



**SPECIAL ENDORSEMENTS ATTACHING TO AND FORMING PART OF  
ALLIANZ INDUSTRIAL SPECIAL RISKS INSURANCE (Mark V) POLICY DOCUMENT  
PREPARED FOR THE USE OF INSURANCE ADVISERNET AUSTRALIA PTY LIMITED**

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

**1. DEFINITIONS**

**EXCLUDED ENTITIES (EXCENT 01)**

The insurance by this Policy shall not apply to:

1. subsidiary companies or other entities incorporated or domiciled in the territories beyond Australia specified in the Schedule against "Excluded Entities";
2. any subsidiary company or other entity for which insurable values are neither included nor intended to be included in the Insured's declaration of values.

PROPERTY INSURED (B) (PRPTYB 01) Limited to greater of \$2,000,000 or the %age of the  
amended Limit of Liability shown in the Schedule for  
Acquired Property.

The final sentence of Definition 1.3 is amended to read:

Property Insured includes all such property acquired, or for Damage to which the Insured becomes legally responsible or assumes responsibility to insure, after the commencement of the Period of Insurance but limited to the percentage of the Limit of Liability shown in the Schedule for Acquired Property. Provided that if no percentage is shown in the Schedule, the Insurer's liability for Acquired Property will not exceed \$2,000,000.

CUSTOMERS' GOODS (CUSTGD 01) Limited to \$50,000 or higher amount as  
amended shown in the Schedule

The Policy extends to insure goods belonging to the Insured's customers at the Situation, to the extent that such goods are not otherwise insured but limited to the amount shown in the Schedule for Customers Goods. Provided that if no limit is shown in the Schedule, the Insurer's liability for Customers Goods will not exceed \$50,000.

**PRECEDENCE OF SUB-LIMITS (TOPLIM 01)**

In Definition 1.8, the sentence reading "If more than one Limit or Sub-Limit of Liability applies, the lesser amount shall be payable" is amended to read:

If more than one Limit or Sub-Limit of Liability applies, the greater amount shall be payable.

APPLICATION OF DEDUCTIBLES (DEDUCT 01)

The final sentence of the definition of the Limit of Liability is amended to read:  
The Deductibles shall apply to the Limits and Sub-Limits of Liability in accordance with the Schedule but the Limits and Sub-Limits of Liability shall only be applied in excess of the relevant Deductible.

EARTHQUAKE DEDUCTIBLE AMENDED (EQUEXS 01)

The Deductible expressed in the Schedule for Damage to Property Insured caused by earthquake, subterranean fire or volcanic eruption is amended to read:

The Insured shall bear the lesser of the following amount(s) in respect of each claim or series of claims arising out of any one original source or cause

(a) \$20,000 or

(b) an amount equal to 1% of the total declared values at the situation where the Damage occurs.

DECLARATIONS OF ACQUIRED PROPERTY (DECAQP 01) Percentage limit required in Schedule

The statement of Declared Values on acquisition of Property Insured shall be in accordance with clauses 14.5.2.2 and 14.5.2.3 of this Policy and shall be limited to such acquired property insurable under Section 1 and the additional indemnity insurable under Section 2 of this Policy. No declaration on acquisition of Property Insured shall be required if the value of such acquired property does not exceed the percentage stated in the Schedule against "Declarations of Acquired Property", of the Insured's total declaration of value under Section 1 as at the commencement of the Period of Insurance.

CONSTRUCTIVE TOTAL LOSS (CONST 101)  
amended

This Policy includes constructive total loss of Property Insured.

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

(a) because its actual total loss seems unavoidable, or

(b) because it could not be preserved from actual total loss without an expenditure which would exceed its repaired and/or recovered value.

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

**MONEY - EXTENDED DEFINITION (CASHIS 01)**

The definition of Money extends to include securities and negotiable instruments.

**IMPERMANENT REMOVALS (REMOVE 01)**

For the purposes of Extent of Cover Clause 2.1.2 and Property Exclusion 5.1, the term "temporary removal" means removal for a particular purpose, with the intention that the property be returned to the place from which it has been removed when that purpose has been served.

**SECTION 1 - PROPERTY DAMAGE  
EXTENT OF COVER**

**TEMPORARY REMOVAL (A) (TEMRMA 02)**

Clause 2.1.2 is amended to read:

In the case of property (other than Money, stock and merchandise) whilst in transit (including storage in transit) during temporary removal to any situation within Australia and whilst at such situation but whilst in transit (excluding loading, unloading and storage) cover is limited to Damage caused by fire, lightning, explosion, earthquake, aircraft, riot, strikes, malicious damage, or storm and tempest: or

**SECTION 1 - PROPERTY DAMAGE  
3. ADDITIONAL COVER**

**LIABILITY TO MAKE ENQUIRIES (ENQLIA 03) Limit \$5,000**

Notwithstanding Exclusion 6.1.5, this Policy extends to include costs and expenses incurred by the Insured in respect of any legal liability to make enquiries consequent upon Damage during the Period of Insurance to Property Insured, but not exceeding \$5,000.

For the purpose of the application of Condition 7.2, the Insured's declared values at any Situation shall not include any allowance for the costs and expenses referred to in this extension.

**STATUTORY INQUIRIES (INQSTT 03) Limit \$5,000**

Additional Cover Clause 3.1.2 is extended to include costs and expenses incurred by the Insured in connection with Statutory Inquiries following Damage to Property Insured for an amount not exceeding \$5,000. The term "Statutory Inquiries" shall mean any judicial, coronial or other form of inquiry or hearing established by or at the direction of any government, semi-government, local or planning authority as a direct result of Damage to Property Insured.

For the purpose of the application of Condition 7.2, the Insured's declared values at any Situation shall not include any allowance for the costs and expenses referred to in this extension.

#### UNPACKING EXPENSES (UNPKNG 03)

This Policy extends to include costs and expenses incurred by the Insured in taking inventory (including unpacking, repacking and restacking) to identify, quantify and value any property Damaged during the Period of Insurance by any peril insured against by Section 1, including examination of property not belonging to but in the care, custody or control of the Insured.

For the purpose of the application of Condition 7.2, the Insured's declared values at any Situation shall not include any allowance for the costs and expenses referred to in this extension.

#### CONTRACTUAL LIABILITY FOR DEBRIS REMOVAL DEBREM 03

In the event of any conflict between Additional Cover Clause 3.1.5.2 and Condition 14.8.2, the latter shall prevail.

COST OF CLEARING DRAINS	(UNPLUG 03 ) amended	Limit \$10,000
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The following Clause is added to "The Indemnity, Section One – Material Loss or Damage".  
Costs of clearance of drains including expenses necessarily and reasonably incurred in clearing and/or repairing drains, gutters, sewers and the like, at the property hereby insured, consequent upon damage recoverable hereunder. The liability of the Insurer(s) for any one loss or series of losses arising out of the one event at the one Situation shall not exceed \$10,000.

#### EXPEDITING EXPENSES (RUSHIT 03)

Additional Cover Clause 3.1 extends to include costs and expenses incurred by the Insured for express carriage rates and extra payments for overtime, night, Sunday or holiday working incurred in connection with the repair or reinstatement of the Property Insured directly or indirectly arising from a circumstance insured by the Policy. The liability of the Insurer(s) in respect to such additional costs for any one loss or series of losses arising out of the one event at the one Situation shall be limited 50% of the normal charges/rates and in no circumstance exceed \$50,000 in total.

#### AWARD LIABILITY FOR EMPLOYEES' (TOOLGO 03) CLOTHING AND/OR TOOLS

Notwithstanding Exclusion 6.1.5, Clause 3.2.1 of the Policy extends to indemnify the Insured for legal liability under any Federal or State award or determination for Damage to employees' clothing and/or tools. The indemnity afforded by this extension shall not be subject to any Deductible referred to in the Schedule of the Policy, nor to the Sub-Limit of Liability expressed in clause 3.2.1 and shall not be limited to the Insured's premises.  
For the purpose of the application of Condition 7.2, the Insured's Declared Values at any Situation shall not include any allowance for the above property.

ISR Mark V endorsements for Insurance Advisernet  
Authorised by Garry Nielsen 2/12/2003  
Mark V ISR agreed endts 11~03 v2

EXPLORATORY COSTS

SPECIAL

Limit \$5,000

Additional Cover Clause 3 is amended to include new Additional Cover Clause 3.1.7 :

3.1.7 the exploratory costs incurred in locating the source of damage as a result of bursting, leaking, discharging or overflowing of any tanks, apparatus or pipes but not the cost of repair or replacement of the defective part or parts of such tanks, apparatus or pipes. The liability of the Insurer in respect to such exploratory costs shall not exceed \$5,000 in total.

#### 4. BASIS OF SETTLEMENT

LEASED EQUIPMENT (RESIDUAL VALUE)

(RESDVL 04)

Clause 4.3 is extended to include the following provision:

Provided that in the case of Property Insured being machinery, plant and equipment leased on a Residual Value basis, if the Residual Value exceeds the Reinstatement Value, then in the event of actual or constructive total loss, the provisions of Clauses 4.4 to 4.6 shall apply and the Basis of Settlement shall be the amount for which the Insured, as lessee, is contractually liable to the lessor, but not exceeding the sum represented by rent payable under such lease(s) for the period commencing on the date of loss or destruction and ending on the retirement date(s) of such lease(s), plus the current market value of the property immediately before its loss or destruction or the Residual Value, whichever is the greater, less any salvage value.

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

For the purposes of this endorsement, there shall be deemed to be a constructive total loss of a damaged item of machinery, plant or equipment when the cost necessary to repair that item exceeds the cost necessary to replace it with similar property in a condition equal to, but not better or more extensive than, its condition when new.

LANDSCAPING (B)

(GARDNG 04)  
amended

Limit \$10,000

Notwithstanding Property Exclusions 5.7 and 5.8, Basis of Settlement Clause 4.3 is extended to include landscaping; which term shall mean lawns and garden plots including rockwork, paving and ornamentation pertaining thereto, ornamental plants, shrubs and trees. The Insurer's liability for any one loss or series of losses arising out of any one original source or cause at any one situation shall not exceed \$10,000.

REINSTATEMENT ELSEWHERE

(GOAWAY 04)

Clause 4.4.1 is amended to read:

4.4.1 The replacement, repair or rebuilding may be carried out wholly or partially upon any other site(s) and in any manner suitable to the requirements of the Insured, but subject to the liability of the Insurer not being thereby increased.

#### REINSTATEMENT OF DAMAGE BY THE INSURED (UFIXIT 04)

Basis of Settlement Clause 4.4.4 is extended to include the following paragraph:

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

#### UNDAMAGED FOUNDATIONS (ARTERY 04)

The term "foundations", wherever it appears in Basis of Settlement Clause 4.8, is deemed to include services such as but not limited to conduits, pipes, cables and wiring, built into footings and foundations (including concrete floor slabs).

#### ABANDONED UNDAMAGED PORTION OF A BUILDING (WAIFBD04)

Where any Property Insured being a building is Damaged and due to the requirement of any law or of any local government or statutory authority, reinstatement of the building has to be carried out upon another site, the abandoned undamaged portion of the building shall be considered as having been destroyed. If, however the presence of the abandoned undamaged portion of the building increases the resale value of the original building site, the increase in resale value shall be regarded as salvage and that amount shall be payable to the Insurer by the Insured upon completion of the sale of the site, or shall be deducted from the final amount of any moneys payable by the Insurer under this Policy, whichever shall occur later.

#### UNDAMAGED ANCILLARY AND/OR PERIPHERAL EQUIPMENT (WAIFEQ 04)

Where any Property Insured being equipment, plant and/or machinery is destroyed but its ancillary and/or peripheral equipment is not destroyed but is rendered superfluous, then such ancillary and/or peripheral equipment shall be considered as having been destroyed and its salvage value shall be payable to the Insurer by the Insured upon completion of its sale or shall be deducted from the final amount of any moneys payable by the Insurer under this Policy, whichever shall occur later.

#### **Provisions applying to specific items of property**

#### SECURITIES (B) (NEGSCB 04)

Clause 4.12 is amended by deleting the word "securities". In the case of Securities (which shall mean certificates of stock, bonds, coupons and all other types of securities), the Basis of Valuation shall be

- (a) if the Securities can with the approval of the Insurer be replaced, the cost of replacement paid or payable by the Insured; or
- (b) if the Securities cannot or are not to be replaced by the Insured, the greater of
- (i) the price for which the Insured purchased them, or
  - (ii) the closing market value on the last business day prior to the date of discovery by the Insured of the loss or destruction of the Securities, or if the time of discovery by the Insured is after the close of the market, their closing market value on the day of discovery by the Insured of the loss or destruction of the Securities,
- (c) in the case of a loss of subscription, conversion or redemption privileges through the loss of any security, the value of such privileges immediately preceding the expiration thereof, such valuation being in the currency in which the loss was sustained. Losses sustained in currencies other than Australian dollars shall be settled by converting the amount of loss to Australian dollars at the market rate at the time of settlement of the loss or such other rates as may have been expressly agreed with the Insurer. If there is no market price or value on the relevant day stated herein, then the value shall be agreed between the Insured and the Insurer, or in default thereof, the Insured and the Insurer shall submit to arbitration and be bound by the decision of the Umpire.

JIGS AND TEMPLETS (JIGTEM 04)

Clause 4.13 is extended to include jigs and templets.

BRANDED GOODS (A) (BRAND A 04)

Basis of Settlement Clause 4.14 is amended to read:

4.14 In the event of any claim, any salvage of branded goods or branded merchandise owned by the Insured or held by the Insured in trust or on commission and any goods sold but not delivered will not be disposed of by sale without the consent of the Insured. If such salvage is not disposed of by sale, then the value of the salvage will be deemed to be the MARKET VALUE of the goods after brands, labels or names have been removed by or on behalf of the Insured.

LABELS, CONTAINERS AND WRAPPINGS (LABELS 04)

In the event of Damage affecting labels, containers or wrappings, the Insurer shall be liable for an amount sufficient to pay the cost of new labels, containers or wrappings, and the cost of reconditioning the goods, but in no case shall the Insurer be liable for more than the sum representing the cost which the Insurer could have been called upon to pay if the merchandise had been totally destroyed.

GOODS SOLD BUT NOT DELIVERED (INDENT 04)

Notwithstanding Clause 4.14, in the case of goods sold but not delivered and for which the Insured is responsible, to the extent to which under the conditions of sale or any statute or at common law the

sale contract is cancelled whether wholly or in part by reason of the Damage, the Basis of Settlement shall be the contract price.

#### VALUATION OF PROPERTY OF EMPLOYEES (VALOPP 04) AND OTHERS

Clause 4.16 is amended to read:

In the case of personal effects (excluding money) belonging to directors and employees of the Insured and to visitors to premises occupied by the Insured and in the case of the property of welfare, sport and social clubs, the Basis of Settlement shall be the REINSTATEMENT VALUE if replaced with reasonable despatch, failing which the Insurer shall not be liable to make any payment greater than the INDEMNITY VALUE. However in the case of jewellery, if replacement is not possible, the Basis of Settlement shall be the market value immediately preceding the Damage.

#### WORKS OF ART, ANTIQUES AND (ARTVAL 04) CURIOS

The following clause is added to the provisions applying to specific items of property:

In the case of Property Insured being works of art, antiques and curios, the Basis of Settlement shall be the cost of restoring and repairing to a condition substantially the same as before the Damage plus any reduction in market value caused by the Damage. If restoration or repair is not possible, the Basis of Settlement shall be the market value immediately before the Damage. Clause 4.3 shall not apply to this endorsement.

#### ELECTION TO CLAIM INDEMNITY VALUE (INDMVL 04)

Basis of Settlement Clause 4.21 is extended to include the following:

If the Insured elects to claim the INDEMNITY VALUE of any property, the Insurer shall be liable for no greater proportion of the loss of such property than the amount that the Insured's declaration, made at the time of commencement of the Period of Insurance, of the value of such property bears to eighty-five per cent (85%) of the INDEMNITY VALUE of such property at the time of commencement of the Period of Insurance, calculated in accordance with Basis of Settlement Clause 4.2 of the Policy. Any amount recoverable under Clause 4.5 shall not be taken into account in determining the Insurer's proportion of the loss of such property.

NB this clause is not required if the underwriter agrees to deletion of the co-insurance clause

### **5. PROPERTY EXCLUDED**

#### TEMPORARY REMOVAL EXEMPTION (A) (TEMXMA 05)

The final paragraph of Property Exclusion 5.1 is amended to read:

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

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**BUSINESS HOURS (BUSHRS 05)**

For the purposes of Property Exclusion 5.2.3, the Insured's business hours shall mean the period during which the Insured's premises are actually occupied for business purposes and during which the Insured or employees of the Insured are in the premises.

**MONEY LOSS DISCOVERED LATE (CASHGO 05)**

Property Exclusion 5.2.4 is amended to read:

5.2.4 where the loss of the money is not discovered within fifteen (15) working days of the loss occurring;

**BRIDGES, CANALS, ROADWAYS, TUNNELS, DAMS AND RESERVOIRS (DAMRES 05)**      The contents of dams or reservoirs is to remain excluded  
amended

Property Exclusion 5.9.1 is amended to read:

5.9.1 Bridges, canals, roadways and tunnels, dams and reservoirs (other than tanks) and their contents except if such bridges, canals, roadways and tunnels, dams and reservoirs are on the premises occupied or used by the Insured. The contents of dams and reservoirs remains excluded property.

**PROPERTY BEING PROCESSED (BUGAUP 05)**

Property Exclusion 5.12 is amended to read:

5.12 Property whilst it is undergoing any process where the Damage results from its being processed, unless fire or explosion ensues, in which event the Insurer will only be liable for the Damage caused by such fire or explosion.

**6. CIRCUMSTANCES WHERE COVER IS EXCLUDED**

**DAMAGE BY ORDER OF A PUBLIC AUTHORITY (JETSAM 06)**  
amended

Clause 6.1 is amended to read as follows:

- 6.1 Section 1 of this Policy does not cover Damage to any Property Insured caused directly or indirectly by or in connection with or arising from or occasioned through:
  - 6.1.1 war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection or the use of military or usurped power;

6.1.2 any order of any Government, Public or Local Authority involving the confiscation, nationalisation, requisition or damage of any property;

Notwithstanding the provisions of Exclusion 6.1.2, the Insurer will extend indemnity for loss, destruction of or damage to, or the reasonable cost of removal of Property Insured at the Premises for the purpose of preventing or diminishing imminent Damage by, or inhibiting the spread of, fire or any other cause not excluded under this Policy and for Damage resulting from removal carried out in those circumstances;

#### **THEFT IN OPEN (EXCEPT MONEY) - EXCLUSION (OPENGO 06) MODIFIED**

Excluded Circumstance 6.2.12 is amended to read:

6.2.12 Theft, without forcible entry or threat of violence, of property (other than Money in transit) in the open air.

The liability of the Insurer shall not exceed the Sub-Limit of Liability stated in the Schedule of the Policy against "Theft in Open (Except Money) - Exclusion Modified" for any one loss or series of losses arising out of any one original source or cause at any one location.

#### **ALTERATIONS TO THE RISK (INCRSK 06)**

The preamble to Exclusion 6.3 is amended to read:

Subject to Section 54 of the Insurance Contracts Act 1984, Section 1 of this Policy does not cover Damage to any Property Insured resulting from or happening through or in connection with:

### **7. CONDITIONS APPLYING TO SECTION 1**

#### **INTERESTS OF OTHER PARTIES (OTHERS 07)**

The following sentence is added to Clause 7.1.1:

Any lessor, financier, mortgagee and any other person or entity disclosed in the business records of the Insured as having an interest in the Property Insured shall be deemed to be included as a named Insured in the Policy for their respective rights and interests.

#### **PURCHASERS (BUYERS 07)**

If, at the time of Damage to any commercial building forming part of the Property Insured, the Insured has contracted to sell his interest in the building but the sale has not been completed, the purchaser shall be deemed to have been included as a named Insured in this Policy so far as it provides insurance cover for Damage to the building and such of the contents of the building as are being sold to the purchaser at the same time. This endorsement shall not apply if the purchaser shall have effected other insurance cover in respect of the building.

HAZARDOUS GOODS (HAZGDS 07)  
amended

Notwithstanding the provisions of Condition 14.2, the storage of hazardous goods usual to trade and/or occupation is allowed in quantities and manner permitted by law, by law or local Government regulations.

## **SECTION 2 - CONSEQUENTIAL LOSS OF PROFITS INSURANCE**

### **8. DEFINITIONS**

GOODS AND SERVICES TAX (VLADTX 08)

To the extent that the Insured is accountable to taxation authorities for GOODS AND SERVICES TAX or similar local tax, all terms in this Section shall be exclusive of such tax.

GOVERNMENT INCENTIVES (CARROT 08)

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

### **9. EXTENT OF COVER**

INFECTIOUS OR CONTAGIOUS DISEASES, (MALIGN 09) Limit  
VERMIN, PESTS OR DEFECTIVE SANITARY amended \$250,000  
ARRANGEMENTS; FOOD OR DRINK POISONING;  
MURDER, SUICIDE

Extent of Cover Clause 9.1 is amended to read as follows:

9.1 Provided that the Insured has paid or agreed to pay the premium stated in the Schedule, the Insurer will indemnify the Insured in accordance with the provisions of Clause 10 (Basis of Settlement) against loss resulting from the interruption of or interference with the Business, provided the interruption or interference

9.1.1 is caused by Damage occurring during the Period of Insurance to:

9.1.1.1 any building or any other property or any part thereof used by the Insured at the Premises for the purposes of the Business;

9.1.1.2 any property belonging to the Insured or for Damage to which the Insured is responsible, while such property is at any storage premises within Australia or at any situation within Australia where the Insured has any work or process carried out by others;

9.1.1.3 at any electricity sub-station, gas or water pumping station of a public supply undertaking which is situated on or immediately adjacent to the Premises;

9.1.1.4 computer installations, including ancillary equipment and data processing media utilised by the Insured anywhere in Australia;

9.1.1.5 property in the vicinity of the Premises which prevents or hinders the use of or access to the Premises (whether the Premises or any property of the Insured shall be the subject of Damage or not);

9.1.1.6 property in any commercial complex of which the Premises forms a part or in which the Premises are contained which prevents or hinders the use of or access to the Premises which results in cessation or diminution of trade, including any cessation or diminution of trade due to temporary falling away of potential custom;

9.1.1.7 any registered vehicles or trailers which are owned or operated by the Insured, while such vehicles or trailers are at the premises, but not while any such vehicles or trailers are being used on any public highway or thoroughfare.

9.1.2 is in consequence of interruption of or interference with the Business directly or indirectly arising from closure or evacuation of the whole or part of the Premises by order of a competent public authority consequent upon:

9.1.2.1 Infectious or contagious disease manifested by any person whilst at the Premises;

9.1.2.2 Vermin or pests or defects in the drains or other sanitary arrangements at the Premises;

Provided that the Insurer's Limit of Liability in respect to clause 9.1.2 will not exceed \$250,000.

UNSPECIFIED SUPPLIERS' AND/OR (UPREMS 09) B Limit 5%  
CUSTOMERS' PREMISES amended

The following provision is added to Extent of Cover Clause 9.1.1:

For the purposes of this Clause, the term "Damage" is extended to include Damage to property at the premises, anywhere in Australia, of any producer or merchant, which shall be deemed to be Damage to property used by the Insured at the Premises.

The liability of the Insurer under this extension, in respect of any one loss or series of losses arising out of any one original source or cause at any one premises, shall be limited to 5% percent of the total of the values of Gross Profit and Pay-Roll declared as at the day of commencement of the Period of Insurance.

For the purposes of this extension, the term "premises of a producer" refers to premises, other than those described in Clause 9.1.3 of the Policy, at which any of the goods (including any constituents of such goods) or services used by the Insured are produced, assembled or stored. The term "premises of a merchant" refers to premises to which the Insured directly provides goods or services.

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PUBLIC UTILITIES AND TELECOMMUNICATIONS (UTETLB 09)  
amended

Extent of Cover Clause 9.1.3 is amended to read:

- 9.1.3 any generating station or sub-station of the public electric supply undertaking, any land-based premises of the public gas supply undertaking or of any natural gas producer linked directly therewith or any waterworks or pumping station of the public water supply undertaking; from which undertakings the Insured obtains electricity, gas or water.  
Provided that the Insurers shall not be liable for any loss incurred by the Insured during the first forty-eight (48) hours from the occurrence of the Damage;

LOSS OF ATTRACTION (B) (SHOPSB 09)  
amended

Extent of Cover Clause 9.1.6 is amended to read:

- 9.1.6 property in any commercial complex of which the Premises forms a part or in which the Premises are contained which results in cessation or diminution of the Insured's trade or normal business operations due to falling away of potential custom.  
Provided that the Insurers shall not be liable for any loss incurred by the Insured during the first forty-eight (48) hours from the occurrence of the Damage;

SUPPLIERS' GUARANTEES AND MAINTENANCE (WARRNT 09)  
CONTRACTS

Extent of Cover Clause 9.2 is amended to read:

If the building or other property which is subject to the Damage is owned by the Insured, such Damage must be the subject of indemnity under a policy of insurance or a supplier's guarantee or maintenance contract covering the circumstances in which it occurred (other than where caused by any cause referred to in Clause 6.2.16 and other than indemnity not applying only because of the application of a Deductible).

## 10. BASIS OF SETTLEMENT

GROSS PROFIT - 85% "DAY ONE" (GPDOAV 10)  
AVERAGE/UNDERINSURANCE

Clause 10.1.4 is amended to read:

10.1.4 Cover under this Clause 10.1 shall be proportionately reduced if the estimate value of Gross Profit declared at the commencement of the Period of Insurance is less than eighty-five percent (85%) of the sum produced by applying the Rate of Gross Profit to the Annual Turnover (appropriately increased if the Indemnity Period exceeds twelve months) which would have been achieved if the Damage had occurred on the day of commencement of the period of Insurance. This Condition 10.1.4 shall not apply if the amount of the loss does not exceed five percent (5%) of the estimated value of Gross Profit declared at the commencement of the Period of Insurance.



ANNUAL TURNOVER means the Turnover during the twelve months immediately before the commencement of the Period of Insurance.

FURTHER EXTRA COSTS (INCOST 10) Limit \$10,000  
amended

Clause 10.4 is amended to read:

The Insured is indemnified with respect to additional expenditure not otherwise recoverable under Section 2 of this Policy, necessarily and reasonably incurred during the Indemnity Period in consequence of the Damage for the sole purpose of avoiding or diminishing reduction in Turnover and/or resuming and/or maintaining normal business operations and/or services.

The liability of the Insurer shall be limited to \$10,000 for any one loss or series of losses arising out of any one original source or cause at any one situation.

ACCOUNTS RECEIVABLE (BKDEBT 10) Subject to limit specified in the Schedule

Basis of Settlement Clause 10 is extended to include the following provision:

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

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

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

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

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

the Policy against "Accounts Receivable" for any one loss or series of losses arising from anyone original source of cause at any one situation.

## **11. CONDITIONS APPLYING TO SECTION 2**

REDUCED MARGIN

(MARGIN 11)

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

## **13. CIRCUMSTANCES WHERE COVER IS EXCLUDED**

No changes

## **14. CONDITIONS APPLYING TO SECTIONS 1 AND 2**

CLAIMS AND CLAIMS PROCEDURES

(CLAIMS 14)

The opening words ("On the happening...") of Clause 14.3.1 are amended to read "On the discovery".

Clause 14.3.3 is amended to read:

14.3.3 If the Insurer elects or becomes bound to replace, repair or rebuild any item of property, the Insured shall deliver to the Insurer all such plans, documents and information as the Insurer may reasonably require.

Clause 14.3.8 is amended to read:

14.3.8 If the Insured is in breach of any of the provisions of this Policy, the Insurer's remedies shall be in accordance with the Insurance Contracts Act 1984, as amended.

ORDER OF PRIORITY - SUBROGATION RECOVERIES

(SUBROG 14)

The final sentence of Clause 14.3.6 is deleted and replaced by the following:

Recoveries, whether effected by the Insurer or the Insured, shall be applied, net of the expense of such recovery, first to the satisfaction of the Insured's loss in excess of the claim paid under this Policy (disregarding the amount of any Deductible applicable), secondly to the Insurer as reimbursement of the amount(s) paid in settlement of the Insured's claim and thirdly to the Insured in satisfaction of any Deductible amount applicable. Recovery from reinsurance shall not be deemed a recovery for the purposes of this Clause 14.3.6.

ACQUIRED ENTITIES

(ACQENT 14)

Subject to limit specified in the Schedule

Condition 14.5 is amended to read:

Except to the extent that insurable values are not intended by the Insured to be included in the Insured's declaration of values, this Policy extends to include

- 14.5.1 all tangible property in Australia, both real and personal, of every kind and description
- 14.5.1.1 belonging to companies, organisations and other entities over which the Insured named in the Schedule acquires the capacity during the Period of Insurance to directly or indirectly dominate decision-making in relation to financial and operational policies;
- 14.5.1.2 for Damage to which such companies, organisations and other entities are legally responsible or for which they have assumed responsibility to insure prior to the occurrence of any Damage; and
- 14.5.1.3 any loss suffered by any such companies, organisations and other entities which is subject to indemnity under Section 2 of this Policy.

The Insurer's Limit of Liability in relation to acquired entities will not exceed the amount shown in the schedule against Acquired Entities until such time as the Insurer has acknowledged the acquisition by endorsement of the Policy.

#### SPECIAL CONDITIONS

- 14.5.3 The Insured must, within one (1) month of each acquisition, declare in writing to the Insurer
  - 14.5.3.1 the name of the company, organisation or other entity and the nature of its business;
  - 14.5.3.2 the nature and extent of property to be insured;
  - 14.5.3.3 the value of the indemnity provided, calculated in accordance with the relevant Basis of Settlement Clauses 4 and 10; and must pay any reasonable additional premium required and comply with any reasonable requirements of the Insurer with respect to the security or safety of the said property.
- 14.5.4 The business of the acquired company, organisation or other entity must be similar to the Business stated in the Schedule
- 14.5.5 All such property shall be Property Insured for the purpose of Adjustment of Premium Condition 14.6 and the Insured shall also make declarations with respect to the indemnity provided under Section 2.

#### WAIVER OF EXTRA PREMIUM (NO PADJ 14)

Condition 14.6 is extended to include the following clause:

14.6.6 If any claim paid or payable under Sections 1 and/or 2 of the Policy in respect of Damage occurring during the Period of Insurance is reduced due to under-insurance in accordance with Clauses 7.2.2, 10.1.4 or 10.3.4 of the Policy, the Insurer shall waive any additional premium for that Period of Insurance, which would otherwise be payable under this Condition 14.6.

#### CANCELLATION BY THE INSURED (NOLOAD 14)

Clause 14.7.1 is amended to read:

This Policy may be cancelled at any time at the written request of the Insured, in which case the Insurer will be entitled to a pro rata proportion of the premium, subject to any adjustment in accordance with Condition 14.6, for the time this Policy has been in force.

#### End of Special endorsement

ISR Mark V endorsements for Insurance Advisernet  
 Authorised by Garry Nielsen 2/12/2003  
 Mark V ISR agreed endts 11~03 v2