a third party such as an insurance intermediary or Your employer (e.g., in the case of a group insurance policy). Please refer to Our privacy policy for further details.

When information is provided to Us via a third party We use that information on the basis that You have consented or would reasonably expect Us to collect Your Personal Information in this way. We take reasonable steps to ensure that You have been made aware of how We handle Your Personal Information.

When do We disclose Your Personal Information?

We may disclose the information We collect to third parties, including:

- the policyholder (where the insured person is not the policyholder, i.e. group policies);
- service providers engaged by Us to carry out certain business activities on Our behalf (such as claims assessors, call centres in Australia, online marketing agency, etc);
- intermediaries and service providers engaged by You (such as current or previous brokers, travel agencies and airlines);
- government agencies (where We are required to by law);
- other entities within the Chubb group of companies such as the regional head offices of Chubb located in Singapore, UK or USA (Chubb Group of Companies); and
- third parties with whom We (or the Chubb Group of Companies) have sub-contracted to provide a specific service for Us, which may be located outside of Australia (such as in the Philippines or USA). These entities and their locations may change from time-to-time. Please contact Us, if You would like a full list of the countries in which these third parties are located.

In the circumstances where We disclose Your Personal Information to the Chubb Group of Companies, third parties or third parties outside Australia We take steps to protect Personal Information against unauthorised disclosure, misuse or loss.

Your decision to provide Your Personal Information

In dealing with Us, You agree to provide Us with Your Personal Information, which will be stored, used and disclosed by Us as set out in this Privacy Statement and Our Privacy Policy.

Access to and correction of Your Personal Information

Please contact Our customer relations team on 1800 815 675 or email CustomerService.AUNZ@chubb.com if You would like:

- a copy of Our Privacy Policy, or
- to cease to receive marketing offers from Us or persons with whom We have an association.

To request access to, update or correct Your Personal Information held by Chubb, please complete this [Personal Information request form](#) and return it to:

Email: CustomerService.AUNZ@chubb.com
Fax: + 61 2 9335 3467
Address: GPO Box 4907
Sydney NSW 2001

Further information request

If You would like more information about how We manage Your Personal Information, please review Our Privacy Policy for more details, or contact:

Privacy Officer
Chubb Insurance Australia Limited
GPO Box 4907
Sydney NSW 2001
+61 2 9335 3200
Privacy.AU@chubb.com

How to make a complaint

If You are not satisfied with Our organisation, services, Our response to Your enquiry, or You have any concerns about Our treatment of Your Personal Information or You believe there has been a breach of Our Privacy Policy, or You are not satisfied with any aspect of Your relationship with Chubb and wish to make a complaint, please contact Our Complaints and Customer Resolution Service (**CCR Service**) by post, phone, fax, or email, (as below):

Complaints and Customer Resolution Service
Chubb Insurance Australia Limited
GPO Box 4065
Sydney NSW 2001

P +61 2 9335 3200
F +61 2 9335 3411
E complaints.AU@chubb.com

For more information, please read Our [Complaints and Customer Resolution](#) policy.

Complaints and Dispute Resolution Process

We understand that you could be dissatisfied with our organisation, our products and services, or the complaints handling process itself. We take all our customer's concerns seriously and have detailed below the complaints process that you can access.

Complaints and Customer Resolution Service

Contact Details

If you are dissatisfied with any aspect of your relationship with Chubb including our products or services and wish to make a complaint, please contact our CCR Service by post, phone, fax, or email, (as below):

Complaints and Customer Resolution Service
Chubb Insurance Australia Limited
GPO Box 4065
Sydney NSW 2001
P +61 2 9335 3200
F +61 2 9335 3411
E complaints.AU@chubb.com

Our CCR Service is committed to reviewing complaints objectively, fairly and efficiently.

Process

Please provide us with your claim or policy number (if applicable) and as much information as you can about the reason for your complaint.

Our response

We will acknowledge receipt of your complaint within one (1) business day of receiving it from you, or as soon as practicable. Following acknowledgement, within two (2) business days we will provide you with the name and relevant contact details of the CCR Service team member who will be assigned to liaise with you regarding your complaint.

We will investigate your complaint and keep you informed of the progress of our investigation at least every ten (10) business days and will make a decision in relation to your complaint in writing within thirty (30) calendar days. If we are unable to make this decision within this timeframe, we will provide you with a reason for the delay and advise of your right to take your complaint to the Australian Financial Complaints Authority (AFCA) as detailed below, subject to its Rules. If your complaint falls outside the AFCA Rules, you can seek independent legal advice or access any other external dispute resolution options that may be available to you.

To the extent allowable at law, if you request copies of the information we relied on to make a decision about your complaint, we must provide it within ten (10) business days of your request. Please see the General Insurance Code of Practice 2020 (codeofpractice.com.au) or contact us for further details.

Please note that if we have resolved your complaint to your satisfaction by the end of the fifth (5th) business day after we have received it, and you have not requested that we provide you a response in writing, we are not required to provide a written response. However, this exemption does not apply to complaints regarding a declined claim, the value of a claim, or about financial hardship.

External Dispute Resolution

If you are dissatisfied with our complaint determination, or we are unable to resolve your complaint to your satisfaction within thirty (30) days, you may refer your complaint to AFCA, subject to its Rules.

AFCA is an independent external dispute resolution scheme approved by Australian Securities and Investments Commission. We are a member of this scheme and we agree to be bound by its determinations about a dispute. AFCA provides fair and independent financial services complaint resolution that is free to consumers.

You may contact AFCA at any time at:

Australian Financial Complaints Authority

GPO Box 3

Melbourne VIC 3001

P 1800 931 678 (free call)

F +61 3 9613 6399

E info@afca.org.au

W www.afca.org.au

Time limits may apply to complain to AFCA and so you should act promptly or otherwise consult the AFCA website to find out if or when the time limit relevant to your circumstances expires.

Introduction

This is a Chubb Commercial Property Insurance for Retail Policy. Please read the entire **Policy** carefully. All parts of this **Policy Wording**, along with the **Schedule** and any endorsements, should be read together and considered as one contract.

If **You** have paid or agreed to pay to **Chubb** the premium, then **Chubb** agrees to indemnify **You** as specified in this **Policy**.

Provided that **Chubb's** total liability at any one **Situation** will not exceed the Limits of Liability or Sub-Limits of Liability stated in the **Schedule**, or such amount(s) as may be substituted by any endorsement as agreed with **You** and issued in writing by **Chubb**.

Interpretation

In this **Policy**:

1. headings have been included for ease of reference and this **Policy** is not to be interpreted by reference to such headings;
2. defined terms have been capitalised and bolded;
3. any reference to an Act, legislation or legislative instrument in this document also refers to that Act, legislation or legislative instrument as amended or replaced and as may be in force from time to time; and
4. other parts of speech and grammatical forms of a word or phrase defined in Definitions below have a corresponding meaning.

Definitions

The meaning of the following terms used in this **Policy** are set out below, unless they are defined separately elsewhere in this **Policy** for the purposes of a particular clause(s).

- | | |
|---|--|
| <p>1. Accounts Receivable</p> <p>Accounts Receivable means the balance of money due to a company for goods or services delivered or used but not yet paid for by the customer(s).</p> | <p>any government and/or to intimidate or put the public, or any section of the public, in fear.</p> |
| <p>2. Acquired Company</p> <p>Acquired Company means any company or other organisation in which a controlling interest is acquired by You during the Period of Insurance, provided that the business of the acquired company or organisation is similar to the Business stated in the Schedule.</p> <p>For this definition, controlling interest means the acquisition of shares in the company or other organisation of more than fifty per cent (50%) of votes capable of being cast at a general meeting of all shareholders in the company or other organisation.</p> | <p>4. Approved Valuer</p> <p>Approved Valuer means a certified practising valuer registered with The Australian Property Institute within the relevant property discipline.</p> |
| <p>3. Act of Terrorism</p> <p>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 organisation(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 coerce or influence</p> | <p>5. Boiler</p> <p>Boiler means a closed vessel containing fluid heated by a furnace (but not used for domestic purposes), in which steam or other vapour is generated for heating or for driving engines, and in respect of which a certificate is required to be issued under the terms of any statute or regulation. It includes interconnected parts, components, valves, gauges and other fittings up to the first point of connection-to-connection piping.</p> |
| | <p>6. Boiler Collapse</p> <p>Boiler Collapse means the sudden and dangerous distortion of any part of the permanent structure of plant by bending or crushing caused by force of internal steam or fluid pressure whether attended by rupture or not. Except in the case of a steam test at a pressure not exceeding the maximum pressure permitted by the inspecting authority, the term Boiler Collapse does not mean failure under any test.</p> |

7. **Boiler Explosion**

Boiler Explosion means the sudden and violent rending of the permanent structure of the plant by force of internal steam or fluid pressure or bodily displacement of any part of such structure together with forced ejection of its contents. Except in the case of a steam test at a pressure not exceeding the maximum pressure permitted by the inspecting authority, the term **Boiler Explosion** does not mean failure under any test.

8. **Buildings**

Buildings means the **Property Insured** declared by **You** as 'Buildings', the declared value of which:

- (a) is to be calculated in accordance with the applicable Basis of Settlement clauses; and
- (b) is shown in the **Schedule** under the heading 'Declared Values'.

9. **Burglary**

Burglary means **Theft** or attempted **Theft** by any person:

- (a) involving forcible and unauthorised entry to the **Situation**, locked cabinets, counters or showcases where or in which **Property Insured** is located;
- (b) feloniously concealed in an enclosed building at the **Situation**; or
- (c) threatening or committing physical violence against persons including armed hold up;

but does not mean intentional or malicious **Damage** to other **Property Insured** even if caused by persons engaged in **Burglary**, **Theft** or attempted **Theft**.

10. **Bushfire**

Bushfire means fire that burns in grass, bush, forest or woodland as a result of any cause, and includes any smoke, ash, ember(s) or other material that becomes airborne or otherwise spreads, whether by wind or other similar means (including but

not limited to **Storm** cells and weather systems).

11. **Business**

Business means the business as specified in the **Schedule** carried on by **You** at the **Situation** at the start of the **Period of Insurance** or such other business or businesses as may be declared by **You** during the **Period of Insurance** and insurance for which has been accepted by **Chubb** under this **Policy**.

12. **Business Hours**

Business Hours means the hours during which **Your Business** operates at the **Situation**.

13. **Chubb**

Chubb means Chubb Insurance Australia Limited (ABN 23 001 642 020, AFSL: 239687).

14. **Communicable Disease**

Communicable Disease means any:

- (a) physical distress, illness, or disease caused or transmitted directly or indirectly by any virus, bacterium, parasite or other organism or any variation thereof, whether deemed living or not, and regardless of the means of transmission; or
- (b) virus, bacterium, parasite or other organism or any variation thereof, whether deemed living or not, which is capable of causing physical distress, illness or disease.

15. **Computer Machinery**

Computer Machinery means the physical parts of a computer including but not limited to:

- (a) internal hardware such as servers, mainframes, robots, central processing units, circuit boards, drives, chips, uninterruptible power supplies, batteries, ports, slots, sockets, and **Data Processing Media**; and
- (b) external hardware connected to the computer to control either input or

output functions such as keyboards, monitors, hand-operated input devices, printers, scanners, and speakers.

Computer Machinery does not mean **Data**.

16. **Computer Machinery Breakdown**

Computer Machinery Breakdown means breaking, seizing, deformation or burning out of any part of **Computer Machinery** whilst in use arising from either mechanical or electrical or electronic defects in the **Computer Machinery** causing sudden stoppage of the **Computer Machinery**'s functions and necessitating repair or replacement before it can resume working.

17. **Computer System**

Computer System means any computer, hardware, software, communications system, electronic device (including, but not limited to, smart phone, laptop, tablet, wearable device), server, cloud or microcontroller including any similar system or any configuration of the aforementioned and including any associated input, output, data storage device (including any **Data Processing Media**), networking equipment or back up facility, owned or operated by **You** or any other party.

18. **Computer System Incident**

Computer System Incident means

- (a) any error or omission or series of related errors or omissions involving access to, use of or operation of any **Computer System**; or
- (b) any partial or total unavailability or failure or series of related partial or total unavailability or failures to access, use or operate any **Computer System**; or
- (c) any malfunction or failure of, or fault in, any **Computer System** program or any other form of instructions written in language which a **Computer System** interprets or executes, which may disrupt, harm or impede access to, or in any other way

corrupt or impair the operation of any **Computer System** or **Data**; and

in each case, that does not involve or relate to, and is not in any way connected to, a **Cyber Act**.

19. **Consolidation Period**

Consolidation Period means the sum of the number of weeks specified in the **Schedule** applicable to clause 3.10 paragraph (a)(i) of Item 4 – Payroll and the percentage specified in the **Schedule** of the remaining portion of the Indemnity Period applicable to clause 3.10 paragraph (a)(ii) of Item 4 – Payroll.

20. **Constructed Roadway**

Constructed Roadway means a road that has been constructed, including:

- (a) a road that is permanently sealed using surface treatments such as tar, bitumen, concrete or asphalt; and
- (b) a road that is not sealed with material mentioned in (a) above.

21. **Contamination**

Contamination means:

- (a) the introduction of a foreign substance, material, object, organism or pathogen onto or into any property; or
- (b) the state or condition of property which has had a foreign substance, material, object, organism or pathogen introduced onto or into it.

22. **Contents**

Contents means the **Property Insured** declared by **You** as 'Contents', the declared value of which:

- (a) is to be calculated in accordance with the applicable Basis of Settlement clauses; and
- (b) is shown in the **Schedule** under the heading 'Declared Values'.

Contents includes **Machinery** and other plant, but does not mean or include **Stock**.

23. **Customers' Goods**

Customers' Goods means goods that do not belong to **You**, but:

- (a) belong to **Your** customers and are in **Your** physical or legal control because the **Business** repairs, services, maintains or stores those goods before or after it repairs, services or maintains the goods; or
- (b) have been purchased by **Your** customers and are in **Your** physical or legal control awaiting delivery.

24. **Cyber Act**

Cyber Act means an unauthorised, malicious or criminal act or series of related unauthorised, malicious or criminal acts, regardless of time and place, or the threat or hoax thereof involving access to, processing of, use of or operation of any **Computer System** including but is not limited to a distributed denial of service attack or the introduction of malicious code, ransomware, cryptoware, virus, trojans, worms and logic or time bombs or any malware, programs, files or instructions of a malicious nature which may disrupt, harm, impede access to, or in any other way corrupt the operation of any **Computer System** or **Data**.

25. **Cyber Loss**

Cyber Loss means any loss, damage, liability, claim, cost or expense of whatsoever nature directly or indirectly caused by, contributed to by, resulting from, arising out of or in connection with any **Cyber Act** or **Computer System Incident** including, but not limited to, any action taken in controlling, preventing, suppressing or remediating any **Cyber Act** or **Computer System Incident**.

26. **Damage**

Damage (with **Damaged** having a corresponding meaning) means physical loss, damage or destruction.

27. **Data**

Data means information, facts, concepts, code or any other information or intangible property of any kind that is recorded or transmitted in a form to be used, accessed,

processed, transmitted or stored by a **Computer System**.

28. **Data Processing Media**

Data Processing Media means any property on which **Data** can be stored but not the **Data** itself.

29. **Debris**

Debris means:

- (a) the residue of **Damaged Property Insured**;
- (b) liquids or chemicals deposited on the **Situation** used in the extinguishment or suppression of **Damage** or in preventing imminent **Damage** to **Property Insured**; and
- (c) other materials deposited at the **Situation** caused by or arising from **Damage to Property Insured**,

but does not include any **Pollution**:

- (i) beyond the boundaries of the **Situation**; or
- (ii) on landlord's property, unless such property is **Property Insured**.

30. **Decorative Animals**

Decorative Animals means birds or fish contained in an aviary or aquarium and used solely for decorative purposes.

31. **Deductible**

Deductible means:

- (a) the amount shown in the **Schedule** which **You** must bear in respect of each loss or series of losses arising out of the one event unless stated otherwise in the **Schedule** or specified elsewhere in this **Policy**; or
- (b) the period of time shown in the **Schedule** during which **Chubb** will not be liable for losses suffered following an event causing interruption of or interference with the **Business**.

32. **Depreciated Value**

Depreciated Value means the cost to replace, repair or rebuild **Property Insured** to a condition substantially the same as but not better or more extensive than its condition at the time that the **Damage** occurred, taking into consideration its age, condition and remaining useful life.

33. **Direct Customer**

Direct Customer means any person, body or entity to whom **You** directly provide goods or services in the course of **Your Business**.

34. **Direct Supplier**

Direct Supplier means any person, body or entity that directly provides goods or services used, or planned to be used, by **You** for the **Business**.

35. **Earthquake**

Earthquake means earth movement due to a natural seismic disturbance caused by a sudden movement of the earth's crust and includes subsequent **Damage** caused by fire or explosion resulting from an **Earthquake**, but excluding **Flood**.

36. **Electronic Date Recognition Loss**

Electronic Date Recognition Loss means any loss, damage, cost, claim or expense, directly or indirectly, proximately or remotely, whether in whole or in part caused by, resulting from, contributed to, aggravated by or consisting of any malfunction, derangement or inability of any **Computer System**:

- (a) to recognise, interpret, calculate, compare, differentiate, sequence or process data consisting of, dependent on or deduced from one or more dates or time; or
- (b) any change, repair, alteration, correction or modification of any part or parts of any **Computer System** to correct or prevent any anticipated or actual condition or circumstances stated in (a) above.

37. **Excluded Territory**

Excluded Territory means Afghanistan, Republic of Albania, Republic of Angola, Republic of Armenia, Republic of Azerbaijan, Republic of Belarus, Bosnia-Herzegovina, Bulgaria, Kingdom of Cambodia, Caribbean, Democratic Republic of Congo, Republic of Croatia, Republic of Cuba, Republic of El Salvador, Federal Democratic Republic of Ethiopia, Georgia, Guam, Haiti, Islamic Republic of Iran, Republic of Iraq, Israel, Republic of Kazakhstan, Kyrgyz Republic, Lao People's Democratic Republic, Republic of Lebanon, Republic of Liberia, Libya, Macedonia, Republic of Moldova, Mongolia, Montenegro, Republic of the Union of Myanmar, Republic of Nicaragua, Federal Republic of Nigeria, Democratic People's Republic of Korea (North Korea), Islamic Republic of Pakistan, Romania, Russian Federation, Republic of Rwanda, Republic of Serbia, Republic of Sierra Leone, Federal Republic of Somalia, Republic of Sudan, Syrian Arab Republic, Tajikistan, Tibet, Turkmenistan, Republic of Uzbekistan, Venezuela, Republic of Zaire, Republic of Zimbabwe, Ukraine, Crimea, Donetsk People's Republic (DNR), Luhansk People's Republic (LNR) and any other disputed regions of Ukraine.

38. **Expediting Expenses**

Expediting Expenses means costs and expenses incurred by **You** to expedite the repair or replacement of **Property Insured** such as:

- (a) overtime and penalty rates for labour and other related allowances or payments during overtime, shift, night, Sunday or holiday working;
- (b) payment for carriage by express, or other fast rail, road, sea or air transport;
- (c) chartered or other travel, including by sea or air, of **Your** directors, partners, officers, employees, agents, sub-contractors, consultants and representatives;
- (d) hire of additional labour, plant, machinery, equipment, materials, expertise or services;

- (e) accommodation or boarding costs, including meals and other associated costs; and
- (f) additional administrative or overhead expenses.

39. **Faulty Workmanship**

Faulty Workmanship means the labour and skill of a person or persons (including **Your** employees) which produces a product or result that is below accepted standards of quality, unsafe, faulty, defective or does not serve its intended purpose.

40. **Flood**

Flood means 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.

41. **Green Star Certification**

Green Star Certification means a certificate issued by the Green Building Council of Australia.

42. **Gross Rentals**

*This definition only applies if an amount is stated in the **Schedule** against **Gross Rentals**.*

Gross Rentals means the money paid or payable to **You** by tenants in respect of rental of the **Situation** and for services rendered by or on behalf of **You**.

43. **Gross Revenue**

*This definition only applies if an amount is stated in the **Schedule** against **Gross Revenue**.*

Gross Revenue means the money paid or payable to **You** for services rendered (and goods, if any, sold) in the course of the **Business** at the **Situation**.

44. **Gross Profit**

*This definition only applies if an amount is stated in the **Schedule** against **Gross Profit**.*

Gross Profit means the amount by which:

- (a) the sum of the **Turnover** and the amount of the closing stock and work in progress exceeds
- (b) the sum of the amount of the opening stock and work in progress and the amount of the Uninsured Working Expenses as stated in the **Schedule**.

Note: The amount of the opening and closing stock and work in progress are to be arrived at in accordance with **Your** normal accountancy methods with due provision being made for depreciation, calculated by reference to current Australian accounting standards.

45. **Heritage Building**

Heritage Building means an insured building having significance of historical, scientific, cultural, social, archaeological, architectural, natural or aesthetic value pursuant to any international, national, state, territory or local legislation or regulation.

46. **Heritage Conservation Ordinance**

Heritage Conservation Ordinance means any international, national, state, territory or local legislation or regulation that has as part of its objective the preservation, conservation or management of buildings having significance of historical, scientific, cultural, social, archaeological, architectural, natural or aesthetic value, and impose minimum standards with respect to

the maintenance and repair of such buildings.

47. **Indemnity Period**

Indemnity Period means the period beginning with the occurrence of the **Damage** and ending not later than the number of months and weeks specified in the **Schedule** thereafter during which the results of the **Business** are affected in consequence of the **Damage**.

48. **Indirect Supplier**

Indirect Supplier means any person, body or entity that provides commodities, materials, components, property, goods or services to any **Direct Supplier**.

49. **Inherent Vice**

Inherent Vice means the tendency in property to deteriorate or self-destruct due to an intrinsic characteristic, natural behaviour or inherent aspect of property.

50. **Insured Payroll**

*This definition only applies if an amount is stated in the **Schedule** against **Payroll**.*

Insured Payroll means the declared value of estimated **Payroll** in respect of the **Consolidation Period** referred to in Item 4 – Payroll and shown in the **Schedule** under the heading ‘Declared Values’ and beside ‘Item 4 - Payroll’, declarable as at the start of the **Period of Insurance**.

51. **Irrigation System**

Irrigation System means a system made of artificial constructions such as watercourses, canals, piping and other equipment, and **Machinery**, used to deliver water or other substances (such as fertiliser and chemicals) to vegetation.

52. **Landscaping**

Landscaping means improvements of the land not otherwise excluded by this **Policy** such as lawns, gardens, plants, shrubs, trees, rockwork, and ornamentation.

53. **Land Value**

Land Value means the sum certified by the Valuer General (in the relevant state or territory of the land) as being the value of the land declared by **You** to **Chubb**, 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 represent as nearly as may be reasonably practicable, the true **Land Values** pertaining both before and after the **Damage**.

54. **Latent Defect**

Latent Defect means a defect that is not readily observable, is concealed or is hidden in some way.

55. **Machinery**

Machinery means any apparatus whether 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. **Machinery** does not include **Computer Machinery**, **Computer Systems**, **Data Processing Media** or any **Data**.

56. **Machinery Breakdown**

Machinery Breakdown means breaking, seizing, deformation or burning out of any part of **Machinery** whilst in use arising from either mechanical or electrical or electronic defects in the **Machinery** causing sudden stoppage of the **Machinery's** functions and necessitating repair or replacement before it can resume working.

57. **Market Value**

Market Value is the estimated amount for which the **Property Insured** should exchange immediately before the **Damage**, between a willing buyer and a willing seller in an arms-length transaction, after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion.

58. **Money**

Money means cash, bank notes, currency notes, coins, cheques, stored value cards, pre-paid credit cards or pre-debit cards, discount vouchers, postal orders, money orders, unused postage and revenue stamps (including the value of stamps contained in franking machines) and travellers' cheques, and any cash carrying bag used with the **Transit of Money**.

59. **Named Cyclone**

Named Cyclone means a cyclone named by the Bureau of Meteorology or a functionally similar authority.

60. **Output**

Output means the sale or invoice value of goods manufactured or processed by **You** in course of the **Business** at the **Situation**.

61. **Payroll**

*This definition only applies if an amount is stated in the **Schedule** against **Payroll**.*

Payroll means the remuneration paid to **Your** employees (including but not limited to holiday pay, sick pay, long service leave pay and bonus) plus payments for payroll tax, fringe benefits tax, superannuation and pension fund contributions, workers compensation insurance premiums, accident compensation levies and the like.

62. **Period of Insurance**

Period of Insurance means the period stated in the **Schedule**.

63. **Policy**

Policy means collectively this **Policy Wording**, the **Schedule** and any endorsements that may be issued by **Chubb** to **You** as agreed.

64. **Policy Wording**

Policy Wording means the document titled Chubb Commercial Property Insurance for Retail Policy Wording.

65. **Pollution**

Pollution means the discharge, dispersal, release or escape of substances such as

smoke, vapours, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials or irritants, into or upon any property, land, atmosphere, watercourse or body of water (including groundwater).

66. **Pressure Vessel**

Pressure Vessel means a vessel subject to internal or external pressure, and in respect of which a certificate is required to be issued under the terms of any statute or regulation. It includes interconnected parts, components, valves, gauges and other fittings up to the first point of connection-to-connection piping.

67. **Property Insured**

Property Insured means all tangible property both real and personal of every kind and description, subject to this Policy's Exclusions,

- (a) belonging to **You**;
- (b) for which **You** are responsible or have assumed responsibility to insure, but excluding **Customers' Goods**; or
- (c) in which **You** may acquire a pecuniary or economic interest during the **Period of Insurance**,

before any **Damage** occurs. Personal property includes **Money**.

68. **Rate of Gross Profit**

*This definition only applies if an amount is stated in the **Schedule** against **Gross Profit**.*

Rate of Gross Profit means the rate of **Gross Profit** earned on the **Turnover** during the financial year immediately before the date of the **Damage**.

69. **Rate of Payroll**

*This definition only applies if an amount is stated in the **Schedule** against **Payroll**.*

Rate of Payroll means the rate of **Payroll** to **Turnover** during the financial year immediately before the date of the **Damage**.

70. **Residual Value**

Residual Value means the minimum amount which **You**, as lessee, have guaranteed that the leased property will realise, being the same amount which **You**, as lessee, have agreed would be payable to acquire such property upon the retirement date(s) of the lease(s).

71. **Schedule**

Schedule means the most current statement titled "Policy Schedule" issued to **You** by Chubb.

72. **Seasonal Increase Period**

Seasonal Increase Period means:

- (a) Eight (8) weeks before and including 25 December;
- (b) Three (3) weeks after and including 26 December;
- (c) Six (6) weeks before and including Easter Tuesday;
- (d) One (1) week after but not including Easter Tuesday;
- (e) Six (6) weeks before and including any celebrated event of a festive, religious or cultural nature (other than Christmas or Easter) where **You** can reasonably demonstrate that the stock levels during that period have risen by more than twenty percent (20%) above standard levels and that the increase has happened solely for the purpose of meeting additional customer demand associated with the happening of that festive, religious or cultural event; and
- (f) One (1) week after the same festive, religious or cultural event or celebration.

73. **Securities**

Securities means stock, bonds, coupons and all other types of securities.

74. **Shortage in Turnover**

*This definition only applies if an amount is stated in the **Schedule** against **Gross Profit**.*

Shortage in Turnover means the amount by which the **Turnover** during a period, in consequence of the **Damage**, falls short of the part of the **Standard Turnover** which relates to that period.

75. **Situation**

Situation means the Situation(s) stated in the **Schedule** and any other declared Situation(s) owned, occupied or used by **You** in Australia for the purposes of the **Business**.

76. **Standard Gross Rentals**

*This definition only applies if an amount is stated in the **Schedule** against **Gross Rentals**.*

Standard Gross Rentals means the **Gross Rentals** during that period in the twelve (12) months immediately before the date of the **Damage** which corresponds with the **Indemnity Period** (appropriately adjusted where the **Indemnity Period** exceeds twelve months).

77. **Standard Gross Revenue**

*This definition only applies if an amount is stated in the **Schedule** against **Gross Revenue**.*

Standard Gross Revenue means the **Gross Revenue** during that period in the twelve (12) months immediately before the date of the **Damage** which corresponds with the **Indemnity Period** (appropriately adjusted where the **Indemnity Period** exceeds twelve months).

78. **Standard Turnover**

*This definition only applies if an amount is stated in the **Schedule** against **Gross Profit**.*

Standard Turnover means the **Turnover** during that period in the twelve (12) months immediately before the date of the **Damage** which corresponds with the **Indemnity Period** (appropriately adjusted where the **Indemnity Period** exceeds twelve months).

79. **Statutory Inquiry**

Statutory Inquiry means 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.

80. **Stock**

Stock means the **Property Insured** declared by **You** as 'Stock', the declared value of which:

- (a) is to be calculated in accordance with the applicable Basis of Settlement clauses; and
- (b) is shown in the **Schedule** under the heading 'Declared Values'.

81. **Storm**

Storm means a violent disturbance of the atmosphere which can include strong winds, thunder, lightning, heavy falls of rain, hail or snow, but does not mean **Storm Surge** or **Named Cyclone**.

82. **Storm Surge**

Storm Surge means a temporary change in sea level caused by a meteorological disturbance, such as a cyclone, typhoon, hurricane or strong wind.

83. **Subsidence**

Subsidence means the sudden sinking or gradual downward movement of land or the ground's surface, which may be caused by natural processes or by human activities.

84. **Subterranean Fire**

Subterranean Fire means a fire occurring beneath the surface of the ground, but does not mean a fire in an underground structure such as a basement car park.

85. **Theft**

Theft means the physical removal of property without the consent of the owner with the intention of depriving the owner of the rightful possession of that property or its use.

86. **Transit**

Transit means the transportation of property which:

- (a) commences when the property is first moved at the **Situation** for the purpose of immediate loading onto the carrying vehicle or other conveyance for transit; and
- (b) continues during the ordinary course of transit, including any associated loading and unloading to or from the vehicle or conveyance, and temporary housing of property; and
- (c) terminates upon completion of unloading from the carrying vehicle or other conveyance in or at the final destination.

87. **Turnover**

*This definition only applies if an amount is stated in the **Schedule** against **Gross Profit**.*

Turnover means the money (less discounts, if any allowed) paid or payable to **You** for goods sold and delivered and for services rendered by **You** or on **Your** behalf in the course of the **Business** at the **Situation** including financial incentives or concessions granted to **You** by any federal, state or territory government department in recognition of specific performance in the development of market opportunities or employment of disadvantaged persons.

88. **Unoccupied Building**

Unoccupied Building means a building that is not occupied, for a continuous period of more than thirty (30) days, by persons whose presence has been expressly authorised or permitted by:

- (a) **You**; or
- (b) where the building is leased, the lessor or leaseholder.

For the avoidance of doubt, a building may be an **Unoccupied Building** even if:

- (i) a person is conducting regular checks of, or visits to, that building;

- (ii) the building contains personal property or other property; or
- (iii) the building is currently leased.

89. **Unspecified Damage**

Unspecified Damage means **Damage** to **Property Insured** caused by any peril or event not more specifically insured or excluded by this **Policy** other than: fire; lightning; thunderbolt; explosion; implosion; fusion; collapse; smoke or steam; **Earthquake; Subterranean Fire; Volcanic Eruption**; tsunami; impact; aircraft or other aerial devices or articles dropped therefrom; space debris; sonic boom; impact by watercraft; **Burglary; Theft**; breakage of glass; loss of **Money**; the acts of persons taking part in riots or civil commotions or of strikers or locked-out workers or of persons taking part in labour disturbances or of other malicious persons (including those engaged in **Theft** or attempted **Theft**) or the acts of any lawfully constituted authority in connection with the foregoing acts or in connection with any conflagration or other catastrophe; fraudulent or dishonest acts; **Subsidence**, earth movement or collapse resulting therefrom, or landslide; cyclone; water from or action by the sea; **Storm** or tempest or rainwater or wind or hail; **Flood**; snow or ice; water or other liquids or substances discharged, overflowing or leaking from apparatus, appliances, pipes or any other system at the **Situation** or elsewhere, or any other peril or event mentioned under the headings Limits of Liability or Sub-Limits of Liability in the **Schedule**.

90. **Volcanic Eruption**

Volcanic Eruption means the release of molten, hot rock, steam, gas or liquid from a vent or vents in the earth's crust.

91. **You, Your, Yours, Insured**

You, Your, Yours, Insured means the parties named in the **Schedule** as "Insured".

Section 1 Property Insurance

1. The Cover

Chubb will indemnify **You** against **Damage** to **Property Insured** during the **Period of Insurance**, subject to:

- 1.1. the **Property Insured** being either –
 - (a) at the **Situation** when the **Damage** occurs; or
 - (b) in the case of property (including unregistered motor vehicles) other than **Money** and stock and merchandise: whilst in **Transit** during the temporary removal of the **Property Insured** to any **Situation** in Australia. But whilst the **Property Insured** is in **Transit**, this indemnity is limited to **Damage** caused by fire, lightning, explosion, earthquake, aircraft, riot, strikes, malicious damage, **Storm** and/or tempest; or
 - (c) in the case of **Money**: whilst contained at 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 **You** transact, and in **Your** personal custody or the custody of persons authorised by **You** whilst contained in their private residences;
- 1.2. the Limits of Liability in the **Schedule**. **Chubb's** maximum liability under this **Policy** for any one loss or series of losses suffered by **You** arising out of any one original source or cause at any one **Situation** is limited to the amounts stated in the **Schedule** under "Limits of Liability" for "Section 1 Property Insurance and Section 2 Business Interruption Combined";
- 1.3. the Sub-Limits of Liability in the **Schedule**. Under Section 1 Property Insurance, the most **Chubb** will pay for:
 - (a) **Unspecified Damage** to **Property Insured** is the Sub-Limit of Liability in the **Schedule** for "Unspecified Damage";
 - (b) **Burglary** and **Theft** (combined) of **Property Insured** other than **Money** is the Sub-Limit of Liability in the **Schedule** for "Burglary and Theft combined (other than Money)";
 - (c) **Damage** to **Money** is the Sub-Limit of Liability in the **Schedule** for "Money";
 - (d) **Damage** to **Decorative Animals** caused by fire is the Sub-Limit of Liability in the **Schedule** for "Decorative Animals (fire only)";
 - (e) **Damage** to **Landscaping** is the Sub-Limit of Liability in the **Schedule** for "Landscaping". Property Exclusion 8 does not apply to **Landscaping**; and
 - (f) **Damage** to glass is the Sub-Limit of Liability in the **Schedule** for "Glass";
- 1.4. clause 4. Basis of Settlement, clause 5. Reinstatement Provisions, clause 6. Extra Reinstatement Costs and clause 7. Heritage Buildings of Section 1 Property Insurance;
- 1.5. the Exclusions for All Sections;
- 1.6. the Section 1 Conditions and Conditions for All Sections; and
- 1.7. **You** bearing the applicable **Deductible** shown in the **Schedule**. **Chubb** will subtract the **Deductible** from the amount **Chubb** is liable to pay for any claim.

2. Additional Costs

2.1 If **You** are indemnified under clause 1. The Cover of Section 1 Property Insurance, **Chubb** will also indemnify **You** for the Additional Costs in clause 2.4 where necessarily and reasonably incurred by **You**.

2.2 **Chubb** will also indemnify **You** under:

(a) Clause 2.4 paragraph (f) for the prevention of imminent **Damage to Property Insured** or minimisation of **Damage to Property Insured**; and

(b) Clause 2.4 paragraph (h) where keys or combinations may have been duplicated,

even if no **Damage** has occurred. But for these Additional Costs, the Exclusions for All Sections apply as if **Damage** has occurred.

2.3 Indemnity for the Additional Costs in clause 2.4 paragraphs (d), (e), (f), (h), (i), (j), (k), (m) and (o) is limited to the Sub-Limits of Liability in the **Schedule** under “Additional Costs”.

2.4 The Additional Costs are as follows:

(a) for architects’, surveyors’, consulting engineers’, legal and other fees for approval, project management and certification of the reinstatement of **Property Insured**;

(b) for clerks of works’ fees for estimates, plans, specifications, quantities, tenders and supervision of the reinstatement of **Property Insured**, but not costs or fees to prepare a claim against this **Policy**;

(c) for any fee, contribution or other impost payable to any government, local government or other statutory authority to obtaining their consent to repair or reinstate any building(s) or structure(s) that are **Property Insured**. However, **Chubb** will not be liable for any fines and penalties imposed upon **You** by such authorities;

(d) for any government, local government or statutory authority requirements relating to public consultation or submissions processes for reinstatement of **Property Insured**;

(e) for any **Statutory Inquiry** conducted as a direct result of **Damage to Property Insured**. However, **Chubb** will not be liable for fines or penalties imposed upon **You** as a result;

(f) for the purpose of preventing imminent **Damage to Property Insured** or minimising **Damage to Property Insured** happening at or within five (5) kilometres of **Property Insured** at the **Situation**, such as:

(i) fire brigade attendance fees associated with fire or a chemical emergency;

(ii) replenishment of firefighting appliances expended;

(iii) shutting off the supply of water, gas or other substance following accidental discharge from any fire protective equipment or otherwise escaping from its intended confines;

(iv) fees and costs of other state emergency services;

(v) making good **Damage** to gain access; and

(vi) disabling and resetting alarms.

This paragraph (f) applies to action taken after imminent **Damage** has been threatened, or **Damage** commenced and whether **Property Insured** is saved or destroyed;

- (g) for making the **Situation** safe following **Damage** and for the temporary protection and safety of **Property Insured** pending its reinstatement or sale as salvage;
- (h) for the replacement of locks or keys (including magnetic keys, cards or similar device), or combinations where the keys or combinations are stolen or if there are reasonable grounds to believe the keys or combinations may have been duplicated, as well as the cost of opening safes or strong rooms as a result of **Theft** of keys or combinations;
- (i) for the clearance of blocked pipes, drains, gutters, sewers, filters, pumping equipment and the like (including exploratory costs) provided that the blockage directly results from **Damage** to **Property Insured** at the **Situation**;
- (j) for taking inventory (including unpacking, repacking and restocking) to identify, quantify and value any **Damaged Property Insured**, including examination of property not belonging to but in **Your** care, custody and control;
- (k) for customs, excise and other duties which **You** become liable to pay as a result of **Damage** to **Property Insured**;
- (l) for the demolition of, dismantling, shoring up, propping up, underpinning or other temporary repairs to **Property Insured** following **Damage**;
- (m) for the removal of **Debris** as specified below:
 - (i) the removal, storage or disposal of **Debris** from the **Situation**; or
 - (ii) **Your** legal liability in respect of the removal, storage, clean-up or disposal of **Debris**, provided that such liability was not assumed by **You** under an agreement entered into after the **Period of Insurance** had started or any renewal of this **Policy**, unless liability would have attached in the absence of such agreement. Property Exclusion 9 does not apply to this paragraph (m)(ii);
- (n) for the demolition or dismantling, removal or reinstatement of undamaged **Property Insured**, provided that it is necessary for reinstatement of **Property Insured**; and
- (o) for **Your** legal liability under any federal or state award or determination to pay for clothing or tools of trade belonging to **Your** employees that are **Damaged** whilst at the **Situation**.

3. Additional Covers

3.1 **Chubb** will provide the Additional Covers in clauses 3.2, 3.3 and 3.4, subject to:

- (a) the Limits of Liability and Sub-Limits of Liability in the **Schedule**;
- (b) the Exclusions for All Sections, unless specifically excepted;
- (c) indemnity under Section 1 Property Insurance being provided in accordance with clause 4. Basis of Settlement, clause 5. Reinstatement Provisions and clause 6. Extra Reinstatement Costs;
- (d) the Section 1 Conditions and Conditions for All Sections, as applicable; and
- (e) **You** bearing the applicable **Deductible** as shown in the **Schedule**. **Chubb** will subtract the **Deductible** from the amount **Chubb** is liable to pay for any claim.

3.2 Customers' Goods

Under Section 1 Property Insurance only, **Chubb** will indemnify **Your** customers against **Damage** occurring during the **Period of Insurance** to **Customers' Goods** at the **Situation**.

This Additional Cover is limited to the “Customers’ Goods” Sub-Limit of Liability in the **Schedule**.

3.3 Personal Property of Directors and Employees – At the Situation

Chubb will indemnify **Your** directors and employees against **Damage** to their personal property that occurs during the **Period of Insurance** and at the **Situation** as a result of perils or events insured by this **Policy** other than **Unspecified Damage**.

This Additional Cover is limited to the “Personal Property of Directors and Employees – At the Situation” Sub-Limit of Liability in the **Schedule**.

3.4 Personal Property of Directors and Employees – Beyond the Situation

Chubb will indemnify **Your** directors and employees against **Damage** to their personal property that occurs:

- (a) during the **Period of Insurance**;
- (b) whilst they are engaged in the **Business**; and
- (c) anywhere in Australia, other than:
 - (i) at the **Situation**; or
 - (ii) at the residences of those directors and employees.

This Additional Cover is limited to the “Personal Property of Directors and Employees – Beyond the Situation” Sub-Limit of Liability in the **Schedule**.

4. The Basis of Settlement

4.1 **Chubb** agrees to accept the classification of **Property Insured** in **Your** records if such property is not specifically excluded by this **Policy**.

4.2 The Basis of Settlement for buildings, **Machinery**, plant, property and contents (other than those specified in clause 4.3) is the reinstatement cost, determined in accordance with:

- (a) clause 5. Reinstatement Provisions;
- (b) clause 6. Extra Reinstatement Costs; and,
- (c) where applicable, clause 7. Heritage Buildings.

4.3 For property other than buildings, **Machinery**, plant, property and contents, the Basis of Settlement is as follows –

- (a) Raw materials, supplies and other merchandise not manufactured by **You**:
 - (i) the replacement cost at the time and place of replacement; or
 - (ii) if replacement is not carried out as soon as reasonably practicable, or such property is not replaced, or such property is obsolete, the **Depreciated Value**. Nonetheless, **Your** claim will not be affected to the extent that **Chubb** or its agents cause or contribute to any delay.
- (b) Materials in process of manufacture:

The replacement cost of raw materials, direct labour costs and all manufacturing overhead costs included in **Your** calculation of product unit costs at the time and the place of the **Damage**.

- (c) Finished goods manufactured by **You**:
- (i) for property which is not obsolete, the replacement cost of the raw materials, direct labour costs and all manufacturing overhead costs included in **Your** calculation of product unit costs before any allowance for profit, calculated at the time and place of the **Damage** or the reasonable cost of restocking such goods whichever is the lesser; or
 - (ii) for obsolete property (whether or not such property is replaced), the **Depreciated Value**.
- (d) Labels, containers or wrappings of insured goods or merchandise:
- The cost to replace the labels, containers or wrappings, and the cost of reconditioning the goods with the replacement labels, containers or wrappings. However, **Chubb** will not be liable for more than the reinstatement cost of the goods or merchandise with labels, containers or wrappings.
- (e) Goods sold by **You** but not delivered, for which **You** are responsible and for which, under the conditions of sale, the sale contract is cancelled because of the **Damage** (either wholly or to the extent of the **Damage**):
- (i) the contract price, or
 - (ii) in the case of a partial cancellation, the part of the contract price which is lost because of the extent of the **Damage**.
- (f) Physical documents such as manuscripts, deeds, specifications, plans, drawings, designs, and business books:
- (i) the reinstatement cost, including information contained within the documents, but excluding the value to **You** of that information; or,
 - (ii) if reinstatement is not required, the replacement cost of the documents as blank stationery at the time and place of the **Damage**.
- (g) Physical certificates of **Securities**:
- (i) the costs, fees and expenses associated with obtaining a replacement of the physical certificate of **Securities** from the issuer; or
 - (ii) where the issuer of the **Securities** has ceased to issue paper certificates, the costs, fees and expenses associated with having the **Damaged** physical certificates re-issued as electronic certificates or uncertificated **Securities**.

However, if **Your** ownership of the **Securities** cannot be established through reasonable searches and enquiries, the indemnity provided will be limited to the costs for such searches and enquiries.

- (h) Patterns, models, moulds, jigs, templates, dies or lasts:
- (i) if repaired or replaced as soon as reasonably practicable: the cost of repair or replacement. The claim will not be affected to the extent that **Chubb** or its agent causes or contributes to any delay; otherwise,
 - (ii) the value of such property to **You**, calculated at the time and place of the **Damage**, but not exceeding the cost of replacement at the time and place of the **Damage**.
- (i) Glass:

The cost incurred in repairing or replacing the **Damaged** glass in accordance with Australian Standard AS 1288-2021 or its current equivalent, including the cost of:

- (i) temporary shuttering or hiring of security service pending replacement of **Damaged** glass;
- (ii) removing and re-fixing of window and show-case frames, doors, locks, fittings, shop front tiling and replacing burglar sensors, protective film and heat reflecting material or other process on glass; and
- (iii) replacing signwriting or ornamentation on glass.

Cover for glass is limited to the “Glass” Sub-Limit of Liability in the **Schedule**.

- (j) Personal property (excluding **Money**) of **Your** directors and employees:

The replacement cost at the time and place of replacement.

- (k) Personal property forming part of a pair or set:

Unless every component of the pair or set is **Damaged**, the difference between:

- (i) the **Market Value** or replacement value of the pair or set (whichever is greater) immediately before the **Damage**; and
- (ii) the **Market Value** or replacement value of the pair or set (whichever is greater) immediately after the **Damage**.

- (l) **Machinery**, plant and equipment leased on a **Residual Value** basis:

If **Damage** resulting in the actual or constructive total loss (as defined in this clause) of such property and the **Residual Value** exceeds the cost of replacement of such property with similar property in a condition equal to, but not better or more extensive than, its condition when new, then Reinstatement Provisions clauses 5.5 and 5.7, and clause 6. Extra Reinstatement Costs apply, and the Basis of Settlement is:

- (i) the amount for which **You**, as lessee, are contractually liable to the lessor, but not exceeding the sum of lease instalments payable under such lease for the period commencing on the date of **Damage** and ending on the retirement date of such lease; plus
- (ii) the current **Market Value** of the property immediately before the **Damage** or the **Residual Value**, whichever is the greater; less
- (iii) any salvage value.

For the purpose of this clause (l), a constructive total loss occurs when the cost to repair a **Damaged** item of **Machinery**, plant or equipment exceeds the cost to replace it with similar property in a condition equal to, but not better or more extensive than, its condition when new.

- (m) Unoccupied buildings (if not excluded) awaiting demolition or upon which demolition has started:

The salvage value of the building materials and landlord’s fixtures and fittings which **You** would have received had the **Damage** not occurred, net of the actual demolition costs. If the actual demolition costs are increased in consequence of the **Damage**, **Chubb** will also pay the increased demolition costs.

4.4 Notwithstanding Basis of Settlement clauses 4.2 and 4.3, **You** may elect to claim the **Depreciated Value** of any **Damaged Property Insured**. If **You** do so, **Chubb** will:

- (a) pay **You** the **Depreciated Value** of such property when the **Damage** occurred; or

- (b) with **Your** consent, reinstate, replace or repair such **Property Insured** or any part thereof in accordance with the **Depreciated Value**. **Chubb** will also pay costs incurred by **You** under clause 6. Extra Reinstatement Costs.

Chubb will also pay costs incurred by **You** in accordance with clause 6. Extra Reinstatement Costs for buildings, **Machinery**, plant and other property and contents other than those specified in clause 4.3 of The Basis of Settlement.

5. Reinstatement Provisions

- 5.1 This clause 5. Reinstatement Provisions applies to buildings, **Machinery**, plant and all other property and contents, other than those specified in clause 4.3 of The Basis of Settlement.
- 5.2 The basis upon which the amount payable is to be calculated is the reinstatement cost of the **Damaged Property Insured** at the time of its reinstatement.
- 5.3 For the purposes of this clause 5, “reinstatement” means –
- (a) Where the **Damage to Property Insured** cannot be repaired:
- (i) in the case of a building, its rebuilding; or
- (ii) in the case of **Property Insured** other than a building, its replacement with similar property;
- in either case in a condition equal to, but not better or more extensive than, its condition when new.
- (b) Where the **Damage to Property Insured** can be repaired: the repair of the **Damage** and the restoration of the **Damaged** portion of the **Property Insured** to a condition substantially the same as, but not better or more extensive than, its condition when new.

The reinstatement cost under clauses 5.3 (a) and (b) above includes costs of re-commissioning plant and systems.

5.4 Reinstatement on Other Sites

Reinstatement may be carried out wholly or partially upon another site or sites and in any manner suitable to **Your** requirements, provided that **Chubb’s** liability is not increased and is limited to the actual costs incurred.

5.5 Reinstatement as Soon as Reasonably Practicable

Reinstatement must start and be carried out as soon as reasonably practicable. If not, **Chubb** will not be liable to:

- (a) make any payment greater than the **Depreciated Value** of the **Property Insured** at the time of the happening of the **Damage**; or
- (b) assume any increased liability under Section 2 Business Interruption of this **Policy**.

However, this clause 5.5 does not apply to any delay in undertaking such work due to circumstances beyond **Your** control, including planning approval, inquiries by statutory or other authorities, and the availability of labour and materials. Nonetheless, this **Policy’s** Limits of Liability and Sub-Limits of Liability will not be increased by any such delay.

5.6 Limitation on Reinstatement Cost for Partial Damage

When any **Property Insured** to which this clause 5. Reinstatement Provisions applies is partially **Damaged**, **Chubb's** liability will not exceed the cost which **Chubb** could have been called upon to pay for reinstatement if such property had been totally destroyed.

5.7 Reinstatement Cost Not Paid Until Incurred

No payment beyond **Depreciated Value** is to be made until **You** have incurred a sum equal to the reinstatement cost. Reinstatement costs may be "incurred" even if **You** have not yet paid such costs, such as where **You** enter into a contract with a builder or sign a purchase order for replacement property. If **You** reinstate or replace any **Damaged Property Insured** at a cost which is:

- (a) less than the reinstatement cost (as determined by clauses 5.2 and 5.3, above), but
- (b) greater than the value of such **Property Insured** at the time **Damage** occurred,

then the cost so incurred will be deemed the reinstatement cost.

Notwithstanding this clause 5.7, **Chubb** may make progress payments under Condition 24. Progress Payments under Conditions for All Sections.

5.8 You May Purchase Existing Building

You will not be bound to reinstate any insured building destroyed, but may, at **Your** option, purchase an existing building or buildings to replace the destroyed building. However, **Chubb's** liability will be limited to the cost that would have been incurred if the destroyed building had been reinstated in accordance with sub-clause 5.3 (a) above, including any cost which would have been payable under clause 6. Extra Reinstatement Costs in respect of such reinstatement.

5.9 When You May Reinstate Property Insured

If **You** obtain **Chubb's** consent (which will not be unreasonably withheld, delayed or conditioned), to reinstate **Damaged Property Insured**, **Chubb** will pay the cost of such reinstatement necessarily and reasonably incurred. However, **Chubb's** liability will not exceed the amount which would otherwise have been payable had such reinstatement been carried out by outside contractors.

5.10 Abandoned Undamaged Portion of a Building

If a **Damaged** building is reinstated on another site because of the determination by any government, local government or statutory authority, then the abandoned undamaged portion of such building, including foundations and services, will be deemed destroyed. **Chubb's** liability in respect of the abandoned undamaged portion of such building is limited to the "Abandoned Undamaged Portion of a Building" Sub-Limit of Liability in the **Schedule**.

If the presence of such abandoned undamaged portion of the building increases the sale value of the original site, the increase in sale value (as agreed between **You** and **Chubb**) is to be regarded as salvage and that amount:

- (a) will be paid by **You** to **Chubb** upon completion of any sale of the site; or
- (b) will be deducted from the total amount otherwise payable by **Chubb** under this **Policy**,

whichever occurs later. Such amount is not part of, and is separate from, the "Abandoned Undamaged Portion of a Building" Sub-Limit of Liability.

5.11 Floor Space Ratio Index (Plot Ratio)

If a determination by any government, local government or statutory authority makes reinstatement of a building subject to a reduced floor space ratio index, **Chubb** will pay in, addition to the reinstatement cost, the difference between:

- (a) the actual reinstatement cost with the reduced floor space ratio index; and
- (b) the reinstatement cost had a reduced floor space ratio index not applied.

In calculating the amount payable under this clause, any payment made by the **Chubb** will include amounts payable under clause 6. Extra Reinstatement Costs. Any amount payable under this clause will be paid upon completion of the rebuilding works as certified by the architect acting on **Your** behalf.

5.12 Reduction in Land Value

Notwithstanding Property Exclusion 9 and Perils Exclusion 10, if **Damage** occurs to **Property Insured** that is building(s) and other improvements, **Chubb** will pay –

- (a) if any government, local government or statutory authority absolutely refuses to allow the reconstruction of the building(s) and other improvements: the difference between the **Land Value** before and after the **Damage**; or
- (b) if any government or statutory authority only allows partial reconstruction of the building(s) and other improvements: the difference between the **Land Value** after such reconstruction and the **Land Value** before the **Damage**;

less any compensation paid for the events referred to in (a) or (b) above.

Chubb will make payment following the ruling of any government, local government or statutory authority resulting in the reduction in **Land Value** and following completion of the reinstatement.

This cover is limited to the “Reduction in Land Value” Sub-Limit of Liability in the **Schedule**.

5.13 Undamaged Ancillary or Peripheral Equipment

If plant or **Machinery** is destroyed and its ancillary or peripheral equipment is not destroyed but is rendered superfluous upon replacement of the destroyed plant or **Machinery**, the ancillary or peripheral equipment will be deemed destroyed. The salvage value will be:

- (a) payable to **Chubb** by **You** upon completion of any sale of such ancillary or peripheral equipment, or
- (b) deducted from the total amount otherwise payable by **Chubb** under this **Policy**,

whichever occurs later.

6. Extra Reinstatement Costs

- 6.1 For buildings, **Machinery**, plant and all other property and contents, other than those specified in clause 4.3 under The Basis of Settlement in Section 1 Property Insurance, **Chubb** will pay the extra reinstatement costs (including demolition, dismantling or altering) of **Damaged Property Insured** necessarily incurred by **You** to comply with the requirements of any statute or regulation or any by-law or regulation of any local government or other statutory authority that is imposed after the **Damage** occurs.
- 6.2 The amount recoverable under this clause does not include additional costs incurred to comply with any statute or regulation or by-law or regulation of any local government or other statutory authority with which **You** were required to comply before the **Damage**.
- 6.3 If the reinstatement cost of **Damaged Property Insured** is less than fifty percent (50%) of that which would have been the reinstatement cost if such **Property Insured** had been destroyed, the amount payable under this clause is limited to the greater of:
- (a) the extra cost necessarily incurred in reinstating only that portion **Damaged**; and
 - (b) the Sub-Limit of Liability in the **Schedule** for “Extra Reinstatement Costs”.
- 6.4 Condition 1. Underinsurance, in the Section 1 Conditions, will not apply to amounts payable under this clause.

7. Heritage Buildings

- 7.1 If **You** choose to reinstate a **Heritage Building** that was subject to a **Heritage Conservation Ordinance** at the same **Situation**, **Chubb** will pay additional costs that are necessarily and reasonably incurred to comply with the **Heritage Conservation Ordinance** for the **Heritage Building**, or part thereof, that was subject to such ordinance when **Damage** occurred.
- 7.2 If **You** did not disclose the **Heritage Conservation Ordinance** to **Chubb** before this **Policy** commenced then, if permitted by law, **Chubb’s** liability may be reduced to the extent that its interests have been prejudiced.
- 7.3 For a **Heritage Building** that is not subject to a **Heritage Conservation Ordinance**, reinstatement is to be consistent with the criteria applied to recently constructed buildings of a similar use and size, using construction methods and materials in general usage in the construction industry in Australia at the time of reinstatement, but maintaining as much of the original character of the building as is reasonably practicable.
- 7.4 **Chubb** will not pay costs incurred to comply with any statute or regulation or any by-law or regulation of any local government or other statutory authority regulating:
- (a) the actual or suspected presence of **Pollution**; or
 - (b) asbestos material removal, unless the asbestos is itself **Damaged** by a peril or event that is not excluded by this **Policy**.

Section 1 Conditions

1. Underinsurance

1.1 **You** are required to declare values for **Buildings**, **Contents** and **Stock** that are calculated in accordance with the applicable Basis of Settlement clauses:

- (a) as at the start of the **Period of Insurance**; and,
- (b) if such **Property Insured** is acquired during the **Period of Insurance**, as soon as reasonably practicable thereafter.

For the purposes of this condition, **Buildings**, **Contents** and **Stock** each represent a category of **Property Insured**.

1.2 If the declared value of a category of **Property Insured** at the **Situation** is less than eighty percent (80%) of the actual reinstatement cost of that category of **Property Insured** (as calculated in accordance with the applicable Basis of Settlement clauses), then the most **Chubb** will pay for **Damage** to **Property Insured** of that category is calculated by the following formula:

$$(X / Y) * C$$

Where:

- (a) X is **Your** declared value of that category of **Property Insured** at that **Situation**;
- (b) Y is eighty percent (80%) of the actual value of that category of **Property Insured** at that **Situation**, calculated in accordance with the applicable Basis of Settlement clauses at the start of the **Period of Insurance**; and
- (c) C is the incurred reinstatement cost of **Damaged Property Insured** of that category at that **Situation** after the application of the relevant **Deductible**, any policy conditions as appropriate and any salvage.

1.3 Example –

You declare the value of **Buildings** at a **Situation** as \$1,800,000 and there is only one building at the **Situation**.

However, the actual value of **Buildings** calculated in accordance with the applicable Basis of Settlement clauses at the start of the **Period of Insurance** is \$2,400,000.

Eighty percent (80%) of \$2,400,000 (i.e. the actual reinstatement cost of **Buildings** calculated in accordance with the applicable Basis of Settlement clauses as at the start of the **Period of Insurance**) is \$1,920,000. This Underinsurance Condition therefore applies because the value of **Buildings** declared by **You** (i.e. \$1,800,000) is less than eighty percent (80%) of the actual reinstatement cost of **Buildings** calculated in accordance with the applicable Basis of Settlement clauses as at the start of the **Period of Insurance** (i.e. \$1,920,000).

If the building suffers **Damage** and the reinstatement cost is \$1,000,000 after application of the relevant **Deductible**, any policy conditions as appropriate and any salvage, then the maximum amount **Chubb** will pay **You** is:

$$(\$1,800,000 / \$1,920,000) \times \$1,000,000 = \$937,500$$

1.4 This Underinsurance Condition does not apply:

- (a) if the reinstatement cost of the **Damaged Property Insured** at the **Situation** does not exceed ten percent (10%) of the actual reinstatement cost of that category of **Property Insured**

calculated in accordance with the applicable Basis of Settlement clauses at the start of the **Period of Insurance**;

- (b) to any claim for **Burglary** and **Theft** (other than **Money**), **Money** or **Customers' Goods**, for which Sub-Limits of Liability are stated in the **Schedule**; or
- (c) to **Property Insured** which has been insured under this **Policy** for the value stated in a valuation prepared by an **Approved Valuer** not more than one (1) year before the **Period of Insurance** starts.

2. Branded Goods or Merchandise

Any branded goods or merchandise covered by this **Policy** will not be disposed of by sale for salvage without **Your** consent. If such branded goods or merchandise are not disposed of by sale, then the value of the salvage will be the **Market Value** of the goods or merchandise after the brands, labels or names have been removed by **You** or on **Your** behalf.

Section 2 Business Interruption

1. Cover for Damage to Property Insured at the Situation

Chubb will indemnify **You** against loss resulting from interruption of or interference with the **Business** during the **Indemnity Period** in consequence of **Damage** during the **Period of Insurance** to **Property Insured** at the **Situation**, subject to:

- 1.1 the **Property Insured** being insured against such **Damage** under Section 1 Property Insurance, loss arising out of **Damage** to any **Boiler** or **Pressure Vessel** in the circumstances described in Perils Exclusion 6 paragraphs (a) through (g) being excepted;
- 1.2 **Chubb** admitting liability under Section 1 Property Insurance in respect of such **Damage**, other than indemnity not applying solely because of the application of a **Deductible**;
- 1.3 the Limits of Liability and Sub-Limits of Liability in the **Schedule**;
- 1.4 indemnity being calculated in accordance with the applicable Basis of Settlement in Section 2 Business Interruption of this **Policy**; and
- 1.5 **You** bearing the applicable **Deductible** shown in the **Schedule**. **Chubb** will subtract the **Deductible** from the amount **Chubb** is liable to pay for any claim.

2. Special Damage Covers

Chubb will indemnify **You** against loss resulting from interruption of or interference with the **Business** during the **Indemnity Period** in consequence of **Damage** during the **Period of Insurance** to the property described in clauses 2.5 (a) through (f), subject to:

- 2.1 the **Damage** occurring to property and in circumstances that would be indemnified under Section 1 Property Insurance if such property was **Property Insured**, unless specifically excepted in clauses 2.5 (a) to (f);
- 2.2 the Limits of Liability and Sub-Limits of Liability in the **Schedule**. Insurance is only provided for clauses 2.5 (a) to (f) if an amount is stated in the **Schedule** against the corresponding heading;
- 2.3 indemnity being calculated in accordance with the applicable Basis of Settlement in Section 2 Business Interruption of this **Policy**; and
- 2.4 **You** bearing the applicable **Deductible** shown in the **Schedule**. **Chubb** will subtract the **Deductible** from the amount **Chubb** is liable to pay for any claim.
- 2.5 The Special Damage Covers:
 - (a) Property Insured Outside of Situation

Damage to any **Property Insured** while:

 - (i) stored at any storage facility within Australia; or
 - (ii) at any location in Australia,

where **You** are undertaking work for the purpose of the **Business** or where any process or work is being carried out by others to the **Property Insured**;

(b) Utilities

Damage to any land-based premises or property in Australia of any company or authority producing, supplying, providing or delivering electricity, gas, water, sewerage or communication services to **Your Business**;

(c) Registered Vehicles

Damage to registered vehicles or trailers whilst such vehicles or trailers are at the **Situation**, notwithstanding Property Exclusion 5. However, this **Policy** does not insure loss resulting from **Damage** to such vehicles or trailers whilst they are being used on any public highway or thoroughfare.

(d) Prevention of Access

Damage to property within five (5) kilometres of the **Situation** which prevents or hinders the use of or access to the **Situation**, whether the **Situation** or any **Property Insured** is **Damaged** or not;

(e) Diminution of Trade

Damage to property in any complex of which the **Situation** forms a part or is contained, which results in a cessation or diminution of trade of the **Business** due to the temporary falling away of potential customers, whether the **Situation** or **Property Insured** is **Damaged** or not;

(f) Suppliers' and Customers' Premises in Australia

Damage to property at:

- (i) the premises of a **Direct Supplier** in Australia, other than those suppliers described in clause 2.5 (b) above, where any of the goods or services used by **You** are produced, assembled, reprocessed, stored or provided; and
- (ii) the premises of a **Direct Customer** in Australia to which **You** provide goods or services.

3. The Basis of Settlement

You are only insured for the Basis of Settlement Items below if they are shown in the **Schedule** as 'Insured' or with a Limit of Liability or Sub-Limit of Liability.

Item 1 - Gross Profit

3.1 **Chubb** will indemnify **You** for actual loss of **Gross Profit**, calculated as follows –

(a) in respect of reduction in **Turnover**:

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

(b) in respect of increase in cost of working:

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

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

- 3.2 Underinsurance: the indemnity under clause 3.1 immediately above will be proportionately reduced if the estimated value of **Gross Profit** declared at the start 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 **Standard Turnover** which would have been achieved if the **Damage** had occurred at the start of the **Period of Insurance**.
- 3.3 Clause 3.2 immediately above does not apply if:
- (a) the amount of the loss does not exceed ten percent (10%) of **Your** declaration of value of **Gross Profit** at the start of the **Period of Insurance**; or
 - (b) **Your** declaration of **Gross Profit** at the start of the **Period of Insurance** has been stated in a valuation prepared by a qualified valuer agreed upon by **You** and **Chubb** at the start of the **Period of Insurance**.

Item 2 - Gross Revenue

- 3.4 **Chubb** will indemnify **You** for loss of **Gross Revenue**, calculated as follows –

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

the amount by which the **Gross Revenue** during the **Indemnity Period**, in consequence of the **Damage**, falls 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 amount of the reduction in **Gross Revenue** 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**.

- 3.5 Underinsurance: the indemnity under clause 3.4 immediately above will be proportionately reduced if the estimated value of **Gross Revenue** declared at the start of the **Period of Insurance** is less than eighty percent (80%) of the **Standard Gross Revenue**.
- 3.6 Clause 3.5 immediately above does not apply if:
- (a) the amount of the loss does not exceed ten percent (10%) of the estimated value of **Standard Gross Revenue** declared at the start of the **Period of Insurance**; or
 - (b) **Your** declaration of **Gross Revenue** at the start of the **Period of Insurance** has been stated in a valuation prepared by a qualified valuer agreed upon by **You** and **Chubb** at the start of the **Period of Insurance**.

Item 3 - Gross Rentals

- 3.7 **Chubb** will indemnify **You** for loss of **Gross Rentals**, calculated as follows –

- (a) in respect of reduction in **Gross Rentals**:

the amount by which the **Gross Rentals** during the **Indemnity Period**, in consequence of the **Damage**, falls short of the **Standard Gross Rentals**;

- (b) in respect of increase in cost of working:

the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in **Gross Rentals** 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 Rentals** 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**.

- 3.8 Underinsurance: the indemnity under clause 3.7 immediately above will be proportionately reduced if the estimated value of **Gross Rentals** declared at the start of each **Period of Insurance** is less than eighty percent (80%) of the **Standard Gross Rentals**.
- 3.9 Clause 3.8 immediately above does not apply if:
- (a) the amount of the loss does not exceed ten percent (10%) of the estimated value of **Standard Gross Rentals** declared at the start of the **Period of Insurance**; or
 - (b) **Your** declaration of **Gross Rentals** at the start of the **Period of Insurance** has been stated in a valuation prepared by a qualified valuer agreed upon by **You** and **Chubb** at the start of the **Period of Insurance**.

Item 4 – Payroll

- 3.10 When **Payroll** is not insured under **Gross Profit** or **Gross Revenue**, **Chubb** will indemnify **You** for loss in **Payroll**, calculated as follows:

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

Note: At **Your** option, the number of weeks referred to in clause (a)(i) above may be increased to the number of weeks stated in the **Schedule** against “Payroll Limits” beside the heading “Consolidation Period” provided that the amount arrived at under clause (a)(ii) does not exceed such amount as is deducted under clause (a)(i) for savings effected during the said increased number of weeks.

- (b) in respect of increase in cost of working:

so much of the additional expenditure described in clause (b) of Item 1 – Gross Profit or clause (b) of Item 2 – Gross Revenue of Section 2 Business Interruption as exceeds the amount payable under such clause, but not more than the additional amount which would have been payable in

respect of **Shortage in Turnover** under clauses (a)(i) and (ii) of this item had such expenditure not been incurred.

- 3.11 Underinsurance: the indemnity under clause 3.10 immediately above will be proportionately reduced if the **Insured Payroll** is less than eighty per cent (80%) of the amount produced by applying the Payroll Limits stated in the **Schedule** to the amount produced by applying the **Rate of Payroll** to the **Standard Turnover** which would have been achieved if the **Damage** had occurred at the start of the **Period of Insurance**.
- 3.12 Clause 3.11 immediately above does not apply if:
- (a) the amount of the loss does not exceed ten per cent (10%) of the estimated value of **Insured Payroll** declared at the start of the **Period of Insurance**; or
 - (b) **Your Insured Payroll** has been stated in a valuation prepared by a qualified valuer agreed upon by **You** and **Chubb** at the start of the **Period of Insurance**.

Item 5 - Additional Severance Pay

- 3.13 **Chubb** will indemnify **You** for additional expenditure beyond that recoverable under clause (a) of Item 4 - Payroll of Section 2 Business Interruption as **You** are obliged or have agreed to pay under industrial awards, determinations, decisions or agreements for severance pay or instead of notice to employees whose services are terminated during the **Indemnity Period** in consequence of the **Damage**.

Item 6 - Additional Increase in Cost of Working

- 3.14 **Chubb** will indemnify **You** for additional increase in cost of working not otherwise recoverable under Section 2 Business Interruption of this **Policy** that is necessarily and reasonably incurred during the **Indemnity Period** in consequence of the **Damage** for the purpose of:
- (a) avoiding or diminishing reduction in loss resulting from the interruption of or interference with the **Business**; and
 - (b) resuming or maintaining normal **Business** operations and services.

Item 7 - Claim Preparation Costs

- 3.15 **Chubb** will indemnify **You** for reasonable professional fees and expenses incurred or payable by **You**, and not otherwise recoverable, for preparation of claims:
- (a) under Section 1 Property Insurance and Section 2 Business Interruption of this **Policy**; and
 - (b) under Section 2 Business Interruption of this **Policy** only.

However, such fees and expenses are not indemnified for the preparation of claims under Section 1 Property Insurance only.

Item 8 - Rent Receivable

- 3.16 **Chubb** will indemnify **You** for loss of rent receivable, including amounts payable by the tenant as outgoings in accordance with the rental agreement or payable by the tenant for services rendered, calculated as follows –

- (a) the amount by which rent (including amounts payable as outgoings or for services rendered) received or payable during the **Indemnity Period** falls short of the amount which would have been received or paid during that period had the **Damage** not occurred, plus
- (b) additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the loss of rent (including amounts for services rendered and recoverable expenses), less
- (c) any sum saved during that period in respect of the charges or expenses payable out of rent as may cease or be reduced in consequence of the **Damage**.

Item 9 - Rent Payable

- 3.17 **Chubb** will indemnify **You** for rent and other expenses payable and insurable by **You** in accordance with the terms of any lease agreement. **Chubb** will pay such sum as **You** are legally liable to pay and the lessor is legally entitled to receive during the **Indemnity Period** under the terms of the lease.

Item 10 - Contractual Damages

- 3.18 **Chubb** will indemnify **You** against damages for breach of contract. For this indemnity, **Chubb** will pay the sum(s) **You** are legally liable to pay in discharge of damages incurred in consequence of **Damage** to **Property Insured** for non-completion or late completion of orders, inability to meet contract specifications or cancellation of orders.

Item 11 - Accounts Receivable

- 3.19 **Chubb** will indemnify **You** for loss sustained in respect of all outstanding **Accounts Receivable** if **You** are unable to effect collection as a direct result of **Damage** to physical records of **Accounts Receivable**.
- 3.20 **Chubb** will also pay:
- (a) interest charged on any bank loan required in consequence of such impaired collections, or for non-bank loans, interest charges at a rate commensurate with the market rate charged for commercial loans, pending repayment of such amounts rendered uncollectible in consequence of the **Damage**;
 - (b) interest lost by **You** in consequence of such impaired collections;
 - (c) additional expenditure necessarily and reasonably incurred in tracing and establishing the amounts of **Accounts Receivable**; and
 - (d) collection expenses greater than normal collection costs, incurred in consequence of the **Damage**.
- 3.21 Where there is proof that a loss insured by this **Policy** has occurred, but **You** cannot accurately establish the total amount of **Accounts Receivable** outstanding at the date of **Damage**, such amount will be calculated in accordance with the following four steps:
- (a) Determine the total amount of **Accounts Receivable** outstanding on the last working day of the fiscal month which ended twelve (12) 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 (12) months immediately preceding the month in which **Damage** occurs.

- (c) The amount determined under clause 3.21 (a) above, increased or decreased by the percentage calculated in accordance with clause 3.21 (b) above is to be deemed the total amount of **Accounts Receivable** outstanding at the time and date of the **Damage**.
- (d) The amount determined under clause 3.21 (c) above is to 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.

3.22 The total amount of **Accounts Receivable**, however established, is to be reduced by:

- (a) the amount of such **Accounts Receivable** evidenced by records not lost or **Damaged**, or otherwise established or collected by **You**; and
- (b) an amount to provide for doubtful debts calculated in accordance with Australian accounting standards.

Section 2 Conditions

Gross Profit, Gross Revenue or Gross Rentals

If an amount is shown in the **Schedule** against **Gross Profit**, **Gross Revenue** or **Gross Rentals**, the following conditions apply.

1. Turnover/Gross Revenue/Gross Rentals Elsewhere After Damage

During the **Indemnity Period**, if **Your Business** is conducted elsewhere than at the **Situation**, the monies paid or payable in respect of activities will be accounted for in calculating the **Turnover/Gross Revenue/Gross Rentals** (as applicable) during the **Indemnity Period**.

2. Adjustments Clause

Adjustments will be made to the **Rate of Gross Profit**, **Standard Turnover**, **Standard Gross Revenue**, **Standard Gross Rentals** and **Rate of Payroll** 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 date of the **Damage** or which would have affected the **Business** had the **Damage** not occurred, so that the adjusted figures will 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** occurred.

Gross Profit

The following conditions apply if an amount is shown in the **Schedule** against **Gross Profit**.

1. Accumulated Stocks of Finished Goods

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

2. Business Conducted in Departments

If the **Business** is conducted in departments or **Business** units of which the independent trading results are ascertainable, clauses (a) and (b) of Item 1 - Gross Profit and Item 4 - Payroll of The Basis of Settlement are to apply separately to each department or **Business** unit affected by the **Damage**.

3. Reduced Margin

If, in consequence of **Damage** giving rise to a claim under this **Policy**, **Turnover** is maintained but at a reduced **Rate of Gross Profit**, an equitable allowance will 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 will be made for an increase in the ratio to **Turnover** of any other uninsured working expenses.

4. Salvage Sale

If **Damage** gives rise to a claim under Section 2 Business Interruption of this **Policy** and **You** hold a salvage sale during the **Indemnity Period**, then:

(a) Clause (a) of Item 1 - Gross Profit of The Basis of Settlement is amended as follows:

*“(a) In respect of reduction in **Turnover***

*The sum produced by applying the **Rate of Gross Profit** to the amount by which the **Turnover** during the **Indemnity Period** (less the **Turnover** for the period of the salvage sale), in consequence of the **Damage** falls short of the **Standard Turnover**, from which is to be deducted the **Gross Profit** actually earned during the period of the salvage sale.”*

(b) The definition of **Shortage in Turnover** is amended as follows:

*“**Shortage in Turnover** means the amount by which the **Turnover** during a period (less the **Turnover** for the period of the salvage sale), in consequence of the **Damage**, falls short of the part of the **Standard Turnover** which relates to that period, from which is to be deducted the **Payroll** paid out of the proceeds of the salvage sale.”*

5. Turnover/Output Alternative

If **You** and **Chubb** agree, the term **Output** may be substituted for the term **Turnover**.

If the term **Output** is used, then:

- (a) the ‘Turnover/Gross Revenue/Gross Rentals Elsewhere After Damage’ condition under the heading ‘Gross Profit, Gross Revenue or Gross Rentals’ is amended to read as follows:

*“If during the **Indemnity Period** goods are to be manufactured or processed other than at the **Situation** for the benefit of the **Business**, either by **You** or by others on **Your** behalf, the sale or invoice value of the goods so manufactured or processed are to be brought into account in arriving at the **Output** during the **Indemnity Period**.”*

- (b) the Accumulated Stocks condition under the heading ‘Gross Profit’ is amended to read as follows:

*“In adjusting any loss under this Section 2 Business Interruption, account is to 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.”*

6. Adjustment for New Businesses

If **Damage** occurs at the **Situation** before the end of the **Business**’ first trading year, the following definitions apply for Section 2 Business Interruption of this **Policy**:

- (a) *Rate of Gross Profit*

Rate of Gross Profit means the rate of **Gross Profit** earned on the **Turnover** during the period between the start of the **Business** and the date of the **Damage**.

- (b) *Standard Turnover*

Standard Turnover means the proportional equivalent, for a period equal to the **Indemnity Period**, of the **Turnover** realised during the period between the start of the **Business** and the date of the **Damage**.

- (c) *Rate of Payroll*

Rate of Payroll means the rate of **Payroll** to **Turnover** during the period between the start of the **Business** and the date of the **Damage**.

Gross Revenue

The following condition applies if an amount is shown in the **Schedule** against **Gross Revenue**.

1. Adjustment for New Businesses

If **Damage** occurs at the **Situation** before the end of the **Business**’ first trading year, the following definitions apply for Section 2 Business Interruption of this **Policy**:

- (a) *Standard Gross Revenue*

Standard Gross Revenue means the proportional equivalent, for a period equal to the **Indemnity Period**, of the **Gross Revenue** realised during the period between the start of the **Business** and the date of the **Damage**.

Gross Rentals

The following condition applies if an amount is shown in the **Schedule** against **Gross Rentals**.

1. Adjustment for New Businesses

If **Damage** occurs at the **Situation** before the end of the **Business**' first trading year, the following definitions apply for Section 2 Business Interruption of this **Policy**:

(a) *Standard Gross Rentals*

Standard Gross Rentals means the proportional equivalent, for a period equal to the **Indemnity Period**, of the **Gross Rentals** realised during the period between the start of the **Business** and the date of the **Damage**.

Retailers Benefits

The Retailers Benefits, below, extend and vary cover provided by this **Policy**. The Retailers Benefits are subject to:

- (a) the Limits of Liability and Sub-Limits of Liability in the **Schedule**;
- (b) the Exclusions for All Sections, unless specifically excepted;
- (c) indemnity under Section 1 Property Insurance being provided in accordance with clause 4. Basis of Settlement, clause 5. Reinstatement Provisions, clause 6. Extra Reinstatement Costs and clause 7. Heritage Buildings, except as varied by the Retailers Benefits;
- (d) indemnity under Section 2 Business Interruption being calculated in accordance with the applicable Bases of Settlement;
- (e) for interruption of or interference with the **Business** during the **Indemnity Period** in consequence of **Damage** during the **Period of Insurance** to **Property Insured** at the **Situation**,
 - (i) such **Property Insured** being insured against such **Damage** under Section 1 Property Insurance, loss arising out of **Damage** to any **Boiler** or **Pressure Vessel** in the circumstances described in Perils Exclusion 6 paragraphs (a) through (g) being excepted; and
 - (ii) **Chubb** admitting liability under Section 1 Property Insurance in respect of such **Damage**, other than indemnity not applying solely because of the application of a **Deductible**;
- (f) for interruption of or interference with the **Business** during the **Indemnity Period** in consequence of **Damage** during the **Period of Insurance** to property other than as described in paragraph (e), above, the **Damage** occurring to property and in circumstances that would be indemnified under Section 1 Property Insurance if such property was **Property Insured**, unless specifically excepted in the Retailers Benefits;
- (g) the Section 1 Conditions, Section 2 Conditions and Conditions for All Sections, as applicable; and
- (h) **You** bearing the applicable **Deductible** as shown in the **Schedule**. **Chubb** will subtract the **Deductible** from the amount **Chubb** is liable to pay for any claim.

1. Machinery Breakdown

1.1 This Machinery Breakdown cover is:

- (a) optional and subject to additional premium; and,
- (b) only provided where the **Schedule** shows a Sub-Limit of Liability for “Machinery Breakdown”.

1.2 **Chubb** will indemnify **You** for **Damage** during the **Period of Insurance** to **Machinery** occasioned by or happening through **Machinery Breakdown**, subject to:

- (a) the “Machinery Breakdown” Sub-Limit of Liability and Indemnity Period in the **Schedule**;
- (b) the Exclusions for All Sections, except Property Exclusion 17; and
- (c) the exclusions in clauses 1.3 and 1.4, immediately below.

1.3 This Machinery Breakdown cover does not insure **Damage** to the following property, or loss under Section 2 Business Interruption resulting therefrom:

- (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 any **Pressure Vessel** or electrical equipment used with such items of **Machinery**);
- (f) any **Computer Machinery, Computer System, Data Processing Media or Data**;
- (g) any X-ray machine, spectrograph, gauges or other apparatus using radioactive materials;
- (h) any radio or television apparatus;
- (i) any penstock, draft tube or well casing;
- (j) any steam or gas turbine-generator with a capacity exceeding 250 horsepower or equivalent;
- (k) electrical wiring and fittings associated with lighting and power circuits.

1.4 For this Machinery Breakdown cover, **Chubb** will not be liable under Section 1 Property Insurance or Section 2 Business Interruption of this **Policy** in respect of:

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

provided that exclusions (a) and (b) above are limited to the part(s) of the **Machinery** immediately so affected and do not apply to any other part(s) of the **Machinery Damaged** in 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 **Damage** (as insured by this benefit) to any other part(s) of the **Machinery**;
- (d) **Damage** arising from the intentional application of any tool or process to the **Machinery** during the course of repair, alteration, modification, maintenance or overhaul thereof;
- (e) **Damage** to the **Machinery** resulting from the imposition of abnormal conditions relating to testing or intentional overloading of or experiments with the **Machinery**, unless **Chubb** had agreed in writing to grant indemnity under this benefit whilst the **Machinery** is being operated under such conditions; or
- (f) **Damage** to the **Machinery** resulting from fault(s) or defect(s) therein known to **You**, or where a reasonable person in the circumstances could be expected to have been aware of such fault(s) or defect(s), at the start of the **Period of Insurance**.

1.5 This Machinery Breakdown cover includes **Expediting Expenses**. However, **Chubb's** liability for **Expediting Expenses** will not exceed fifty percent (50%) of the normal cost of repair or replacement of the **Damaged Machinery**.

2. Stock Seasonal Increase

For the purposes of Condition 1. Underinsurance in the Section 1 Conditions, the declared values for seasonal stock will be automatically increased by twenty-five percent (25%) during the **Seasonal Increase Period**. However, **Chubb's** liability for **Damage** to seasonal stock during the **Seasonal Increase Period** will not exceed the "Stock Seasonal Increase" Sub-Limit of Liability in the **Schedule**.

3. Money Seasonal Increase

For the purposes of Condition 1. Underinsurance in the Section 1 Conditions, the declared values for **Money** will be automatically increased by twenty-five percent (25%) during the **Seasonal Increase Period**. However, **Chubb's** liability for **Damage** to **Money** during the **Seasonal Increase Period** will not exceed the "Money Seasonal Increase" Sub-Limit of Liability in the **Schedule**.

4. Change in Temperature

Notwithstanding Perils Exclusion 4(a) concerning "other variations in temperature", **Chubb** will indemnify **You** under Section 1 Property Insurance against **Damage** during the **Period of Insurance** to goods (such as temperature-controlled wine or medical or dental products) forming **Property Insured** contained in storage at the **Situation** caused by:

- (a) **Damage** to refrigeration plant occasioned by or happening through an insured peril or event;
- (b) a rise or fall in temperature resulting from:
 - (i) notwithstanding Perils Exclusion 11, refrigerant leakage which is, from **Your** perspective, sudden, unintended and unexpected;
 - (ii) faulty operation of temperature control device(s); or
 - (iii) failure of the supply of electricity, water or gas services arising from:
 - A. **Damage** to any property of **Your** utilities supplier occurring in circumstances in which indemnity would apply if that property was insured under Section 1 Property Insurance of this **Policy** (other than indemnity not applying because of the application of a **Deductible**); or
 - B. the cessation of work, whether total or partial, by employees of **Your** utilities supplier(s) or from the interruption or retarding of any process or operation as a result of any industrial dispute involving employees of **Your** utilities supplier(s).

This Retailers Benefit is limited to the "Change in Temperature" Sub-Limit of Liability in the **Schedule**.

5. Specified Property in Open Air

Notwithstanding Property Exclusions 13 and 14 and Perils Exclusions 3(a), **Chubb** will indemnify **You** under Section 1 Property Insurance and Section 2 Business Interruption in respect of **Damage** that occurs during the **Period of Insurance** to gates, fences, signs, retaining walls, awnings and blinds, shade fabrics and membranes, shade structures, fibreglass houses and glasshouses caused by **Storm**, rainwater, wind, **Flood** or dust.

This Retailers Benefit is limited to the "Specified Property in Open Air" Sub-Limit of Liability in the **Schedule**.

6. Indirect Supplier – Australia

Chubb will indemnify **You** against loss resulting from interruption of or interference with the **Business** during the **Indemnity Period** in consequence of **Damage** during the **Period of Insurance** to property at the premises of any **Indirect Supplier** in Australia.

This Retailers Benefit is limited to the “Indirect Supplier - Australia” Sub-Limit of Liability and **Indemnity Period** in the **Schedule**.

7. Delayed Unpacking

Notwithstanding Property Exclusion 1, **Chubb** will indemnify **You** under Section 1 Property Insurance only against **Damage** during the **Period of Insurance** to **Property Insured** that is first discovered during or after the unpacking and examination of **Property Insured** following **Transit** anywhere in Australia. Provided that:

- (a) the **Damage** is discovered within ninety (90) days of the completion of the **Transit** and is notified to **Chubb** as soon as reasonably practicable; and,
- (b) based on the available evidence, it is more likely than not that the **Damage** occurred during **Transit**.

This Retailers Benefit is limited to the Sub-Limit of Liability in the **Schedule** for “Delayed Unpacking”.

8. Employee Theft

Notwithstanding Perils Exclusions 7(a) and (b), and 8(a), **Chubb** will indemnify **You** under Section 1 Property Insurance only for the physical loss of stock, merchandise or **Money** forming **Property Insured**, during the **Period of Insurance**, that is:

- (a) caused by **Theft** committed by any of **Your** employees;
- (b) discovered by **You** during the **Period of Insurance**; and
- (c) reported to police by **You** as soon as reasonably practicable.

This Retailers Benefit is limited to the “Employee Theft” Sub-Limit of Liability in the **Schedule**.

9. Replacement with Dissimilar Property

Notwithstanding clause 5, Reinstatement Provisions, if stock or merchandise forming **Property Insured** is destroyed during the **Period of Insurance** in circumstances indemnified under Section 1 Property Insurance, **You** may elect, at **Your** discretion, to replace such stock or merchandise with dissimilar stock or merchandise, provided that **Chubb’s** liability is no greater than the reinstatement cost of the destroyed stock or merchandise.

10. Deferred Indemnity Period

If **You** sustain loss indemnified under Section 2 Business Interruption of this **Policy** and there is a delay in the **Business** being affected, **You** may request, at **Your** discretion, that **Chubb** delay the start of the **Indemnity Period** for up to three (3) months from when the **Damage** occurred.

Your request must be made in writing to **Chubb** and **Chubb** agrees not to unreasonably withhold, condition or delay its consent to delay the start of the **Indemnity Period**.

Upon **Chubb's** agreement, all references to **Indemnity Period** in Section 2 Business Interruption of this **Policy** will be interpreted and applied in accordance with the changes agreed.

Chubbflex Benefits

1. Chubbflex Benefits 1. to 7. are extensions to the insurance provided by Section 1 Property Insurance.
2. Chubbflex Benefits 8. and 9. indemnify against loss arising from specific events not insured under Section 1 Property Insurance and Section 2 Business Interruption.
3. **You** may claim under one or more of the Chubbflex Benefits 1. to 9., as may be applicable, if:
 - (a) a peril or event not excluded by this **Policy** occurs; or
 - (b) an event described in Chubbflex Benefits 8. and 9. occurs.
4. Where **Chubb** has confirmed indemnity for a claim arising from a peril or event not excluded by this **Policy**, or an event described in Chubbflex Benefits 8. and 9., as applicable, **You** may elect, at **Your** discretion, to apportion the amount stated in the **Schedule** against the “Chubbflex Limit of Liability” between the Chubbflex Benefits.
5. The final amount of any Chubbflex claim which is paid to **You** (net of salvage and recoveries) during the **Period of Insurance** will be deducted from the Limit of Liability stated in the **Schedule** against “Chubbflex”. If that Chubbflex Limit of Liability is exhausted, it will not be automatically renewed during the **Period of Insurance**.
6. The Chubbflex Benefits are subject to the Limits of Liability and Sub-Limits of Liability in the **Schedule** –
 - (a) the Chubbflex Limit of Liability in the **Schedule** applies for any one event for all **Situations** combined and in the aggregate for the **Period of Insurance**;
 - (b) the Sub-Limits of Liability in the **Schedule** for “Trace and Access” and “Illegal Dumping apply for any one event for all **Situations** combined;
 - (c) the Chubbflex Limit of Liability and Chubbflex Sub-Limits of Liability will not increase **Chubb’s** liability beyond the Limits of Liability;
 - (d) the Chubbflex Limit of Liability and Chubbflex Sub-Limits of Liability apply in addition to, and are not reduced by, the amount of any **Deductible**; and
 - (e) if **Your** claim arises from a peril or event that is subject to a Limit of Liability or Sub-Limit of Liability:
 - (i) that Limit of Liability or Sub-Limit of Liability (as applicable) is the maximum amount payable by **Chubb**; and
 - (ii) the Chubbflex Limit of Liability and Chubbflex Sub-Limits of Liability will not apply in addition to the Limit of Liability or Sub-Limit of Liability (as applicable) for that peril or event.
7. The Chubbflex Benefits are subject to the Section 1 Conditions, Conditions for All Sections and Exclusions for All Sections. For Chubbflex Benefits 8. and 9., the Exclusions for All Sections will apply as if **Damage** has occurred;
8. For Chubbflex Benefits 1. and 4.,
 - (a) indemnity under Section 1 Property Insurance will be determined under clause 4. Basis of Settlement, clause 5. Reinstatement Provisions, clause 6. Extra Reinstatement Costs and clause 7. Heritage Buildings; and
 - (b) no indemnity is provided under Section 2 Business Interruption of this **Policy**.

9. For any claim, **You** must bear the applicable **Deductible** as shown in the **Schedule**. **Chubb** will subtract the **Deductible** from the amount **Chubb** is liable to pay for any claim.

The Chubbflex Benefits

1. Exhibition, Fair and Trade Show

Under Section 1 Property Insurance only, **Chubb** will indemnify **You** against **Damage** during the **Period of Insurance** to **Property Insured** whilst at any exhibition, fair or trade show anywhere in Australia, including whilst in **Transit** to and from such exhibition, fair or trade show. Property Exclusion 1 does not apply to this Chubbflex Benefit.

2. Loss of Metered Water

If **Damage** during the **Period of Insurance** causes the accidental escape of metered water, for which **You** are responsible, from tanks, apparatus, or pipes at the **Situation**, **Chubb** will indemnify **You** for the additional fees and charges imposed by the applicable water authority as a result of that accidental escape.

3. Trace and Access

If **Property Insured** is **Damaged** during the **Period of Insurance**, **Chubb** will indemnify **You** for costs and expenses incurred by **You** with **Chubb's** prior consent (which will not be unreasonably withheld, delayed or conditioned) in detecting and locating the source of any bursting, leaking, discharging or overflowing liquid or substance.

In addition, **Chubb** will indemnify **You** for costs incurred in:

- (a) repairing **Property Insured** damaged by such exploratory work;
- (b) repairing or replacing the part or parts of such source; and/or
- (c) rectifying **Damage to Property Insured** caused by **Pollution** arising from a peril or event not excluded by this **Policy**.

This Chubbflex Benefit is limited to the "Trace and Access" Sub-Limit of Liability in the **Schedule**.

4. Work-From-Home Office Equipment

Under Section 1 Property Insurance only, **Chubb** will indemnify **You** against **Damage** during the **Period of Insurance** to property used by **Your** directors and employees at their residences for the purposes of the **Business**, occurring anywhere in Australia other than the **Situation**. For the purposes of this benefit, such property will be deemed to be **Property Insured** under this **Policy**.

5. Crisis Management and Public Relations Expenses

If **Damage** during the **Period of Insurance** to **Property Insured** results in media publicity, **Chubb** will indemnify **You** for costs and expenses necessarily and reasonably incurred for a public relations professional to respond to media enquiries and publicity directly arising from the event which caused the **Damage**.

6. Public Reward Offers

Following **Damage to Property Insured** during the **Period of Insurance**, **Chubb** will indemnify **You** for public reward offers paid by **You** to protect or recover **Property Insured**, provided that:

- (a) before being offered to the public, the terms and the amount of the reward are approved by:
 - (i) **Chubb** (with such approval not to be unreasonably withheld, delayed or conditioned); and
 - (ii) the relevant authority; and
- (b) the amount of the payment by **Chubb** does not exceed the **Depreciated Value** of the **Property Insured**.

The amount of any payment by **Chubb** does not in any way limit the amount of any reward **You** may offer.

7. Green Star Certification Costs

For **Damage** during the **Period of Insurance** to buildings that are **Property Insured**, **Chubb** will pay the additional costs of reinstatement necessarily and reasonably incurred by **You** to comply with the requirements of the Green Building Council of Australia to obtain the equivalent **Green Star Certification** that applied (and had not expired) to the buildings immediately before the **Damage**.

8. Illegal Dumping

If property is illegally or maliciously deposited at the **Situation** during the **Period of Insurance**, **Chubb** will indemnify **You** for costs and expenses necessarily and reasonably incurred by **You** in clearing, removing and disposing of such property. However, **Chubb** will not be liable for costs and expenses directly or indirectly arising out of:

- (a) the actual or suspected presence of **Pollution**; or
- (b) asbestos material.

For the avoidance of doubt, the benefit provided by this clause is not to be interpreted as giving rise to any indemnity under Section 1 Property Insurance or Section 2 Business Interruption.

This Chubbflex Benefit is limited to the “Illegal Dumping” Sub-Limit of Liability in the **Schedule**.

9. Unauthorised Use of Electricity, Gas or Water

If, during the **Period of Insurance** and without **Your** consent,

- (a) persons illegally take possession or occupy a building that is **Property Insured**; and
- (b) use electricity, gas or water, for which **You** are legally responsible,

Chubb will indemnify **You** for the additional costs necessarily and reasonably incurred by **You** for such unauthorised use of electricity, gas or water. However, **You** must take reasonable steps to stop such unauthorised use when it is discovered.

For the avoidance of doubt, this clause does not provide or afford any indemnity under Section 1 Property Insurance or Section 2 Business Interruption of this **Policy**.

Exclusions for All Sections

Property Exclusions

This **Policy** does not insure **Damage**, loss, liability, cost, expense or other sum directly or indirectly occasioned by or happening through or connected with the following property:

1. Property (other than **Money**) whilst in **Transit** except:
 - (a) during the incidental movement of such property within **Situations** occupied by **You**; or
 - (b) as specifically provided by The Cover clause 1.1(b) in Section 1 Property Insurance.
2. **Money**:
 - (a) whilst being carried by professional money carriers, professional carriers or common carriers which is insured by any person or entity other than **You** except to the extent of any **Damage** in excess of the amount of that insurance, provided that where in the ordinary course of **Business** **You** enter into an agreement with such carriers and such agreement provides that **You** are to indemnify and hold harmless or release from liability such carriers in respect of **Damage** which may occur as a result of any event not excluded by this **Policy**, this insurance will operate as if this exclusion 2(a) had been deleted;
 - (b) stolen from an unlocked and unattended vehicle, except where it is reasonably necessary to leave **Money** in an unlocked and unattended vehicle due to an emergency medical, security or evacuation situation or because of actual or threatened violence to person(s) or property;
 - (c) stolen from a safe or strong room 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 or unless obtained through actual or threatened violence to person(s) or property;
 - (d) where the loss is not discovered within thirty (30) working days of the event;
 - (e) where the loss arises out of a demand made for the payment of **Money** in connection with any actual or attempted kidnapping, bomb threat, hoax or extortion.
3. Jewellery, furs, bullion, precious metals or precious stones other than as stock or merchandise of the **Business**.
4.
 - (a) Any locomotive or rolling stock or watercraft unless insured as stock or merchandise of the **Business** but excluding any watercraft while in water;
 - (b) Any aircraft or aerospace device (including drones) including its accessories and spare parts unless insured as stock or merchandise of the **Business** but excluding during taxiing, take-off, flight or landing;
 - (c) Any spacecraft or satellite.
5. Vehicles or trailers registered or licensed to travel on a public road, provided that this exclusion does not apply to mobile plant and equipment (excluding cars, sedans, panel vans and trucks) not otherwise insured by a policy entered into by a third party or a policy required by law whilst on any **Situation** occupied or used by **You** for the purposes of the **Business**.
6. Commercial production of standing timber, crops and pastures.
7. Any:
 - (a) animals other than **Decorative Animals**; and

- (b) **Decorative Animals Damaged** from a peril or event other than fire;
unless insured as stock in trade of the **Business**.
- 8. Any:
 - (a) land, unmined or unrecovered oil, gas and mineral deposits; and
 - (b) vegetation on the land.
- 9. Any:
 - (a) bridges, canals, culverts, **Constructed Roadway**, paved surfaces, and tunnels (but this exclusion does not apply to driveways, vehicle parking or maneuvering areas and other paved areas at the **Situation** used or occupied by **You** for the purposes of the **Business**);
 - (b) railway tracks (other than at the **Situation** occupied or used by **You** for the purposes of the **Business**);
 - (c) dams and reservoirs (other than tanks), wells and ponds, including their contents;
 - (d) embankments, retaining walls, and earthworks;
 - (e) natural or engineered watercourse, lake, drainage system or **Irrigation System**.
- 10. Docks, wharves, jetties and piers not forming part of any building.
- 11. Mining property located beneath the surface of the ground.
- 12. Property whilst it is undergoing any process of alteration, installation, testing, repair, adjusting, servicing or maintenance operation, provided that this exclusion applies only to the portion of the property which is the subject of any such work and not to any other **Property Insured** under this **Policy**.
- 13. Gates, fences, retaining walls, awnings and blinds, shade fabrics and membranes, shade structures, fibreglass houses and glasshouses when caused by wind, rainwater or hail.
- 14. Property in the open air caused by wind, rainwater or hail, unless such property comprises or forms part of the permanent structure designed to function without the protection of walls or roof.
- 15. Property included in a project of construction, erection, alteration or addition, including the partial dismantlement of existing structures, where the total contract value of all work to be carried out at any one **Situation** during such activity exceeds ten percent (10%) of the Section 1 Property Insurance and Section 2 Business Interruption Combined Limit of Liability or \$500,000, whichever is the lesser, provided that this exclusion only applies to the works comprising such construction, erection, alteration or addition and not to any original or existing structures.
- 16. Oil and gas drilling or production rigs whilst offshore.
- 17. All **Machinery Breakdown**, provided that this exclusion does not apply to any subsequent **Damage** to **Machinery** occasioned by or happening through any cause or event not otherwise excluded which results from **Machinery Breakdown**.
- 18. All **Computer Machinery Breakdown**.
- 19. Any
 - (a) **Unoccupied Building**; or
 - (b) **Property Insured** inside such **Unoccupied Building**,

where the unoccupied state of the building causes or contributes to the **Damage** of the property described in (a) or (b), above. Provided that this exclusion will not apply if, before any **Damage**:

- (i) **You** have notified **Chubb** of the **Unoccupied Building**;
 - (ii) **Chubb** has agreed in writing to extend cover, for which **Chubb** may charge additional premium commensurate with the increase in risk and/or vary the terms of cover; and
 - (iii) **You** have agreed to pay the additional premium, if charged, and/or varied terms of cover.
20. All overhead transmission and distribution lines including wire, cables, poles, pylons, standards, towers, or other supporting structures which may be attendant to the transmission or distribution of electrical power, telecommunications, or any other communications signals, where such equipment is located beyond a radius of 300 metres (or 1000 feet) of the **Situation**; provided that this exclusion does not apply to utility service interruption and/or suppliers extension and/or contingent business interruption, where such coverages are not part of a transmitters or distributors policy of insurance.
21. All blockchain-based digital assets such as cryptocurrency(ies), cryptoassets, cryptographic tokens and non-fungible tokens.

Perils Exclusions

Chubb will not be liable under this **Policy** in respect of:

- 1. **Damage to Property Insured**, or any loss, liability, cost, expense or other sum directly or indirectly occasioned by or happening through or connected with:
 - (a) war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power;
 - (b) confiscation, nationalisation, requisition or damage to property by or under the order of any government or public or local or statutory authority; or
 - (c) permanent or temporary dispossession of any building resulting from the unlawful occupation of such building by any person.
- 2. (a) **Damage to Property Insured**; or
- (b) any legal liability;

directly or indirectly caused by or contributed to by or arising from:

- (i) ionising radiation from, or contamination by, radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel;

Note: For the purpose of this Perils Exclusion 2(a)(i) or 2(b)(i) only, “combustion” includes any self-sustaining process of nuclear fission;

- (ii) the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof;
- (iii) any weapon or device employing atomic or nuclear fission or fusion or other like reaction or radioactive force or matter; or
- (iv) the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter.

The exclusion in sub-clause (iv) does not extend to radioactive isotopes, other than nuclear fuel or nuclear waste, when such isotopes are at the **Situation** and are being prepared, stored or used in the normal course of operations by **You** for the commercial, agricultural, medical, scientific or other similar peaceful purposes for which they were intended.

3. **Damage to Property Insured**, or any loss, liability, cost, expense or other sum directly or indirectly occasioned by or happening through or connected with:

- (a) **Flood**, if shown in the **Schedule** under the “Limits of Liability” as “Not Insured”; or
- (b) water from or action by the sea or ocean, tidal wave or high water (including **Storm Surge**).

Provided that Perils Exclusions 3(a) and 3(b) do not apply if **Damage** is caused by or arises out of an **Earthquake** or seismic disturbance.

4. **Damage to Property Insured**, or any loss, liability, cost, expense or other sum directly or indirectly occasioned by or happening through or connected with:

- (a) smut or smoke from industrial operations (other than sudden and unforeseen **Damage** resulting therefrom), insects, vermin, rust, oxidation, mildew, mould, **Contamination**, 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;
- (b) wear and tear, fading, scratching or marring, gradual deterioration or developing flaws, normal upkeep or making good;
- (c) normal settling, seepage, shrinkage or expansion in buildings or foundations, walls, pavements, roads and other structural improvements, creeping, heaving and vibration;
- (d) faulty materials or **Faulty Workmanship**;
- (e) error or omission in design, plan or specification or failure of design.

Provided that Perils Exclusions 4(a) to (e) do not apply to subsequent **Damage to Property Insured** which:

- (i) is occasioned by a peril or event that is not excluded by any exclusion in this **Policy**; and
- (ii) results from any peril or event referred to in Perils Exclusions 4(a) to (e).

5. **Damage** occasioned by or happening through:

- (a) incorrect siting of any insured building consequent upon:
 - (i) error in architectural design or specification;
 - (ii) **Faulty Workmanship**; or
 - (iii) non-compliance by **You** (or anyone acting on **Your** behalf) with the necessary permits issued by government, public, local or statutory authorities; or
- (b) demolitions ordered by government or public, local or statutory authorities due to failure by **You** or **Your** agents to obtain the necessary permits required.

6. **Damage** to any **Boiler** or **Pressure Vessel** occasioned by or happening through:

- (a) cracks, fractures, blisters, laminations, flaws or grooving, over-heating, leakage at seams;
- (b) slowly developing deformation or distortion of any part of the plant;

- (c) wearing away or wasting of the material of the plant whether by leakage, corrosion or by action of the fuel or otherwise;
- (d) failure of joints;
- (e) mechanical malfunction or breakdown;
- (f) **Boiler Explosion**; or
- (g) **Boiler Collapse**.

Provided that this Perils Exclusion 6:

- (i) is limited to the parts of the **Boiler or Pressure Vessel** immediately affected and will not apply to subsequent **Damage** to other property as a result of the events described in paragraphs (a) through (g), above; and,
- (ii) does not apply to Section 2 Business Interruption of this **Policy**.

Notwithstanding anything to the contrary, **Chubb** will not be liable under this **Policy** if, immediately before the **Damage**:

- a. the **Boiler or Pressure Vessel** was being subject to a hydraulic test that caused the **Damage**;
- b. the load on the safety valve or safety valves of the **Boiler or Pressure Vessel** was in excess of the manufacturer's specification or the load permitted by the latest certificate issued in accordance with the **Boiler or Pressure** inspection regulations;
- c. any safety valve limiting the pressure was removed or rendered inoperative; or
- d. certificates of inspection were required by a government department for the operation of such equipment, and the item of plant was not so certified.

7. **Damage** occasioned by or happening through:

- (a) **Theft** of property in the open air; or
- (b) **Theft** or attempted **Theft** of parts of the building or fixed plant in the open air; or
- (c) unexplained or inventory shortage, disappearance resulting from clerical or accounting errors, shortage in the supply or delivery of materials to or from **You**; or
- (d) spontaneous combustion; or
- (e) spontaneous fermentation or heating or whilst undergoing any process involving the direct application of heat.

Provided that Perils Exclusions 7(d) and 7(e) are limited to the item or items immediately affected and do not to extend to other property **Damaged** as a result of such spontaneous combustion, fermentation or heating or process involving the direct application of heat.

Furthermore, Perils Exclusion 7(e) does not apply where **Damage** is caused by the radiant heat of a fire event which is not otherwise excluded under this **Policy**;

8. **Damage** occasioned by or happening through:

- (a) fraudulent or dishonest acts, fraudulent misappropriation, embezzlement, forgery, counterfeiting, data corruption or unauthorised amendment or erasure by non-electronic means involving the **Property Insured** by **You** or any of **Your** employees, whether acting alone or in collusion with any other person(s).

Provided that this Exclusion 8(a) does not apply to **Theft** consequent upon forcible and unauthorised entry to the **Situation** or felonious concealment upon the **Situation** where such acts are committed by **Your** employee.

Provided further that the term “dishonest acts”, in relation to any of **Your** employees, does not mean acts of arson or vandalism.

- (b) (i) the cessation of work whether total or partial; or
- (ii) the cessation, interruption or retarding of any process or operation;

as a result of strikes, labour disturbances or locked out workers.

Provided that this Exclusion 8(b) does not apply in respect of **Damage** directly caused by strikers, locked out workers or similar persons;

- (c) erosion, **Subsidence**, earth movement or collapse resulting therefrom.

Provided that this Exclusion 8(c) does not apply if **Damage** is caused by or arises out of an **Earthquake** or seismic disturbance.

- (d) kidnapping, bomb threat, threat of **Contamination** or **Pollution**, hoax, extortion or any attempt thereat.

Provided that this Exclusion 8(d) does not apply to loss caused by robbery or **Theft** or any attempted **Theft**.

Provided that Exclusions 8(a) to (d) do not apply to subsequent **Damage to Property Insured** which:

- (i) is occasioned by a peril or event that is not excluded by any exclusion in this **Policy**; and
- (ii) results from any peril or event referred to in Perils Exclusions 8(a) to (d).

9. Any legal liability other than as specifically provided for in:

- (a) the definition of **Property Insured**;
- (b) Additional Costs clauses 2.4(m)(ii) and 2.4(o) in Section 1 Property Insurance;
- (c) Additional Cover 3.1 Customers' Goods;
- (d) the Basis of Settlement for Item 9 - Rent Payable and Item 10 - Contractual Damages in Section 2 Business Interruption; or
- (e) Chubb*flex* Benefit 9. Unauthorised Use of Electricity, Gas or Water.

- 10. Consequential loss directly arising from or caused by **Damage**, including consequential loss due to interruption or interference with the **Business**, loss of market, delay in or lack of performance of a contract or agreement (any claim will not be affected to the extent that **Chubb** or its agent cause or contribute to any delay), loss of contract or depreciation in the value of land or stock, except as provided in Section 1 Property Insurance and Section 2 Business Interruption and not exceeding the specified Limits of Liability and Sub-Limits of Liability in the **Schedule**.
- 11. **Pollution** except where directly arising from **Damage to Property Insured** used at the **Situation** for the purpose of the **Business**, and resulting from a peril or event not excluded by this **Policy**.
- 12. **Damage to Property Insured**, or any loss, liability, cost, expense or other sum directly or indirectly occasioned by or happening through or connected with:

- (a) any **Act of Terrorism**, regardless of any other cause or event contributing concurrently or in any other sequence to the loss; or
- (b) any action taken in controlling, preventing, suppressing or in any way relating to any **Act of Terrorism**;

notwithstanding any provision to the contrary within this **Policy** or any endorsement.

General Exclusions for All Sections

1. **Chubb** will not be deemed to provide cover and **Chubb** will not be liable to pay any claim or provide any benefit in this **Policy** to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose **Chubb**, or its parent(s), to any sanction, prohibition or restriction implemented pursuant to resolutions of the United Nations or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom, Australia or United States of America.
2. This **Policy** does not insure any loss, damage, claim, cost, expense or other sum whatsoever, directly or indirectly arising out of, or in any way attributable or related to, connected with or occurring concurrently or in any sequence with:

2.1. a **Communicable Disease**; or

2.2. fear or threat (whether actual or perceived) of a **Communicable Disease**;

For the purposes of this exclusion, loss, damage, claim, cost, expense or other sum includes, but is not limited to, any cost to clean-up, detoxify, remove, monitor or test:

(a) for a **Communicable Disease**; or

(b) any **Property Insured** that is or may be affected by a **Communicable Disease**;

This exclusion applies notwithstanding any provision to the contrary within this **Policy**, and to all coverage extensions, additional coverages, exceptions to any exclusion and other coverage grant(s).

3. Notwithstanding any provision to the contrary within this **Policy** or any endorsement applied to it, this Policy excludes any:

(a) **Cyber Loss**;

(b) loss, **Damage**, liability, claim, cost, expense of whatsoever nature directly or indirectly caused by, contributed to by, resulting from, arising out of or in connection with any loss of use, reduction in functionality, repair, replacement, restoration or reproduction of any **Data Processing Media** or **Data**, including any amount pertaining to the value of such **Data**, subject to the provisions of paragraph 3.2;

regardless of any other cause or event contributing concurrently or in any other sequence thereto.

- 3.1. Paragraph 3(a) does not apply where a **Computer System Incident** (other than one of the type described in paragraph (c) of the definition of **Computer System Incident** - which shall remain excluded by paragraph 3(a)) either:

(a) directly causes a fire or explosion, unless that **Computer System Incident** is caused by, contributed to by, resulting from, arising out of or in connection with a **Cyber Act** including, but not limited to, any action taken in controlling, preventing, suppressing or remediating any **Cyber Act**; or

- (b) is directly caused by a peril or event insured by this **Policy**, unless such peril or event is caused by, contributed to by, resulting from, arising out of or in connection with a **Cyber Act** including, but not limited to, any action taken in controlling, preventing, suppressing or remediating any **Cyber Act**;

provided that the indemnity available under clauses 3.1(a) and (b) above is limited to **Damage to Property Insured** that is owned by **You**, or operated by **You** and under **Your** control, and interruption of or interference with the **Business** at the **Situation** resulting therefrom as insured under the **Policy**.

- 3.2. Subject to all the terms, conditions, limitations and exclusions of this **Policy** or any endorsement applied to it, should **Data Processing Media** owned by **You**, or operated by **You** and under **Your** control, suffer **Damage** insured by this **Policy**, then this **Policy** will insure:
 - (a) the cost to repair or replace the **Data Processing Media** itself plus the costs of copying the **Data** from back-up or from originals of a previous generation. These costs will not include the costs of research and engineering or any costs of recreating, gathering or assembling the **Data**. If such **Data Processing Media** is not repaired, replaced or restored, the basis of valuation shall be the cost of the blank **Data Processing Media**. This **Policy** excludes any amount pertaining to the value of such **Data to You** or any other party, even if such **Data** cannot be recreated, gathered or assembled;
 - (b) loss as insured under the **Policy** resulting from interruption of or interference with the **Business** at the **Situation** occasioned by **Damage to Data Processing Media**. The indemnity period shall begin with the occurrence of the **Damage** and ends at the later of:
 - (i) the date that **Data Processing Media** is repaired, replaced or restored; or
 - (ii) the date that **Data** is copied to such **Data Processing Media** from back-up or from originals of a previous generation; or
 - (iii) the date that it is reasonably ascertained that **Data** cannot be copied from a back-up or from originals of a previous generation but in any case no longer than 48 hours from when the process of attempting to copy such **Data** began.
- 3.3. This **Policy** does not insure any **Damage** to any **Data Processing Media** used by **You**, but not either (a) owned by **You** or (b) operated by **You** and under **Your** control, or any consequential loss of any kind resulting therefrom, including consequential loss due to interruption or interference with the **Business**, delay, loss of market, lack of performance, loss of contract or depreciation in the value of land or stock.
- 3.4. In the event any portion of this exclusion is found to be invalid or unenforceable, the remainder is to remain in full force and effect.
- 3.5. To the extent that this exclusion conflicts, or is inconsistent, with any other provision in this **Policy** or any endorsement applied to it, the provisions in this exclusion prevail.
- 4. This **Policy** does not insure any **Electronic Data Recognition Loss**. Notwithstanding anything to the contrary, including but not limited to General Exclusion 3, any indemnity provided by General Exclusion 3 is subject to this General Exclusion 4.
- 5. This **Policy** does not insure any loss, **Damage**, liability, claim, cost or expense directly or indirectly arising out of, or in any way attributable or related to, connected with or occurring concurrently or in any sequence with any:
 - (a) entity domiciled, resident, located, incorporated, registered or established in an **Excluded Territory**;

- (b) property or asset located in an **Excluded Territory**; or
- (c) payment in an **Excluded Territory**.

Conditions for All Sections

1. Limits of Liability and Sub-Limits of Liability

- (a) **Chubb's** maximum liability under this **Policy** for any one loss or series of losses suffered by **You** arising out of any one original source or cause at any one **Situation** is limited to the amounts stated in the **Schedule** under "Limits of Liability" for "Section 1 Property Insurance and Section 2 Business Interruption Combined".
- (b) Each Sub-Limit of Liability will not increase **Chubb's** liability beyond the Limits of Liability. Sub-Limits of Liability form part of, and are not payable in addition to, the Limits of Liability.
- (c) The Limits of Liability and Sub-Limits of Liability apply in addition to, and are not reduced by, the amount of any **Deductible**.
- (d) Sub-Limits of Liability apply independently of each other, but where a Sub-Limit of Liability applies to:
 - (i) a peril, event or circumstance, which may be expressed as a Combined Section 1 Property Insurance and Section 2 Business Interruption Sub-Limit of Liability; or
 - (ii) **Property Insured**; or
 - (iii) the Special Damage Covers in clause 2.5 in Section 2 Business Interruption; or
 - (iv) Benefit 6. Indirect Supplier - Australia under the Retailers Benefits,

such Sub-Limit of Liability is the maximum amount payable by **Chubb**. If more than one of the Sub-Limits of Liability in (i), (ii), (iii) and (iv) could apply, then the lowest Sub-Limit of Liability is the maximum amount payable by **Chubb**.

- (e) Notwithstanding paragraph (d)(ii), above, if **Damage** occurs to **Property Insured** and only part of that **Property Insured** is subject to a Sub-Limit of Liability, that Sub-Limit of Liability will only apply to that part of the **Property Insured**.
- (f) Examples of Sub-Limits of Liability and Limits of Liability –
 - (i) Example #1: Damage by Flood

Property Insured at the **Situation** is **Damaged** by **Flood**. In **Your Schedule**, **Flood** has a Section 1 Property Insurance and Section 2 Business Interruption Combined Limit of Liability of \$2,000,000. This means that the most **Chubb** will pay in respect of **Damage** to **Property Insured** and loss from interruption to **Your Business** is \$2,000,000. Any covers which are subject to Sub-Limits of Liability (for example, Removal of Debris, Landscaping and/or Claim Preparation Costs) must be paid within that \$2,000,000 Limit of Liability applying to **Flood** and are not payable in addition.

- (ii) Example #2: Damage to Utilities (for the 'Utilities' cover, see Special Damage Covers, clause 2.5 (b))

As a result of **Damage** to the premises of a coal-fired power station that supplies electricity to **Your Business**, which occurs in circumstances that are not excluded under Section 1 Property Insurance, **Your Business** is interrupted and sustains loss during the **Indemnity Period**. In **Your Schedule**, there is a sub-limit of liability of \$100,000 against "Utilities". This means that the most **Chubb** will pay in respect of this interruption is \$100,000. Any covers which are subject to Sub-Limits of Liability (for example, Additional Increase in Cost of Working and/or Claim Preparation Costs) must be paid within that \$100,000 and are not payable in addition.

(iii) Example #3: Damage by Fire to Building with Money and Glass

At the **Situation**, a building that is **Property Insured** is **Damaged** by fire. Since fire is not subject to a Limit of Liability or Sub-Limit of Liability in **Your Schedule**, the most **Chubb** will pay in respect of **Damage** to **Property Insured** and loss from interruption to **Your Business** is the amount in the **Schedule** under “Limit of Liability” for “Section 1 Property Insurance and Section 2 Business Interruption Combined”. For this example, say:

- a. the building contained \$20,000 of **Money**, but the **Schedule** shows a \$10,000 Sub-Limit of Liability for “Money”; and
- b. the reinstatement cost of the building’s glass is \$25,000, but the **Schedule** shows a \$20,000 Sub-Limit of Liability for “Glass”.

For **Your** claim, the amounts payable in respect of **Money** and glass will be limited to the amounts shown in the **Schedule**. Subject to the terms and conditions of this **Policy**, other Sub-Limits of Liability may be claimable (for example, for the Additional Costs in Section 1 Property Insurance), but **Chubb’s** liability will not exceed the “Limit of Liability” for “Section 1 Property Insurance and Section 2 Business Interruption Combined” in **Your Schedule**.

2. Acquired Property or Companies

This **Policy** extends to include:

- (a) property located in Australia acquired by **You** for the purpose of the **Business**;
- (b) property located in Australia belonging to an **Acquired Company**;
- (c) property located in Australia for which an **Acquired Company** is legally responsible or for which they have assumed responsibility to insure before any **Damage**, but excluding **Customers’ Goods**; and
- (d) any loss suffered by an **Acquired Company** which is the subject of indemnity under Section 2 Business Interruption of this **Policy**.

Provided that, within a reasonable period following the date of acquisition, **You** declare in writing to **Chubb**:

- (i) the name of the **Acquired Company** and nature of its **Business**;
- (ii) the nature and extent of the property to be insured;
- (iii) the values of such property and the indemnity to be provided, calculated in accordance with the relevant Basis of Settlement clauses; and
- (iv) must pay any additional premium reasonably required to cover the additional risk being insured and comply with any reasonable directions of **Chubb** with respect to the security or safety of that property.

All such property is **Property Insured** for the purpose of the Adjustment of Premium Condition and **You** shall make declarations with respect to it accordingly and with respect to the indemnity provided under Section 2 Business Interruption.

The indemnity for property insured under this Condition is limited to the “Acquired Property or Companies” Sub-Limit of Liability in the **Schedule**.

3. Adjustment of Premium

If the premium paid for this **Policy** was based on estimates of declared values provided by **You** of **Property Insured** and any of Items 1 to 4 under Section 2 Business Interruption at the start of the **Period of Insurance**, then **You** undertake to declare to **Chubb** within a reasonable time after the day of expiry of the **Period of Insurance**:

- (a) the value of the **Property Insured** on the day of expiry of the **Period of Insurance**. Where applicable, for the purpose of this declaration, stock in trade and merchandise is to be taken at its average value during the **Period of Insurance**; and
- (b) the amount applicable to Items 1 to 4 under Section 2 Business Interruption in accordance with the insurance provided during the **Period of Insurance**, for the accounting period of twelve (12) months most nearly concurrent with the **Period of Insurance** or appropriately increased if the **Indemnity Period** exceeds twelve (12) months.

The premium is to be adjusted by payment to **Chubb** of an additional premium or by allowance to **You** of a return premium, as the case may be, calculated at the premium rate that was applicable on the first day of the **Period of Insurance**, and adjusted to make allowance for any abnormal fluctuation in values and premium commensurate with the risk.

The declared values at the expiry of the **Period of Insurance** declared in accordance with this Condition are not to be reduced as a result of **Damage** in respect of which a claim has been paid or is payable under this **Policy**.

If any claim paid or payable under Section 1 Property Insurance or Section 2 Business Interruption of this **Policy** in respect of **Damage** occurring during the **Period of Insurance** is reduced due to under-insurance under Underinsurance Condition or average clause(s), **Chubb** will waive any additional premium for that **Period of Insurance**, which would otherwise be payable in accordance with this Condition.

4. Amount of Policy Not Reduced by Loss

The insurance under each Section and item of this **Policy**, including the **Indemnity Period**, will be automatically reinstated in the event of a loss if **You** pay a pro-rata additional premium calculated on the amount of the loss settlement at the rate(s) agreed for the **Period of Insurance**, if such premium is required by **Chubb**.

Automatic reinstatement does not apply in respect of any Limits of Liability or Sub-Limits of Liability stated in the **Schedule** to be in the annual aggregate during any one **Period of Insurance**.

5. Event

For the purpose of applying any **Deductible**, Limit of Liability or Sub-Limit of Liability, all **Damage** occurring during each period of seventy-two (72) consecutive hours and during the same **Period of Insurance** will be deemed to have been caused by a single event whether as a result of one or more causes, whether continuous or sporadic in its sweep or scope, and whether or not the **Damage** is due to the same seismic or meteorological or atmospheric disturbance. Each event will be deemed to have commenced on the first happening of any such **Damage**, not within the period of any previous event.

6. Goods & Services Tax

The premium charged for this **Policy** will include an amount on account of Goods & Services Tax (GST).

You must inform **Chubb** of the extent to which **You** are entitled to an input tax credit for the premium each time that a claim is made under this **Policy**. No payment will be made to **You** for any GST liability that **You**

may acquire on the settlement of a claim if **You** have not informed **Chubb** of **Your** entitlement or correct entitlement to an input tax credit.

Notwithstanding other provisions of this **Policy**, **Chubb's** liability will be calculated taking into account:

- (a) any input tax credit to which **You** are entitled for any acquisition relevant to a claim, or to which **You** would have been entitled were **You** to have made a relevant acquisition; and
- (b) for claims for **Business** interruption only, the GST exclusive amount of any supply made by **Your Business** which is relevant to **Your** claim.

If the applicable Limit of Liability or Sub-Limit of Liability is not sufficient to cover **Your** loss, **Chubb** will only pay GST (less any relevant input tax credit) that relates to **Chubb's** proportion of **Your** loss. **Chubb** will pay the GST amount in addition to any Limit of Liability or Sub-Limit of Liability.

The terms "GST", "input tax credit", "acquisition" and "supply" as stated in this Condition have the meaning given in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

7. Incidental Contracts

You may, without prejudicing **Your** position under this **Policy**:

- (a) release any government departments, local government or any other statutory authorities 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;
- (c) 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; and
- (d) agree in the ordinary course of **Business** to enter into any other contractual agreement with another party, providing in substance that **You** will indemnify and hold harmless or release such other party from liability in respect of **Damage to Property Insured**. However, **You** must, as soon as reasonably practicable upon becoming aware of any such other agreement, inform **Chubb** and pay a reasonable additional premium if required by **Chubb**.

8. Subrogation Waiver

Chubb agrees to waive any rights and remedies or relief to which it 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, partners, officers, employees or servants) owned or controlled by **You** named in the **Schedule** or subsidiary to any **Insured** named in the **Schedule** or any co-owner of the **Property Insured**; or
- (c) any party described in the Interests of Other Parties Condition in Conditions Applicable to All Sections, unless **You** expressly agree to the pursuit of recovery action against that party.

9. Aggregation

- (a) Where the term “per event” or “any one event” is stated for any Limit of Liability or Sub-Limit of Liability, this represents **Chubb**’s maximum liability for any one event for all **Situations** combined; and
- (b) Where the term “Annual Aggregate” or “annual aggregate” is stated for any Limit of Liability or Sub-Limit of Liability, this represents **Chubb**’s maximum liability for any one event for all **Situations** combined and in the aggregate for the **Period of Insurance**.

10. Alterations and Increases in Risk

Before entering into or renewing this **Policy**, **Chubb** may ask **You** to disclose information about **Your Business** and the **Situation**, or to confirm whether any information **You** have previously disclosed has changed. The information **You** provide in response allows **Chubb** to determine whether **Chubb** can insure **You** and on what terms.

If **You** become aware, during the **Period of Insurance**, of alterations or changes in the information that **You** disclosed to **Chubb**, that **You** know, or could reasonably be expected to know, may be relevant to **Chubb**’s decision to insure **You** and on what terms, **You** shall inform **Chubb** as soon as reasonably practicable. Such alterations or changes include:

- (a) alterations or changes to **Your Business**. Examples for which **You** shall inform **Chubb** include:
 - (i) changes in the processes of manufacture;
 - (ii) storage, stockpiling or recycling of waste materials;
 - (iii) manufacturing, storage or distribution of combustible or incendiary materials;
 - (iv) preparing meals for the general public or serving alcohol; and
 - (v) chemical manufacture;
- (b) alterations or changes to **Property Insured**. Examples for which **You** shall inform **Chubb** include:
 - (i) discovery of combustible panels or cladding;
 - (ii) installation of solar panels, lithium-ion batteries or electric vehicle charging systems;
 - (iii) changes in occupancy;
 - (iv) discovery of defects (including structural or fire safety defects), faulty materials or **Faulty Workmanship**, or errors in designs, plans or specifications, including the incorrect siting of an insured building; and
 - (v) the presence of dilapidated buildings or structures;
- (c) alterations or changes to the **Situation**. Examples for which **You** shall inform **Chubb** include:
 - (i) **Subsidence**, earth movement, collapse or landslide;
 - (ii) discovery of hazardous activities occurring at or near the **Situation**; and
 - (iii) the discharge, overflow or leakage of waste and other liquids from any apparatus, appliance, pipes or other system at or near the **Situation**.

If **You** do not inform **Chubb** of such alterations or changes during the **Period of Insurance** then, to the extent permitted by law, any indemnity may be reduced to the extent that **Chubb's** interests have been prejudiced.

Depending on the nature of the alteration or change, **Chubb** may require payment of an additional premium, and may propose altered terms and conditions in writing, to cover the altered or changed risk. Otherwise, to the extent permitted by law, this **Policy** may be cancelled if:

- a. **You** and **Chubb** cannot reach an agreement on altered terms and conditions or premium; or
- b. **Chubb** is no longer prepared to insure **You** because of a material change in risk.

11. Sprinkler and Alarm Signal Installations

*Applicable to owned **Situations** or installations for which **You** are responsible.*

You warrant that any approved installation of automatic sprinklers, automatic external alarm signal and automatic alarm signal connected with a fire brigade station in all or part of the **Situation** must at all times be maintained in good working order.

You further warrant that provision will be made for the regular maintenance of the installation in accordance with Australian Standard AS 1851-2012 or its current equivalent by the installing engineers or firm or, failing this, by a person or organisation qualified to carry out such maintenance.

Where the sprinklered **Situation** is leased to a tenant and the lease provides that the tenant is to provide for maintenance of the installation, any failure to do so will not be treated as a failure by **You** to comply with this condition, provided that **You**, upon becoming aware of the failure, and as soon as reasonably practicable, either:

- (a) provides for maintenance of the installation; or
- (b) gives notice in writing to **Chubb** and if the risk of **Damage** is increased, pay such reasonable additional premium as **Chubb** may require to insure any additional risk.

Where **You** 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 **You** or a tenant will indemnify or hold harmless or release from liability the contractor in respect of **Damage** which may occur as a result of any peril or event not excluded by this **Policy**, the insurance under this **Policy** will not be invalidated by **You** or the said tenant agreeing to such provision.

You will, upon becoming aware of such agreement, inform **Chubb** as soon as reasonably practicable and if the risk of **Damage** is increased specifically as a result of the entry into the contract, pay such reasonable additional premium as **Chubb** may require to insure any additional risk.

You will notify **Chubb** as soon as reasonably practicable of all planned or unplanned impairments to, or isolation of, the automatic sprinkler installations where such impairment or isolation is expected to exceed or has exceeded 24 hours and affecting more than ten percent (10%) of the insured building or structure.

12. Cancellation

- (a) This **Policy** may be cancelled at any time at **Your** request, in which case **Chubb** will be entitled to a pro rata proportion of the premium, subject to any adjustment in accordance with the Adjustment of Premium Condition, for the time this **Policy** has been in force.
- (b) **Chubb** may also cancel this **Policy** (to the extent permitted by the *Insurance Contracts Act 1984* (Cth)) by giving **You** written notice to the effect that:

- (i) **You** failed to comply with the duty of utmost good faith;
 - (ii) **You**, at the time when this **Policy** was entered into, failed to comply with the duty of disclosure;
 - (iii) **You**, at the time when this **Policy** was entered into, made a misrepresentation to **Chubb** during the negotiations for this **Policy** but before it was entered into;
 - (iv) **You** failed to comply with a provision of this **Policy**, including a provision with respect to the payment of the premium;
 - (v) **You** have made a fraudulent claim under this **Policy** or any other policy of insurance (whether with **Chubb** or some other insurer) that provided insurance cover during any part of the period during which this **Policy** provides insurance cover;
 - (vi) **You** failed to notify **Chubb** of any specific act or omission where such notification is required under the terms of this **Policy**; or
 - (vii) **You** acted in contravention of or omitted to act in compliance with any condition of this **Policy** which empowers **Chubb** to refuse to pay, or reduce its liability in respect of, a claim in the event of such contravention or omission.
- (c) **Chubb's** notice of cancellation takes effect at the earlier of the following times:
- (i) the time when another policy of insurance between **You** and **Chubb** or some other insurer, being a policy that is intended by **You** to replace this **Policy**, is entered into; or
 - (ii) 4:00pm on the thirtieth (30th) business day after the day on which notice was given to **You**.

If **Chubb** cancels this **Policy**, **Chubb** will refund **You** a pro rata proportion of the premium for the unexpired **Period of Insurance** from the date of cancellation.

13. Notification of Claims

On the discovery of any **Damage**, **You** shall:

- (a) give written notice to **Chubb** as soon as reasonably practicable and within thirty (30) days of the discovery such **Damage** or such further time as **Chubb** may in writing allow (such consent not to be unreasonably withheld), at **Your** own expense;
- (b) provide **Chubb** with a claim in writing containing as much detail as may be reasonably practicable of:
 - (i) the items of **Damaged Property Insured**;
 - (ii) the value of **Damage** having regard to their value at the time the **Damage** occurred;
 - (iii) the value of any claim under Section 2 Business Interruption of this **Policy**; and
 - (iv) details of any other insurances which may apply to the claim;
- (c) use due diligence and do and concur in doing all things reasonably practicable to minimise any interruption of or interference with the **Business** or to avoid or diminish the loss; and
- (d) provide **Chubb** with a statement in writing of any claim certified by **Your** auditor or accountant, with all particulars and details reasonably practicable of the loss and must 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 reasonably required) a statutory declaration of the truth of the claim and of any matters connected with such claim.

14. Fraud

If any claim is in any respect fraudulent or if any fraudulent means or devices are used by **You** or anyone acting on **Your** behalf to obtain any benefit under this **Policy**, or if any **Damage** is occasioned by **Your** wilful act or with **Your** connivance, **Chubb**, without prejudice to any other right(s) **Chubb** might have under this **Policy**, will be entitled to refuse to pay such claim.

15. Reinstatement

If **Chubb** elects or becomes bound to reinstate any property, **You** will at **Your** own expense, produce and provide to **Chubb** all such plans, documents and information as **Chubb** may reasonably require.

Where **Chubb** is not able to reinstate exactly or completely (for example, if exact materials are no longer manufactured), **Chubb** will reinstate in a reasonable manner and will not in any case be bound to expend more than the applicable Limit of Liability.

16. Insurer's Rights

If **Damage** occurs and a claim is or may be made under this **Policy**, **Chubb** and persons authorised by **Chubb** may, for all reasonable purposes and in any reasonable manner, without incurring any liability under this **Policy**, and without diminishing the right of **Chubb** to rely upon any conditions of this **Policy**:

- (a) enter, take or keep possession of any building or premises where the **Damage** has happened; and
- (b) may take possession of or require to be delivered to **Chubb** any of the **Property Insured**; and
- (c) may keep possession of and deal with such **Property Insured** where reasonably required in connection with a claim or potential claim and the requirements of this **Policy**.

If **You** or anyone acting on **Your** behalf does not comply with the reasonable requirements of **Chubb** or hinders or obstructs **Chubb** in doing any of the abovementioned acts, then if permitted by the *Insurance Contracts Act 1984* (Cth), **Chubb** may be entitled to reduce its liability in respect of the claim or may be entitled to refuse to pay the claim under this **Policy**.

You will not, in any case, be entitled to abandon any property to **Chubb** whether taken possession of by **Chubb** or not.

17. Subrogation

- (a) Any person claiming under this **Policy** will, to the extent of their ability and at the request and at the expense of **Chubb**, do what is reasonably required by **Chubb** for the purpose of enforcing any rights and remedies, or of obtaining relief or indemnity from other parties (other than those subject of the Subrogation Waiver Condition) to which **Chubb** is or would become entitled or subrogated upon **Chubb** paying for or reinstating any **Damage** under this **Policy** or paying any amounts under Section 2 Business Interruption of this **Policy**.
- (b) Notwithstanding Section 67 of the *Insurance Contracts Act 1984* (Cth) the monies recovered in subrogation proceedings whether effected by **Chubb** or **You** are to be applied net of the expense of such recovery:
 - (i) first, to the satisfaction of **Your** loss in excess of the claim paid under this **Policy** (disregarding the amount of any **Deductible** applicable);
 - (ii) second, to **Chubb** in reimbursement of the amount(s) paid in settlement of **Your** claim;

- (iii) third, to **You** in satisfaction of any **Deductible** applicable; and
- (iv) any excess amount remaining will be disbursed to **You**.

Nothing contained in this condition prevents **Chubb** and **You** entering into a specific subrogation agreement following a claim under this **Policy**, where both parties agree to share legal costs, expenses and the allocation of monies recovered on a different basis.

18. Precautions to Prevent Loss

You must take reasonably practicable precautions to prevent **Damage** to **Property Insured** including, but not limited to, complying with applicable laws, statutory obligations, by-laws, regulations or other public authority requirements that concern the safety of persons or property and/or undertaking routine maintenance and upkeep of the **Property Insured**.

19. Insured's Action After Theft, Wilful or Malicious Damage

You must, 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**, report the matter to the police and any other responsible authority as soon as reasonably practicable.

20. Termination of Business Interruption Cover

If during any period in respect of which this **Policy** is in force, **You**:

- (a) permanently discontinue or cease to carry on the **Business** or if **Your** proprietary interest in the **Business** ceases otherwise than by death; or
- (b) (being a corporation) are 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) become bankrupt;

then the insurance under Section 2 Business Interruption will cease unless its continuance is admitted in writing by **Chubb**. Such termination of cover will not apply if any of the events stated in clauses (a), (b) or (c) are caused by loss, insured by Section 2 Business Interruption of this **Policy**, resulting from interruption of or interference with the **Business** in consequence of **Damage** to property used by **You** at the **Situation**.

21. Books of Account

Any particulars or details contained in **Your** books of account or other business books or documents which may be reasonably required by **Chubb** for the purpose of investigating or verifying any claim under this **Policy** may be produced and certified by **Your** auditors and their certificate will be accepted as evidence of the particulars and details to which such certificate relates.

Words and expressions used in this **Policy** will have the meanings usually attached to them in **Your** books and accounts unless otherwise defined in this **Policy**.

22. Interests of Other Parties

The benefit of the insurance provided by this **Policy** extends to any person who is not party to this **Policy** but has an interest in the **Property Insured**, provided that such interest is noted in **Your** business records and **You** disclose the nature and extent of that interest to **Chubb** as soon as reasonably practicable following notification of a claim.

23. Compliance with Terms and Conditions

You shall comply with the terms and conditions of this **Policy**. If **You** do not comply with the terms and conditions of this **Policy**, then if permitted by the *Insurance Contracts Act 1984* (Cth), **Chubb** may be entitled to reduce its liability in respect of the claim to the extent that **Chubb's** interests are prejudiced or may be entitled to refuse to pay the claim under this **Policy**.

24. Progress Payments

If **Chubb** has admitted liability for **Your** claim, progress payments may be made to **You** at such intervals and for such amounts as may be agreed, either upon production of a report by the loss adjuster, or if no loss adjuster is appointed, then upon the presentation of loss information by **You** as agreed between **Chubb** and **You**.

Progress payments will be deducted from the settlement amount finally determined upon adjustment of the claim.

25. Proper Law

This **Policy** is governed by the laws of the Australian state or territory where **Your Business** is registered, and **Chubb** and **You** agree to submit to the jurisdiction of the courts of that state or territory.

26. Currency

Unless otherwise stated, all amounts under this **Policy** are expressed and payable in Australian dollars (AUD).

About Chubb in Australia

Chubb is a world leader in insurance. Chubb, via acquisitions by its predecessor companies, has been present in Australia for 100 years. Its operation in Australia (Chubb Insurance Australia Limited) provides specialised and customised coverages including Business Package, Marine, Property, Liability, Energy, Professional Indemnity, Directors & Officers, Financial Lines, Utilities as well as Accident & Health, to a broad client base, including many of the country's largest companies. Chubb also serves successful individuals with substantial assets to insure and consumers purchasing travel insurance.

More information can be found at www.chubb.com/au.

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