



CAPRICORN
MUTUAL

Product Disclosure Statement



This PDS is dated 1 December 2015 by Capricorn Mutual Limited

ABN: 24104 601194 | AFS Licence No: 230038 | Mail: Locked Bag 3003, West Perth, WA, 6872 | Phone: Australia 1800 007 022

What is a Product Disclosure Statement?

This Product Disclosure Statement (PDS) is an important legal document that contains information about membership with Capricorn Mutual and details of the Protections available to Members of Capricorn Mutual. This PDS is designed to help you understand what you need to know about Capricorn Mutual so that you can make an informed choice about whether or not to join Capricorn Mutual as a Member and to apply for the Protections available to Members.

The Constitution of Capricorn Mutual sets out the objectives of Capricorn Mutual and the way in which it operates as a company limited by guarantee. It regulates the admission of Members, election of directors and conduct of general meetings of Members. Under the Constitution, the Board of Capricorn Mutual may make rules or by-laws for the management of Capricorn Mutual.

The Rules of Capricorn Mutual have been established and approved by the Board of Directors to regulate matters relating to membership and Protections.

A Member's rights under a Protection are governed by and arise under the Constitution of Capricorn Mutual and the Rules. This PDS sets out and summarises the terms of the Capricorn Mutual Constitution and the Rules that govern membership and the terms of Protections issued by Capricorn Mutual.

The Capricorn Mutual Rules and Constitution are available by asking us for a copy or on the Capricorn Mutual website at the following address: <http://www.capricornmutual.com.au/>.

If your membership application is accepted, you can apply for a Protection with us. The cost of and level of any Protection granted to you will be stated in your Schedule of Protection. Your Schedule of Protection also details the applicable excesses and government charges as well as any special conditions applicable to your Protection.

Contact details

For more information or copies of documents referred to in this PDS, contact Capricorn Mutual:

By telephone: Australia 1800 007 022

By email: info@capricornrisk.com

By mail: Capricorn Mutual Limited, Locked Bag 3003, West Perth, WA 6872

Website: www.capricornmutual.com

Issuer of the financial product

Capricorn Mutual Limited ABN 24 104 601 194, AFS Licence 230038 (Capricorn Mutual) is the product issuer of the Protection(s) which is the financial product referred to in this PDS. Protections are available only to Members of Capricorn Mutual. The Protections that Capricorn Mutual issues, also known as 'miscellaneous financial risk products', are discretionary and a facility for managing financial risk. A Protection is not a contract of insurance. Further detail about joining Capricorn Mutual and the financial product it issues is set out below.

Updated information

Information in this PDS may change from time to time. Information that has changed in relation to Capricorn Mutual that is not materially adverse but which Capricorn Mutual wishes to provide to Members, will be made available on Capricorn Mutual's website at www.capricornmutual.com. A printed copy of any updated information will be available from Capricorn Mutual free of charge upon request by calling Capricorn Mutual on 1800 007 022. Capricorn Mutual may issue a supplementary PDS to supplement any relevant information not contained in this PDS, in accordance with its obligations under the *Corporations Act 2001 (Cth)*. Any supplementary PDS and updated information should be read together with this PDS. A copy of any supplementary PDS and other information regarding Capricorn Mutual will be made available on its website and a printed copy will be available from Capricorn Mutual free of charge upon request.

Disclaimer

Before you make your decision, please read this PDS carefully. This PDS does not take into account your individual objectives, financial situation or needs. You should consider this information in relation to your own circumstances before making any decision about joining Capricorn Mutual as a Member and applying for a Protection, which is only available to Capricorn Mutual Members. If you have difficulty understanding this document, it is important that you seek assistance before making any decision. Keep this PDS and your Schedule of Protection in a safe place for future reference.

Interpretation

The capitalised words and terms shown in Part A of this PDS have the same meaning given to them in the Rules unless otherwise defined in this Part A. See Rule 1 of the 'Rules of Capricorn Mutual Limited' for their meaning.

All references to currencies throughout this PDS are in Australian dollars (A\$) unless expressly stated otherwise.

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Part A

Introducing Capricorn Mutual

Welcome to Capricorn Mutual

1.1 What is Capricorn Mutual?

Capricorn Mutual is a company limited by guarantee. It is a mutual association of people with common risks or goals whose businesses are primarily in the automotive industry.

Capricorn Mutual is operated for the benefit of its Members but not with the goal of generating dividends. Each Member of Capricorn Mutual has voting rights and is entitled to seek a Protection if they maintain their membership by paying the annual membership Subscription and making Contributions to Capricorn Mutual for the Protection they choose and which Capricorn Mutual agrees to issue to them.

Capricorn Mutual's Members are Capricorn Society Limited (ACN 008 347 313) (Capricorn Society) and the following, provided in each of their cases the person has been admitted to membership by the Capricorn Mutual Board and has paid their relevant Subscription, Contribution and holds a Protection:

- a) a subsidiary of Capricorn Society;
- b) a person who is a shareholder of Capricorn Society;
- c) a person who holds a trading account with Capricorn Society; or
- d) a person with an association with a person in (a) to (c) immediately above (that is also approved by the Capricorn Mutual Board in its complete discretion).

Capricorn Mutual does not distribute its profits to Members but uses them to strengthen and further the objectives of its business. It was formed to address the needs of Capricorn Society Members and their associates to manage risks connected with their businesses.

The majority of the directors of the Board of Capricorn Mutual must be directors of Capricorn Society who are nominated by Capricorn Society. There may be up to three independent directors appointed by the Capricorn Mutual Board for terms of up to three years. At every annual general meeting one-third of the directors (rounded down), excluding independent directors, are subject to retirement by rotation.

Capricorn Mutual issues Protections to Members and persons entitled to become Members once they have been granted membership. The key benefits and risks associated with membership and Protections are set out in section 2 of this Part A. Further details on membership are set out in section 3 of this Part A. Members who hold Protections are entitled to request the Board of Capricorn Mutual to exercise its discretion to indemnify the Member in respect of a Liability or Loss covered by the terms of the Protection. A Member's rights under a Protection are governed by and arise under the Constitution of Capricorn Mutual and the Rules made by the Board.

Members are also entitled to make a request for exercise of the discretion in respect of a person who is not a Member and does not hold a Protection, but who Capricorn Mutual has agreed to extend the application of a Protection to in an individual named capacity, as specified in a Schedule of Protection, such person being referred to herein as a Protected Person. A Protected Person has no right to make any Claim in their own right and must comply with all obligations imposed on a Member in respect of disclosure and when a Claim is made. A Protected Person is distinct from any person who a Member is responsible for as a matter of law, who may be covered as understood by reference to the terms of a Protection, and who is not individually named in a Schedule of Protection.

A Protection is a financial product designed to manage risk and is an alternative to traditional insurance. However, Protections are not insurance, as there is no immediate promise of indemnity. Rather, if there is a Liability or Loss covered by a Protection, the holder of the Protection asks Capricorn Mutual to exercise its discretion to indemnify it, and if the Board or its delegate agrees to grant indemnity, then the Liability or Loss will be covered to the extent of the indemnity granted (which may be in whole or part), as understood by reference to the terms of the Protection. This is further explained below.

This PDS sets out and summarises the terms of the Capricorn Mutual Constitution and the Rules that govern membership and the terms of Protections issued by Capricorn Mutual.

1.2 What is a Protection?

Capricorn Mutual issues Protections to its Members on a discretionary basis. This means the Board (or its delegates) must exercise its discretion to issue Protections to Members and exercise its discretion to grant (in whole or part) or not grant indemnity when a Claim is made by a Member to whom a Protection applies. The discretion must be exercised fairly and on its merits in the interests of Capricorn Mutual, which may include the interests of all of its Members.

Through Protections, Capricorn Mutual is able to provide Members with a financial product for management of certain business and personal risks without establishing an insurance company. Capricorn Mutual is regulated by the Australian Securities and Investments Commission (ASIC) and holds an Australian Financial Services Licence under the *Corporations Act 2001 (Cth)*. For this purpose, a Protection is a financial product described as a 'miscellaneous financial risk product'. Capricorn Mutual's licence conditions and obligations at law include having sufficient assets to meet its liabilities, adequate cash and surplus liquid funds to meet its expenses and its obligations under Protections, compliance with financial services laws, adequate risk management, sufficient human and technological resources, appropriate conflicts management processes, professional indemnity insurance and external dispute resolution systems.

The rights and obligations under a Protection are governed by the Capricorn Mutual Constitution and the Rules made under the Constitution. The Rules, which are summarised in this PDS, set out the framework for issuing and administering Protections.

A Protection is not insurance.

The Australian Prudential Regulatory Authority (APRA) regulates insurance companies, not discretionary mutuals such as Capricorn Mutual. Because it is not an insurance company, Capricorn Mutual is not subject to the same laws and regulations as an insurance company. Specifically:

- It is not required to be authorised under the *Insurance Act 1973 (Cth)*. The Insurance Act establishes the system of financial supervision of general insurers including capital and solvency levels. Capricorn Mutual is regulated by ASIC.
- The *Insurance Contracts Act 1984 (Cth)* does not apply to this product. However, the *Corporations Act 2001 (Cth)* does apply and this is why Capricorn Mutual provides Members with a Product Disclosure Statement before they acquire any Protections issued by Capricorn Mutual.
- Certain taxes on insurance including stamp duty and fire services levy are not payable in relation to the Contributions paid by Members because the product is not insurance.

Capricorn Mutual reviews each Claim in accordance with the Constitution and the Rules. The standard terms of each type of Protection are summarised in Parts B and C of this document. A Protection issued to a Member will also incorporate a Schedule of Protection setting out details of the Protection particularly relevant to the holder and any variation of the standard terms. Under the Rules, each Annexure is taken to be incorporated as part of the Rules.

The Board has absolute discretion to refuse to grant an indemnity in respect of a Claim under a Protection. The Board also has absolute discretion to consider and, if thought fit, to grant an indemnity in whole or in part or meet a Claim in unexpected or special or unusual circumstances not strictly covered by the Rules.

The Board has delegated its authority to exercise its discretion to Capricorn Mutual Management Pty Limited but any Member whose Claim is refused under such delegation has an ultimate right to refer such Claim to the Board of Capricorn Mutual.

1.3 Who arranges Protections and manages Capricorn Mutual?

Capricorn Risk Services Pty Limited (CRS), a subsidiary of Capricorn Society, is an authorised representative of Capricorn Mutual (Authorised Representative number 460893) and is authorised to arrange Protections issued by Capricorn Mutual. CRS is involved in the sales promotion, distribution and servicing of Capricorn Mutual's products.

Capricorn Mutual Management Pty Limited (CMM), a subsidiary of Capricorn Society, is also an authorised representative of Capricorn Mutual (Authorised Representative number 324456) and it:

- a) arranges and manages memberships of Capricorn Mutual;
- b) approves and implements the grant of Protections. It acts as the delegate of the Board of Capricorn Mutual in granting Protections and exercising the discretion to grant or not grant indemnity; and
- c) manages Capricorn Mutual's business on a day to day basis and, in particular, handles Claims following grants of indemnity.

CRS and CMM use their own resources and employees for these tasks but may also use systems and resources of other parts of the Capricorn Society.

1.4 Fees payable to CMM and CRS

CMM is an authorised representative of Capricorn Mutual (Authorised Representative number: 324456). CMM receives a fixed annual management fee for the services it provides to Capricorn Mutual. CMM staff are not paid commissions but may receive incentive bonuses based on their performance across a range of measures aligned to organisational performance.

CRS is an authorised representative of Capricorn Mutual (Authorised Representative number: 460893). CRS receives a fixed annual management fee for the services it provides to Capricorn Mutual. CRS staff are not paid commissions but may receive incentive bonuses based on their performance across a range of measures aligned to organisational performance.

Capricorn Mutual pays Capricorn Society a service fee of 4% of Subscriptions and Contributions collected through Capricorn Society accounts. This service fee is in exchange for a number of obligations imposed on Capricorn Society including the promotion of Capricorn Mutual as a Preferred Supplier of Capricorn Society. Between Capricorn Society and Capricorn Mutual, Capricorn Mutual bears the risk of any failure or delay in Members making payments in respect of their Capricorn Society accounts. However, any failure by a Member to pay their Capricorn Society account may lead to that trading account being suspended or closed, preventing future payments under a Protection and may in turn lead to the Protection or the Member's membership being cancelled.

Summary of benefits and risks set out in the Constitution and the Rules

2.1 What are the key features and benefits?

Feature or Benefit	Description
Profits retained for the benefit of Members	Profits are retained for the benefit of Members in meeting the objectives of Capricorn Mutual, including to support Capricorn Mutual's financial capability to meet requests for indemnity which the Board, in its absolute discretion, may grant in whole or part.
Protections are a benefit of membership	Membership in Capricorn Mutual entitles the Member to apply for the issue of a Protection, and if issued, to request the Board exercises its discretion to indemnify the Member in respect of a Liability or Loss covered by the terms of the Protection. We may issue property and Liability or Loss Protections which are suited to businesses in the automotive industry. We may also issue Protections against some personal risks.
Directors of Capricorn Mutual	The Constitution of Capricorn Mutual regulates the appointment and retirement of its directors. At all times, a majority of the directors must be persons who are directors of Capricorn Society, and who are nominated by Capricorn Society. The Board of Capricorn Mutual may appoint to the Board up to 3 independent directors for terms of up to 3 years. At every annual general meeting one-third of the directors (rounded down), excluding independent directors, are subject to retirement by rotation.
Capricorn Mutual holds an Australian Financial Services Licence	As a financial services business, Capricorn Mutual is regulated by ASIC and holds an Australian Financial Services Licence. Key licence conditions require Capricorn Mutual to maintain certain financial requirements. These include having sufficient assets to meet its liabilities including adequate cash and surplus liquid funds to meet the expenses of Capricorn Mutual and its obligations under Protections. Capricorn Mutual is also required to lodge its audited financial statements with ASIC each year.
Payment of Contributions through Capricorn Society account	It is possible to pay your Contributions using your Capricorn Society account and in most circumstances payments can be made monthly (subject to an initial upfront payment of 2 months' Contribution) at no additional cost to you.
Members can request extension of Protections to Protected Persons	Members are entitled to request that the Board exercises its discretion to grant a Claim in respect of a person who is not a Member and does not hold a Protection, but who Capricorn Mutual has agreed to extend the application of a Protection to in an individual named capacity, as specified in a Schedule of Protection, such person being referred to herein as a Protected Person. The Protected Person has no right to make any Claim in their own right and must comply with all obligations imposed on a Member in respect of disclosure and when a Claim is made. A Protected Person is distinct from any other person who may be covered under the terms of a Protection, but who is not individually named in a Schedule of Protection.

2.2 What are the significant risks?

Risk of Product	Description
Protection is not the same as insurance	<p>Capricorn Mutual issues a 'miscellaneous financial risk product'. This is not an insurance product as there is no immediate promise of indemnity. Rather, if there is a Liability or Loss covered by the Protection, the holder of the Protection asks Capricorn Mutual to exercise its discretion to indemnify it and if the Board or its delegate agrees to grant indemnity, then the Liability or Loss will be covered as understood by reference to the terms of the Protection.</p> <p>Capricorn Mutual is not regulated by APRA, but is regulated by ASIC. See section 1.2 of this Part A for more details.</p> <p>As Capricorn Mutual is not an insurer, Members cannot participate in statutory schemes which support policyholders in the event of financial failure, such as the Financial Claims Scheme.</p> <p>The insurance laws which protect consumers do not apply to the Protections and Capricorn Mutual is not regulated in the same way as an insurance company.</p>
You must be a Member of Capricorn Mutual at all times	<p>You must be a Member of Capricorn Mutual or capable of becoming a Member of Capricorn Mutual to apply for and continue to hold Protections. In order to apply for and maintain your membership, you must satisfy the eligibility requirements for Members set out in the Constitution and the Rules.</p> <p>Acceptance of membership applications is at the discretion of the Capricorn Mutual Board.</p> <p>Members can be removed from the membership register in accordance with the Capricorn Mutual Constitution and Rules. Membership may cease immediately without Notice in the event of bankruptcy, insolvency, where a Member chooses not to renew and hold any Protections, or death or mental incapacity in the case of an individual. Membership may also end on the cancellation of your Protections (see section 4.9 of this Part A for more detail).</p>

<p>The Board of Capricorn Mutual has discretion in granting indemnity</p>	<p>Capricorn Mutual issues Protections to its Members and persons entitled to become Members on a discretionary basis. This means the Board (or its delegate) must exercise its discretion to issue Protections to Members and exercise its discretion to grant (in whole or part) or not grant indemnity when a Claim is made by a Member to whom a Protection applies. The discretion must be exercised fairly and on its merits in the interests of Capricorn Mutual, which may include the interests of all of its Members. For more details see section 1.2 of this Part A.</p>
<p>Your Protection may be cancelled in certain situations</p>	<p>Your continuing rights under a Protection may be adversely affected if you cease to be a Member.</p> <p>If you cease to be a Member because of a failure to pay a Member Subscription or any other amount due to Capricorn Mutual, your right to seek indemnity under a Protection will generally cease. However, this may vary depending on the type of Protection you hold and the terms and conditions applicable to that Protection.</p> <p>Capricorn Mutual, may, at its discretion, give Notice in writing to you before the end of the Period of Protection that it will cease to issue you Protection beyond that period. In this event, the Protection will cease at the time shown on your Schedule of Protection. Your Protection will also immediately expire:</p> <ol style="list-style-type: none"> i) if you fail to pay your Contributions or any other sum of money due to Capricorn Mutual under the Constitution and the Rules; ii) if the Period of Protection specified in your Schedule of Protection has expired; iii) if you: <ul style="list-style-type: none"> • are declared bankrupt or insolvent or commit an act of bankruptcy; • die (in which case Capricorn Mutual may accept your legal representative or trustee as a Member for the purpose of your Protections on and from the date of death); • become mentally incapacitated or you or your estate become liable to be dealt with in any way under the laws relating to mental health (in which case Capricorn Mutual may accept your legal representative or trustee as a Member for the purpose of your Protections on and from the date of mental incapacitation); or iv) if: <ul style="list-style-type: none"> • your business commits an act of insolvency; • a liquidator is appointed in connection with the winding up of your business; or • an order is made by a court for the winding up or de-registration of your business. <p>There is also no guarantee that your Protection will be renewed as this is at the discretion of the Board. Capricorn Mutual must give reasonable Notice if it is proposing to cancel your Protection on renewal and this has to be done before the expiry of the Period of Protection.</p> <p>Capricorn Mutual can cancel your Protection:</p> <ol style="list-style-type: none"> i) where the information you provide relevant to Capricorn Mutual's decision to issue you a Protection and determine the Contributions payable is not true, correct or complete or material information is not provided which with reasonable diligence would have been ascertained; ii) by Notice, where, in respect of the renewal of a Protection, the making of a Claim or the Member's obligation to notify Capricorn Mutual of varied information relevant to the decision to issue you a Protection or determine the Contributions payable, information is provided which is not true, correct or complete or material information is not provided which with reasonable diligence would have been ascertained; iii) where you cease to be a Member other than in circumstances of death or mental incapacity provided Capricorn Mutual accepts the legal representative or trustee of the estate as a Member in substitution; or iv) where the Capricorn Mutual Board, acting reasonably, is of the opinion that you have engaged in fraudulent or dishonest conduct (including omission) in respect of a Protection (including in relation to the application for, renewal or Claim). Cancellation in such circumstances shall take effect on and from the Protection's date of commencement. If Capricorn Mutual cancels a Protection given such fraudulent or dishonest conduct, it may cancel all other Protections held by the Member on and from the date of the relevant fraudulent or dishonest act or omission by the Member.

Capricorn Mutual is subject to counterparty risk	The counterparties with which Capricorn Mutual has arrangements, including CRS, CMM, Capricorn (Isle of Man) Limited and CML NZ Limited, may become insolvent or may not otherwise be able to meet their obligations. Capricorn Mutual does have step-in rights under the arrangements with CRS and CMM.
Catastrophic events may affect Capricorn Mutual's ability to meet Claims	In the event that a catastrophic event causes an extraordinary number of requests for indemnity by Members, there is a risk that the Board of Capricorn Mutual will be less likely to exercise its discretion to grant such indemnities. To lessen this risk, Capricorn Mutual has arrangements in place which allow it to access insurance and reinsurance markets through its related companies Capricorn (Isle of Man) Limited and CML NZ Limited.
Changing market and economic conditions may affect Capricorn Mutual's ability to meet Claims	There is a risk that Capricorn Mutual's ability to meet Claims may be affected by changing economic or market conditions beyond Capricorn Mutual's control. These may include movements in securities markets, inflation, consumer spending, employment and the performance of individual local, state, national and international economies.

2.3 What are the fees and charges?

Summary of Fees and Costs	Description
Membership Subscription Fee	An annual membership fee of A\$10 plus GST applies.
Contributions for Protections	<p>Contributions are payable by you for your Protection in accordance with the Constitution and the Rules. The amount, which is determined by Capricorn Mutual in its absolute discretion, will be stated in your Schedule of Protection.</p> <p>The amount of your Contribution reflects the nature of the risks you wish to protect, as well as the amount of risks protected and any optional Protection you have selected as well as the general pricing approach adopted by Capricorn Mutual. For more details about the factors that influence the pricing of Contributions see section 4.7 of this Part A.</p>
Endorsements	If you make any changes during the Period of Protection, Capricorn Mutual will advise you if any additional Contribution is required at the time of the endorsement. Any additional Contribution will be influenced by the same factors as those used to calculate the original Contribution.
Taxes and Charges	Your Contribution is subject to goods and services tax but no stamp duty or fire services levy is payable. The amount of any taxes and charges will be stated in your Schedule of Protection.
Interest	Members are liable to pay interest to Capricorn Mutual on any amount payable for Contributions, or any other payment due under the Constitution and the Rules, that is not paid when it is due or on any amount received in respect of a Claim whose acceptance has been revoked by Capricorn Mutual. Interest is calculated in accordance with the Rules.
Excesses	When you make a request to the Board of Capricorn Mutual (or its delegate) to exercise its discretion to indemnify you in respect of a Liability or Loss covered by the terms of the Protection, the Board may require you to pay an amount towards the cost of your Claim. Your Schedule of Protection will state the excess that applies to each of your Protections.
Guarantee	As Capricorn Mutual is a company limited by guarantee, you will be required to pay the amount of your outstanding Contributions together with an amount of A\$1.00 if Capricorn Mutual is wound up whilst you are a Member or within one year of you ceasing to be a Member. Members in the last Financial Year who have paid all Contributions may be able to participate in the distribution of any surplus funds.

Membership of Capricorn Mutual

3.1 How do I become a Member of Capricorn Mutual?

Capricorn Mutual has the discretion to decide whom to admit to membership.

Members and trading account holders of Capricorn Society and persons associated with them are amongst those persons eligible for membership. Capricorn Mutual only issues Protections to Members and persons entitled to become Members. A Member's rights under a Protection are governed by and arise under the Constitution of Capricorn Mutual and the Rules made by the Board.

When you apply for membership of Capricorn Mutual, you will be asked a series of questions relevant to your eligibility for membership. You must ensure that all information given in answering these questions, and in the course of applying for membership generally, is, after making reasonable inquiry, true, correct and complete to the best of your knowledge. The answers you provide will be used to assess your application for membership, and will, if your membership is accepted, be deemed to be part of the terms of your admission as a Member. If the information provided is not true, correct and complete, you may be refused membership or expelled from membership if a membership has already been granted.

If you decide to apply for membership of Capricorn Mutual, contact us for a quotation on the Protection you require at the same time.

You must pay the annual Subscription of A\$10 plus GST for membership when you first apply for membership. Membership applications are available by calling us on 1800 007 022 or emailing info@capricornrisk.com.

If you are accepted as a Member of Capricorn Mutual and have paid your membership Subscription fee, you will be informed of your Capricorn Mutual membership number and the period of membership. You must quote this membership number on all your correspondence and in all your contact with us. When you receive details of your membership, please check the details carefully and notify us immediately if there are any changes needed.

3.2 What is involved in maintaining my membership?

You will be required to pay an annual membership Subscription fee of A\$10 plus GST for each year you remain a Member. Failure to pay this Subscription fee can lead to your membership being cancelled.

You must also continue to hold at least one Protection in each year to remain a Member of Capricorn Mutual. If you cease to hold any Protection, including where Capricorn Mutual does not renew your Protection or your Protection is otherwise cancelled, your membership will automatically cease (unless you are issued with a Protection within 6 months of the previous Period of Protection ending).

You must also pay your Contributions for the Protections you hold in each year. These are the amounts stated in your Schedule of Protection. You can also ask for a quotation for additional Protections at any time.

3.3 Are there any other payments I must make?

Aside from paying your membership Subscription fee and the Contributions for your Protections, as a Member of Capricorn Mutual there may be other payments that you are required to make under the Capricorn Mutual Constitution and Rules. These include:

- a) the excesses or deductibles that apply to each Protection in the event of a Claim;
- b) interest on any overdue payment, which will be calculated at the Reserve Bank Official Cash Rate plus 5% from the date immediately following the Member payment due date; and
- c) if Capricorn Mutual is wound up whilst you are a Member or within 1 year of you ceasing to be a Member, you will have to pay A\$1.00. Capricorn Mutual is a company limited by guarantee so whilst there is a liability to make this payment on winding-up, Members who have paid all Contributions in the last Financial Year may also participate in the distribution of any surplus assets on winding-up.

3.4 How do I change my details?

If your personal details, such as your mailing address, telephone number or other contact details, change during the Membership Year, you need to tell us so we can contact you at the correct address. If you forget to inform us of these details, your membership may not be renewed in time.

If the change relates to the Protections you hold, see section 4.6 of this Part A for details of how to notify Capricorn Mutual of changes in your circumstances.

3.5 Can I be removed as a Member or cancel my membership?

Members can be removed from the membership register in accordance with the Capricorn Mutual Constitution and by consequence of the operation of the Rules. Membership may cease immediately without Notice in the event of bankruptcy, insolvency, where a Member chooses not to renew and hold any Protections, or death or mental incapacity in the case of an individual (in which case Capricorn Mutual may accept your legal representative or trustee as a Member for the purpose of your Protections on and from the date of death or mental incapacity). Capricorn Mutual can also remove you as a Member where you no longer hold a Protection which can be as a consequence of Capricorn Mutual deciding not to renew your Protection or cancelling your Protection for the reasons described in further detail below.

You can cancel your membership at any time before the expiry of the Membership Year which has been communicated to you. You must give Notice in writing to Capricorn Mutual. You may receive a refund or partial refund at the discretion of Capricorn Mutual in such a circumstance. Please note, if you do this you will lose Protection benefits automatically from the date that you choose to end your membership.

3.6 Who can act on behalf of a Member?

Capricorn Mutual may recognise a person as a Member's Representative, and that person then may act on behalf of the Member such person represents. All acts, omissions and knowledge of the Member's Representative, who is also bound by the same obligations as the Member, are taken to be those of the Member it represents in respect of dealings with Capricorn Mutual including in respect of membership and Protections.

In the event of the death or mental incapacity of a Member, a Member's legal representative or the trustee of the Member's estate may be accepted by Capricorn Mutual for the purposes of continuing to hold Protections issued to the former Member and exercising any associated rights, powers and privileges.

Protections issued by Capricorn Mutual

4.1 What types of Protections are issued by Capricorn Mutual?

Capricorn Mutual issues its Members and persons entitled to become Members with Protections for their business and personal risks and the costs associated with those risks. A Protection is a financial product designed to manage risk and is an alternative to traditional insurance products. However, it is not insurance as there is no immediate promise of indemnity. Rather, if there is a Liability or Loss covered by the Protection, the holder of the Protection asks Capricorn Mutual to exercise its discretion to indemnify it and, if the Board or its delegate agrees to grant indemnity, then the Liability or Loss will be covered to the extent of the indemnity granted (which may be in whole or part), as understood by reference to the terms of the Protection.

A Member's rights under a Protection are governed by and arise under the Constitution of Capricorn Mutual and the Rules made by the Board. The Rules are governed by the law of Western Australia and each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Western Australia, in this respect.

The information below is a summary only and you should read the full details of the Protections set out in Part B and Part C of this PDS before applying for Protections. There are a number of additional and optional Protections provided in each section and you may elect to have those additional and optional Protections when you apply.

Please note that, where it is stated in this section that a Protection 'protects' certain losses or damage, this is subject to the Board of Capricorn Mutual (or its delegate) exercising its discretion to grant an indemnity (in whole or part) in respect of the relevant losses or damage.

The terms shown in bold below are defined in Parts B and C of the PDS - see page 18 for details of their meaning in relation to Business Protections and page 72 for details of their meaning in relation to personal Protections.

Business Protections:

Type of Protection	Summary of Protection
Section 1. Business Buildings	This section protects loss or damage to your 'Business Buildings' from sudden or unforeseen occurrences caused by a protected event . These include fire, explosion or implosion, lightning, storm, wind, rain or snow, escape of liquid, impact by vehicles , animals, watercraft , aircraft or other aerial devices, riots, strikes and civil commotion, malicious acts and earthquake, subterranean fire or volcanic eruption, and others where applicable. See page 28 for more details about what is a protected event . Members can also apply for optional benefits like protection for flood and accidental loss or damage .
Section 2. Business Contents	This section protects loss or damage to your 'Business Contents' from sudden or unforeseen occurrences caused by a protected event . See above and page 32 for more details about what is a protected event . Members can also apply for optional benefits like protection for flood and accidental loss or damage .
Section 3. Burglary	This section protects loss or damage to your property for 'Burglary'. See page 36 for more details.
Section 4. Money	This section protects loss or damage of 'Money' relating to your business which occurs during the period of protection . See page 39 for more details.
Section 5. Engineering	This section protects malfunction or breakdown or burning out of any part of your machinery or electronic equipment which causes its normal use to cease and that is sudden and unforeseen. See page 41 for more details.
Section 6. Business Interruption	This section protects you for financial loss and the increased cost of operating your business as a result of interruption to your business during the period of protection due to loss or property damage which is protected under sections 1, 2, 3, 4 or 7. See page 43 for more details.
Section 7. General Property	This section protects loss or damage to your specified 'General Property' caused by a protected event , burglary or accidental loss or damage . See page 46 for more details.

Section 8. Goods in Transit	This section protects loss or damage to your contents or stock in the course of being transported or stored and caused by a protected event, burglary or collision or overturning of the conveying vehicle . See page 48 for more details.
Section 9. Public & Products Liability	This section protects you for the amounts which you shall become legally liable to pay as compensation in respect of personal injury and/or property damage caused by or arising out of an occurrence in connection with your business . This also includes defence costs . See page 49 for more details.
Section 10. Professional Protection	This section protects you for your civil liability to pay compensation arising out of a breach of your professional duty when providing advice for a fee. This also includes defence costs . See page 53 for more details.
Section 11. Legal Expenses	This section protects your legal costs and expenses incurred to defend or pursue a number of disputes, including contract and consumer disputes, arising and instituted in Australia . See page 57 for more details.
Section 12. Tax Audit	This section protects you for the professional fees incurred by you in connection with an audit. See page 59 for more details.
Section 13. Commercial Vehicles	This section protects your commercial vehicle(s) for loss or damage to your commercial vehicle and/or your legal liability for property damage arising from the use of your commercial vehicle . See page 60 for more details.
Section 14. Customers Vehicles	This section protects your customers' vehicle(s) whilst in your care when the vehicle(s) are being tested, repaired, delivered or left on your premises . See page 66 for more details.
Section 15. Stock Vehicles	This section protects vehicles owned by the business and kept as stock for sale whilst being driven by a protected person or a contractor for loss or damage and/or your legal liability for property damage arising from the use of your stock vehicle . See page 69 for more details.

Personal Protections:

Type of Protection	Summary of Protection
Section 1. Home Buildings	<p>This section protects you for loss or damage to your 'Home Buildings' from sudden or unforeseen occurrences caused by a protected event. These include fire, implosion and explosion, lightning, storm, wind, rain or snow, escape of liquid, impact by vehicles, animals, watercraft or other aerial devices, riots and strikes, malicious acts, burglary, earthquake, volcanic eruption, and others where applicable.</p> <p>You are also protected for your legal liability for property damage or personal injury to any other person arising from the ownership of your property.</p> <p>You can also apply for optional benefits such as protection for flood. See page 80 for more details.</p>
Section 2. Home Contents	<p>This section protects you for loss or damage to your 'Home Contents' from sudden or unforeseen occurrences caused by a protected event.</p> <p>You are also protected for your legal liability for property damage or personal injury to any other person arising from the ownership of your property.</p> <p>You can also apply for optional benefits such as protection for flood. See page 84 for more details.</p>
Section 3. Private Motor Vehicles	<p>This section protects your personal 'Private Motor Vehicles' for loss or damage and/or your legal liability for property damage arising from the use of your motor vehicle(s). See page 89 for more details.</p>

4.2 How do I apply for Protections?

A Member or a person who intends to become a Member of Capricorn Mutual can apply for Protection for business and/or personal risks by calling us on 1800 007 022 and completing an application form.

When you apply for Protection, you will be asked to sign an application form containing information provided by you that is relevant to the Protection you are seeking and to the rating of the Contribution you will be asked to pay for that Protection. The information you provide will be used to consider whether or not to accept your application for Protection and to assess your Contributions.

The information provided on your application form is relevant to whether or not the Board of Capricorn Mutual accepts your application for a Protection.

If the information and particulars you provide to Capricorn Mutual or to employees of its authorised representatives CMM and CRS after making reasonable inquiry, is incorrect, inaccurate, incomplete, misleading, not true or is information material to the application, which with reasonable diligence was ascertainable but was not provided, the Board may refuse to approve your application for Protection, or if a Protection is issued, refuse your request for an indemnity or cancel the Protection. If the information provided is personal information how we use and disclose personal information is in section 6.1 of this Part A.

You need to tell us immediately when changes happen that may require changes to your Protections or increase the risks that are relevant to your Protections. In particular, you need to tell us if any of the answers provided in your application form for a Protection are no longer correct. If you do not provide this information, the Board may refuse any Claim you make.

If your application is successful and the Protection granted, Capricorn Mutual will issue you with a Schedule of Protection. Your Schedule of Protection will record your Protections, the limits that may be paid for each of the Protections, the excesses or deductibles that apply to each Protection and other important matters about your Protections such as the date on which each Protection starts and expires as well as any special conditions applying to your Protection.

Your Schedule of Protection will also record the Contributions payable by you to Capricorn Mutual. Your Contributions become due and payable at the time your selected Protections commence. Your Contribution can be paid upfront in one payment or monthly (subject to an initial upfront payment of 2 months' Contributions) using your Capricorn Society account (at no additional cost to you). See section 4.8 of this Part A for details on how to pay your Contributions.

If you are not a Member at the time you make your application, the agreement to provide you with Protection is conditional on you paying your Subscription and becoming a Member.

4.3 How can I check that I am properly protected?

When we send your Schedule of Protection, please check the document carefully and tell us immediately if any changes are required.

Please note:

- It is your responsibility to ensure that the limits of your Protection are correct. You should regularly review the adequacy of your Protection during the Period of Protection and prior to renewal annually.
- If you do not tell us the correct value of your property or the correct amount of your gross profits so that you have not obtained adequate Protection under any of Business Buildings, Business Contents or Business Interruption Protections, the Board may refuse to grant you an indemnity under your Protection or, if it agrees to exercise its discretion to pay you an indemnity, reduce the amount payable. Your Claim may be adjusted in the event that you are underprotected and Part B of this PDS sets out and summarises Capricorn Mutual's position in this respect.
- While retaining its absolute discretion to grant or reject a request for indemnity made by a Member in accordance with the Constitution and the Rules, the Board may reject a request for indemnity or accept a request but reduce the indemnity payable by Capricorn Mutual if:
 - a) in the opinion of the Board, the Member making the request for indemnity has not taken reasonable steps to mitigate a Liability or Loss;
 - b) any relevant Claim against a Member has been settled, or any Liability has been admitted by or on behalf of the Member without the prior consent in writing of Capricorn Mutual and there has, in the sole opinion of the Board, been prejudice to Capricorn Mutual by such action; or
 - c) the Member has failed to comply with any of the obligations under the Rules, the Constitution or a directive made at any time by Capricorn Mutual in connection with the handling or settlement of a Claim covered by a Protection. Please see under section 5.2 of this Part A for more detail.

It is also important to tell us if your circumstances change (including the risks protected). Failure to do so may affect whether or not Capricorn Mutual agrees to grant an indemnity in whole or in part in respect of a Claim. See section 4.6 of this Part A for details.

4.4 How long am I protected for?

Your Protection will be valid for 12 months unless otherwise indicated in the relevant Schedule of Protection. This is called the Period of Protection. Before the Period of Protection expires, Capricorn Mutual will give you a written notification identifying the basis on which it will consider applications for renewal of the Protection and the relevant Contributions payable. There is no guarantee that your Protection will be renewed as this is at the discretion of the Board.

The dates for the Period of Protection will be clearly stated in your Schedule of Protection.

4.5 How do I renew the Protections?

All renewals of Protections are governed by, and must be given in accordance with, the Capricorn Mutual Constitution and the Rules made by the Board. To be eligible to renew your Protection, you must maintain or renew your membership of Capricorn Mutual (that is, by paying your Subscription fee). Whether your Protection is renewed or not is at the discretion of the Board.

Before the Period of Protection expires, Capricorn Mutual will give you a written notification of the basis on which it will consider applications for renewal of the Protection and the Contribution payable by you for the renewal of that Protection. Whether your Protections are renewed or not is at the discretion of the Board and will be based on the information you provide including information about any changes to your circumstances, as well as Capricorn Mutual's overall business strategy and approach.

If the Board exercises its discretion to renew your Protection, the renewal will be given on the terms and conditions set out in the Constitution and the Rules applicable at the time of the renewal. If your application to renew your Protection is successful, you will be asked to pay the Contribution for each of the Protections prior to the expiry of the Period of Protection. The amount of the Contribution will depend on the risks that you want to protect and the Protection you have selected, as well as Capricorn Mutual's overall approach to pricing. More details on how Contributions are calculated is in section 4.7 of this Part A.

4.6 What should I do if my circumstances change?

Notify Capricorn Mutual of any changes to your circumstances immediately, as this can affect your Protections including your eligibility to make a Claim or may necessitate other changes. Capricorn Mutual may vary unilaterally the terms and conditions of your Protections including the Contributions payable if it becomes aware that any information you have provided to Capricorn Mutual in applying for a Protection ceases to be true, correct or complete.

Any changes required to your Protections to take into account your changed circumstances or risks during your Period of Protection will be at the discretion of the Board. The Board at its discretion may issue you with a new Schedule of Protection or it may endorse your existing Schedule of Protection in respect of the new details or circumstances. The Board may recalculate the Contributions payable by you to account for your change in circumstances.

If you would like to apply for additional Protections, simply contact us with the details for consideration. The Board may, in its absolute discretion, issue new Protections to you. If the Board exercises its discretion to issue you new Protections, the new Protections may run for 12 months with the Period of Protection for that Protection commencing from the date when your application was successful. Alternatively, it may run to the common renewal date for your existing Protections. The Period of Protection for any new Protection will be reflected in a Schedule of Protection.

4.7 How are my Contributions calculated?

The Board of Capricorn Mutual has the discretion to set the cost of Contributions payable by you for each Protection product you hold. Quotations are provided by CMM, which calculates the cost of each Protection in accordance with pricing policies approved by the Board. Capricorn Mutual considers a range of factors when determining your Contribution for a requested Protection. These factors vary according to the Protection requested and include but are not limited to:

- a) your location and the usual location of the asset you wish to protect;
- b) your occupation and the activities carried out at your business premises;
- c) your previous Claims history;
- d) the size of your business;
- e) the type of security you have in place;
- f) your general risk profile;
- g) your annual payroll and/or your annual turnover;
- h) in the case of Business Interruption Protection, your gross profit;
- i) in the case of motor vehicles, the age of the driver;
- j) the nature, features, value and general condition of the asset you wish to protect;
- k) the limit of Protection you select;
- l) any additional or higher excess that you choose to pay;
- m) the answers you provide in your application form; and
- n) Capricorn Mutual's overall financial performance, pricing strategy and desired risk portfolio.

Capricorn Mutual relies on Contributions received each year to meet its Claims liabilities. To ensure that it has sufficient funds to pay its Claims liabilities, Capricorn Mutual has voluntarily adopted the Insurance Liability Valuation Reporting standards as specified in APRA's GPS 320, which imposes a minimum value on insurance liabilities of 75% level of sufficiency. Capricorn Mutual obtains independent actuarial valuations of its Claims liabilities at least annually to ensure that a 75% level of sufficiency is held at each balance date.

4.8 How can I pay my Contributions and are there any rights of set-off?

Paying up front

Your Schedule of Protection will state how much you have to pay for your Contributions, and how much time you have for payment. You must pay by the due date.

If you pay after the due date, Capricorn Mutual can reject your payment which means that your Protection will not start, and, in the case of a renewal, your Protection will not be renewed. If your late payment is accepted, your Protection commences from the date of payment unless we agree otherwise. Any payment reminders sent to you do not change the expiry of your Protection or the due date for payment.

If you do not pay the Contribution and other charges in full after being notified to do so by Capricorn Mutual, your Protection will immediately expire without further Notice. This means that you may not hold a Protection for the full Period of Protection specified on your Schedule of Protection.

Paying monthly

You can pay your Contributions monthly (subject to an initial upfront payment of 2 months' Contribution) from your Capricorn Society account. To arrange this, you must sign the authority form which accompanies your quotation or renewal and return it to us or otherwise communicate such instruction in a form we deem acceptable.

If you pay by monthly instalments, then you must pay the first 2 months' instalments up front and 10 monthly instalments thereafter. If you pay your Contributions by monthly instalment and your payment is overdue, Capricorn Society will give you Notice to bring your payments up to date and may withdraw use of your Capricorn Society account if you fail to do so. If you do not pay your Contributions owing by the date stated in the Notice, you may lose your right to have a Claim for Protection considered and accepted.

Interest on overdue amounts

Interest is charged on overdue Contributions. Interest will be calculated at the Reserve Bank Official Cash Rate plus 5% and will be calculated from the date immediately following the Member payment due date.

Rights of set-off

Capricorn Mutual is entitled to set-off any Contributions or other sums of whatsoever nature due to Capricorn Mutual or Capricorn Society against the whole or any part of any amounts payable by Capricorn Mutual to the Member. A Member has no right of set-off against Capricorn Mutual in respect of any amounts payable by Capricorn Mutual to the Member.

4.9 Can I cancel the Protections?

Cooling off period

You are entitled to cancel Protections issued to you, by notifying us in writing, within the cooling off period.

The cooling off period is 21 days from the first commencement date of Protection stated in your Schedule of Protection.

If you cancel within the cooling off period, we will refund you any Contributions paid for the Protection. The cooling off period does not apply if you make a Claim or, in the case of Protection covering transit risks (section 8 of Part B), from the date when your first transit journey commences.

Other cancellations

You cannot cancel your Protection during the Period of Protection, other than with the consent of the Capricorn Mutual Board and on the terms that the Board, in its discretion, thinks fit including whether the Board will require you to pay unpaid Contributions in respect of the balance of the Period of Protection. Capricorn Mutual will approve a cancellation or endorsement of a Protection where the sale of vehicles or properties covered by the Protection are completed.

4.10 Can Capricorn Mutual cancel the Protections?

Capricorn Mutual can cancel your Protection:

- a) if you fail to pay your Contributions or any other sum of money due to Capricorn Mutual under the Constitution and Rules;
- b) if you are declared bankrupt or insolvent or commit an act of bankruptcy;
- c) if you commit an act of insolvency, a liquidator is appointed in connection with the winding up of your business or an order is made by a court for the winding up or de-registration of your business;
- d) where the information you provide relevant to Capricorn Mutual's decision to accept a Protection and determine the Contributions payable is not true, correct or complete or material information is not provided which with reasonable diligence would have been ascertained;
- e) by Notice, where, in respect of the renewal of a Protection, the making of a Claim or the Member's obligation to notify Capricorn Mutual of varied information relevant to the decision to accept a Protection or determine the Contributions payable, information is provided which is not true, correct or complete or material information is not provided which with reasonable diligence would have been ascertained;

- f) where you cease to be a Member other than in circumstances of death or mental incapacity, provided Capricorn Mutual accepts the legal representative or trustee of the estate as a Member in substitution in such circumstances; or
- g) where the Capricorn Mutual Board, acting reasonably, is of the opinion that you have engaged in fraudulent or dishonest conduct (including by omission) in respect of a Protection (including in relation to the application, renewal or a Claim). Cancellation in such circumstances shall take effect on and from the Protection's date of commencement and, if applicable, will include the revocation of the acceptance of any Claim made by the Member in respect of that Protection. Any amount paid in satisfaction of a Claim in such circumstances must be repaid to Capricorn Mutual by the Member with interest.

If Capricorn Mutual cancels a Protection from the date of its commencement given such fraudulent or dishonest conduct by a Member, Capricorn Mutual must repay any Contributions in relation to that Protection and may cancel all other Protections held by the Member on and from the date of the relevant fraudulent or dishonest act or omission by the Member. If Capricorn Mutual cancels all other Protections held by the Member, the Member is required to pay Capricorn Mutual any unpaid Contributions in respect of those Protections.

Making Claims for Protections

5.1 What if I have a Claim?

If anything happens which gives rise, or may give rise to a Claim, you must follow the Claims procedures set out in the Constitution and the Rules for your Claim to be considered, which are in turn summarised in the General Conditions in Part B of this PDS. These include:

- a) notifying us immediately with all relevant information and the provision of relevant documentation in respect of the Claim, notifying the police if there has been a criminal act, taking all reasonable precautions to prevent or minimise further Loss and saving any damaged or defective property which might provide evidence in any Claim, including taking all reasonable steps to recover any lost or stolen property;
- b) not admitting Liability, altering or repairing anything until we have had the opportunity of an inspection, unless such alteration or repair is necessary for safety reasons;
- c) taking all reasonable steps to obtain details of any other person, property or vehicle involved and any witnesses and provide all other reasonable assistance as Capricorn Mutual may require in respect of the Claim; and
- d) if required, providing proof of ownership when your Claim is considered. If you are unable to provide proof when it is requested, this could delay the Board's consideration of your Claim or the Board may refuse your Claim. In some cases you may be asked to obtain a quote for repair or replacement from a repairer or valuer nominated by Capricorn Mutual.

Where you are protected for a Loss to another person for which you are legally responsible (other than a Protected Person), for example Protection for the Loss of an employee's tools or a driver of your vehicle, you must make the Claim in your name on behalf of that person. Please note, where we pay your Claim by a cash settlement instead of a payment for a relevant acquisition, we will reduce the amount of the payment by the amount of any input tax credit that you would have been entitled to had the payment been applied to a relevant acquisition.

Under the Rules, you are taken to have directed us to make any payment to or in respect of a Protected Person to that Protected Person in full satisfaction of our obligations under the Protection. Capricorn Mutual will also satisfy its obligations in respect of a Claim by making payment to or in respect of the third party who claims that a Member has a Liability or Loss in respect of it.

Capricorn Mutual is operated to benefit its Members. Assistance with your Claim is just a phone call away. Telephone as soon as a problem occurs and we will give you detailed instructions as to what to do next. Call us on 1800 007 022. All calls are toll free.

5.2 Who decides if my Claim will be paid?

As a Member of Capricorn Mutual and a holder of Protections, you will have a right to request that the Board of Capricorn Mutual indemnifies you in respect of Liability or Loss within the terms of your Protection. The Board may, in its absolute discretion, grant (in whole or part) or not grant such requests for indemnity made by Members. No interest is paid by Capricorn Mutual on any Claim. Capricorn Mutual's Board has given CMM delegated authority to exercise its discretion to grant or not grant an indemnity to Members within the terms of their Protections. CMM may refer particular requests for indemnity to the Board and make recommendations on whether or not to accept a request for indemnity and the amount to be paid.

The exercise of the Board's (or CMM's) discretion will be based on, among other things, the Protection terms specified in your Schedule of Protection, the Constitution and the Rules, as well as the Member's actions both prior to and after the Claim and the nature of the Claim itself. While retaining its absolute discretion to grant or reject a request for indemnity made by a Member in accordance with the Constitution and the Rules, Capricorn Mutual may reject a Claim or accept a Claim but reduce the sum payable in various circumstances including where:

- a) the information you provide in respect of the Claim is not true, correct or complete including where you fail to provide information in respect of a Claim which would have been ascertainable with reasonable diligence;
- b) in respect of the renewal of a Protection, the making of a Claim or the Member's obligation to notify Capricorn Mutual of varied information relevant to the decision to accept a Protection or determine the Contributions payable, information is provided which is not true, correct or complete or material information is not provided which with reasonable diligence would have been ascertained;

- c) reasonable steps have not been taken to mitigate the Liability or Loss that is subject of the Claim;
- d) you have acted inconsistently with Capricorn Mutual's right of subrogation;
- e) the Claim has been settled or Liability admitted without Capricorn Mutual's consent or to Capricorn Mutual's prejudice;
- f) you have failed to comply with your obligations as a Protection holder or a directive from Capricorn Mutual as to how the Claim is to be handled;
- g) you have obtained inadequate cover under your Protection including by reason of your understatement of gross profits or protected property value;
- h) you alter or repair property prior to Capricorn Mutual's right of inspection unless such alteration or repair is necessary for safety reasons; or
- i) by any act or omission you or any Protected Person otherwise increase or affect detrimentally (or likely increases or affects detrimentally) the Liability or Loss that is subject of the Claim.

Acceptance of a Claim by Capricorn Mutual can be revoked and any amounts paid in satisfaction of the Claim recovered including applicable interest thereon where in respect of the application for or renewal of a Protection, the making of a Claim or the Member's obligation to notify Capricorn Mutual of varied information relevant to the decision to accept a Protection or determine the Contributions payable, the Member (or those for whom the Member is responsible):

- a) provides information which is not true, correct or complete;
- b) does not provide material information which, with reasonable diligence, would have been ascertained; or
- c) engages in conduct (by act or omission) that Capricorn Mutual reasonably considers to be prejudicial to its interests.

5.3 What if I am not happy with a Claim decision?

If you have a complaint about the way a Claim has been handled or any other aspect of our services, contact us by telephoning 1800 007 022 or in writing to the postal address on the inside front cover of this PDS. You can also email us at cmlcomplaints@capricornmutual.com.

Your complaint will be dealt with promptly and fairly. Any complaint that is not satisfactorily resolved will be referred to our management who will review your complaint and respond within five working days.

If you are not satisfied with the decision, you can request that the complaint be referred to the Board of Directors. The Board will independently consider the complaint. It will instruct CMM to implement any decision it makes to resolve the complaint. The Board's review will be guided by the principles of good faith, equity and merit.

If you are still unhappy with the outcome, you can choose to have the matter resolved externally.

You can raise complaints about our services directly with the Financial Ombudsman Service (FOS). This independent body provides its service free of charge and we will abide by the outcome. The decision is not binding on you. If you wish, you may decide not to accept the decision and take your own legal action against Capricorn Mutual.

You can contact FOS and speak to one of its enquiry officers by ringing 1300 78 08 08. Alternatively, you can download complaints information from the FOS website at www.fos.org.au and submit your written complaints form to FOS at Financial Ombudsman Service Limited, GPO Box 3, Melbourne, VIC, 3001.

FOS is an external complaints resolution scheme approved by ASIC to provide free advice and assistance to consumers to help them in resolving complaints relating to members of the financial services industry.

5.4 What rights does Capricorn Mutual have on any acceptance of a Claim?

Upon acceptance of any Claim in whole or part, Capricorn Mutual:

- a) has the right to control or direct the conduct of any legal or other proceedings involving that Claim, including the right to require the Member or Protected Person to settle, compromise or otherwise dispose of the Liability or Loss that is subject of the Claim; and
- b) is entitled to the residual value of any property that is subject of a Liability or Loss. Such property is deemed to be assigned to Capricorn Mutual which can dispose or deal with the property as it sees fit. A Member is not entitled to abandon to Capricorn Mutual any property that is subject of a Liability or Loss.

Privacy

6.1 Our Privacy Policy

Capricorn Mutual is committed to handling your personal information in accordance with the *Privacy Act 1988 (Cth)* and the Australian Privacy Principles. We collect your personal information to:

- a) process your application for membership and Protections;
- b) provide you with quotations;
- c) administer your membership and the Protections you select;
- d) calculate and collect your Contributions; and
- e) assess and pay eligible Claims made by you or your personal representative.

If you do not provide some or all of the information we request, we may be unable to assess your application for membership or Protections or any Claim you make. This may result in your application for membership or Protections or a Claim being declined.

From time to time, we will use your contact details to send you direct marketing communications including offers, updates and newsletters that are relevant to your membership and the Protections we provide. We always give you the option of electing not to receive these communications and you can unsubscribe at any time by notifying us that you wish to do so.

Consistent with the purposes described above, we may disclose your personal information to our Managers, Capricorn Mutual Management Pty Ltd and Capricorn Risk Services Pty Ltd, which provide us services so that we may assess your application for membership, issue you Protection, calculate your Contributions, manage your Protection, assess any Claims you may make and manage all other aspects of our business. We may also disclose your personal information to Capricorn Risk Services Pty Ltd where you have appointed them to arrange and manage insurance and Protection on your behalf. Where necessary, we will also disclose your information to selected third parties who provide service related to membership, Protection and Claims (such as lawyers, loss assessors, repairers, brokers, medical practitioners and reinsurers). In order to obtain reinsurance it may be necessary for us to disclose your information to reinsurers who are located overseas. The reinsurers that we use are located throughout the world and may be changed by us from time to time. We may also disclose your information to related companies or agents in New Zealand and the Isle of Man who provide us with computer hosting, support services and reinsurance services.

By providing us with your personal information you consent to its collection and use for these purposes. Our Privacy Policy contains information about how you can access the information we hold about you, ask us to correct it, or make a privacy related complaint. You can obtain a copy by contacting our Privacy Officer on 1800 007 022 or by e-mail: privacy@capricornmutual.com. Alternatively visit our website at www.capricornmutual.com.

Part B

Business Protections

GENERAL PROVISIONS APPLYING TO ALL BUSINESS PROTECTION SECTIONS:

Capricorn Mutual only offers **protection** to its **members** on a discretionary basis. This means the Board (or its delegate) must exercise its discretion to issue **protections** to **members** and exercise its discretion to grant indemnity when a claim is made by a **member** to whom a **protection** applies. Any statement to the effect that Capricorn Mutual will 'protect', 'pay', 'reinstate' or 'compensate' **protection**-holders, or any similar provision imposing an obligation on Capricorn Mutual only operates where the Board has exercised its discretion to grant an indemnity in respect of a claim.

A **member's** rights and obligations (including the payment of membership subscription fees and **contributions**) in respect of a **protection** are governed by and arise under the Constitution of Capricorn Mutual and the **Rules** made by the Board. All terms and conditions in respect of the payment of benefits and claims in Part B and Part C of the PDS for each of the **protection sections** are incorporated into the Constitution and the **Rules** of Capricorn Mutual. **Your** entitlements are subject to the Constitution and **Rules**. **Your Schedule of Protection** is incorporated into and is a part of the **Rules**.

1. General Definitions

These general definitions apply to all **business protection sections** unless stated otherwise. Defined words will appear in bold. The definitions apply to the plural and any derivatives of the bolded words.

Term	Definition
Accident	Loss or damage arising out of an unexpected or unintended cause.
Accidental Loss or Damage	Loss , destruction or damage that is unexpected, unintentional, sudden and unforeseen.
Australia	The Commonwealth of Australia including all States and Territories.
Breakdown	Sudden and unforeseen electronic, electrical or mechanical malfunction or distortion of any part or component part of machinery or electronic equipment which causes its normal use to cease.
Burglary	The act of stealing or attempted stealing occurring with physical evidence of forcible and/or violent entry or exit to your premises or vehicle/watercraft .
Business	The enterprise undertaken by you as stated in your Schedule of Protection .
Business Building(s)	Any permanent building(s) at your premises including: a) fixtures and fittings, services, walls, gates, car parks, private roads, pavements, paving and fences around and belonging to your business building(s); b) fixed signs and blinds, awnings, aerials, masts and satellite dishes; and c) other improvements of a structural nature at the premises which you own or for which you have legal liability for under a contract.
Business Hours	The period during each working day at which your premises are attended for business purposes by you or any person authorised by you . In the case of businesses without premises (i.e. mobile businesses), the period each working day during which you are operating your business .
Contents	Contents are items that you own and are used for your business . Contents does not include the following unless shown in your Schedule of Protection : a) stock or motor fuels ; b) vehicles or watercraft ; c) Automatic Teller Machines; or d) tobacco or alcohol.

Contractor	A person who is not an employee but is engaged by you to work in your business or to perform services required by your business .
Contribution	Any monies payable to Capricorn Mutual by a member as shown on your Schedule of Protection and pursuant to Rule 8 .
Customer's Goods	Customer's goods are property (but excluding vehicles and watercraft) that belong to your customers and are left temporarily in your physical or legal control in connection with your business .
Damage(d)	Physical harm to tangible property that impairs its value, usefulness or normal function.
Defence Costs	The reasonable legal costs incurred by you , with our written consent, necessary to defend a claim made against you or any protected person .
Electronic Equipment	Electronic equipment including but not limited to computers, diagnostic equipment and scanners. Electronic equipment does not include mobile phones, smartphones, iPhones, iPads, tablets, stock , or equipment which forms part of, or is attached to, a vehicle or watercraft .
Employee(s)	Any person while employed by you in the business under a contract of service and who you compensate by salary, wages or commission and have the right at all times to govern, control and direct in the performance of their work. Employee does not include: a) any broker, factor, consultant, agent, consignee or contractor ; or b) any partner, director, manager or trustee unless that person is also your employee.
Endorsement	Any amendment of the terms of the protection(s) advised in writing by us .
Event	An incident or several incidents of a series consequent on, or attributable to, one source or original source.
Excess(es)	The amount(s) which you are required to contribute to each claim.
Flood	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; or g) a dam.
General Provisions	The terms contained in Part B applying to all business protection sections subject to any endorsement .
GST	Goods and services tax per the meaning given in the <i>A New Tax System (Goods and Services Tax) Act 1999</i> .
Legal Liability	Penalties, compensation, damages, repair, restitution or any other amounts for which you are responsible and required to pay by law.
Limit(s) of Protection	The applicable limit(s) provided by the protections you hold, as stated in your Schedule of Protection .
Loss, Losses, Lost	Sudden and unforeseen physical loss .
Machinery	Any machinery used in connection with your business that is not stock (including but not limited to refrigeration units, air-conditioning units, electrical motors, fans, pumps, air compressors, boilers or pressure vessels). Machinery does not include: a) machinery which forms part of a vehicle or which is attached to a vehicle ; b) machinery which forms part of a watercraft or aircraft or which is attached to a watercraft or aircraft; or c) elevators or escalators.
Member	A person, corporation, organisation or entity that has been admitted to membership of Capricorn Mutual in accordance with the Constitution.
Money	Cash or any negotiable instrument belonging to your business or for which you are legally responsible.

Term	Definition
Motor Fuels	Stock of petroleum products, diesel, liquified petroluem gas or any other similar fuel owned by you or for which you are legally liable used to power vehicles or watercraft and held in storage tanks, petrol pumps or like containers.
Negotiable Instrument	A legal document that represents money and that can be legally transferred in title from one person to another.
Occurrence	An event including continuous or repeated exposure to substantially the same conditions which results in personal injury or property damage that is neither expected nor intended.
Period of Protection	The duration of your protections as stated in your Schedule of Protection including as varied and understood by reference to Rule 7(1) .
Personal Effects	Clothing and personal possessions that are not otherwise protected, are not used in connection with the business , but are located at the business premises at the time of loss or damage . Personal effects does not include any vehicle or watercraft .
Personal Injury	Bodily injury, death, disease, illness or nervous shock, false arrest, wrongful detention, wrongful eviction, assault or battery.
Pollutant	Any solid, liquid, gaseous or thermal irritant or contaminant, including, but not limited to, smoke, vapour, soot, fumes, cinders, dust, asbestos, acids, alkalis, chemicals or waste. Waste includes materials to be recycled, reconditioned or reclaimed.
Premises	The business situation(s) specified in your Schedule of Protection .
Product Disclosure Statement (PDS)	The document named Product Disclosure Statement issued by Capricorn Mutual in accordance with the requirements of Chapter 7 of the <i>Corporations Act 2001 (Cth)</i> and includes: a) the terms contained in Important Information (Part A); b) the General Provisions and terms contained in sections 1 - 15 (Part B) in respect of any business protections granted to you ; and c) the General Provisions and terms contained in sections 1 - 3 (Part C) in respect of personal protections granted to you .
Property Damage	Physical loss , physical destruction or physical injury to tangible property, specifically excluding personal injury to any person.
Protected Event	Any of the following perils: a) fire; b) explosion or implosion (but not for loss or damage to boilers, economisers, or vessels under pressure themselves, or their contents); c) lightning; d) storm, wind, rain or snow; e) escape of liquid resulting from discharging, leaking, bursting or overflowing of pipes, tanks, heating or water apparatus (but not for loss or damage to the actual pipes, tanks, heating or water apparatus themselves); f) hail (but not for loss or damage to vehicles or watercraft unless specified in your Schedule of Protection); g) impact by vehicles , animals, watercraft , aircraft or other aerial devices and/or falling trees or objects; h) riots, strikes and civil commotion; i) malicious acts; or j) earthquake, tsunami, subterranean fire or volcanic eruption.
Protected Person	A person who is not a member and does not hold a protection , but to whom we agree to extend the application of a protection .

Term	Definition
Protection(s)	A miscellaneous financial risk product used to manage business and personal risks, issued to a member in accordance with the Capricorn Mutual Constitution and the Rules .
Rule(s)	The document called 'Rules of Capricorn Mutual Limited' that governs membership and the terms of protections offered by Capricorn Mutual.
Schedule of Protection	The current schedule issued by us to you which sets out the scope and extent of the protection(s) granted to you including any endorsements attached or issued by us . Each Schedule of Protection is taken to be incorporated, and part of the Capricorn Mutual Rules .
Section(s)	The individual sections 1 - 15 that you have selected and we have granted to you from the types of protection governs by the Constitution and the Rules and detailed in Part B of the Product Disclosure Statement .
Stock	<p>Stock and materials in trade (including vehicles and watercraft if specified in your Schedule of Protection), which belong to you, or for which you are legally liable, and for the purposes of sale by you. Stock also includes stock and materials in trade which have been fitted to your customer's vehicles as part of your work in progress whilst the customers' vehicles are in your care, custody and or control but which have not left your care, custody or control.</p> <p>Stock includes consignment stock held by you, but not consignment vehicles or watercraft held by you. We will not protect stock that is on consignment to other parties.</p>
Storm Surge	An offshore rise of seawater associated with a low pressure weather system, typically cyclones.
Safe / Strong Room	A reinforced room or vessel for safe storage, designed to withstand fire or forcible or violent entry and used for the storage of money and valuables.
Theft	The act of stealing or attempted stealing.
Tools of Trade	<p>Tools used for and in connection with business activities; including any hand held devices powered solely by the person using it.</p> <p>Tools of trade does not include any home office equipment, vehicles or watercraft.</p>
Total Loss	Loss that occurs when the protected property is totally destroyed or is damaged in such a way that it can be neither recovered nor repaired for further use.
Vehicle	<p>Any mechanically propelled vehicle designed for use on land only including a motor vehicle, motorcycle, goods carrying vehicle, trailer or caravan, and extending to include any standard equipment, modifications and accessories attaching to that vehicle which are provided by the manufacturer.</p> <p>Vehicle does not include a train or rolling stock, aircraft or spare part.</p>
Watercraft	A vessel, craft or thing, made or intended to float on or in, or travel on or through water including any standard equipment, modifications and accessories attaching to that watercraft which are provided by the manufacturer.
Work in Progress	<p>Work or repairs that you are undertaking for your customers, being the materials and stock you have used but which have not left your care, custody or control.</p> <p>Work in progress does not include the labour cost of the work you have done.</p>
We, Us, Our(s)	Capricorn Mutual Ltd ABN 24 104 601 194.
You, Your(s), Yourself	A member who holds a protection as described in your Schedule of Protection .

2. General Conditions

These general conditions apply to all **protection sections** unless stated otherwise.

Term	Condition
1. Protections	You are entitled to seek a discretionary protection in accordance with the Rules , if you agree to become a member of Capricorn Mutual, pay the annual membership subscription and make the relevant contribution for the protection you choose, and which Capricorn Mutual agrees to issue to you .
2. Contribution	<p>The contribution to be paid for the protection(s) you have selected and which we have issued to you is specified in your Schedule of Protection.</p> <p>In deciding to issue you with a protection and in determining your contribution, we will consider and rely upon a number of factors including:</p> <ol style="list-style-type: none"> your past claims history; the information you provide in your application for protection including the nature and type of your business; and any circumstances that may increase your risk. <p>If you pay your contribution by monthly instalments, you are required to make payments on a timely basis. Your protection will immediately expire if you fail to pay your contribution or any other sum of money due to Capricorn Mutual under its Constitution and Rules.</p>
3. Excess(es)	<p>The excess is the amount(s) which you are required to contribute to each claim.</p> <p>You will only be required to pay one excess on any claim you make if the claim arises from one event, except in the case of vehicles where you may be required to pay more than one excess.</p> <p>Where a claim arises from one event and you are entitled to protection under more than one section, you will be required to pay the highest single excess applicable irrespective of the number of excesses applying to individual sections.</p> <p>You may request a larger excess. If we agree with your request, this may change the amount of contribution you pay.</p>
4. Reasonable Care	You must take all reasonable care (and if applicable, ensure that protected persons and contractors take all reasonable care) to prevent or minimise accidents, property damage, personal injury or any other occurrences or events which may give rise to a claim under your business protection section(s) and comply with statutory obligations, by-laws, regulations, public authority requirements and safety requirements, laws, standards and manufacturers' recommendations relating to the use, inspection and safety of property and/ or the safety of people.
5. Changes to Risk	<p>You must immediately notify us if the risk of loss, damage or liability changes or increases, because of a change in your business or a change in the risk (for example, you change premises). Your increased risk will not be protected unless we agree to do so in writing.</p> <p>This condition includes changes that occur during the period of protection and changes that may affect our decision to protect you at each renewal of your business section(s).</p>
6. Claims Procedures	<p>Before your claim will be considered, you or a protected person must comply with the applicable obligations under the Rules in respect of making a claim, and upon you becoming aware of any event, incident or occurrence which gives rise or may give rise to that claim, you must immediately make the claim. If anything happens which gives rise or may give rise to a claim the following applies:</p> <ol style="list-style-type: none"> you or a protected person (if applicable) must: <ol style="list-style-type: none"> mitigate and reduce any legal liability, loss, damage, defence costs, personal injury or property damage (or any other claim, compensation payable, damages, cost, expense, injury or liability covered by a protection), including reasonable steps requested to be taken by Capricorn Mutual; promptly notify us of any information, documents or reports in relation to the claim of which you or the protected person are aware or which you or the protected person possess, giving full particulars of the facts and circumstances, including any legal liability, loss, damage, defence costs, personal injury or property damage (or any other claim, compensation payable, damages, cost, expense, injury or liability covered by a protection) incurred by you or the protected person, and details of any proceedings instituted against you or the protected person; immediately notify the police if a criminal act may have caused the legal liability, loss, damage, defence costs, personal injury or property damage (or any other claim, compensation payable, damages, cost, expense, injury or liability covered by a protection);

	<ul style="list-style-type: none"> iv) take all reasonable precautions to prevent or minimise further legal liability, loss, damage, defence costs, personal injury or property damage (or any other claim, compensation payable, damages, cost, expense, injury or liability covered by a protection); v) take all reasonable steps to recover any lost or stolen property; vi) take reasonable steps to obtain details of any other person, property or vehicle involved and any witnesses; vii) provide all reasonable information and assistance we may require or that may be material to our decision to accept or reject your claim; viii) use your or a protected person's best efforts to save any damaged or defective property which might provide evidence in relation to any claim; and ix) provide us with details of any other insurances which insure or may insure the same or similar risks relating to the legal liability, loss, damage, defence costs, personal injury or property damage (or any other claim, compensation payable, damages, cost, expense, injury or liability covered by a protection) or the subject of the claim. <ul style="list-style-type: none"> b) you or a protected person are not entitled to abandon any property the subject of a legal liability, loss, damage, defence costs, personal injury or property damage (or any other claim, compensation payable, damages, cost, expense, injury or liability covered by a protection) to us; c) we have the right to control or direct the conduct of any legal or other proceedings in respect of a claim for which we exercise our discretion to grant indemnity; d) after payment for or replacement of any property loss or damage, except for business building(s), we have a right of salvage, and the property becomes ours; and e) we may reject a claim or accept a claim and reduce the sum payable by us in respect of the claim, if: <ul style="list-style-type: none"> i) information provided by you or a protected person in respect of a claim is not true, correct and complete to the best of your or the protected person's knowledge; ii) you or a protected person fail(s) to provide information to us in respect of a claim which would, with reasonable diligence, have been ascertainable by you or the protected person; iii) in the opinion of the Board, you or a protected person have not taken reasonable steps to mitigate the loss, damage, injury or liability; iv) loss, damage, injury or liability (or any other claim, compensation payable, damages, cost, expense covered by a protection) to which the claim relates has been settled, or any liability has been admitted, by you or on behalf of you or a protected person without our prior consent in writing, and there has, in the sole opinion of the Board, been prejudice to us by such action; v) you or protected person has failed to comply with any of your or the protected person's obligations under the Rules, the Constitution or a directive made at any time by us (or our delegate) in connection with the handling or settlement of the loss, damage, injury or liability; or vi) you alter or repair any building, appliance, plant, or thing the subject of any loss, damage, injury or liability in relation to a claim before we have had the opportunity of an inspection, unless such alteration or repair is necessary for safety reasons.
<p>7. Goods and Services Tax (GST)</p>	<p>If we arrange for the repair or replacement of an item which is the subject of a claim, we will pay the cost of repair or replacement inclusive of GST.</p> <p>If we settle your claim by making a payment to you, we will reduce the amount of the payment by the amount of any input tax credits to which you would be entitled if you made an acquisition to repair or replace the item.</p> <p>If you do not disclose or understate your entitlement, you may be liable for GST on settlement of the claim. We will not protect you for any penalty, charge or fine for which you may be liable.</p>
<p>8. Automatic Reinstatement</p>	<p>Where a loss occurs, except for section 9 Public & Products Liability, section 10 Professional Protection and section 13 Commercial Vehicles, we will reinstate the relevant limit(s) of protection provided that:</p> <ul style="list-style-type: none"> a) there is no written request to the contrary by either you or us; b) the relevant protection is operative; and c) you pay the contribution which we may require for the reinstatement within the time specified by us.

Term	Condition
9. Our Rights if You Claim	<p>If you make a claim, and we agree to grant your claim, you agree that we are entitled to:</p> <ul style="list-style-type: none"> a) have complete control over all claim(s) settlements; b) take over the defence or settlement of a claim made against you or a protected person including the right to join other parties or commence separate proceedings against other parties; c) require you or a protected person to settle, compromise or otherwise dispose of a loss or liability in such manner and upon such terms as we in our sole and absolute discretion see fit; d) issue proceedings or take any action, in your name, to recover or seek contribution or indemnity of any payment made to you or on your behalf by us (this is known as subrogation – see ‘subrogation’ condition below). You must cooperate with us and provide reasonable assistance in relation to any such proceedings; e) enter your premises with your permission where damage or personal injury has occurred; f) deal with your property for which you experience total loss in any way we think is appropriate; and g) keep any part of your property as salvage that we replace or pay the cost of replacement.
10. Subrogation	<p>If we exercise our discretion to provide an indemnity against any legal liability, loss, damage, defence costs, personal injury or property damage (or any other claim, compensation payable, damages, cost, expense, injury or liability covered by a protection) for which you make a claim under a protection, you or a protected person agree to subrogate, assign or otherwise transfer to us any and all of your rights of recourse against third parties.</p>
11. Subrogation Waiver	<p>We waive any rights, remedies or relief to which we are entitled by subrogation against you or protected persons, other than in the case of an employee of yours, where the claim arose from or related to the employee’s dishonest, criminal, fraudulent or malicious act or omission.</p>
12. Unattended Premises	<p>Minimum security is required when your premises are unattended. If your premises are left unoccupied (i.e. there are no protected persons or contractors at the premises), for any period of time, you must ensure:</p> <ul style="list-style-type: none"> a) all safes and doors are locked and the keys removed from your premises; b) all windows are locked and the keys removed; c) all protections required by us have been put into effect; and d) any intruder alarm system, smoke alarms, detectors or sprinklers are armed and maintained in full and efficient working order. <p>You must immediately notify us if your premises will be unattended for a period of 30 days or more. We will not protect your premises in this period whilst unoccupied unless we agree to do so in writing.</p>
13. Minimum Security and Fire Prevention Requirements	<p>You must maintain the following security at your premises.</p> <p>Where an intruder alarm system is required by us and/or installed at your premises, the following conditions apply:</p> <ul style="list-style-type: none"> a) the intruder alarm system must be agreed by us; b) the intruder alarm system must be put into operation and working whenever your premises are left unattended; c) the intruder alarm system must be maintained in full and efficient working order under a contract to provide both corrective and preventative maintenance with the installing company or another company agreed by us; and d) your premises are not left without a responsible person in attendance when any responsible person is aware that the method of communication used to transmit signals is not in full operation. <p>Where smoke alarms, detectors and/or sprinklers are required by us and/or installed at your premises, the following conditions apply:</p> <ul style="list-style-type: none"> a) the smoke alarm, detector and/or sprinklers must be agreed by us; b) the smoke alarm, detector and/or sprinklers must be put into operation and working at all times; c) the smoke alarm, detectors and/or sprinklers must be maintained in full and efficient working order under a contract to provide both corrective and preventative maintenance with the installing company or another company agreed by us; and d) your premises are not left without a responsible person in attendance when any responsible person is aware that the method of communication used to transmit signals is not in full operation. <p>All fire extinguishers are required to comply in accordance with applicable laws, regulations, standards or industry codes.</p>

<p>14. Trade Waste</p>	<p>All oily and greasy waste must be kept in closed metal receptacles and removed away from your premises regularly. All other combustible waste must be:</p> <ul style="list-style-type: none"> a) swept up each day when work ceases and deposited in bags or bins; and b) disposed of in accordance with applicable laws, regulations, standards or industry codes.
<p>15. Use of Heat</p>	<p>You must not use any electric, oxyacetylene or similar welding or cutting equipment, blow lamps, blow torches or similar equipment for the application of heat other than in accordance with applicable laws, regulations, standards or industry codes.</p> <p>Any loss, damage, liability, financial loss, personal injury, cost or expense arising directly or indirectly from or in connection with cutting, heating, welding or grinding will be excluded except where you have complied with the current <i>Australian Standard AS 1674.1 - 1997</i> and <i>AS 1674.2 - 2003 Safety in Welding and Allied Processes</i> (as amended, updated or replaced from time to time) and any other applicable industry standards or codes that apply to activities involving hot works.</p>
<p>16. Underground Services</p>	<p>We will only protect you in respect of property damage to existing underground services, cables, pipes or equipment provided that:</p> <ul style="list-style-type: none"> a) you call 'Dial Before You Dig' on 1100, or www.1100.com.au to locate the position of all underground services; b) prior to the commencement of any work you have enquired with the relevant authorities or company as to the location of underground services; c) the location of such services has been conveyed to those who are carrying out such work on behalf of you; d) a written record is maintained of the precautions taken in respect of any excavation; e) you take all reasonable precautions to prevent personal injury or property damage; f) any liability arising out of work carried out more than 5 metres below ground level is excluded; and g) any liability arising out of work carried out underground by directional drilling or by a thrusting or boring machine is excluded.
<p>17. Motor Fuels, Petroleum, LPG, Underground Tanks and Systems</p>	<p>We will only protect you for any loss, damage, liability, financial loss, personal injury, cost or expense arising directly or indirectly from, or in connection with, the delivery, transport and storage (including installation and operation) of motor fuels, petroleum, LPG and underground tanks and systems, where you have complied with all relevant legal requirements and industry codes or standards.</p>
<p>18. Non-Accumulation</p>	<p>If you are entitled to protection for your claim under more than one section or part of a section, you may nominate the section or part under which you require the claim to be paid by us. If you do not make a nomination, we will pay the claim under the section or part that is most favourable to you. Provided that under no circumstances are you entitled to be indemnified more than once for the same claim, we will not pay you for any one loss, liability or expense under more than one section or part of a section.</p> <p>The exception to this General Condition 18 is where your Schedule of Protection shows sections 14 Customers Vehicles and/or 15 Stock Vehicles and they are also protected under section 2 Business Contents and/or section 3 Burglary where the protection is cumulative.</p>
<p>19. Other Protection or Insurance</p>	<p>Where there is another protection or insurance policy which applies to a claim, we will only pay over and above the amount payable by the other protection or insurance policy.</p>
<p>20. Jurisdiction</p>	<p>The protections governed by the Capricorn Mutual Constitution and Rules, and set out in this document are subject to the laws of Western Australia and the parties agree to submit to the jurisdiction of the courts of Western Australia.</p>

Term	Condition
21. Underprotection	<p>Underprotection will only apply where the declared value of the relevant protected asset or the declared gross profit (in respect of the 'Business Interruption' section), is less than 80% of its actual value or actual gross profit.</p> <p>It is your responsibility to ensure that the limits of your protection are correct. You should regularly review the adequacy of your protection during the period of protection and prior to renewal annually.</p> <p>If you do not tell us the correct value of your property or provide the correct amount for your gross profit so that you have not obtained adequate protection, we may refuse to agree to your claim for protection in full and may reduce the amount paid, at our discretion, under the following sections:</p> <ul style="list-style-type: none"> • Business Buildings; • Business Contents; and • Business Interruption. <p>If we choose to reduce the amount paid, the claim sum to be paid will be calculated as follows:</p> $\frac{\text{Declared Value}}{80\% \text{ Actual Value}} \times \text{Loss} = \text{Claim Sum Paid}$ <p>Example:</p> <p>Your property is worth A\$20,000 (actual value). You only protect it for A\$10,000 (declared value). You suffer a loss of A\$5,000. The claim sum amount that you may recover will be A\$3,125.</p> $\frac{\text{A\$10,000}}{80\% \text{ of A\$20,000}} \times \text{A\$5,000} = \text{A\$3,125}$ <p>Any excess will still be applied.</p> <p>Every 'situation' or 'item' protected is separately subject to this general condition.</p>

3. General Exclusions

These general exclusions apply to all **protection sections** unless stated otherwise. **We** will not protect **you** for:

Term	Exclusion
1. Pre Existing Circumstances	Any loss, damage, liability, financial loss, personal injury or other circumstance in existence prior to the commencement of the period of protection which you and/or your representative knew or ought to reasonably have known might give rise to a claim.
2. Loss of Value	Any loss of market value beyond the cost of repair or replacement.
3. Confiscation, Expropriation or Nationalisation	Any loss, damage, liability, financial loss, personal injury, cost or expense arising from confiscation, nationalisation, requisition, removal, entry to the premises or destruction by order of any government, public body, municipal, local or customs authority, court or police.
4. Consequential Loss	Any loss resulting indirectly or secondarily to a protected loss . Consequential loss includes, but is not limited to, a financial loss that arises, directly or indirectly, out of a protected loss , such as penalties, loss of use of property, delays, depreciation, lack of performance, loss of contract or opportunity or loss of market value . This general exclusion does not apply to section 6 Business Interruption.
5. War Risks	Any loss, damage, liability, financial loss, personal injury, cost or expense arising from war, invasion, actions of foreign enemies, hostilities (whether or not war has been declared), civil war, rebellion, revolution, insurrection, military action or coup.
6. Sonic Bangs	Any loss, damage, liability, financial loss, personal injury, cost or expense arising from pressure waves caused by aircraft or other aerial devices travelling at sonic or supersonic speeds.
7. Nuclear	Any loss, damage, liability, financial loss, personal injury, cost or expense, directly or indirectly caused by or contributed to or arising from: a) the combustion of nuclear fuel; b) nuclear fission; or c) nuclear weapons material.
8. Toxic Mould	Any loss, damage, liability, financial loss, personal injury, cost or expense arising from or relating to fungal pathogens or bacteria. For the purposes of this general exclusion, fungal pathogens shall mean any fungus or mycota or any by-product or type of infestation produced by such fungus or mycota including, but not limited to, mould, mildew, mycotoxins, spores or any biogenic aerosols.

9. Cyber Risks	Any loss, damage , liability, financial loss, personal injury , cost or expense arising from, in whole or in part by: a) the use or misuse of the internet or similar facility; b) any electronic transmission of data or other information; c) any computer virus, worm, logic bomb, 'Trojan Horse' or similar problem; d) the use or misuse of any internet address, website or similar facility; e) any data or other information posted on a website or similar facility; f) any loss of data to any computer system, including but not limited to hardware or software; g) the functioning or malfunctioning of the internet or similar facility or of any internet address, website or similar facility; or h) any infringement whether intentional or unintentional of any intellectual property rights including, but not limited to, trademark, copyright or patent.
10. Specific Sites	Any loss, damage , liability, financial loss, personal injury , cost or expense arising from or in connection with work on or at any: a) power station or nuclear installation; b) oil rig, oil drilling platform or refinery or associated structures or vessels or while travelling to or from them; c) chemical laboratory or manufacturer; d) aircraft, airport, ship, dock, pier or wharf; e) computer installation or computer room; f) tower, steeple, chimney shaft, blast furnace, dam, canal, viaduct, bridge or tunnel; or g) underground mining or underground mining equipment.
11. Terrorism	Any loss, damage , liability, financial loss, personal injury , cost or expense arising from or directly or indirectly caused by: a) any act of terrorism, which shall mean an act including, but not limited to, the use of force or violence and/or threat of any person or group 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, ethnic or similar purposes or reasons, including the intention to influence any government and/or to put the public, or any section of the public, in fear; or b) any action taken in controlling, preventing, suppressing or in any way relating to any act of terrorism.
12. Hazardous Goods	Any loss, damage , liability, financial loss, personal injury , cost or expense arising directly or indirectly from or in connection with circumstances where you are in breach of any law, by-law, municipal or any other regulation dealing with the storage of dangerous or hazardous goods or substances at your premises .
13. Fair Wear & Tear	Any loss, damage , liability, financial loss, personal injury , cost or expense arising directly or indirectly from or in connection with wear, tear, rust, corrosion, erosion, oxidation, scale or gradual deterioration, lack of maintenance, evaporation, shrinkage, loss of weight, dampness, dryness, wet rot or dry rot, insects, woodworm or vermin or any other gradually operating cause which occurs in the course of ordinary use of property.
14. Warranties / Guarantees	We will not pay for parts, labour or travel costs recoverable under any supplier, manufacturer, repairers warranty or guarantee, or which would have been protected but for a breach of your obligations under the terms of the warranty or guarantee.
15. Fines & Penalties	Punitive, exemplary or aggravated damages awarded against you or any penalties or fines imposed on you .
16. Watercraft	Loss or damage to any watercraft more than 8 metres in length unless specified in your Schedule of Protection .
17. Non-Motor Trade Sideline Business	We will not protect any non-motor trade sideline business or other ventures of yours unless we specifically agree to do so in writing.
18. Deliberate Actions, Fraud and Dishonesty	Any loss, damage , liability, financial loss, personal injury , cost or expense arising directly or indirectly from or in connection with any dishonest, fraudulent, illegal, criminal, malicious, deliberate or reckless acts by you , any protected person or a contractor .

BUSINESS PROTECTION SECTIONS:

Section 1. Business Buildings

Specific definitions

In this **section** the following words have the following meaning:

Glass	Means: a) fixed external glass (including perspex and plastic material used in external windows, doors and skylights); and b) fixed internal glass (including perspex and plastic material in internal partitions, doors, windows, counters, shelves, showcases, mirrors, wash basins, sinks, toilet pans and cisterns) belonging to you or for which you are legally responsible or have assumed responsibility for prior to the loss or damage .
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What is protected?

If 'Business Buildings' is specified in **your Schedule of Protection**, we will protect **you** for **loss** or **damage** to **your business building(s)** in **Australia** and caused by a **protected event** during the **period of protection**.

Basis of settlement

The maximum **we** will pay for any one **event** under this **section 1** is the **limit(s) of protection** for 'Business Buildings' shown in **your Schedule of Protection**, subject to additional benefits 1, 2, 9 and 10.

If there is **loss** or **damage** to **your business building(s)**, we will, at **our** option, repair or replace the part of the building where there is **loss** or **damage** as far as possible to a condition substantially the same as but not better or more extensive than when new, using materials that are easily available in **Australia**; and only if repair or replacement is carried out as soon as possible after the **loss** or **damage** has occurred.

If there is a **total loss** to **your business building(s)**, we will pay the cost to erect a new building to the same design and specification as the destroyed building up to the **limit of protection**. **You** have the option of rebuilding at the location where the **loss** happened, or at any other location in **Australia** subject to **our** agreement, but **our** payment is limited to the actual cost of rebuilding up to the **limit of protection** as shown in **your Schedule of Protection**.

If, at **our** option, we provide a cash settlement, or if repair or replacement is not carried out, we will only pay the lesser of:

- the cost of repairing the **business building(s)** less an equitable allowance for age, wear and tear, depreciation, or betterment;
- the pre-**damage** value of the **business building(s)** at the time of its **loss** or destruction; or
- the **limit of protection** applicable to such property where separately specified.

Where 'Underprotection' applies, as described under Part B, 2 General Conditions, Item 21 of this document and Annexure 1 of the **Rules**, the basis of the calculation for payments made by **us** in respect of a claim will be the **limit(s) of Protection** specified in **your Schedule of Protection**.

We will not pay the amount stated as the **excess(es)** in **your Schedule of Protection** for this **section 1**.

Additional benefits

If 'Business Buildings' is specified in **your Schedule of Protection**, and **you** make a claim that is protected under this **section 1**, we will protect **you** for the following additional benefits if they are applicable to **your** claim. **Our** liability for these additional benefits will be limited to:

- the amount(s) stated in **your Schedule of Protection**; or
- the amount(s) stated below if there is no amount stated in **your Schedule of Protection**.

1. Inflation Protection	The limit of protection for your business building(s) under this section 1 will be increased monthly during the period of protection in line with the Australian Consumer Price Index. At the renewal of your business building(s) protection , your contribution will be based on the increased limit of protection . This indexation will continue during the period of repair or replacement of your business building(s) under this section 1 .
2. Buildings Clean-Up	We will pay for the cost of removing or disposing of debris, or demolishing, dismantling or shoring up your business building(s) . The maximum we will pay for this additional benefit is up to the remaining balance of the building limit of protection or up to A\$25,000 in addition if the building limit of protection has been exhausted.

<p>3. Extra Costs of Building Reinstatement</p>	<p>We will pay for the extra costs necessary to repair or replace your business building(s) which are incurred in order to comply with any building requirements of any Act of Parliament, or regulation made under an Act or by-law or the regulation of any municipal or statutory authority, subject to the limits of protection, terms and conditions of this protection, and the following provisions:</p> <ul style="list-style-type: none"> a) work being commenced and carried out in a reasonable time; b) no additional costs to comply with any requirement that you were required to comply with prior to the loss or damage occurring; and c) the costs of compliance for any part of the business building that is not damaged. <p>The maximum we will pay for this additional benefit is 10% of the limit of protection or A\$100,000, whichever is less.</p>
<p>4. Heritage Building Costs</p>	<p>We will pay the extra cost of repairing, replacing or reinstating your protected business building(s), which is subject to a heritage listing to comply with standards imposed by the lawful heritage protection authority at the same location, and that are related to obtaining special materials or employing specialised labour to match up or reproduce unique or distinctive ornamental or architectural features of the business building(s).</p> <p>The maximum we will pay for this additional benefit is 10% of the limit of protection or A\$100,000, whichever is less, to rebuild, replace or repair any protected building to a reasonably equivalent appearance and capacity using original design and suitable modern equivalent materials, if the original materials are not available.</p>
<p>5. Loss of Metered Water</p>	<p>We will pay for loss of metered water for which you are responsible, following damage protected by this section 1. to any part of the water apparatus forming part of your business building(s).</p> <p>The maximum we will pay for this additional benefit is A\$5,000 per event.</p>
<p>6. Capital Additions</p>	<p>We will pay for additions, alterations, improvements and extensions undertaken to your existing business building(s) during the period of protection.</p> <p>You must tell us about any new building, alterations, additions or improvements as soon as possible.</p> <p>We will not pay under this additional benefit for any increase in value to your existing building.</p> <p>The maximum we will pay for this additional benefit is 10% of the limit of protection or A\$50,000, whichever is less.</p>
<p>7. Replacement Locks</p>	<p>We will pay for replacement locks or lock mechanisms of external doors, gates, safes and strong rooms and intruder alarm systems installed in your business building(s) if the keys are damaged or lost during the period of protection.</p> <p>The maximum we will pay for this additional benefit is A\$5,000 per event.</p>
<p>8. Trace and Access</p>	<p>We will pay for the costs of locating the source of:</p> <ul style="list-style-type: none"> a) water escaping from any fixed tank, pipe or apparatus in your business building(s) during the period of protection; or b) oil escaping from any heating system in your business building(s) during the period of protection; and subsequently making good damage caused by the search. <p>The maximum we will pay for this additional benefit is A\$5,000 per event.</p>
<p>9. Fire Fighting Costs</p>	<p>We will pay for the fee, levy or account charged to you by any rural or metropolitan fire brigade to extinguish a fire at your premises, including the replenishment of fire fighting appliances, if loss or damage caused by the fire is protected under this section 1.</p> <p>The maximum we will pay for this additional benefit is up to the remaining balance of the building limit of protection or up to A\$30,000 in addition if the building limit of protection has been exhausted.</p>
<p>10. Professional Fees</p>	<p>We will pay for architects', surveyors' and legal fees necessarily incurred by you in the repair or replacement of your business buildings.</p> <p>The maximum we will pay for this additional benefit is up to the remaining balance of the building limit of protection or up to A\$25,000 in addition if the building limit of protection has been exhausted.</p>
<p>11. Landscaping</p>	<p>We will pay for loss or damage to gardens and landscaping belonging to you, for which you are legally responsible, at the premises and caused by a protected event (but excluding loss or damage caused by wind, rain, hail, snow or escape of liquid).</p> <p>The maximum we will pay for this additional benefit is A\$5,000 per event.</p>

<p>12. Loss of Land Value</p>	<p>We will pay for the reduction in your land value resulting from the requirements, regulation or statute of any legal authority that does not allow rebuilding or only allows partial rebuilding at the premises following loss or damage protected under this section 1.</p> <p>The amount will be calculated by subtracting the land value after rebuilding, or after we have agreed that rebuilding is not possible, from the land value prior to the loss or damage.</p> <p>General Exclusion 2 Loss of Value does not apply to this additional benefit.</p> <p>The maximum we will pay for this additional benefit is 10% of the business building limit of protection or A\$50,000, whichever is less.</p>
<p>13. Prevention of Imminent Damage</p>	<p>We will pay the reasonable and necessary costs you incur at your premises in order to prevent or diminish imminent damage to your property as a result of a protected event.</p> <p>The maximum we will pay for this additional benefit is A\$5,000 per event and in total for the period of protection.</p>
<p>14. Government Fees</p>	<p>We will pay for any fee payable to any government or other statutory authority where payment of the fee is a condition precedent to the obtaining of consent to reinstate any protected property. This excludes any fines or penalties imposed by authorities upon you.</p> <p>The maximum we will pay for this additional benefit is A\$5,000 per event and in total for the period of protection.</p>

Optional benefits

If 'Business Buildings' is specified in **your Schedule of Protection**, **you** may request the following optional benefits to be added to **section 1**.

Optional benefits are extra **protections** not included in the standard **protection** available for 'Business Buildings'. **You** can request as part of **your** application, for **your section 1** to be extended to include any of the optional benefits listed below. If **we** agree to add any optional benefit requested by **you**, the optional benefit will be stated in **your Schedule of Protection** and **your contributions** will be adjusted to account for the optional benefits. **We** will pay up to the limit shown in **your Schedule of Protection**.

<p>1. Accidental Loss or Damage</p>	<p>If 'Accidental Loss or Damage' is specified in your Schedule of Protection, we will protect you for accidental loss or damage to your business building(s) occurring during the period of protection.</p> <p>Specific exclusion 2(u) of this section 1 does not apply to this optional benefit.</p> <p>The maximum we will pay for this optional benefit is the limit stated for 'Accidental Loss or Damage' in your Schedule of Protection.</p>
<p>2. Loss of Rent</p>	<p>If 'Loss of Rent' is specified in your Schedule of Protection, we will pay for loss of rent if your business building(s) are occupied by tenants and your business building(s), or any part of them, become unfit to be occupied as a result of loss or damage protected by this section 1.</p> <p>Once we repair or reinstate your business building(s) or pay you the cost of doing so, we will stop paying you for loss of rent.</p> <p>The maximum we will pay for this optional benefit is the limit stated for 'Loss of Rent' in your Schedule of Protection.</p>
<p>3. Glass</p>	<p>If 'Glass' is specified in your Schedule of Protection, we will pay for the repair or replacement of fixed glass forming part of or attached to the business building following loss or damage which is caused by a protected event or accidental loss or damage.</p> <p>We will also pay for:</p> <ol style="list-style-type: none"> repairing or replacing fixed glass signs which are damaged or broken; the reasonable cost of temporary repairs or shuttering necessary to protect your premises following breakage of glass; signwriting, ornamentation, tinting and alarm foil following damage caused by breakage of glass; and damage to framework following breakage of glass. <p>We will not pay for:</p> <ol style="list-style-type: none"> glass forming part of your contents or stock; loss or damage caused by any fracture, scratching, chipping or cracking of fixed glass where such cracking does not extend through the entire thickness of the glass; loss or damage caused while glass is being fitted into position or removed from its fitting; loss or damage caused by breakage arising from the deliberate application of heat; or glass in light fittings, electronic equipment or electrical items. <p>Specific exclusion 2(o) of this section 1 does not apply to this optional benefit.</p> <p>The maximum we will pay for this optional benefit is the amount stated for 'Glass' in your Schedule of Protection.</p>

<p>4. Flood Damage</p>	<p>If 'Flood Damage' is specified in your Schedule of Protection, we will protect you for loss or damage to your business building(s) caused by flood during the period of protection.</p> <p>Specific exclusion 2(n) of this section 1 does not apply to this optional benefit.</p> <p>The maximum we will pay for this optional benefit is the limit stated for 'Flood Damage' in your Schedule of Protection.</p>
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What is not protected?

Unless:

- a) an exclusion is stated in **your Schedule of Protection** as being not applicable; or
 - b) an exclusion is stated in an additional or optional benefit as being not applicable
- then **section 1** does not protect any claim in connection with or attributable to the following:

1. General exclusions

Any applicable general exclusions set out in Part B, 3 General Exclusions of this document and Annexure 1 of the **Rules**.

2. Specific exclusions

We will not pay for **loss or damage** to or arising from:

- (a) wet or dry rot, mould, mildew, fungus, insects, woodworm or vermin;
- (b) evaporation, shrinkage, loss of weight, dampness, dryness, steam, condensation, contamination, escape of fumes, flue gases or pollution;
- (c) rust, corrosion, oxidation, fading, exposure to light or darkness;
- (d) wear and tear, gradual deterioration or any gradually operating cause;
- (e) any item intended to be heated where there is deliberate application of heat to that item;
- (f) change in colour or texture;
- (g) dyeing, cleaning, repairing, renovating, denting, bruising, tearing, scratching, splitting or marring;
- (h) defect, faulty design, plan, specification, materials or workmanship, or built-in faults;
- (i) a government or public authority legally taking **your** property;
- (j) exposure to any weather conditions including, but not limited to, hail, snow, rain and wind to glasshouses or their contents; gates, fences, signs, retaining walls, and other property in the open air unless that property comprises or is part of a permanent structure designed to function without the protection of walls or a roof;
- (k) erosion, subsidence, landslide, cracking, shrinkage or expansion of foundations or structures, or normal settling or any earth movement other than earthquake;
- (l) variation in atmospheric conditions;
- (m) seepage or percolation of water, or water entering the **premises** as a result of structural defects;
- (n) **flood damage**;
- (o) **glass** or signs;
- (p) **burglary or theft**;
- (q) pets, any live animals or birds (except for **loss or damage** due to impact by pets, living animals or birds);
- (r) falling trees or branches by lopping or felling by **you** or with **your** consent;
- (s) tree roots;
- (t) any building or property undergoing construction, erection, renovation or demolition when the value of the work exceeds 10% of the **limit of protection** or A\$50,000, whichever is less;
- (u) **accidental loss or damage**, but not if it is a **protected event**;
- (v) any electronic, electrical or mechanical **breakdown**, failure or malfunction;
- (w) fusion of electric motors;
- (x) any electrical device where **loss or damage** is caused by a power surge, unless the power surge is as a result of lightning strike or storm; or
- (y) any action of the sea (except tsunami), tidal wave or **storm surge**.

Section 2. Business Contents

What is protected?

If 'Business Contents' is specified in **your Schedule of Protection**, we will protect **you** for **loss** or **damage** to any property as shown in **your Schedule of Protection**, at **your premises** in **Australia** and caused by a **protected event** during the **period of protection**.

Basis of settlement

The maximum **we** will pay for any one **event** under this **section 2** 'Business Contents' is the **limit(s) of protection** stated in **your Schedule of Protection**, subject to additional benefits 1, 2 and 11.

(A) Contents (other than **Stock**, **Motor Fuels** and **Vehicles/Watercraft**)

If 'Contents' is specified in **your Schedule of Protection** and an item of **your contents** is **damaged**, we will, at **our** option, repair or replace the part of the item where there is **damage** as far as possible to its original condition, using materials that are easily available in **Australia**. Or, at **our** option, we will pay **you** the reasonable cost to do so, up to the **limit of protection** as stated in **your Schedule of Protection**.

If there is a **loss** to an item of **your contents**, we will pay to replace the item as if it was new at the time of the **loss**. Or, at **our** option, we will pay **you** the reasonable cost to do so, up to the **limit of protection** as stated in **your Schedule of Protection**.

If, at **our** option, we provide a cash settlement, or if replacement or reinstatement is not carried out, we will only pay the lesser of:

- i) the cost of repairing the protected property less an equitable allowance for age, wear and tear, depreciation, or betterment;
- ii) the pre-**damage** value of the property at the time of its **loss** or destruction; or
- iii) the **limit of protection** applicable to such property where separately specified.

(B) Stock (other than **Motor Fuels** and **Vehicles/Watercraft**)

If 'Stock' is specified in **your Schedule of Protection** and there is **loss** or **damage** to an item of **your stock**, we will, at **our** option:

- i) repair or replace **your stock** as far as possible to the condition it was in immediately before it was **lost** or **damaged**;
- ii) pay **you** the wholesale cost to replace **your stock** at the time of the **loss** or **damage**; or
- iii) pay **you** the contract price if **you** have sold but not delivered **your stock** and the sale is cancelled due to **loss** or **damage** to **your stock**.

(C) Motor Fuels

If 'Motor Fuels' is specified in **your Schedule of Protection** and there is **loss** of any of **your motor fuels**, we will pay the wholesale cost for the **loss**.

(D) Vehicles/Watercraft

If 'Stock Vehicles/Watercraft' or 'Customers Vehicles/Watercraft' is specified in **your Schedule of Protection** and there is **loss** or **damage** to a **vehicle/watercraft**, we will, at **our** option, pay the lesser of:

- i) repair or replacement;
- ii) the **limit of protection** stated in **your Schedule of Protection**;
- iii) the **market value** of the **vehicle**; or
- iv) the value of the **vehicle** and any improvements recorded in the **stock** records (for **Stock Vehicles**).

Where 'Underprotection' applies, as described under Part B, 2 General Conditions, Item 21 of this document and Annexure 1 of the **Rules**, the basis of the calculation for payments made by **us** in respect of a claim will be the **limit(s) of Protection** specified in **your Schedule of Protection**.

We will not pay the amount stated as the **excess(es)** in **your Schedule of Protection** for this **section 2**.

Additional benefits

If 'Business Contents' is specified in **your Schedule of Protection**, and **you** make a claim that is protected under this **section 2**, we will protect **you** for the following additional benefits if they are applicable to **your** claim. **Our** obligations in respect of these additional benefits will be limited to:

- a) the amount(s) stated in **your Schedule of Protection**; or
- b) the amount(s) stated below if there is no amount stated in **your Schedule of Protection**.

1. Inflation Protection

The **limit(s) of protection** for **your business contents** under this **section 2** will be increased monthly during the **period of protection** in line with the Australian Consumer Price Index. At the renewal of **your protection**, **your contribution** will be based on the increased **limit(s) of protection**. This indexation will continue during the period of repair or replacement of **your business contents** protected under this **section 2**.

<p>2. Removal of Debris</p>	<p>We will pay for the cost of removing or disposing of debris, or demolishing, dismantling or shoring up your business contents.</p> <p>The maximum we will pay for this additional benefit is up to the remaining balance of the business contents limit of protection or up to A\$10,000 in addition if the business contents section limit(s) of protection has been exhausted.</p>
<p>3. Works of Art</p>	<p>We will pay for loss or damage caused by a protected event to your works of art including antiques, collectibles and ornaments, at your premises.</p> <p>The maximum we will pay for this additional benefit is A\$2,000 for any one item or A\$5,000 per event in the period of protection.</p>
<p>4. Employee Tools of Trade</p>	<p>We will pay for loss or damage caused by a protected event for employee tools of trade which are owned by the employee but are at your premises for business purposes.</p> <p>The maximum we will pay for this additional benefit is A\$5,000 per employee and A\$10,000 per event in the period of protection.</p>
<p>5. Personal Effects</p>	<p>We will pay for loss or damage caused by a protected event to your and your employees' personal effects at your premises.</p> <p>The maximum we will pay for this additional benefit is A\$2,500 per employee and A\$5,000 per event in the period of protection.</p>
<p>6. Restoration of Records</p>	<p>We will pay for the costs to restore computer or business records and data onto new equipment following loss or damage to your business contents during the period of protection under this section 2.</p> <p>We will not pay for the value of the information that is lost.</p> <p>The maximum we will pay for this additional benefit is A\$25,000 in total for the period of protection.</p>
<p>7. Customer's Goods</p>	<p>We will pay for loss or damage caused by a protected event to goods belonging to your customers and left temporarily in your care, custody or control at your premises. This excludes any vehicle or watercraft.</p> <p>The maximum we will pay for this additional benefit is A\$5,000 in total for the period of protection.</p>
<p>8. Capital Additions</p>	<p>We will pay for additions, alterations, improvements and extensions undertaken to your existing business contents during the period of protection.</p> <p>You must tell us about any new business contents, alterations, additions or improvements as soon as possible.</p> <p>We will not pay under this additional benefit for any increase in value to your existing business contents.</p> <p>The maximum we will pay for this additional benefit is 10% of the limit of protection or A\$15,000, whichever is less.</p>
<p>9. Extra Costs of Reinstatement - Plant and Machinery</p>	<p>We will pay the extra costs necessary to reinstate or replace your plant or machinery which are incurred in order to comply with any requirement in any law or regulation subject to the following provisions:</p> <ul style="list-style-type: none"> a) work being commenced and carried out in a reasonable time; b) no additional costs to comply with any requirement that you were required to comply with prior to the loss or damage occurring; and c) the costs of compliance for any part of the plant or machinery that is not damaged. <p>The maximum we will pay for this additional benefit is 10% of the limit of protection or A\$50,000, whichever is less.</p>

<p>10. Temporary Removal of Business Contents</p>	<p>We will pay for loss or damage to your business contents while temporarily removed from your premises and stored at a temporary storage facility, self storage unit or bulk storage facility, during the period of protection.</p> <p>Your business contents temporarily removed must remain within Australia and must not have been moved from your premises for a period longer than 20 consecutive days.</p> <p>We will not protect:</p> <ul style="list-style-type: none"> a) business contents while being transported for storage; b) stock in trade that is on consignment to other parties; c) accidental loss or damage unless optional benefit 1 is taken under this section 2; or d) business contents left unattended whilst in the open air. <p>This additional benefit does not apply to any other temporary premises where the physical security and protection are of a lower standard than at the current protected premises.</p> <p>The maximum we will pay for this additional benefit is 20% of the total section 2 Business Contents limit(s) of protection as stated in your Schedule of Protection.</p>
<p>11. Seasonal Increase</p>	<p>We will protect you for seasonal increases during the following periods:</p> <ul style="list-style-type: none"> a) Christmas: 40 days before Christmas Day to the 20th day following (both days inclusive); b) Easter: 20 days before Easter Sunday to the 10th day following (both days inclusive); and c) Public Holidays: Gazetted public holidays. <p>The amounts protected under this section 2 are increased by 25% during these periods.</p>

Optional benefits

If 'Business Contents' is specified in **your Schedule of Protection**, **you** may request the following optional benefits to be added to **section 2**. Optional benefits are extra **protections** not included in the standard **protection** available for 'Business Contents'. **You** can request as part of **your** application for **section 2** to be extended to include any of the optional benefits listed below. If **we** agree to add any optional benefit requested by **you**, the optional benefit will be stated in **your Schedule of Protection** and **your contributions** will be adjusted. **We** will pay up to the limit shown in **your Schedule of Protection**.

<p>1. Accidental Loss or Damage</p>	<p>If 'Accidental Loss or Damage' is specified in your Schedule of Protection, we will protect you for accidental loss or damage to your business contents occurring during the period of protection.</p> <p>Accidental loss or damage does not protect loss or damage to any vehicles or watercraft.</p> <p>Specific exclusion 2(v) of this section 2 does not apply to this optional benefit.</p> <p>The maximum we will pay for this optional benefit is the limit stated for 'Accidental Loss or Damage' in your Schedule of Protection.</p>
<p>2. Flood Damage</p>	<p>If 'Flood Damage' is specified in your Schedule of Protection, we will protect you for loss or damage to your business contents caused by flood during the period of protection.</p> <p>Specific exclusion 2(u) of this section 2 does not apply to this optional benefit.</p> <p>The maximum we will pay for this optional benefit is the limit stated for 'Flood Damage' in your Schedule of Protection.</p>
<p>3. Hail Damage to Vehicles or Watercraft in Stock</p>	<p>If 'Hail Damage to Vehicles or Watercraft in Stock' is specified in your Schedule of Protection, we will pay for loss or damage to vehicles in stock caused by hail damage during the period of protection.</p> <p>The maximum we will pay for this optional benefit is the limit stated for 'Hail Damage to Vehicles or Watercraft in Stock' in your Schedule of Protection.</p>

What is not protected?

Unless:

- a) an exclusion is stated in **your Schedule of Protection** as being not applicable; or
- b) an exclusion is stated in an additional or optional benefit as being not applicable

then **section 2** does not protect any claim in connection with, arising out of or attributable to the following:

1. General exclusions

Any applicable general exclusions set out in Part B, 3 General Exclusions of this document and Annexure 1 of the **Rules**.

2. Specific exclusions

We will not pay for **loss** or **damage** to or arising from:

- (a) any process of production, manufacturing, packing, treatment, testing, commissioning, servicing or repair;
- (b) any item intended to be heated where there is deliberate application of heat to that item;
- (c) jewellery, furs and leather, bullion, precious metal or stones;
- (d) pets, any live animals or birds (except for **loss** or **damage** due to impact by pets, living animals or birds);
- (e) any property undergoing construction, erection, renovation or demolition when the value of the work exceeds 10% of the **limit of protection** or A\$15,000, whichever is less;
- (f) wet or dry rot, mould, mildew, fungus, insects, woodworm or vermin;
- (g) evaporation, shrinkage, loss of weight, dampness, dryness, steam, condensation, contamination, escape of fumes, flue gases or pollution;
- (h) rust, corrosion, oxidation, fading, exposure to light or darkness;
- (i) wear and tear, gradual deterioration or any gradually operating cause;
- (j) dyeing, cleaning, repairing, renovating, denting, bruising, tearing, scratching, splitting or marring;
- (k) defect, faulty design, plan, specification, materials or workmanship, or built-in faults;
- (l) any electronic, electrical or mechanical **breakdown**, failure or malfunction;
- (m) fusion of electric motors;
- (n) escape of fumes or flue gases;
- (o) a government or public authority legally taking **your** property;
- (p) falling trees or branches as a result of lopping or felling of trees by **you** or with **your** consent;
- (q) erosion, subsidence, landslide, cracking, shrinkage or expansion of foundations or structures, or normal settling or any earth movement other than earthquake;
- (r) variation in atmospheric conditions;
- (s) change in colour or texture;
- (t) seepage or percolation of water;
- (u) **flood damage**;
- (v) **accidental loss or damage**, but not if it is a **protected event**;
- (w) unexplained inventory shortages or disappearances; or shortage in the supplies;
- (x) **money**;
- (y) **burglary** or **theft**;
- (z) malicious act of any person(s) lawfully occupying the **premises**;
- (aa) testing or experiments;
- (ab) sporting or recreational equipment whilst in use;
- (ac) any electrical device where **loss** or **damage** is caused by a power surge, unless the power surge is as a result of lightning strike or storm;
- (ad) failure of the supply of water, gas, electricity or fuel;
- (ae) any goods in **transit**;
- (af) computer virus or data corruption;
- (ag) any **vehicle/watercraft** driving risk;
- (ah) any action of the sea (except tsunami), tidal wave or **storm surge**;
- (ai) landlord's fixtures and fittings;
- (aj) gaming, amusement or external vending machines;
- (ak) deeds, bonds, bills of exchange or **money**;
- (al) explosives;
- (am) plants or shrubs in the ground, trees (except impact by falling trees), lawn, turf or landscaping; or
- (an) **watercraft** which exceeds 8 metres in length.

Section 3. Burglary

What is protected?

If 'Burglary' is specified in **your Schedule of Protection**, we will protect **you** for **loss** or **damage** to any property as shown on **your Schedule of Protection** as a result of **burglary** at **your premises** during the **period of protection**.

Basis of settlement

The maximum **we** will pay for any one **event** under this **section 3** Burglary is the **limit(s) of protection** stated in **your Schedule of Protection**, subject to additional benefit 10.

(A) Contents (other than **Stock** and **Motor Fuels**)

If there is **loss** or **damage** to a protected item as a result of **burglary**, **we** will, at **our** option, repair or replace the item or the part of the item where there is **damage** as far as possible to the original condition of the item, using materials that are easily available in **Australia**. Or, at **our** option, **we** will pay **you** the reasonable cost to do so up to the **limit of protection** as stated in **your Schedule of Protection**.

If there is a **loss** to a protected item due to **burglary**, **we** will pay to replace it as new at the time of the **loss**. Or, at **our** option, **we** will pay **you** the reasonable cost to do so up to the **limit of protection** as stated in **your Schedule of Protection**.

If, at **our** option, **we** provide a cash settlement, or if reinstatement is not carried out, **we** will only pay the lesser of:

- i) the cost of repairing the protected property less an equitable allowance for age, wear and tear, depreciation, or betterment;
- ii) the pre-**damage** value of the property at the time of its **loss** or destruction; or
- ii) the **limit of protection** applicable to such property where separately specified.

(B) Stock (other than **Motor Fuels** and **Vehicles/Watercraft**)

If there is **loss** or **damage** to an item of **your stock** as a result of **burglary**, **we** will, at **our** option:

- i) repair or replace **your stock** as far as possible to the condition it was in immediately before it was **lost** or **damaged**;
- ii) pay **you** the wholesale cost to replace **your stock** at the time of the **loss** or **damage**; or
- iii) pay **you** the contract price if **you** have sold but not delivered **your stock** and the sale is cancelled due to **loss** or **damage** to **your stock**.

(C) Motor Fuels

Where there is **loss** as a result of **burglary** of any **motor fuels**, **we** will pay the wholesale cost for the **loss**.

(D) Vehicles/Watercraft

If 'Stock Vehicles/Watercraft' and/or 'Customers Vehicles/Watercraft' is specified in **your Schedule of Protection** and there is **loss** or **damage** to a **vehicle** as a result of **burglary**, **we** will, at **our** option, pay the lesser of:

- i) repair or replacement;
- ii) the **limit of protection** stated in **your Schedule of Protection**;
- iii) the **market value** of the **vehicle**; or
- iv) the value of the **vehicle** and any improvements recorded in the **stock** records (for **Stock Vehicles**).

We will not pay the amount stated as the **excess(es)** in **your Schedule of Protection** for this **section 3**.

Additional benefits

If 'Burglary' is specified in **your Schedule of Protection**, and **you** make a claim that is protected under this **section 3**, **we** will protect **you** for the following additional benefits if they are applicable to **your** claim. **Our** obligations in respect of these additional benefits will be limited to:

- a) the amount(s) stated in **your Schedule of Protection**; or
- b) the amount(s) stated below if there is no amount stated in **your Schedule of Protection**.

1. Works of Art	<p>We will pay for loss or damage to your works of art including antiques, collectibles and ornaments, as a result of burglary at your premises.</p> <p>The maximum limit we will pay for this additional benefit is A\$1,500 for any one item or A\$3,000 per event in the period of protection.</p>
2. Employee Tools of Trade	<p>We will pay for loss or damage to your employees' tools of trade used in connection for your business as a result of burglary at your premises.</p> <p>The maximum we will pay for this additional benefit is A\$2,000 per employee and A\$5,000 per event in the period of protection.</p>

<p>3. Personal Effects</p>	<p>We will pay for loss or damage to your and your employees' personal effects as a result of burglary at your premises.</p> <p>The maximum we will pay for this additional benefit is A\$1,000 per employee and A\$3,000 per event in the period of protection.</p>
<p>4. Customer's Goods</p>	<p>We will pay for loss or damage due to burglary to goods belonging to your customers and temporarily left in your care, custody or control at your premises.</p> <p>This excludes any vehicle or watercraft.</p> <p>The maximum we will pay for this additional benefit is A\$2,500 in total for the period of protection.</p>
<p>5. Damage caused by Burglary</p>	<p>We will pay for damage to your business building(s) under section 1 caused as a consequence of and during the course of burglary protected under this section 3.</p> <p>If you are not the owner of your business buildings(s), you are required to notify us and give us details of any insurance held by the owner of which you are aware that provides protection for this risk.</p> <p>The maximum we will pay for this additional benefit is A\$5,000 per event in the period of protection.</p>
<p>6. Replacement Locks</p>	<p>We will pay for replacement locks or lock mechanisms of external doors, gates, safes and strong rooms and intruder alarm systems installed in your business building(s) if the keys are stolen during the period of protection.</p> <p>The maximum we will pay for this additional benefit is A\$5,000 per event in the period of protection.</p>
<p>7. Restoration of Records</p>	<p>We will pay for the reasonable costs to restore your computer or your business records and data onto new equipment following loss or damage due to burglary during the period of protection.</p> <p>We will not pay for the value of the information that is lost.</p> <p>The maximum we will pay for this additional benefit is A\$10,000 in total for the period of protection.</p>
<p>8. Temporary Removal of Property</p>	<p>We will pay for loss or damage due to burglary to your property as stated in your Schedule of Protection while temporarily removed from your premises and stored at a temporary storage facility, self storage unit or bulk storage facility, during the period of protection.</p> <p>Your protected property temporarily removed must remain within Australia and must not have been moved from your premises for a period longer than 20 consecutive days.</p> <p>We will not protect:</p> <ol style="list-style-type: none"> a) property while being transported for storage; b) stock in trade that is on consignment to other parties; or c) property left unattended whilst in the open air. <p>This additional benefit does not apply to any other temporary premises where the physical security and protection are of a lower standard than at the current protected premises.</p> <p>The maximum we will pay for this additional benefit is 20% of the total property limit(s) of protection as stated in your Schedule of Protection for section 3.</p>
<p>9. Temporary Security</p>	<p>We will pay for the reasonable costs incurred by you, including the employment of security services, for the temporary protection and safety of your property at your premises as a result of burglary.</p> <p>The maximum we will pay for this additional benefit is A\$15,000 in total for the period of protection.</p>
<p>10. Seasonal Increase</p>	<p>We will protect you for seasonal increases during the following periods:</p> <ol style="list-style-type: none"> a) Christmas: 40 days before Christmas Day to the 20th day following (both days inclusive); b) Easter: 20 days before Easter Sunday to the 10th day following (both days inclusive); and c) Public Holidays: Gazetted public holidays. <p>The amounts protected under this section 3 are increased by 25% during these periods.</p>

Optional benefits

If 'Burglary' is specified in **your Schedule of Protection**, **you** may request the following optional benefits to be added to **section 3**.

Optional benefits are extra **protections** not included in the standard **protection** available for 'Burglary'. **You** can request as part of **your** application for **your section 3** to be extended to include any of the optional benefits listed below. If **we** agree to add the optional benefit requested by **you**, the optional benefit will be stated in **your Schedule of Protection** and **your contributions** will be adjusted. **We** will pay up to the limit shown in **your Schedule of Protection**.

1. Theft	If 'Theft' is specified in your Schedule of Protection , we will protect you for loss or damage occurring in the period of protection for property as stated in your Schedule of Protection , but only for theft occurring from your premises or vehicle/watercraft . Specific exclusion 2(g) of this section 3 does not apply to this optional benefit. The maximum we will pay for this optional benefit in the period of protection is the limit stated for 'Theft' in your Schedule of Protection .
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What is not protected?

Unless:

- a) an exclusion is stated in **your Schedule of Protection** as being not applicable; or
 - b) an exclusion is stated in an additional or optional benefit as being not applicable
- then **section 3** does not protect any claim in connection with or attributable to the following:

1. General exclusions

Any applicable general exclusions set out in Part B, 3 General Exclusions of this document and Annexure 1 of the **Rules**.

2. Specific exclusions

We will not pay for:

- (a) **burglary** or **theft** of alcohol or tobacco, unless stated in **your Schedule of Protection**;
- (b) **burglary** or **theft** of **motor fuels**, unless stated in **your Schedule of Protection**;
- (c) **burglary** or **theft** of any **vehicle** or **watercraft** where:
 - i) the keys are left on or in the **vehicle**; or
 - ii) the keys are left in an unlocked cabinet;
- (d) **burglary** or **theft** of any **vehicle** or **watercraft** where the **loss** occurs as a result of deception or false pretences or larceny by a bailee or fraudulent conversion;
- (e) **burglary** or **theft** :
 - i) by a **protected person** or a **contractor**;
 - ii) by shoplifting, unless **theft** is stated in **your Schedule of Protection**;
 - iii) discovered through stocktake or shrinkage records; or
 - iv) of **money**;
- (f) **burglary** or **theft** of landlord's fixtures and fittings where the **premises** are leased or rented by **you**;
- (g) **theft**;
- (h) **burglary** or **theft** by trickery;
- (i) **loss** by credit card fraud, dishonoured cheques or unpaid monies;
- (j) **burglary** or **theft** of any protected items from an unlocked and unattended **vehicle** or from a container on the **vehicle** (unless the container is locked);
- (k) **burglary** or **theft** of any goods in **transit**; or
- (l) **theft** of any goods or property whilst left in the open air (except where protected goods or property are in a fenced compound).

Section 4. Money

What is protected?

If 'Money' is specified in **your Schedule of Protection**, we will protect **you** for **loss or damage to money** arising in **Australia** as requested from the following options (but only to the extent stated in **your Schedule of Protection**):

- a) **money** on the **premises** during **business hours**;
- b) **money** on the **premises** outside **business hours**;
- c) **money** in a locked **safe** or **strongroom**;
- d) **money** in **transit**;
- e) **money** held overnight at **your** or an authorised person's private residence; or
- f) **money** in an ATM or bank ATM at **your premises** for which **you** are liable by contract during the **period of protection**.

Basis of settlement

The maximum **we** will pay for any one **event** under this **section 4** 'Money' is the **limit(s) of protection** stated in **your Schedule of Protection**, subject to additional benefit 1.

(A) **Money** (other than Securities, Stamps, Cheques, Vouchers or Tickets)

We will pay **you** the face value of **lost** or **damaged money**.

(B) Cheques and Securities

We will pay **you** the cost of replacement of **lost** or **damaged** securities. If the securities cannot be replaced then, at **our** option, **we** will pay **you** the greater of:

- i) the original purchase price; or
- ii) the closing **market value** on the last **business** day prior to the date of discovery of the **loss** or **damage**.

(C) Stamps, Vouchers, Tickets and other **Negotiable Instruments**

We will pay **you** the original purchase price incurred by **you**.

We will not pay the amount stated as the **excess(es)** in **your Schedule of Protection** for this **section 4**.

Additional benefits

If 'Money' is specified in **your Schedule of Protection**, and **you** make a claim that is protected under this **section 4**, **we** will protect **you** for the following additional benefits if they are applicable to **your** claim. **Our** obligations in respect of these additional benefits will be limited to:

- a) the amount(s) stated in **your Schedule of Protection**; or
- b) the amount(s) stated below if there is no amount stated in **your Schedule of Protection**.

1. Seasonal Increase	We will protect you for seasonal increases during the following periods: <ul style="list-style-type: none">a) Christmas: 40 days before Christmas Day to the 20th day following (both days inclusive)b) Easter: 20 days before Easter Sunday to the 10th day following (both days inclusive); andc) Public Holidays: Gazetted public holidays. The amounts protected under this section 4 are increased by 25% during these periods.
2. Damage to Safes/ Strong rooms	We will pay for the reasonable costs for damage caused by unauthorised persons trying to gain entry to safes, strong rooms or cash carrying bags. The maximum we will pay for this additional benefit is A\$500 per event in the period of protection .

Optional benefits

If 'Money' is specified in **your Schedule of Protection**, **you** may request the following optional benefits to be added to **section 4**.

Optional benefits are extra **protections** not included in the standard **protection** available for 'Money'. **You** can request as part of **your** application for **your section 4** to be extended to include the optional benefit listed below. If **we** agree to add the optional benefit requested by **you**, the optional benefit will be stated in **your Schedule of Protection** and **your contributions** will be adjusted. **We** will pay up to the limit shown in **your Schedule of Protection**.

<p>1. Employee Dishonesty</p>	<p>If 'Employee Dishonesty' is specified in your Schedule of Protection, we will pay you for loss of money as a direct result of employee dishonesty by any of your employees occurring during the period of protection and discovered within 45 days of it occurring if:</p> <ul style="list-style-type: none"> a) you are able to identify which employee is responsible; b) the loss is reported to police immediately upon discovery; and c) the loss is reported to us within 21 days of discovery. <p>For the purposes of this optional benefit 1, specific exclusions 2(a) and 2(f) do not apply where the loss of money is by an employee.</p> <p>The maximum we will pay for this optional benefit for the period of protection is the limit for 'Employee Dishonesty' stated in your Schedule of Protection.</p>
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What is not protected?

Unless:

- a) an exclusion is stated in **your Schedule of Protection** as being not applicable; or
 - b) an exclusion is stated in an additional or optional benefit as being not applicable
- then **section 4** does not protect any claim in connection with or attributable to the following:

1. General exclusions

Any applicable general exclusions set out in Part B, 3 General Exclusions of this document and Annexure 1 of the **Rules**.

2. Specific exclusions

We will not pay **loss** or **damage** to or arising from:

- (a) fraud, dishonesty, embezzlement, misappropriation, wilful acts or omissions, **burglary** or **theft** by an **employee, protected person** or a **contractor**;
- (b) errors, omissions or depreciation in value;
- (c) an unattended or unlocked **vehicle**;
- (d) a gaming, amusement or external vending machine;
- (e) **money** which has not been banked at least weekly;
- (f) the use of a combination, code or key to a **safe, strong room** or ATM left at the **premises** unless the combination, code or key is obtained by force;
- (g) a cause which is expected or intended by **you**;
- (h) **money in transit** where there has been a substantial deviation from the most direct route between the start point and end point of the planned journey, or where there has been an interruption to the journey of more than 1 hour. Once the **money** has arrived at **your** private residence, financial institution or **premises**, it is no longer deemed to be in **transit**;
- (i) shortages resulting from clerical or accounting errors, or **loss** due to errors in receiving or paying out **money**;
- (j) **loss** or **damage** not discovered within 5 **business** days of the **loss** or **damage** occurring;
- (k) the carriage or control of **money** by professional **money** carriers, professional carriers or common carriers;
- (l) ransom or extortion, other than actual assault or threat of immediate violence to any persons at the **premises**; or
- (m) the payment of **money** in exchange for any cheque that is subsequently dishonoured.

Section 5. Engineering

What is protected?

If 'Engineering' is specified in **your Schedule of Protection**, we will protect **you** for **loss** or **damage** to **machinery** if stated in **your Schedule of Protection** and/or **electronic equipment** if stated in **your Schedule of Protection** due to **breakdown** in **Australia** during the **period of protection**.

Basis of settlement

The maximum **we** will pay for any one **breakdown** under this **section 5** Engineering is the **limit(s) of protection** for **machinery** and/or **electronic equipment** stated in **your Schedule of Protection**.

We will, at **our** option, repair or replace, or pay **you** the cost to repair or replace, **loss** or **damage** to **machinery** or **electronic equipment** to a condition equal to but not better than its condition when new.

If the cost of repairs exceeds the replacement cost of the **damaged** item of **machinery** or **electronic equipment**, then the most **we** will pay is the replacement cost or the **limit of protection** for that item of **machinery** or **electronic equipment** stated in **your Schedule of Protection**, whichever is less.

Unless otherwise agreed, the value of any salvage may be deducted from any claim and the salvage will remain **your** property.

We will not pay the amount stated as the **excess(es)** in **your Schedule of Protection** for this **section 5**.

Additional benefits

If 'Engineering' is specified in **your Schedule of Protection** and **you** make a claim that is protected under this **section 5**, **we** will protect **you** for the following additional benefits if they are applicable to **your** claim. **Our** obligations in respect of these additional benefits will be limited to:

- a) the amount(s) stated in **your Schedule of Protection**; or
- b) the amount(s) stated below if there is no amount stated in **your Schedule of Protection**.

1. Temporary Hire Costs	We will pay for the reasonable costs incurred by you for the temporary hire of any machinery or electronic equipment following a breakdown that is protected under section 5 . The maximum we will pay for this additional benefit is A\$2,000 per event for the period of protection .
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Optional benefits

If 'Engineering' is specified in **your Schedule of Protection**, **you** may request the following optional benefits to be added to **section 5**.

Optional benefits are extra **protections** not included in the standard **protection** available for 'Engineering'. **You** can request as part of **your** application for **your section 5** to be extended to include any of the optional benefits listed below. If **we** agree to add any optional benefit requested by **you**, the optional benefit will be stated in **your Schedule of Protection** and **your contributions** will be adjusted. **We** will pay up to the limit shown in **your Schedule of Protection**.

1. Deterioration of Stock	<p>If 'Deterioration of Stock' is specified in your Schedule of Protection, we will protect you for the deterioration of your perishable stock which resulted from a change in temperature caused by a breakdown in the refrigeration machinery.</p> <p>We will pay the wholesale cost of the deteriorated stock.</p> <p>For the purposes of this optional benefit 1 the definition of 'stock' excludes vehicles and watercraft.</p> <p>Specific exclusion 2(b) of this section 5 does not apply to this optional benefit.</p> <p>The maximum we will pay for this optional benefit for the period of protection is the limit for 'Deterioration of Stock' stated in your Schedule of Protection.</p>
2. Loss of Information	<p>If 'Loss of Information' is specified in your Schedule of Protection, we will pay the reasonable cost of restoring data and/or information onto repaired or new machinery or electronic equipment following a breakdown that is protected under section 5.</p> <p>We will not pay for the value to you of the information lost.</p> <p>Specific exclusion 2(c) of this section 5 does not apply to this optional benefit.</p> <p>The maximum we will pay for this optional benefit for the period of protection is the limit for 'Loss of Information' stated in your Schedule of Protection.</p>

<p>3. Increased Costs of Working</p>	<p>If 'Increased Costs of Working' is specified in your Schedule of Protection, we will pay you for the increased costs of working incurred during a period not exceeding 3 months from the date that increased working costs are first incurred, following interruption to the normal operation of a protected item for which we have agreed to meet a claim under this section, provided that:</p> <ul style="list-style-type: none"> a) the cost is proved to have been necessarily and reasonably incurred during the period, over and above the normal expenses you would have incurred during the period in respect of the operation of the item; and b) we will not pay for more than the costs actually incurred by you. <p>Specific exclusion 2(d) of this section 5 does not apply to this optional benefit.</p> <p>The maximum we will pay for this optional benefit for the period of protection is the limit for 'Increased Costs of Working' stated in your Schedule of Protection.</p>
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What is not protected?

Unless:

- a) an exclusion is stated in **your Schedule of Protection** as being not applicable; or
- b) an exclusion is stated in an additional or optional benefit as being not applicable

then **section 5** does not protect any claim in connection with or attributable to the following:

1. General exclusions

Any applicable general exclusions set out in Part B, 3 General Exclusions of this document and Annexure 1 of the **Rules**.

2. Specific exclusions

We will not pay for **loss** or **damage** arising from:

- (a) **breakdown** which was intended by **you**;
- (b) any deterioration of **stock**;
- (c) any **loss** of information;
- (d) any increased costs of working;
- (e) any existing defects or faults known to **you** prior to such **breakdown** occurring;
- (f) **breakdown** as a result of any deliberate act of a power supplier;
- (g) **breakdown** as a result of testing or commissioning of **machinery** or **electronic equipment**;
- (h) **breakdown** as a result of the normal use, adjustment, repair or maintenance of **machinery** or **electronic equipment**;
- (i) **breakdown** as a result of **your** failure to comply with statutory requirements;
- (j) **breakdown** as a result of wear, tear, rust, corrosion, erosion, oxidation, scale or gradual deterioration;
- (k) **breakdown** as a result of dampness, dryness, steam, condensation, contamination, escape of fumes, flue gases or pollution;
- (l) any type of safety devices, not attached to, but used for the safe operation of the **machinery** or **electronic equipment**;
- (m) international freight charges (unless the costs are incurred with **our** consent);
- (n) the cost of repairing or replacing any belt, rope, wire, chain, tyre, filter, refrigerant dryer, fuse, electric heating element, electrical contact, thermostat, thermostatic expansion valve, gland packing, seal, cutting blade, die, refractory material, glass component, lubricant, fuel or operating medium;
- (o) **breakdown** as a result of **accidental loss or damage**;
- (p) **breakdown** as a result of impact by any animal, **vehicle**, **watercraft** or aircraft;
- (q) **breakdown** as a result of wind, rain, snow or lightning;
- (r) **breakdown** as a result of any action of the sea, tidal wave, tsunami, or **storm surge**;
- (s) **breakdown** as a result of water leakage from any vessel, tank, pipe or system;
- (t) **breakdown** as a result of earthquake, subsidence, erosion, landslide, subterranean fire, volcanic eruption, or earth movement, whether natural or man-made, no matter how caused;
- (u) **breakdown** as a result of **flood damage**; or
- (v) **breakdown** as a result of **burglary** or **theft**.

Section 6. Business Interruption

Specific definitions

In this **section** the following words have the following meaning:

<p>Additional Increased Cost of Working</p>	<p>Additional expenditure, but only up to the limit of protection stated in your Schedule of Protection, not otherwise recoverable under this section 6 which is reasonably and necessarily incurred by you during the indemnity period for the sole purpose of resuming your normal business operations and minimising disruption following loss or damage protected under sections 1 Business Buildings; 2 Business Contents; 3 Burglary; 4 Money; or 7 General Property.</p>
<p>Annual Turnover</p>	<p>The amount (less discounts allowed) paid or payable to you for goods sold and delivered and for services rendered in the course of your business in the financial year preceding the date of loss or damage. If this is the first year of the operation of your business, the annual turnover is the annual proportional equivalent of the money received by you or payable to you for goods sold and delivered and for services rendered in the course of your business between the commencement of your business and the date of loss or damage.</p>
<p>Gross Profit</p>	<p>The amount by which:</p> <ul style="list-style-type: none"> a) the sum of the annual turnover and the amount of the closing stock and work in progress shall exceed; b) the sum of the amount of the opening stock and work in progress and the amount of the unprotected working expenses. <p>NB: The amounts of the opening and closing stock and work in progress shall be arrived at in accordance with the member's normal accountancy methods, with provision being made for depreciation.</p>
<p>Increased Cost of Working</p>	<p>Additional expenditure necessarily incurred by you for the sole purpose of avoiding the reduction in income excluding the expenditure incurred on the purchase of stock in trade.</p>
<p>Indemnity Period</p>	<p>The period beginning when the loss or damage took place (provided this is during the period of protection) and ending on the earliest of the following:</p> <ul style="list-style-type: none"> a) when your business is no longer affected by the loss or damage; b) when the period of indemnity ends as stated in your Schedule of Protection; c) when you cease to operate your business or you sell or otherwise dispose of your business; or d) if and when you or your business become insolvent.
<p>Rate of Gross Profit</p>	<p>The rate of gross profit expressed as a percentage, earned on the turnover during the financial year immediately before the date of the loss or damage.</p>
<p>Turnover</p>	<p>The amount (less discounts allowed) paid or payable to you for goods sold and delivered and for services rendered in the course of your business.</p>
<p>Unprotected Working Expenses</p>	<p>Expenses you choose not to protect as stated in your Schedule of Protection.</p>

What is protected?

If 'Business Interruption' is specified in **your Schedule of Protection**, we will protect **you** for **your** financial loss and the **increased cost of working to your business** as a result of interruption to **your business** during the **period of protection**, due to **loss** of, or **damage** to, property which is protected under **sections** 1 Business Buildings; 2 Business Contents; 3 Burglary; 4 Money or 7 General Property. Where a **member** leases a **premises**, then at the time of the happening of the **loss** or **damage**, there shall be in force an insurance or **protection** covering the interest of the **member** in the **premises** against such **loss** or **damage**, and payment shall have been made or liability admitted therefore under such insurance or **protection**.

Basis of settlement

This is limited to the **loss** of **gross profit** due to a reduction in **turnover** and the increase in **your** cost of working. The amount payable will be:

- a) In respect of reduction of **turnover**, the sum produced by applying the **rate of gross profit** to the shortage in **turnover** during the **indemnity period** (taking into account financial history and the trends of **your business**); and
- b) In respect of the increase in **your** cost of working, the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in **turnover** which would have taken place during the **indemnity period** in consequence of the **loss** or **damage**. However, **our** payment will not exceed the sum produced by applying the **rate of gross profit** to the amount of reduction thereby avoided. **We** will deduct any sum saved during the **indemnity period** in respect of such charges and expenses of **your business** payable out of **gross profit** as may cease or be reduced in consequence of the **loss** or **damage**.

In applying 'Underprotection' as described under Part B, 2 General Conditions, Item 21 of this document and Annexure 1 of the **Rules**, the basis of the calculation will be the **gross profit** amount.

We will not pay for any financial **loss** or increase in **your** cost of working in the first 48 hours of the **indemnity period**. This is specified as the **excess(es)** in **your Schedule of Protection** for this **section 6**.

Additional benefits

If 'Business Interruption' is specified in **your Schedule of Protection** and **you** make a claim that is protected under this **section 6**, we will protect **you** for the following additional benefits if they are applicable to **your** claim. **Our** obligations in respect of these additional benefits will be limited to:

- a) the amount(s) stated in **your Schedule of Protection**; or
- b) the amount(s) stated below if there is no amount stated in **your Schedule of Protection**.

1. Prevention of Access	<p>We will protect you for financial loss and the increased cost of operating your business resulting from damage to property in the vicinity of the premises if the damage hinders the use of or access to the premises and where such damage would have been protected under sections 1 Business Buildings; 2 Business Contents; 3 Burglary; 4 Money or 7 General Property had it occurred at the premises.</p> <p>The maximum we will pay for this additional benefit is the gross profit amount stated in your Schedule of Protection.</p>
2. Public Utilities	<p>We will protect you for financial loss and the increased cost of operating your business resulting from damage to the property of a utility in Australia that supplies services directly to your business including telecommunications, electricity, gas or water, and where such damage would have been protected under sections 1 Business Buildings; 2 Business Contents; 3 Burglary; 4 Money or 7 General Property had it occurred at the premises.</p> <p>The maximum we will pay for this additional benefit is 20% of the gross profit stated in your Schedule of Protection.</p>
3. Suppliers & Customers' Premises	<p>We will protect you for financial loss and the increased cost of operating your business resulting from interruption or interference with your business caused by damage to property within Australia at any:</p> <ol style="list-style-type: none">a) premises from where you are supplied with goods or services (your suppliers do not include a public utility); orb) premises of any customer of your business, and where such damage would have been protected under sections 1 Business Buildings; 2 Business Contents; 3 Burglary; 4 Money or 7 General Property had it occurred at the premises. <p>The maximum we will pay for this additional benefit is 20% of the gross profit stated in your Schedule of Protection.</p>

Optional benefits

If 'Business Interruption' is specified in **your Schedule of Protection**, **you** may request the following optional benefits to be added to **section 6**.

Optional benefits are extra **protections** not included in the standard **protection** available for 'Business Interruption'. **You** can request as part of **your** application, for **your section 6**, to be extended to include any of the optional benefits listed below. If **we** agree to add any optional benefit requested by **you**, the optional benefit will be stated in **your Schedule of Protection** and **your contributions** will be adjusted. **We** will pay up to the limit shown in **your Schedule of Protection**.

1. Claims Preparation Costs	If 'Claims Preparation Costs' is specified in your Schedule of Protection , we will pay accountants', auditors' or other professional fees which you reasonably incur to prepare claims following loss or damage protected under sections 1 Business Buildings; 2 Business Contents; 3 Burglary; 4 Money or 7 General Property. Specific exclusion 2(e) of this section 6 does not apply to this optional benefit. The maximum we will pay for this optional benefit for the period of protection is the limit stated for 'Claims Preparation Costs' in your Schedule of Protection .
2. Accounts Receivable	If 'Accounts Receivable' is specified in your Schedule of Protection and you cannot trace or collect money owed to you by your customer(s) because your business records have been lost or damaged by a protected event under sections 1 Business Buildings; 2 Business Contents; 3 Burglary; 4 Money or 7 General Property, we will pay: a) the difference between the money owed to you and the money collected; and b) the expenses you reasonably incur with our permission in trying to trace money owed to you . Specific exclusion 2(f) of this section 6 does not apply to this optional benefit. The maximum we will pay for this optional benefit for the period of protection is the limit stated for 'Accounts Receivable' in your Schedule of Protection .
3. Additional Increased Costs of Working	If 'Additional Increased Costs of Working' is specified in your Schedule of Protection , we will protect you for the additional increased costs of working to your business . Specific exclusion 2(g) of this section 6 does not apply to this optional benefit. The maximum we will pay for this optional benefit for the period of protection is the limit stated for 'Additional Increased Costs of Working' in your Schedule of Protection .

What is not protected?

Unless:

- a) an exclusion is stated in **your Schedule of Protection** as being not applicable; or
 - b) an exclusion is stated in an additional or optional benefit as being not applicable,
- then **section 6** does not protect any claim in connection with or attributable to the following:

1. General exclusions

Any applicable general exclusions set out in Part B, 3 General Exclusions of this document and Annexure 1 of the **Rules**.

2. Specific exclusions

We will not pay for:

- (a) any interruption if **your business** is wound up or carried on by a liquidator, receiver or administrator;
- (b) a decision by **you** not to resume **your business**;
- (c) industrial disputes or deliberate acts of telephone, electricity, gas or water suppliers;
- (d) any interruption lasting less than 48 hours, or any interruption outside the actual period of hindrance or prevention of access to **your premises**;
- (e) any claims preparations costs as a result of **your business** interruption;
- (f) any accounts receivable as a result of **your business** interruption;
- (g) any **additional increased costs of working** as a result of **your business** interruption;
- (h) more than the **gross profit**, which would have been earned taking into account trends in **your business**; or
- (i) any interruption to **your business** caused by or arising out of a **vehicle** or **watercraft** (except under item g of the General Definition of **protected event**).

Section 7. General Property

Specific definitions

In this **section** the following words have the following meaning:

General Property	Any property described in your Schedule of Protection .
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What is protected?

If 'General Property' is specified in **your Schedule of Protection**, **we** will protect **you** for **loss** or **damage** to **your general property** anywhere in **Australia** caused by:

- a) a **protected event**;
- b) **burglary**; or
- c) **accidental loss or damage** during the **period of protection**.

Basis of settlement

Protection is limited to A\$2,000 per any one item unless otherwise listed in **your Schedule of Protection**. The maximum **we** will pay for any one **event** under this **section 7** General Property is the **limit(s) of protection** stated in **your Schedule of Protection**.

We will, at **our** option, repair or replace **your general property**, or pay **you** the costs of repair or replacement of **your general property**, that is **lost** or **damaged** with similar items to a condition no better than when new, up to the **limit(s) of protection** as stated in **your Schedule of Protection**.

If **you** do not repair or replace **your general property**, **we** will make a deduction for wear, tear and depreciation.

We will not pay the amount stated as the **excess(es)** in **your Schedule of Protection** for this **section 7**.

Optional benefits

If 'General Property' is specified in **your Schedule of Protection**, **you** may request the following optional benefit to be added to **section 7**.

Optional benefits are extra **protections** not included in the standard **protection** available for **general property**. **You** can request as part of **your** application for **your section 7** to be extended to include the optional benefit listed below. If **we** agree to add the optional benefit requested by **you**, the optional benefit will be stated in **your Schedule of Protection** and **your contributions** will be adjusted. **We** will pay up to the limit shown in **your Schedule of Protection**.

1. Flood Damage	If 'Flood Damage' is specified in your Schedule of Protection , we will protect you for loss or damage to your general property caused by flood during the period of protection . Specific exclusion 2(n) of this section 7 does not apply to this optional benefit. The maximum we will pay for this optional benefit for the period of protection is the limit stated for 'Flood Damage' in your Schedule of Protection .
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What is not protected?

Unless:

- a) an exclusion is stated in **your Schedule of Protection** as being not applicable; or
- b) an exclusion is stated in an additional or optional benefit as being not applicable

then **section 7** does not protect any claim in connection with or attributable to the following:

1. General exclusions

Any applicable general exclusions set out in Part B, 3 General Exclusions of this document and Annexure 1 of the **Rules**.

2. Specific exclusions

We will not pay **loss** or **damage** for:

- (a) **burglary** by **you**, a **protected person** or a **contractor**;
- (b) wet or dry rot, mould, mildew, fungus, insects, woodworm or vermin;
- (c) evaporation, shrinkage, loss of weight, rust, corrosion;
- (d) dyeing, cleaning, repairing, renovating, denting, bruising, chipping, scratching, splitting, tearing or marring;
- (e) defect, faulty design, plan, specification, materials or workmanship or built-in faults;
- (f) wear and tear, gradual deterioration or any gradual cause;

- (g) electronic, electrical or mechanical **breakdown**, failure or malfunction;
- (h) fusion of electric motors;
- (i) dampness, dryness, steam, condensation, contamination, escape of fumes, flue gases or pollution;
- (j) a government or public authority legally taking **your** property;
- (k) unexplained inventory shortage or disappearance;
- (l) failure of the supply of water, gas, electricity or fuel;
- (m) falling trees or branches as a result of felling or lopping by **you** or with **your** consent;
- (n) **flood damage**;
- (o) seepage or percolation of water;
- (p) variation in atmospheric conditions;
- (q) change in colour or texture;
- (r) **vehicles** or **watercraft**;
- (s) goods maintained in a temperature controlled environment;
- (t) any item intended to be heated where there is deliberate application of heat to that item;
- (u) any process of production, packing, treatment, testing, commissioning, servicing or repair, but if the process does not involve applying heat, then **we** will pay for **loss** or **damage** caused by fire or explosion;
- (v) **money**;
- (w) sporting equipment, guns, musical instruments, furs and leather, jewellery, bullion, precious metal or stones;
- (x) **personal effects** or personal property that is not related to or used in connection to the **business** or operation of the **business** by a **protected person** or a **contractor**;
- (y) data stored or data corruption, or computer virus;
- (z) any electrical device where **loss** or **damage** is caused by a power surge, unless the power surge is as a result of lightning strike or storm;
- (aa) **theft**;
- (ab) **loss** from any building or **vehicle** unless the protected property was securely locked in the building, or in, or on, the **vehicle**, and the **burglary** happens after forcible or violent **damage** to the building or **vehicle**;
- (ac) goods in **transit** for the purposes of being transported or delivered from one place to another;
- (ad) any action of the sea (except tsunami), tidal wave or **storm surge**; or
- (ae) claims arising outside of **Australia**.

Section 8. Goods in Transit

Specific definitions

In this **section** the following words have the following meaning:

Transit	Being transported in or on a vehicle , or by rail, from one place to another including loading and unloading of the vehicle .
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What is protected?

If 'Goods in Transit' is specified in **your Schedule of Protection**, we will protect **your contents** and/or **stock** for **loss** or **damage** caused by:

a) a **protected event**;

b) **burglary**; or

c) collision or overturning of the conveying **vehicle**

which occurs in the course of being transported (including loading and unloading), or while being stored (for up to 30 days) anywhere in **Australia** occurring during the **period of protection**.

Basis of settlement

The maximum **we** will pay for any one **event** under this **section 8** Goods in Transit is the **limit of protection** stated in **your Schedule of Protection**.

(A) Contents (other than **Stock**)

If 'Contents' is specified in **your Schedule of Protection** and an item of **your contents** is **damaged**, **we** will, at **our** option, repair or replace the part of the item where there is **damage** as far as possible to its original condition, using materials that are easily available in **Australia**. Or, at **our** option, **we** will pay **you** the reasonable cost to do so, up to the **limit of protection** as stated in **your Schedule of Protection**.

If there is a **loss** to an item of **your contents**, **we** will pay to replace the item as if it was new at the time of the **loss**. Or, at **our** option, **we** will pay **you** the reasonable cost to do so, up to the **limit of protection** as stated in **your Schedule of Protection**.

If, at **our** option, **we** provide a cash settlement, or if replacement or reinstatement is not carried out, **we** will only pay the lesser of:

- i) the cost of repairing the protected property less an equitable allowance for age, wear and tear, depreciation, or betterment; or
- ii) the pre-**damage** value of the property at the time of its **loss** or destruction; or
- iii) the **limit of protection** applicable to such property where separately specified.

(B) Stock

We will pay, at **our** option:

- i) the cost of replacement of **stock lost** or **damaged in transit** at the time when the **loss** or **damage** occurs;
- ii) pay **you** the wholesale cost to replace **your stock** at the time of the **loss** or **damage**; or
- iii) the contract price if **you** have sold but not delivered the **stock** and the sale is cancelled because of **loss** or **damage** to the **stock in transit**.

If **you** do not repair or replace **your stock**, **we** will make a deduction for wear, tear and depreciation.

We will not pay the amount stated as the **excess(es)** in **your Schedule of Protection** for this **section 8**.

What is not protected?

Unless an exclusion is stated in **your Schedule of Protection** as being not applicable, then **section 8** does not protect any claim in connection with or attributable to the following:

1. General exclusions

Any applicable general exclusions set out in Part B, 3 General Exclusions of this document and Annexure 1 of the **Rules**.

2. Specific exclusions

We will not pay for:

- (a) breakage of glass, china (and similar brittle materials), bruising or scratching of furniture, leakage, spillage, electrical or mechanical **breakdown** unless caused by fire, **burglary**, collision or overturning of the conveying **vehicle**;
- (b) clerical error, omissions or deliveries to the wrong consignee;
- (c) **burglary**, fraud or dishonesty by a **protected person** or a **contractor**;
- (d) wear and tear, moths, vermin, insects, fungus or a gradually operating cause;
- (e) **breakdown** or malfunctioning of cooling or heating **machinery** unless caused by fire, **burglary**, overturning or collision of the conveying **vehicle**;
- (f) evaporation, shrinkage, loss of weight, dampness, dryness, steam, condensation, contamination, escape of fumes, flue gases or pollution;
- (g) exposure to weather conditions unless the conveying **vehicle** is enclosed; or
- (h) **burglary** from an unattended **vehicle**, unless the **vehicle** is in a locked building.

Section 9. Public and Products Liability

Specific definitions

In this **section** the following words have the following meaning:

Product(s)	Anything (including goods, containers or packaging, directions, markings, instructions, warnings or specifications) manufactured, deemed manufactured, grown, extracted, produced, processed, assembled, constructed, sold, supplied, re-supplied, distributed, installed, erected, repaired, treated, altered or serviced by you , or on your behalf, in connection with your business after physical possession has been passed to others.
Territorial Limit	Means: a) anywhere in Australia or its external territories; and b) anywhere else in the world, but only in respect of: i) travelling salespeople or executives who normally reside in Australia and do not undertake any manual work or supervise work of any kind (but excluding USA and Canada or any country, territory or protectorate to which the laws of USA and Canada apply); and ii) your product(s) exported (but excluding USA and Canada or any country, territory or protectorate to which the laws of USA and Canada apply).

What is protected?

If 'Public and Products Liability' is specified in **your Schedule of Protection**, **we** will protect **you** for the amount that **you** have **legal liability** to pay as compensation for:

- a) **personal injury** to any person; and/or
- b) **property damage**

happening during the **period of protection** arising from an **occurrence** within the **territorial limit** in connection with **your business**.

Basis of settlement

We will pay for the compensation that **you** have **legal liability** to pay, including the legal costs of a person claiming against **you** and/or **your defence costs**, all inclusive in the **limit(s) of protection** as stated in **your Schedule of Protection**.

The maximum **we** will pay during the **period of protection** is up to the **limit(s) of protection** for any one **occurrence** and in the aggregate as set out in **your Schedule of Protection**.

We will not pay the amount stated as the **excess(es)** in **your Schedule of Protection** for this **section 9**.

Additional benefits

If 'Public and Products Liability' is specified in **your Schedule of Protection** and **you** make a claim that is protected under this **section 9**, **we** will protect **you** for the following additional benefits if they are applicable to **your** claim. Additional benefits may include limits and where limits apply they are stated in the table below or in **your Schedule of Protection**, as applicable. Any additional benefit limits shown are included in the **limit of protection** as stated in **your Schedule of Protection**.

1. Indemnity to Other Persons	We will protect you for liability to indemnify any principal with whom you have entered into a contract or agreement in connection with your business , and the terms of the contract or agreement requires that you must indemnify the principal for personal injury or property damage caused by you or your employees whilst performing work for the principal, but only if the liability relates to the work performed by you or your employees and would have been implied by law in the absence of the contract or agreement and you would be entitled to protection under section 9 , if the claim was made against you .
2. Cross Liabilities	Where you are more than one party and/or additional benefit 1 applies, the protection in this section applies to each protected person or entity protected by this section as if each of them had separately applied for protection . However, this additional benefit and additional benefit 1 do not operate to increase the limit of protection shown in your Schedule of Protection .
3. Compensation for Court Attendance	If, at our request, you or another protected person attends court as a witness in connection with a claim for which you are protected under this section 9 , we will compensate you for the attendance at court. The maximum limit we will pay for this additional benefit is: a) for you , up to A\$500; or b) for any other protected person , up to A\$250 for each day that attendance is required, up to a maximum of 14 days for the period of protection .

Optional benefits

If 'Public and Products Liability' is specified in **your Schedule of Protection**, you may request the following optional benefits to be added to **section 9**. Optional benefits are extra **protections** not included in the standard **protection** available for 'Public and Products Liability'. You can request as part of **your** application, for **your section 9**, to be extended to include any of the optional benefits listed below. If **we** agree to add any optional benefit requested by **you**, the optional benefit will be stated in **your Schedule of Protection** and **your contributions** will be adjusted. Any optional benefit limits as shown in **your Schedule of Protection** are included in the **limit of protection**.

<p>1. Property in your Care, Custody or Control</p>	<p>If 'Property in your Care, Custody or Control' is specified in your Schedule of Protection, we will protect you for your legal liability to pay compensation occurring during the period of protection for damage to property that is in your physical possession or legal control that consists of:</p> <ul style="list-style-type: none"> a) premises which you occupy under a lease or tenancy agreement; b) premises and their contents that are not owned by you but are temporarily occupied by you for the purpose of carrying out work in connection with your business (but not for property damage to that part of the property on which you are or have been working on which arises out of such work, unless optional benefit 5 is taken); c) vehicles not belonging to you but in your care, custody or control, and used in connection with your business in a car park (but not an impound yard) that you operate at no cost for your customers; d) customers' vehicles in your care, custody or control used in connection with your business whilst being driven or moved for the purposes of servicing, repairing, delivery or testing (but not for property damage to that part of the property on which you are or have been working on which arises out of such work, unless optional benefit 5 is taken); or e) other forms of tangible property not included in (a) to (d) above (except land or buildings) not owned by you but in your physical or legal control, and that you have not assumed responsibility to obtain insurance (but not for property damage to that part of the property on which you are or have been working on which arises out of such work, unless optional benefit 5 is taken). <p>Specific exclusions 2(b.1) and 2(q) of section 9 do not apply to this optional benefit.</p> <p>The maximum we will pay for this optional benefit for the period of protection is the limit for 'Property in your Care, Custody or Control' stated in your Schedule of Protection.</p>
<p>2. Contractors and Subcontractors</p>	<p>If 'Contractors and Subcontractors' is specified in your Schedule of Protection, we will protect you for your legal liability to pay compensation for personal injury or property damage caused by any contractor or subcontractor whilst working in your business and for whose actions you have legal liability.</p> <p>Specific exclusion 2(p) of section 9 does not apply to this optional benefit.</p> <p>The maximum we will pay for this optional benefit for the period of protection is the limit for 'Contractors and Subcontractors' stated in your Schedule of Protection.</p>
<p>3. Assumed Liability</p>	<p>If 'Assumed Liability' is specified in your Schedule of Protection, we will protect you for liability assumed by you under a hire, lease or other agreement, provided that a copy of the agreement is given to us prior to the commencement of the period of protection and is stated in your Schedule of Protection.</p> <p>Specific exclusion 2(f) of section 9 does not apply to this optional benefit.</p> <p>The maximum we will pay for this optional benefit for the period of protection is the limit for 'Assumed Liability' stated in your Schedule of Protection.</p>
<p>4. Damage Resulting from Faulty Workmanship</p>	<p>If 'Damage Resulting from Faulty Workmanship' is specified in your Schedule of Protection, we will protect you for your legal liability for personal injury or property damage resulting from your faulty workmanship, service or repair.</p> <p>We will not protect you for any unpaid accounts.</p> <p>The cost of rectifying the faulty workmanship itself is excluded under this optional benefit 4.</p> <p>Specific exclusions 2(b.1) and 2(g) of section 9 do not apply to this optional benefit.</p> <p>We will not protect claims arising from faulty design or specification.</p> <p>The maximum we will pay for this optional benefit for the period of protection for personal injury or property damage resulting from your faulty workmanship is the limit for the 'Damage Resulting from Faulty Workmanship' stated in your Schedule of Protection.</p> <p>Where applicable for a property damage loss, we will only pay the lesser of:</p> <ul style="list-style-type: none"> a) the cost of the wholesale price of parts, reasonable freight costs and net labour costs reasonably incurred; or b) the limit for 'Damage Resulting from Faulty Workmanship' stated in your Schedule of Protection.

<p>5. Cost of Rectifying Faulty Workmanship</p>	<p>If 'Cost of Rectifying Faulty Workmanship' is specified in your Schedule of Protection, we will protect you for your legal liability for the cost of rectifying, performing, re-performing, completing or improving work on a vehicle or watercraft that was originally performed during the period of protection, and where such rectification, performance, re-performance, completion or improvement is consequent upon faulty workmanship.</p> <p>We will not protect you for any unpaid accounts, or claims arising from faulty design or specification. Specific exclusions 2(b.1) and 2(h) of section 9 do not apply to this optional benefit.</p> <p>The maximum we will pay for this optional benefit for the period of protection for the cost of rectifying your faulty workmanship is the lesser of:</p> <ul style="list-style-type: none"> a) the cost of the wholesale price of parts, reasonable freight costs and net labour costs reasonably incurred; or b) the limit for the 'Cost of Rectifying Faulty Workmanship' stated in your Schedule of Protection.
<p>6. Equipment, Goods or Vehicles Hired to Others</p>	<p>If 'Equipment, Goods or Vehicles Hired to Others' is specified in your Schedule of Protection, we will protect you for your legal liability to pay compensation for personal injury or property damage arising out of or in connection with equipment, goods or vehicles you hire to others.</p> <p>Specific exclusions 2(b.1) and 2(m) of section 9 do not apply to this optional benefit.</p> <p>The maximum we will pay for this optional benefit for the period of protection is the limit for 'Equipment, Goods or Vehicles Hired to Others' stated in your Schedule of Protection.</p>

What is not protected?

Unless:

- a) an exclusion is stated in **your Schedule of Protection** as being not applicable; or
 - b) an exclusion is stated in an additional or optional benefit as being not applicable;
- then **section 9** does not protect any claim attributable to the following:

1. General exclusions

Any applicable general exclusions set out in Part B, 3 General Exclusions of this document and Annexure 1 of the **Rules**.

2. Specific exclusions

Actual or alleged liability arising out of or relating (directly or indirectly) to:

(a) Products Liability

- 1) (i) defective design, plan, formula, pattern or specification of **your product(s)**;
 - (ii) any defect in **your product(s)** sold or supplied by **you** which **you** knew or should have known about;
 - (iii) failure or inadequacy of **your product(s)** to meet the level of performance, quality, fitness or durability represented by **you**;
 - (iv) the cost of investigating the cause of any defect or deficiency of **your product(s)**;
 - (v) the cost of tracing, recalling, withdrawing, repairing, loss of use of or replacing **your product(s)** or any property of which they form part or refunding the purchase price of **your product(s)** or any property of which they form part; or
 - (vi) **product(s)** intended for or installed in or on or forming part of any aircraft or aerial device.
- 2) **damage to your product(s)**.

(b) Vehicles

The ownership, possession, operation, maintenance, servicing, repair or use by **you** or anyone on **your** behalf of any **vehicle**:

- 1) (i) which is registered;
- (ii) which is required by law to be registered;
- (iii) for which a temporary permit has been issued for the purpose of travel on a public road; or
- (iv) for which compulsory third party insurance or statutory liability insurance is required.

This does not apply to liability arising out of:

- (a) the loading or unloading of goods to or from any **vehicle**;
- (b) the use of any tool or plant forming part of or attached to a **vehicle** or used in connection with a **vehicle** or any **vehicle** used as plant, other than when the **vehicle** is in use or moving; or
- (c) operation or use of a **vehicle** designed primarily for lifting, lowering, loading or unloading whilst being operated in the course of **your business**.

2) used in any form of motor sport including but not limited to racing, rallying, hill-climbing, speedway, drag racing, track days (timed or untimed) or sprint events. This includes any **product(s)** or component or assembly supplied, installed or modified used in any form of motor sport.

(c) Watercraft

The ownership, possession, operation, maintenance or use by **you** or on **your** behalf of any **watercraft** which exceeds 8 metres in length.

(d) Aircraft, Rail or Mining Equipment

The ownership, possession, operation, maintenance or use by **you** or on **your** behalf of any aircraft or aerial device, railway or train, or

mining equipment.

(e) Employer's Liability

- 1) **damage** to property owned by an **employee**;
- 2) **personal injury** to any of **your employees** arising out of their employment in **your business**;
- 3) **personal injury** to any person if **you** are required by law to protect or insure, through self insurance, statutory fund or statutory scheme, all or part of any common law liability for such **personal injury**; or
- 4) imposed by any Workers' Compensation or Accident Compensation Law, or the provisions of any industrial award or agreement or determination.

(f) Assumed Liability

Liability assumed by **you** under any contract or agreement other than liability **you** would have had without the contract or agreement.

(g) Damage Resulting from Faulty Workmanship

Damage resulting from faulty workmanship, service or repair.

(h) Cost of Rectifying Faulty Workmanship

The cost of performing, completing, correcting or improving any work done by **you**.

(i) Professional Protection

Any advice given by **you** for a fee.

(j) Building(s) under Construction

The erection, demolition, or addition to any **business buildings** or structure at **your premises** if the contract price for those works exceeds A\$250,000.

(k) Pollution

Any act, error or omission, inactivity or activity which results in the discharge, dispersal, transmission, release or escape of any **pollutant** into or onto land, soil, vegetation, crop, foodstuff, stockfeed, building, structure, watercourse, underground water supply, body of water or into the atmosphere.

This exclusion does not apply if the discharge, dispersal, transmission, release or escape of the **pollutant** was fortuitous, sudden and **accidental** and took place at a clearly identifiable time, provided that:

- (i) **we** will not pay more than the **limit of protection** stated in the **Schedule of Protection**; if such discharge, dispersal, transmission, release, or escape extends beyond more than one **period of protection**;
- (ii) **we** will not pay any costs where such discharge, dispersal, transmission, release, or escape of **pollutants** was caused by any of **your product(s)** that have been discarded, dumped or abandoned by others;
- (iii) **we** will not pay any costs of preventing the escape of **pollutants**; and
- (iv) **our** total liability for claims in the **period of protection** is limited to the **limit of protection**, less the applicable **excess**.

(l) Asbestos

Asbestos, or any materials containing asbestos in whatever form or quantity.

(m) Equipment or Goods Hired to Others

Equipment, goods or **vehicles** hired to others by **you**.

(n) Damages

Punitive, aggravated or exemplary damages.

(o) Fines and Penalties or Reparation Orders

Fines, penalties or any other monetary penalties.

(p) Contractors and Subcontractors

Any **product(s)** supplied, or work carried out by any **contractor** or subcontractor on **your** behalf.

(q) Property in **your** Care Custody or Control

Any property left in **your** care custody or control.

(r) Tobacco

Tobacco or tobacco smoke.

(s) Underground Works

Any work undertaken at a depth greater than 3 metres from the surface of the ground.

(t) Libel, Slander and Defamation

Libel or slander or defamation.

(u) Loss of Use

Loss of use of tangible property which has not been physically **lost** or **damaged** resulting from:

- (i) delay in or lack of performance by **you** or on **your** behalf of any contract or agreement; or
- (ii) the failure of **your product(s)** or work performed by **you** to meet the level of performance, quality, fitness or durability expressly or impliedly warranted or represented by **you**. However, u.(ii) does not apply to loss of use of other tangible property resulting from sudden and **accidental** physical **damage** to or destruction of **your product(s)** after **your product(s)** have been put to use by any person or organisation other than **you**.

Section 10. Professional Protection

Introduction

Claims Made and Notified Basis of Protection

This **section 10** Professional Protection is issued to **you** on a 'Claims made and Notified' basis.

This means the **protection** responds to:

- a) claims first made against **you** during the **period of protection** and notified to **us** during the **period of protection**, provided **you** were not aware at any time prior to the **period of protection** of circumstances which would have put a reasonable person in **your** position on notice that a claim may be made against him/her; and
- b) written notification of facts. The facts that **you** may decide to notify are those which might give rise to a claim against **you**. Such notification must be given as soon as reasonably practicable after **you** become aware of the facts and prior to the expiry of the **period of protection**. If **you** give written notification of such facts, the **protection** will respond even though a claim arising from those facts is made against **you** after the **period of protection** has expired.

When the **period of protection** expires, no new notification of facts can be made once the **period of protection** expires even though the relevant **event** giving rise to the claim against **you** may have occurred during the **period of protection**.

Specific definitions

In this **section** the following words have the following meaning:

Civil Liability

Liability for the damages, costs and expenses that a civil court orders **you** to pay on a claim including legal costs of the person making the claim for which **you** become liable. It does not include criminal liability or penalties.

What is protected?

If 'Professional Protection' is specified in **your Schedule of Protection**, we will protect **you** and **your employees** for **your civil liability** for any claim for compensation first made against **you**, and notified to **us**, during the **period of protection** arising out of a breach of professional duty by **you** when providing professional advice for a fee in the conduct of **your business** in **Australia**.

Basis of settlement

We will pay for:

- a) the compensation that **you** are liable to pay; and
- b) **your defence costs**

both of which are included in the **limit of protection**.

The maximum **we** will pay for any one claim and in the aggregate for the **period of protection** is the **limit of protection** under **section 10**. 'Professional Protection' as stated in **your Schedule of Protection**.

We will not pay the amount stated as the **excess(es)** in **your Schedule of Protection** for this **section 10**.

Additional benefits

If 'Professional Protection' is specified in **your Schedule of Protection**, and **you** make a claim that is protected under this **section 10**, we will protect **you** for the following additional benefits if they are applicable to **your** claim.

Additional benefits may include limits and where limits apply they are stated in the table below or in **your Schedule of Protection**, as applicable. Any additional benefit limits shown are included in the **limit of protection** as stated in **your Schedule of Protection**.

1. Additional Parties

We will protect the following under this additional benefit:

- a) **your employees** whilst working for the **business** other than for claims relating to dishonest, fraudulent or malicious acts or omissions;
- b) a **protected person** in respect of a **civil liability** arising in their capacity as a principal, director or partner of a prior **business**; and
- c) entities merged with or acquired by **you** during the **period of protection** but only:
 - i) for a maximum of 30 days from the date of the merger or acquisition; or
 - ii) until the **protection** expireswhichever is the earlier.

We may agree to extend this period subject to payment of an additional **contribution**.

The retroactive date for the **protection** is the date of the merger or acquisition by **you**, unless **we** otherwise agree in writing.

<p>2. Competition and Consumer Liability</p>	<p>We will protect you for your civil liability under the <i>Competition and Consumer Act 2010 (Cth)</i> or similar consumer laws for claims during the period of protection for misleading or deceptive conduct by a protected person or you, but not for criminal liability.</p>
<p>3. Infringement of Copyright</p>	<p>We will protect you for your liability for any unintentional infringement of copyright, trademark, registered design or patent, or breach of confidentiality during the period of protection.</p>
<p>4. Lost Documents</p>	<p>We will pay for the costs, if reasonably incurred, of replacing or restoring documents or records lost or destroyed during the period of protection and incurred in the course of your business and which relate to professional services rendered by you.</p> <p>If you claim under this section, you will be required to show that you have the relevant bills or accounts and we are entitled to submit these to a relevant expert of our choosing for verification.</p> <p>The maximum we will pay for this additional benefit is A\$5,000 for the period of protection.</p>
<p>5. Claim Investigation Costs</p>	<p>We will pay for the cost of investigating a potential claim during the period of protection under this section 10 if:</p> <ul style="list-style-type: none"> a) we incur the costs; or b) you incur the costs with our prior written consent. <p>The maximum we will pay for this additional benefit is A\$5,000 for the period of protection.</p>
<p>6. Non-Imputation</p>	<p>Where there is more than one protected person or contractor stated in your Schedule of Protection, we will protect an innocent protected person or contractor protected under this section 10 where there has been a failure of another protected person or contractor to:</p> <ul style="list-style-type: none"> a) accurately, completely and truthfully disclose information to us which is relevant to our decision to provide protection under this section 10; or b) comply with an obligation, term or condition contained in this Product Disclosure Statement during the period of protection.
<p>7. Continuous Protection</p>	<p>If:</p> <ul style="list-style-type: none"> a) a claim is notified by you; and b) you are aware of a fact or circumstance that might reasonably give rise to a claim which you could have elected to notify <p>to us under an earlier protection issued by us but you failed to notify us within the relevant notification period under an earlier protection, in the absence of fraudulent non-disclosure we may accept notification of such claim, fact or circumstance under this protection if you notify us in writing of such claim, fact or circumstance during this period of protection.</p> <p>This protection only applies if you have been continuously protected, without interruption, under a protection issued by us between the commencement of the period of protection and whichever is earlier of:</p> <ul style="list-style-type: none"> a) such claim was first made against you; or b) you first became aware of such fact or circumstance. <p>We may be entitled to reduce our liability for claims under this automatic protection by the amount that represents any prejudice we have suffered due to such late notification.</p> <p>This additional benefit only applies if such claim or liability arising out of such fact or circumstance would have been protected under the earlier protection current on the date:</p> <ul style="list-style-type: none"> a) such claim was first made against you; b) you first became aware of such fact or circumstance, but for the late notification and is also protected under this protection. <p>The maximum we will pay for this additional benefit is the lesser of the terms, conditions and limit for this protection, and the terms, conditions and limit available under such earlier protection.</p>

Optional benefits

If 'Professional Protection' is specified in **your Schedule of Protection**, you may request the following optional benefits to be added to **section 10**.

Optional benefits are extra **protections** not included in the standard **protection** available for 'Professional Protection'. You can request as part of **your** application for **your section 10** to be extended to include any of the optional benefits listed below. If **we** agree to add any optional benefit requested by **you**, the optional benefit will be stated in **your Schedule of Protection** and **your contributions** will be adjusted. Any optional benefit limits shown in **your Schedule of Protection** are included in the **limit of protection**.

<p>1. Contractors and Subcontractors</p>	<p>If 'Contractors and Subcontractors' is specified in your Schedule of Protection, we will protect you for breach of professional duty by any contractor or subcontractor when providing professional advice for a fee in the conduct of your business and for whose actions you have legal liability.</p> <p>Specific exclusion 2(q) of section 10 does not apply to this optional benefit.</p> <p>The maximum we will pay for this optional benefit for the period of protection is the limit for 'Contractors and Subcontractors' stated in your Schedule of Protection.</p>
<p>2. Retroactive Protection</p>	<p>If 'Retroactive Protection' is specified in your Schedule of Protection, we will protect any loss that is within the time of discovery of a loss and/or the time when a loss occurred, if this protection is substituted for any prior insurance policy of Professional Protection/Indemnity you held that is cancelled, terminated or expired at the time of substitution, provided that:</p> <ol style="list-style-type: none"> a) the loss would have been covered under this section 10 had this section been in force when the act causing the loss was committed; b) the loss would have been recoverable by you under the prior insurance policy except for the fact that the time within which to discover any loss had expired; and c) recovery under this section for the loss will not exceed the amount that would: <ol style="list-style-type: none"> i) be recoverable under this section had the act been committed immediately before discovery; or ii) have been recoverable under the prior insurance policy had it continued in force until the discovery of the loss, whichever is the lesser. <p>We will not be liable for any loss arising from any act, error or omission committed more than 12 months before the commencement of this section 10 of the protection.</p>
<p>3. Vehicle Assessment</p>	<p>If 'Vehicle Assessment' is specified in your Schedule of Protection, we will protect you for your liability to pay compensation for a claim during the period of protection arising out of a breach of professional duty by you when providing assessment or evaluation of a vehicle where you provide:</p> <ol style="list-style-type: none"> a) a vehicle roadworthy certificate, vehicle condition report or vehicle compliance report; b) a vehicle pre-purchase report; or c) a vehicle safety report. <p>Specific exclusion 2(s) of section 10 does not apply to this optional benefit.</p> <p>The maximum we will pay for this optional benefit for the period of protection is the limit for 'Vehicle Assessment' stated in your Schedule of Protection.</p>
<p>4. Vehicle Breakdown</p>	<p>If 'Vehicle Breakdown' is specified in your Schedule of Protection, we will protect you for your liability to pay compensation for a claim during the period of protection arising out of a breach of professional duty by you when providing roadside assistance and/or towing.</p> <p>Specific exclusion 2(r) of section 10 does not apply to this optional benefit.</p> <p>The maximum we will pay for this optional benefit for the period of protection is the limit for 'Vehicle Breakdown' stated in your Schedule of Protection.</p>

What is not protected?

Unless:

- a) an exclusion is stated in **your Schedule of Protection** as being not applicable; or
- b) an exclusion is stated in an additional or optional benefit as being not applicable

then **section 10** does not protect any claim in connection with or attributable to the following:

1. General exclusions

Any applicable general exclusions set out in Part B, 3 General Exclusions of this document and Annexure 1 of the **Rules**.

2. Specific exclusions

We will not pay for:

- (a) any claim **you** were aware of at the inception of **your protection** or any claim arising from any fact or circumstance of which **you** were aware, or ought reasonably to have been aware, that may give rise to a claim prior to the inception of this **protection**;
- (b) any claim by an **employee**;
- (c) **your** function and duties as a director and/or officer of any legal entity, corporation or other incorporated body;
- (d) any claim arising from **you** providing advice in relation to financial services whether or not for a fee or arising from the arranging or issuing of financial **product(s)** or providing financial advice;
- (e) claims arising out of libel or slander or defamation;
- (f) claims arising out of invasion of personal rights or privacy;
- (g) claims arising from the manufacture, production, processing, assembly, construction, erection, installation, repair, service, sale, supply or distribution of goods by or on behalf of **you** or claims arising in connection with property owned by **you** or in **your** care, custody or control;
- (h) claims arising from evaporation, shrinkage, loss of weight, dampness, dryness, steam, condensation, contamination, escape of fumes, flue gases or pollution;
- (i) claims arising out of or in any way connected to asbestos, or any materials containing asbestos in whatever form or quantity;
- (j) claims brought or maintained against **you** by any person who is residing with **you** or has resided with **you**;
- (k) claims in consequence of any trading debt incurred by **you**, or claims for refund of professional fees or charges;
- (l) claims arising out of the ownership, operation or use of any **vehicle, watercraft** or aircraft by **you** or on **your** behalf;
- (m) claims arising out of wrongful entry or eviction;
- (n) claims in relation to physical **loss** or **damage** of **money**;
- (o) claims arising from acts or omissions happening before the retroactive date stated in **your Schedule of Protection**;
- (p) claims arising from liability assumed by **you** under an express term of a contractual warranty, guarantee, undertaking or agreement unless **you** would have had that liability without the agreement;
- (q) any breach of professional duty by any **contractor** or subcontractor for whose actions **you** have **legal liability**;
- (r) claims arising from providing roadside assistance and/or towing following **breakdown**; or
- (s) claims arising from assessment or evaluation of a **vehicle**.

Section 11. Legal Expenses

Specific definitions

In this **section** the following words have the following meaning:

Competition and Consumer Act Dispute	A dispute arising from: a) the operation of the <i>Competition and Consumer Act 2010 (Cth)</i> ; or b) any act or omission arising out of the <i>Competition and Consumer Act 2010 (Cth)</i> which leads to the prosecution of a protected person in a court of criminal jurisdiction.
Contract Dispute	A dispute concerning a contract for the buying, renting, or supply of goods or services in relation to the business .
Employment Dispute	Means: a) a dispute arising from a contract or alleged contract of employment with an employee , ex-employee or a prospective employee ; or b) a dispute arising from any act or omission or alleged act or omission of a protected person arising out of or in the course of their normal employment in your business which leads to: i) their prosecution in a court of criminal jurisdiction; ii) civil proceedings being taken against them under any anti-discrimination legislation; or iii) civil proceedings being taken against them as trustee of any superannuation fund.
Employer's Prosecution Defence	Defence of your prosecution in a court of criminal jurisdiction for breach of any workplace health or safety law.
Legal Proceedings	Any employment dispute , employer's prosecution defence , contract dispute , property dispute or Competition and Consumer Act dispute .
Property Dispute	A dispute arising from: a) loss or damage to land and/or buildings owned by you or for which you are responsible for the purpose of the business ; or b) loss or damage to goods owned by you or for which you are responsible whilst contained in or on such land and/or buildings.

What is protected?

If 'Legal Expenses' is specified in **your Schedule of Protection**, **we** will pay for reasonable legal costs and expenses incurred by **you** to defend or pursue:

- a) **employment disputes**;
- b) **employer's prosecution defences**;
- c) **contract disputes**;
- d) **property disputes**; and
- e) **Competition and Consumer Act disputes**, arising and instituted in **Australia** during the **period of protection**.

Basis of settlement

The maximum **we** will pay for any one **legal proceeding** under this **section 11** is the **limit of protection** for 'Legal Expenses' stated in **your Schedule of Protection**.

We will pay **your** legal costs and expenses incurred with **our** prior written consent in pursuing or defending any **legal proceedings** protected by this **section 11**.

We will not pay the amount stated as the **excess(es)** in **your Schedule of Protection** for this **section 11**.

What is not protected?

Unless an exclusion is stated in **your Schedule of Protection** as being not applicable, then **section 11** does not protect any claim in connection with or attributable to the following:

1. General exclusions

Any applicable general exclusions set out in Part B, 3 General Exclusions of this document and Annexure 1 of the **Rules**.

2. Specific exclusions

We will not pay for:

(a) Property

- (i) any dispute arising under a contract for the sale or lease of buildings or land;
- (ii) any dispute arising from goods lent, leased or hired to third parties; or
- (iii) any dispute arising from goods at **premises** not occupied by **you** unless they are there for the purposes of installation or use in work to be carried out by **you**.

(b) Certain Claims

- (i) civil proceedings where the amount in dispute is less than A\$5,000;
- (ii) any act, error, omission or dispute which occurred prior to the commencement of the **period of protection** and which **you** knew or ought to have known was likely to give rise to a claim or **legal proceedings** by or against **you**;
- (iii) legal costs and expenses, attendance expenses and opponents' legal costs incurred without **our** written consent;
- (iv) defamation, slander or libel;
- (v) a dispute with **us**;
- (vi) the use, ownership or possession by a **protected person** or a **contractor** of any **vehicle** or **watercraft**;
- (vii) patents, copyrights, trademarks, merchandise marks, registered designs, intellectual property and secrecy and confidentiality agreements;
- (viii) disputes concerning undefended debts or concerning debts owed by or to private individuals for non-**business** purposes;
- (ix) a contract of insurance where the dispute arises only in respect of the amount of **money** or other compensation payable under that contract;
- (x) **money** owed by **you**, where the claim is made 6 months or more after the **money** became due and payable;
- (xi) landslip, subsidence or lack of support;
- (xii) the mining, processing, transport or storage of asbestos or fibreglass;
- (xiii) the installation, removal or treatment of asbestos or fibreglass materials;
- (xiv) the use or presence of asbestos, fibreglass asbestos or fibreglass products or products containing asbestos or fibreglass; the manufacture and/or processing of asbestos, fibreglass or raw materials containing asbestos or fibreglass;
- (xv) damages for death, **personal injury**, disease or illness of or to any person;
- (xvi) **damage** to any property;
- (xvii) the transit of any goods or property by air or by sea;
- (xviii) **personal injury** or **loss** of or **damage** to property or financial loss resulting from contamination or pollution caused by any trade waste, smoke, soot, fumes, liquids, gases or other substances discharged, dispersed, released or which have escaped into or upon land, the atmosphere or any watercourse or body of water unless that discharge, dispersal, release or escape is instantaneously caused by a sudden, unexpected and unintended happening;
- (xix) the compulsory purchase, confiscation, nationalisation, requisition or destruction of or restrictions or controls placed on or **damage** to any property;
- (xx) the actual, planned or proposed construction or demolition of buildings or other works by or under the order of any government, local or public authority;
- (xxi) payment of fines or other penalties;
- (xxii) costs which a **protected person** is ordered to pay by a criminal jurisdiction;
- (xxiii) relating to any criminal act committed deliberately or with wilful intent by a **protected person**;
- (xxiv) for the breach or alleged breach of any professional duty, including advice by a **protected person**; or
- (xxv) punitive, aggravated or exemplary damages.

(c) Your Actions

Where **you**:

- (i) pursue or defend **legal proceedings** without **our** consent or contrary to advice from the appointed solicitor;
- (ii) fail to give proper instructions in due time to the appointed solicitor or counsel appointed by them;
- (iii) are responsible for delay which is prejudicial to the successful outcome of the **legal proceedings**; or
- (iv) are bankrupt or have committed an act of bankruptcy or have made an arrangement with **your** creditors or have entered into a deed of arrangement or are in liquidation or part or all of **your** affairs or property are in the care or control of a receiver.

Section 12. Tax Audit

Specific definitions

In this **section** the following words have the following meaning:

Audit	Tax audit in respect of your liability to pay income tax, goods and services tax, payroll tax, fringe benefits tax, sales tax, capital gains tax or superannuation contributions tax following lodgement by you of a return.
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What is protected?

If 'Tax Audit' is specified in **your Schedule of Protection**, **we** will protect **you** for expenses reasonably and necessarily incurred by **you** in connection with an audit in relation to **your business** by an Australian statutory authority which commenced during the **period of protection** if **you** operate **your business** in **Australia**.

Basis of settlement

The maximum **we** will pay for any one **audit** under this **section 12** is the **limit of protection** for 'Tax Audit' stated in **your Schedule of Protection**.

We will pay for the professional fees reasonably and necessarily incurred by **you** in connection with an **audit**.

We will not pay the amount stated as the **excess(es)** in **your Schedule of Protection** for this **section 12**.

What is not protected?

Unless an exclusion is stated in **your Schedule of Protection** as being not applicable, then **section 12** does not protect any claim in connection with or attributable to the following:

1. General exclusions

Any applicable general exclusions set out in Part B, 3 General Exclusions of this document and Annexure 1 of the **Rules**.

2. Specific exclusions

We will not pay for:

- (a) an **audit** if a return in relation to which the **audit** is proposed to be conducted:
 - (i) had not been lodged either at all or properly, or by the due date; or
 - (ii) was not prepared or reviewed by an accountant or registered tax agent prior to lodgement.
- (b) an **audit** if in relation to taxation matters if **you**:
 - (i) have not properly maintained records which **you** were required to keep in the ordinary course of **business**; and
 - (ii) are notified by the auditor that **you** have not satisfied record keeping requirements or that the standard of **your** records is unsatisfactory.
- (c) any **audit** where **you** have had notice of the **audit** prior to the **period of protection**;
- (d) any tax, interest, fines or penalties imposed as a result of the **audit**; or
- (e) any claim, if **you**, without lawful justification, refused or failed to comply with a request made by or on behalf of the auditor for the production of documents or the supply of information.

Section 13. Commercial Vehicles

Specific definitions

In this section the following words have the following meaning:

Agreed Value	The agreed amount of protection for a commercial vehicle as stated in your Schedule of Protection .
Business Use	The use of a commercial vehicle primarily in connection with your business and including occasional use for social, domestic and pleasure purposes.
Commercial Vehicle	A watercraft or vehicle owned by you for your business use , and which is stated in your Schedule of Protection as an itemised commercial vehicle but excludes a customer's vehicle or a stock vehicle .
Market Value	The cost to buy a commercial vehicle of similar kilometres, age, make, model and condition as the commercial vehicle at the date immediately prior to the loss or damage to the commercial vehicle , taking into account your location.

What is protected?

If 'Commercial Vehicles' is specified in **your Schedule of Protection**, we will protect **you** in relation to any **commercial vehicle** but only for **business use** in **Australia** and in accordance with the terms of the **protection** option **you** select, which is stated in **your Schedule of Protection**.

You are required to choose a **protection** option from '*Comprehensive*', '*Third Party, Fire & Theft*', '*Fire & Theft*' or '*Third Party Only*' options below:

Option 1. Comprehensive

What is protected?	Basis of settlement
<p>If your Schedule of Protection states that you have '<i>Comprehensive</i>' protection, we will protect you for:</p> <p>a) loss or damage to your commercial vehicle; and</p> <p>b) your legal liability for property damage arising from use of your commercial vehicle.</p>	<p>a) Loss or damage</p> <p>If 'Market Value' is shown in your Schedule of Protection, we will, at our option:</p> <ol style="list-style-type: none"> 1. repair or replace your commercial vehicle; 2. pay the cost of repair or replacement of your commercial vehicle; or 3. pay the market value of your commercial vehicle. <p>If 'Agreed Value' is shown in your Schedule of Protection, we will, at our option:</p> <ol style="list-style-type: none"> 1. repair or replace your commercial vehicle; 2. pay the cost of repair or replacement of your commercial vehicle; or 3. pay the agreed value of your commercial vehicle as shown in your Schedule of Protection. <p>If we opt to repair your commercial vehicle, we may approve repairs using good quality second hand parts unless the commercial vehicle is less than 2 years old, in which case we may approve repairs using new parts.</p> <p>If the loss or damage to your commercial vehicle results in it becoming a total loss within 1 year of its original registration, a new commercial vehicle will be supplied of the same make, model and series. We will not pay registration costs. If a replacement commercial vehicle is not available and/or cannot be sourced locally, we will pay the market value or agreed value, whichever is shown in your Schedule of Protection.</p> <p>If your commercial vehicle is used for mixed use (business and private), we will apportion the GST amount accordingly.</p> <p>If your commercial vehicle is a total loss and a financier is noted as an interested party, we will pay the amount outstanding to the financier, up to the applicable value. Any residual amount will be paid to you. A commercial vehicle will be a total loss if:</p> <ol style="list-style-type: none"> 1. the commercial vehicle is stolen and not recovered within 14 days of the theft of the commercial vehicle being reported to the police; or 2. we consider it uneconomical to repair the commercial vehicle. <p>The maximum we will pay under this option 1 <i>Comprehensive</i> protection for any one event is the applicable limit(s) of protection shown in your Schedule of Protection.</p> <p>b) Your Legal Liability</p> <p>We will pay for compensation or damages that you are legally liable to pay for property damage, including the legal costs of a person claiming against you arising from:</p>

1. **your use of your commercial vehicle**, and/or the towing of a trailer or caravan connected to **your commercial vehicle**; or a trailer or caravan becoming detached from **your commercial vehicle**; and
2. the use of a **commercial vehicle** not owned by **you**, but in **your** legal custody and control, and being used as a temporary substitute for **your commercial vehicle**, if **your commercial vehicle** is not in a useable condition at the time. **We** will not protect **legal liability** arising from the use of the substitute **vehicle** if it is already protected by another insurance policy.

We will also pay **your defence costs** in defending any claim made against **you** arising from **your** use of a **commercial vehicle**.

The maximum **we** will pay for any one **accident** is up to the **limit of protection** shown in **your Schedule of Protection**. **Your defence costs** are included in the **limit of protection**.

We will not pay the amount shown as the **excess(es)** in **your Schedule of Protection** for this **section 13**, notwithstanding General Condition 3.

Option 2. Third Party, Fire & Theft

What is protected?	Basis of settlement
<p>If your Schedule of Protection states that you have <i>Third Party, Fire & Theft</i> protection, we will protect you for:</p> <p>a) loss or damage to your commercial vehicle caused by fire or theft; and</p> <p>b) your legal liability for property damage arising from use of your commercial vehicle.</p>	<p>a) Loss or damage</p> <p>If 'Market Value' is shown in your Schedule of Protection, we will, at our option:</p> <ol style="list-style-type: none"> 1. repair or replace your commercial vehicle; 2. pay the cost of repair or replacement of your commercial vehicle; or 3. pay the market value of your commercial vehicle at the time of the loss or damage, but only for loss caused by fire, theft or attempted theft. <p>If 'Agreed Value' is shown in your Schedule of Protection, we will, at our option:</p> <ol style="list-style-type: none"> 1. repair or replace your commercial vehicle; 2. pay the cost of repair or replacement of your commercial vehicle; or 3. pay the agreed value of your commercial vehicle as shown in your Schedule of Protection, but only for loss caused by fire, theft or attempted theft. <p>If we opt to repair your commercial vehicle, we may approve repairs using good quality second hand parts unless the commercial vehicle is less than 2 years old, in which case we may approve repairs using new parts.</p> <p>If your commercial vehicle is used for mixed use (business and private), we will apportion the GST amount accordingly.</p> <p>If your commercial vehicle is a total loss and a financier is noted as an interested party, we will pay the amount outstanding to the financier, up to the applicable value. Any residual amount will be paid to you. A commercial vehicle will be a total loss if:</p> <ol style="list-style-type: none"> 1. the commercial vehicle is stolen and not recovered within 14 days of the theft of the commercial vehicle being reported to the police; or 2. we consider it uneconomical to repair the commercial vehicle. <p>The maximum we will pay under this option 2 <i>Third Party, Fire & Theft</i> protection for any one event is the applicable limit(s) of protection shown in your Schedule of Protection.</p> <p>b) Your Legal Liability</p> <p>We will pay for compensation or damages that you are legally liable to pay for property damage, including the legal costs of a person claiming against you arising from:</p> <ol style="list-style-type: none"> 1. your use of your commercial vehicle, and/or the towing of a trailer or caravan connected to your commercial vehicle; or a trailer or caravan becoming detached from your commercial vehicle; and 2. the use of a commercial vehicle not owned by you, but in your legal custody and control, and being used as a temporary substitute for your commercial vehicle, if your commercial vehicle is not in a useable condition at the time. We will not protect legal liability arising from the use of the substitute vehicle if it is already protected by another insurance policy. <p>We will also pay your defence costs in defending any claim made against you arising from your use of a commercial vehicle.</p> <p>The maximum we will pay for any one accident is up to the limit of protection shown in your Schedule of Protection. Your defence costs are included in the limit of protection.</p> <p>We will not pay the amount shown as the excess(es) in your Schedule of Protection for this section 13, notwithstanding General Condition 3.</p>

Option 3. Fire & Theft

What is protected?	Basis of settlement
<p>If your Schedule of Protection states that you have <i>Fire & Theft</i> protection, we will protect you for</p> <p>a) loss or damage to your commercial vehicle caused by fire or theft.</p>	<p>a) Loss or damage</p> <p>If 'Market Value' is shown in your Schedule of Protection, we will, at our option:</p> <ol style="list-style-type: none">1. repair or replace your commercial vehicle;2. pay the cost of repair or replacement of your commercial vehicle; or3. pay the market value of your commercial vehicle at the time of the loss or damage, but only for loss caused by fire, theft or attempted theft. <p>If 'Agreed Value' is shown in your Schedule of Protection, we will, at our option:</p> <ol style="list-style-type: none">1. repair or replace your commercial vehicle;2. pay the cost of repair or replacement of your commercial vehicle; or3. pay the agreed value of your commercial vehicle as shown in your Schedule of Protection but only for loss caused by fire, theft or attempted theft. <p>If we opt to repair your commercial vehicle, we may approve repairs using good quality second hand parts unless the commercial vehicle is less than 2 years old, in which case we may approve repairs using new parts.</p> <p>If your commercial vehicle is used for mixed use (business and private), we will apportion the GST amount accordingly.</p> <p>If your commercial vehicle is a total loss and a financier is noted as an interested party, we will pay the amount outstanding to the financier, up to the applicable value. Any residual amount will be paid to you. A commercial vehicle will be a total loss if:</p> <ol style="list-style-type: none">1. the commercial vehicle is stolen and not recovered within 14 days of the theft of the commercial vehicle being reported to the police; or2. we consider it uneconomical to repair the commercial vehicle. <p>The maximum we will pay under this option 3 <i>Fire & Theft</i> protection for any one event is the applicable limit(s) of protection shown in your Schedule of Protection.</p> <p>We will not pay the amount shown as the excess(es) in your Schedule of Protection for this section 13, notwithstanding General Condition 3.</p>

Option 4. Third Party Only

What is protected?	Basis of settlement
<p>If your Schedule of Protection states that you have <i>Third Party Only</i> protection, we will protect you for your legal liability for property damage arising from use of your commercial vehicle.</p>	<p>We will pay for compensation or damages that you are legally liable to pay for property damage, including the legal costs of a person claiming against you arising from:</p> <ol style="list-style-type: none">1. your use of your commercial vehicle, and/or the towing of a trailer or caravan connected to your vehicle; or a trailer or caravan becoming detached from your commercial vehicle; and2. the use of a vehicle not owned by you, but in your legal custody and control, and being used as a temporary substitute for your commercial vehicle, if your commercial vehicle is not in a useable condition at the time. We will not protect legal liability arising from the use of the substitute vehicle if it is already protected by another insurance policy. <p>We will also pay your defence costs in defending any claim made against you arising from your use of a commercial vehicle.</p> <p>The maximum we will pay for any one accident is up to the limit of protection shown in your Schedule of Protection. Your defence costs are included in the limit of protection.</p> <p>We will not pay the amount shown as the excess(es) in your Schedule of Protection for this section 13, notwithstanding General Condition 3.</p>

Additional benefits

If 'Commercial Vehicles' is specified in your Schedule of Protection, and you make a claim that is protected under this section 13, we will protect you for the following additional benefits if they are applicable to your claim. Our obligations in respect of these additional benefits will be limited to:

- a) the amount(s) stated in your Schedule of Protection; or
- b) the amount(s) stated below if there is no amount stated in your Schedule of Protection.

1. Protection for Others	Subject to any restrictions stated in your Schedule of Protection , we will protect a protected person or any other person driving a commercial vehicle with your consent subject to the terms and limits of this section .
2. Change of Vehicle	<p>If you sell any protected vehicle and replace it, we will automatically extend this protection for the replacement commercial vehicle from the date of purchase until the expiry date stated in your Schedule of Protection but only if:</p> <ol style="list-style-type: none"> you tell us about the replacement commercial vehicle within 14 days of its purchase; you pay us any additional contribution we ask for; and you agree to accept any changes to the terms and conditions of the protection. <p>If the value of the replacement commercial vehicle is greater than the commercial vehicle it is replacing, then the value of the replacement vehicle is limited to A\$50,000 unless we agree otherwise.</p> <p>This additional benefit only applies if your Schedule of Protection states 'Comprehensive', 'Third Party, Fire & Theft', 'Fire & Theft', or 'Third Party Only' protection.</p>
3. Hire Car Costs following Theft	<p>If your commercial vehicle is stolen, we will pay the reasonable cost, up to A\$65 per day, to hire a temporary replacement commercial vehicle of a similar type:</p> <ol style="list-style-type: none"> for up to 14 days; until the date your commercial vehicle is recovered in a useable and roadworthy condition; or the date we pay your claim if it is a total loss <p>whichever is the earliest date.</p> <p>This additional benefit only applies if your Schedule of Protection states 'Comprehensive' protection.</p>
4. Towing Costs	<p>We will pay the reasonable cost of towing your commercial vehicle to a suitable place of repair following damage which is protected under this section 13.</p> <p>The maximum we will pay for this additional benefit is A\$1,000 per vehicle for the period of protection.</p> <p>This additional benefit only applies if your Schedule of Protection states 'Comprehensive', 'Third Party, Fire & Theft' or 'Fire & Theft' protection.</p>
5. Recovery Costs following Theft	<p>We will pay the reasonable cost of returning your commercial vehicle to you following theft.</p> <p>The maximum we will pay for this additional benefit is A\$1,000 per vehicle for the period of protection.</p> <p>This additional benefit only applies if your Schedule of Protection states 'Comprehensive', 'Third Party, Fire & Theft' or 'Fire & Theft' protection.</p>
6. Non-Standard Accessories/ Modifications	<p>We will pay the reasonable cost of an alteration to, or extra item fitted, to the standard body, engine, suspension, wheels or paintwork of your commercial vehicle that may affect its appearance, value, safety or performance. The maximum we will pay for this additional benefit is A\$1,500 for non-standard accessories/ modifications per commercial vehicle.</p> <p>This additional benefit only applies if your Schedule of Protection states 'Comprehensive', 'Third Party, Fire & Theft' or 'Fire & Theft' protection.</p>
7. Stolen Keys	<p>If the remote or keys to your commercial vehicle are stolen, we will pay to replace the keys or recode the locks. The theft of the keys or remote must have been reported to the police to be eligible for this additional benefit.</p> <p>This additional benefit does not apply if the keys or remote were stolen by a protected person, a contractor, invitee, family member or anyone who resides with you.</p> <p>The maximum we will pay for this additional benefit is A\$1,000 per vehicle and A\$5,000 in total for the period of protection.</p> <p>This additional benefit only applies if your Schedule of Protection states 'Comprehensive' protection.</p>
8. Excess Waiver for Windscreen and Window Glass	<p>If the windscreen or window glass of your commercial vehicle is broken, we will pay the reasonable cost of repairing or replacing the windscreen or window glass for the protected vehicle. We will not apply an excess to the first windscreen or window glass claim for each protected commercial vehicle during the period of protection.</p> <p>This additional benefit only applies if your Schedule of Protection states 'Comprehensive' protection.</p>

<p>9. Unprotected Third Party</p>	<p>We will protect you for loss or damage to your commercial vehicle that you suffer as a result of an accident involving your commercial vehicle caused by an uninsured or unprotected third party. Protection will only apply if:</p> <ul style="list-style-type: none"> a) the driver of your commercial vehicle is completely blame free; b) the name and the address of the driver and registration number of the vehicle driven by the negligent party is established; and c) the other party did not have valid insurance. <p>The maximum we will pay for this additional benefit is the market value of your commercial vehicle, or up to A\$3,000 in total, whichever is less, for the period of protection.</p> <p>This additional benefit only applies if your Schedule of Protection states <i>'Third Party Only'</i> protection.</p>
<p>10. Flood Damage</p>	<p>We will protect you for loss or damage to your commercial vehicle caused by flood up to the protected value of the commercial vehicle during the period of protection.</p> <p>This additional benefit only applies if your Schedule of Protection states <i>'Comprehensive'</i> protection.</p>

Optional benefits

If 'Commercial Vehicles' is specified in **your Schedule of Protection**, you may request the following optional benefits to be added to **section 13**. Optional benefits are extra **protections** not included in the standard **protection** available for 'Commercial Vehicles'. **You** can request as part of **your** application for **your section 13** to be extended to include the optional benefit listed below. If **we** agree to add the optional benefit requested by **you**, the optional benefit will be stated in **your Schedule of Protection** and **your contributions** will be adjusted to account for the optional benefit.

<p>1. On-Hook Towing Protection</p>	<p>If 'On-Hook Towing Protection' is specified in your Schedule of Protection, we will protect you for damage to any customer's vehicle whilst being:</p> <ul style="list-style-type: none"> a) towed by; b) carried by; c) loaded onto; or d) unloaded from <p>a commercial vehicle owned by you and under your control, or the control of a driver who is a protected person or a contractor provided that the driver has:</p> <ul style="list-style-type: none"> a) complied with the laws applicable in the state or territory in respect of towing, carrying and transportation of vehicles or watercraft; and b) complied with the vehicle manufacturer's towing and carrying instructions in respect of the vehicle or watercraft being towed or carried. <p>Specific exclusion 2(ag) of section 13 does not apply to this optional benefit.</p> <p>This optional benefit only applies if your Schedule of Protection states <i>'Comprehensive'</i>, <i>'Third Party, Fire & Theft'</i> or <i>'Third Party Only'</i> protection.</p>
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What is not protected?

Unless:

- a) an exclusion is stated in **your Schedule of Protection** as being not applicable; or
 - b) an exclusion is stated in an additional or optional benefit as being not applicable
- then **section 13** does not protect any claim in connection with or attributable to the following:

1. General exclusions

Any applicable general exclusions set out in Part B, 3 General Exclusions of this document and Annexure 1 of the **Rules**.

2. Specific exclusions

We will not pay for:

- (a) **your commercial vehicle**, if *'Third Party Only'* **protection** is stated in **your Schedule of Protection**;
- (b) **your commercial vehicle** other than **loss** or **damage** caused by fire or **theft**, if *'Third Party, Fire & Theft'* is stated in **your Schedule of Protection**;
- (c) depreciation;
- (d) wear and tear, rust or corrosion;
- (e) **damage** to tyres caused by the road, the application of brakes or by punctures, cuts or bursts;
- (f) any structural, mechanical, electrical, electronic or hydraulic **breakdown**, failure or breakage;
- (g) where the **commercial vehicle** has been let or hired or is being used to carry passengers or goods for hire or reward, except where hire or rental **vehicles** are an activity of **your business** operations as advised to **us**;

- (h) claims arising when the **commercial vehicle** or any caravan or trailer attached to the **commercial vehicle** is towing hazardous goods in bulk or in breach of any law relating to carrying hazardous goods;
- (i) claims for **personal injury** to any person;
- (j) **theft** by **you**, any declared driver, any **protected person**, a **contractor** or any other person driving a **commercial vehicle** with **your** consent;
- (k) property owned by **you**, any declared driver, **protected person**, a **contractor** or any other person driving a **commercial vehicle** with **your** consent;
- (l) **theft** of a **commercial vehicle** if the keys are left on or in the **commercial vehicle**;
- (m) any **commercial vehicle** that is not registered where the law requires it to be registered;
- (n) any claim arising from being used by **you** for illegal purposes;
- (o) any loss of use of **your commercial vehicle**;
- (p) any **commercial vehicle** being used in connection with or tested in preparation for racing, pacemaking, reliability trials, rallying, speedway, drag racing, track days (timed or untimed), sprint events or hill-climbing tests;
- (q) any **commercial vehicle** being used in an experiment, trial or demonstration;
- (r) any **commercial vehicle** being used for an unlawful purpose by **you**, a **protected person**, a **contractor** or is being so used by some other person with the express or implied consent of **you**, a **protected person** or **contractor**;
- (s) **you**, a **protected person** or a **contractor** driving the **commercial vehicle** when the person is not authorised under the law in force in the State or Territory in which the **commercial vehicle** is being driven; being a law with respect to the licensing of drivers of **vehicles**, to drive the **commercial vehicle**;
- (t) a person other than **you**, a **protected person** or a **contractor** driving the **commercial vehicle** with the express or implied consent of **you**, a **protected person** or a **contractor** when the person is not authorised under the law in force in the State or Territory in which the **commercial vehicle** is being driven; being a law with respect to the licensing of drivers of **vehicles**, to drive the **commercial vehicle**; and **you**, a **protected person** or **contractor** knew or should reasonably have known at the time when the consent was given or impliedly given, that that person was not so authorised;
- (u) where the driver of the **commercial vehicle** is under the influence of alcohol or drugs or was found to be in excess of the blood alcohol limit; or refuses to undergo a police alcohol or drug test. **We** may pay a claim if **you** can prove that **you** did not know the driver was affected by alcohol or drugs;
- (v) where the driver of the **commercial vehicle** is younger than the age restriction as stated in **your Schedule of Protection**;
- (w) the **commercial vehicle** where the driver does not hold a current valid driver's licence;
- (x) the expropriation or confiscation of the **commercial vehicle**;
- (y) war or warlike activities;
- (z) the use, existence or escape of nuclear weapons material, or ionising radiation from, or contamination by radioactivity from, any nuclear fuel or any nuclear waste from the combustion of nuclear fuel;
- (aa) the unroadworthy or unsafe condition of the **commercial vehicle** concerned, being a condition that was known to **you**, a **protected person** or **contractor** at the time of the **accident** or the incurring of the liability;
- (ab) **you**, a **protected person** or **contractor** failing to take steps that are in the circumstances reasonable for the security of the **commercial vehicle** after **damage** has occurred to it;
- (ac) to property that belongs to, or is in the custody of, the person so liable;
- (ad) the incurring of a liability by a person other than **you**, a **protected person** or a **contractor** and that person driving:
 - i) is not authorised under the law in force in the State or Territory in which the **commercial vehicle** is being driven; being a law with respect to the licensing of drivers of **vehicles**, to drive the **commercial vehicle**; or
 - ii) is under the influence of intoxicating liquor or of a drug;
- (ae) compensation or damages in respect of **loss** or **damage** where:
 - i) the **loss** or **damage** occurred as a result of the use of a trailer or caravan attached to the **vehicle**; and
 - ii) there were at the time the **loss** or **damage** occurred, two or more trailers or caravans, or one or more trailers and one or more caravans, attached to the **vehicle**;
- (af) the load or **contents** of **your commercial vehicle**;
- (ag) any **vehicle** whilst towed or carried by **your vehicle**;
- (ah) **your legal liability** for any claims in connection with pollution or **pollutants**; or
- (ai) **commercial vehicle** use, other than on land.

Section 14. Customers Vehicles

Specific definitions

In this **section** the following words have the following meaning:

Business Use	The use of a customer's vehicle primarily in connection with your business .
Customer's Vehicle	A watercraft or vehicle owned by your customer that is in your care, custody and control in the course of your business , including customers' watercraft or vehicles on a trade plate, but not customers' watercraft or vehicles held on consignment for sale.
Market Value	The cost to buy a customer's vehicle of similar kilometres, age, make, model and condition as the customer's vehicle , at the date immediately prior to the loss or damage to the customer's vehicle , taking into account your location.

What is protected?

If 'Customers Vehicles' is specified in **your Schedule of Protection**, **we** will protect **you** in relation to a **customer's vehicle(s)** in **your** care, custody or control but only for **business use** and within **Australia**.

What is protected?	Basis of Settlement
<p>If your Schedule of Protection states that you have protection for customers' vehicles, we will protect you for:</p> <p>a) loss or damage to a customer's vehicle; and</p> <p>b) your legal liability for property damage arising from your use of a customer's vehicle.</p>	<p>a) Loss or damage</p> <p>We will, at our option:</p> <ol style="list-style-type: none"> 1. repair or replace a customer's vehicle; 2. pay the cost of repair or replacement of a customer's vehicle; or 3. pay the market value of a customer's vehicle at the time of the loss or damage. <p>If we opt to repair a customer's vehicle, we may approve repairs using good quality second hand parts unless the customer's vehicle is less than 2 years old, in which case, we may approve repairs using new parts.</p> <p>If a customer's vehicle is used for mixed use (business and private), we will apportion the GST amount accordingly.</p> <p>If a customer's vehicle is a total loss, we will pay the market value of a customer's vehicle at the time of the loss. A customer's vehicle will be a total loss if:</p> <ol style="list-style-type: none"> 1. the customer's vehicle is stolen and not recovered within 14 days of the theft of the customer's vehicle being reported to the police; or 2. we consider it uneconomical to repair the customer's vehicle. <p>The maximum we will pay for any one event is the applicable limit(s) of protection shown in your Schedule of Protection.</p> <p>b) Your Legal Liability</p> <p>We will pay for compensation or damages that you are legally liable to pay for property damage, including the legal costs of a person claiming against you arising from your use of a customer's vehicle, and/or the towing of a trailer or caravan connected to a customer's vehicle, or a trailer or caravan becoming detached from a customer's vehicle.</p> <p>We will also pay your defence costs in defending any claim made against you arising from your use of a customer's vehicle.</p> <p>The maximum we will pay for any one accident is up to the limit of protection shown in your Schedule of Protection. Your defence costs are included in the limit of protection.</p> <p>We will not pay the amount shown as the excess(es) in your Schedule of Protection for this section 14, notwithstanding General Condition 3.</p>

Additional benefits

If 'Customers Vehicles' is specified in **your Schedule of Protection** and **you** make a claim that is protected under this **section 14**, **we** will protect **you** for the following additional benefits if they are applicable to **your** claim. **Our** obligations in respect of these additional benefits will be limited to:

- a) the amount(s) stated in **your Schedule of Protection**; or
- b) the amount(s) stated below if there is no amount stated in **your Schedule of Protection**.

1. Protection for Others	Subject to any restrictions stated in your Schedule of Protection , we will protect a protected person or any other person driving a customer's vehicle with your consent, subject to the terms and limits of this section .
2. Towing Costs	We will pay the reasonable cost of towing a customer's vehicle to a suitable place of repair following damage which is protected under this section 14 . The maximum we will pay for this additional benefit is A\$1,000 per vehicle for the period of protection .
3. Recovery Costs following Theft	We will pay the reasonable cost of returning a customer's vehicle to you following theft . The maximum we will pay for this additional benefit is A\$1,000 per vehicle for the period of protection .
4. Stolen Keys	If the remote or keys to a customer's vehicle are stolen, we will pay to replace the keys or recode the locks. The theft of the keys or remote must have been reported to the police to be eligible for this additional benefit. This additional benefit does not apply if the keys or remote were stolen by a protected person , a contractor , invitee, family member or anyone who resides with you . The maximum we will pay for this additional benefit is A\$1,000 per vehicle and A\$5,000 in total for the period of protection .
5. Flood Damage	We will protect you for loss or damage to a customer's vehicle caused by flood up to the protected value of the customer's vehicle during the period of protection .

What is not protected?

Unless:

- a) an exclusion is stated in **your Schedule of Protection** as being not applicable; or
 - b) an exclusion is stated in an additional or optional benefit as being not applicable
- then **section 14** does not protect any claim in connection with or attributable to the following:

1. General exclusions

Any applicable general exclusions set out in Part B, 3 General Exclusions of this document and Annexure 1 of the **Rules**.

2. Specific exclusions

We will not pay for:

- (a) depreciation;
- (b) wear and tear, rust or corrosion;
- (c) **damage** to tyres caused by the road, the application of brakes or by punctures, cuts or bursts;
- (d) any structural, mechanical, electrical, electronic or hydraulic **breakdown**, failure or breakage;
- (e) where a **customer's vehicle** has been let or hired or is being used to carry passengers or goods for hire or reward;
- (f) claims arising when a **customer's vehicle** or any caravan or trailer attached to a **customer's vehicle** was towing hazardous goods in bulk or in breach of any law relating to carrying hazardous goods;
- (g) claims for **personal injury** to any person;
- (h) **theft** by **you**, a **protected person**, a **contractor** or any person driving a **customer's vehicle** with **your** consent;
- (i) property owned by **you**, a **protected person**, a **contractor** or any person driving a **customer's vehicle** with **your** consent;
- (j) any **customer's vehicle** that is not registered where the law requires it to be registered;
- (k) any claim arising from being used by **you** for illegal purposes;
- (l) any loss of use of a **customer's vehicle**;

- (m) a **customer's vehicle** being used in connection with or tested in preparation for racing, pacemaking, reliability trials, rallying, speedway, drag racing, track days (timed or untimed), sprint events or hill-climbing tests;
- (n) a **customer's vehicle** being used in connection with an experiment, trial or demonstration;
- (o) a **customer's vehicle** being used for an unlawful purpose by **you**, a **protected person**, a **contractor** or being so used by some other person with the express or implied consent of **you**, a **protected person** or **contractor**;
- (p) **you**, a **protected person** or a **contractor** driving a **customer's vehicle** that is not authorised under the law in force in the State or Territory in which a **customer's vehicle** is being driven; being a law with respect to the licensing of drivers of **customer's vehicles**, to drive a **customer's vehicle**;
- (q) a person other than **you**, a **protected person** or a **contractor** driving a **customer's vehicle** with the express or implied consent of **you**, a **protected person** or **contractor** and is not under the law in force in the State or Territory in which a **customer's vehicle** is being driven; being a law with respect to the licensing of drivers of a **customer's vehicle**, to drive a **customer's vehicle**; and **you**, a **protected person** or a **contractor** knew or should reasonably have known at the time when the consent was given or implied, that that person was not so authorised;
- (r) a **customer's vehicle** where the driver of a **customer's vehicle** is under the influence of alcohol or drugs and was found to be in excess of the blood alcohol limits; or refuses to undergo a police alcohol or drug test. **We** may pay a claim if **you** can prove that **you** did not know the driver was affected by alcohol or drugs;
- (s) a **customer's vehicle** where the driver is younger than the age limit for the youngest driver stated in **your Schedule of Protection**;
- (t) a **customer's vehicle** where the driver does not hold a current valid driver's licence;
- (u) the expropriation or confiscation of a **customer's vehicle**;
- (v) war, or warlike activities;
- (w) the use, existence or escape of nuclear weapons material, or ionising radiation from, or contamination by radioactivity from, any nuclear fuel or any nuclear waste from the combustion of nuclear fuel;
- (x) the unroadworthy or unsafe condition of a **customer's vehicle** concerned, being a condition that was known to **you**, a **protected person** or a **contractor**, at the time of the **accident** or the incurring of the liability;
- (y) **you**, a **protected person** or a **contractor** failing to take steps that are in the circumstances reasonable for the security of a **customer's vehicle** after **damage** has occurred to it;
- (z) property that belongs to, or is in the custody of, the person so liable;
- (aa) a person other than **you**, a **protected person** or a **contractor**; and that person driving:
 - i) is not authorised under the law in force in the State or Territory in which a **customer's vehicle** is being driven; being a law with respect to the licensing of drivers of **vehicles**, to drive a **customer's vehicle**; or
 - ii) is under the influence of intoxicating liquor or of a drug;
- (ab) compensation or damages in respect of **loss** or **damage** where:
 - i) the **loss** or **damage** occurred as a result of the use of a trailer or caravan attached to a **customer's vehicle**; and
 - ii) there were at the time **loss** or **damage** occurred, two or more trailers or caravans, or one or more trailers and one or more caravans, attached to a **customer's vehicle**;
- (ac) the load or **contents** of a **customer's vehicle**;
- (ad) a **customer's vehicle** whilst towing or carrying another **vehicle**; or a **customer's vehicle** whilst being towed or carried by another **vehicle**;
- (ae) **your legal liability** for any claims in connection with pollution or **pollutants**;
- (af) **customer's vehicle** use, other than on land; or
- (ag) **watercraft** which exceeds 8 metres in length.

Section 15. Stock Vehicles

Specific definitions

In this **section** the following words have the following meaning:

Business Use	The use of a stock vehicle primarily in connection with your business and including occasional use for social, domestic and pleasure purposes.
Stock Vehicle(s)	Watercraft or vehicles held as stock for sale by you , including those financed under a floor plan or bailment arrangement, and for which you hold records of the purchase details and are recorded on your stock register.
Market Value	The cost to buy a stock vehicle of similar kilometres, age, make, model and condition as the stock vehicle , at the date immediately prior to the loss or damage to the stock vehicle , taking into account your location.

What is protected?

If 'Stock Vehicles' is specified in **your Schedule of Protection**, **we** will protect **you** in relation to **stock vehicles** owned by **you** or held by **you** for sale but only for **business use** in **Australia** and in accordance with the terms of the **protection** option **you** select which is stated in **your Schedule of Protection**.

You are required to choose a **protection** option from the '*Comprehensive*' or '*Third Party Only*' options below:

Option 1. Comprehensive

What is protected?	Basis of Settlement
<p>If your Schedule of Protection states that you have '<i>Comprehensive</i>' protection, we will protect you for:</p> <p>a) loss or damage to a stock vehicle; and</p> <p>b) your legal liability for property damage arising from use of a stock vehicle.</p>	<p>a) Loss or damage</p> <p>We will, at our option:</p> <ol style="list-style-type: none"> 1. repair or replace the stock vehicle; or 2. pay the cost of repair or replacement of the stock vehicle; <p>or</p> <ol style="list-style-type: none"> 1. pay the wholesale value of the stock vehicle; or 2. pay the market value of the stock vehicle <p>whichever is less.</p> <p>If we opt to repair the stock vehicle, we may approve repairs using good quality second hand parts unless the stock vehicle is less than 2 years old, in which case we may approve repairs using new parts.</p> <p>In no circumstances will we pay GST if the stock vehicle is used exclusively for business purposes. If the stock vehicle is used for mixed use (business and private), we will apportion the GST amount accordingly.</p> <p>A stock vehicle will be a total loss if:</p> <ol style="list-style-type: none"> 1. the vehicle is stolen and not recovered within 14 days of the theft of the stock vehicle being reported to the police; or 2. we consider it uneconomical to repair the stock vehicle. <p>The maximum we will pay under this option 1 <i>Comprehensive</i> protection for any one event is the applicable limit(s) of protection shown in your Schedule of Protection.</p> <p>b) Your Legal Liability</p> <p>We will pay for compensation or damages that you are legally liable to pay for property damage, including the legal costs of a person claiming against you arising from your use of a stock vehicle, and/or the towing of a trailer or caravan connected to a stock vehicle; or a trailer or caravan becoming detached from a stock vehicle.</p> <p>We will also pay your defence costs in defending any claim made against you arising from your use of a stock vehicle.</p> <p>The maximum we will pay for any one accident is up to the limit of protection shown in your Schedule of Protection. Your defence costs are included in the limit of protection.</p> <p>We will not pay the amount shown as the excess(es) in your Schedule of Protection for this section 15, notwithstanding General Condition 3.</p>

Option 2. Third Party Only

What is protected?	Basis of Settlement
If your Schedule of Protection states that you have 'Third Party Only' protection, we will protect you for your legal liability for property damage arising from the use of a stock vehicle.	<p>We will pay for compensation or damages that you are legally liable to pay for property damage, including the legal costs of a person claiming against you arising from your use of a stock vehicle, and/or the towing of a trailer or caravan connected to a stock vehicle; or a trailer or caravan becoming detached from a stock vehicle.</p> <p>We will also pay your defence costs in defending any claim made against you arising from your use of a stock vehicle.</p> <p>The maximum we will pay for any one accident is up to the limit of protection shown in your Schedule of Protection. Your defence costs are included in the limit of protection.</p> <p>We will not pay the amount shown as the excess(es) in your Schedule of Protection for this section 15, notwithstanding General Condition 3.</p>

Additional benefits

If 'Stock Vehicles' is specified in your Schedule of Protection, and you make a claim that is protected under this section 15, we will protect you for the following additional benefits if they are applicable to your claim. Our obligations in respect of these additional benefits will be limited to:

- the amount(s) stated in your Schedule of Protection; or
- the amount(s) stated below if there is no amount stated in your Schedule of Protection.

1. Protection for Others	Subject to any restrictions stated in your Schedule of Protection, we will protect a protected person or any other person driving a stock vehicle with your consent, subject to the terms and limits of this section.
2. Towing Costs	<p>We will pay the reasonable cost of towing a stock vehicle to a suitable place of repair following damage which is protected under this section 15.</p> <p>The maximum we will pay for this additional benefit is A\$1,000 per vehicle for the period of protection. This additional benefit only applies if your Schedule of Protection states 'Comprehensive' protection.</p>
3. Recovery Costs following Theft	<p>We will pay the reasonable cost of returning the stock vehicle to you following theft.</p> <p>The maximum we will pay for this additional benefit is A\$1,000 per vehicle for the period of protection. This additional benefit only applies if your Schedule of Protection states 'Comprehensive' protection.</p>
4. Stolen Keys	<p>If the remote or keys to your stock vehicle(s) are stolen, we will pay to replace the keys or recode the locks. The theft of the keys or remote must have been reported to the police to be eligible for this additional benefit. This additional benefit does not apply if the keys or remote were stolen by a protected person or a contractor, invitee, family member or anyone who resides with you.</p> <p>The maximum we will pay for this additional benefit is A\$1,000 per vehicle and A\$5,000 in total for the period of protection.</p> <p>This additional benefit only applies if your Schedule of Protection states 'Comprehensive' protection.</p>
5. Flood Damage	<p>We will protect you for loss or damage to your stock vehicle(s) up to the protected value of the stock vehicle(s) caused by flood during the period of protection.</p> <p>This additional benefit only applies if your Schedule of Protection states 'Comprehensive' protection.</p>

Optional benefits

If 'Stock Vehicles' is specified in your Schedule of Protection, you may request the following optional benefit to be added to section 15.

Optional benefits are extra **protections** not included in the standard **protection** available for 'Stock Vehicles'. You can request as part of your application for your section 15 for your **protection** to be extended to include the optional benefit listed below. If we agree to add the optional benefit requested by you, the optional benefit will be stated in your Schedule of Protection and your **contributions** will be adjusted.

1. Excess Waiver for Windscreen and Window Glass	<p>If 'Excess Waiver for Windscreen and Window Glass' is shown in your Schedule of Protection, then where the windscreen or window glass of your stock vehicle(s) is/are broken, we will pay the reasonable cost of repairing or replacing the windscreen or window glass of your stock vehicle(s).</p> <p>We will not apply an excess to the first claim under this section 15 during the period of protection.</p>
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What is not protected?

Unless:

- an exclusion is stated in your Schedule of Protection as being not applicable; or
 - an exclusion is stated in an additional or optional benefit as being not applicable
- then section 15 does not protect any claim in connection with or attributable to the following:

1. General exclusions

Any applicable general exclusions set out in Part B, 3 General Exclusions of this document and Annexure 1 of the **Rules**.

2. Specific exclusions

We will not pay for:

- (a) a **stock vehicle** if *'Third Party Only'* **protection** is stated in **your Schedule of Protection**;
- (b) depreciation;
- (c) wear and tear, rust or corrosion;
- (d) **damage** to tyres caused by the road, the application of brakes or by punctures, cuts or bursts;
- (e) any structural, mechanical, electrical, electronic or hydraulic **breakdown**, failure or breakage;
- (f) where a **stock vehicle** has been let or hired or is being used to carry passengers or goods for hire or reward;
- (g) claims arising when a **stock vehicle** or any caravan or trailer attached to a **stock vehicle** was towing hazardous goods in bulk or in breach of any law relating to carrying hazardous goods;
- (h) claims for **personal injury** to any person;
- (i) any claim arising from being used by **you** for illegal purposes;
- (j) **theft** by **you**, any declared driver, any **protected person**, a **contractor** or any person driving a **stock vehicle** with **your** consent;
- (k) to property owned by **you**, any declared driver, **protected person**, a **contractor** or any person driving a **stock vehicle** with **your** consent;
- (l) to any **stock vehicle** that is not registered where the law requires it to be registered, except where a **stock vehicle** has trade plates;
- (m) any loss of use of a **stock vehicle**;
- (n) any **stock vehicle** being used in connection with or tested in preparation for racing, pacemaking, reliability trials, rallying, speedway, drag racing, track days (timed or untimed), sprint events or hill-climbing tests;
- (o) any **stock vehicle** being used in connection with an experiment, trial or demonstration;
- (p) any **stock vehicle** that is let on hire by **you**, a **protected person** as lessor, or being used in the course of the **business** of carrying passengers or goods for hire or reward by the **protected person** or by some other person with the express or implied consent of **you**, or a **protected person**;
- (q) any **stock vehicle** being used for an unlawful purpose by **you**, a **protected person** or **contractor**, or being so used by some other person with the express or implied consent of **you**, a **protected person** or **contractor**;
- (r) **you**, a **protected person** or a **contractor** driving a **stock vehicle** that is not authorised under the law in force in the State or Territory in which a **stock vehicle** is being driven; being a law with respect to the licensing of drivers of **vehicles**, to drive a **stock vehicle**;
- (s) a person other than **you**, a **protected person** or a **contractor** that is driving a **stock vehicle** with the express or implied consent of **you**, a **protected person** or **contractor** and is not under the law in force in the State or Territory in which the **vehicle** is being driven; being a law with respect to the licensing of drivers of **vehicles**, to drive a **stock vehicle**; and the **protected person** knew or should reasonably have known at the time when the consent was given or impliedly given, that that person was not so authorised;
- (t) a **stock vehicle** where the driver of a **stock vehicle** is under the influence of alcohol or drugs or was found to be in excess of the blood alcohol limit; or refuses to undergo a police alcohol or drug test. We may pay a claim if **you** can prove that **you** did not know the driver was affected by alcohol or drugs;
- (u) a **stock vehicle** where the driver is younger than the age limit for the youngest driver shown in **your Schedule of Protection**;
- (v) a **stock vehicle** where the driver does not hold a current valid driver's licence;
- (w) the expropriation or confiscation of a **stock vehicle**;
- (x) **loss** or **damage** as a result of war, or warlike activities;
- (y) **loss** or **damage** due to the use, existence or escape of nuclear weapons material, or ionising radiation from, or contamination by radioactivity from, any nuclear fuel or any nuclear waste from the combustion of nuclear fuel;
- (z) the unroadworthy or unsafe condition of a **stock vehicle** concerned, being a condition that was known to **you**, a **protected person** or a **contractor**, at the time of the **accident** or the incurring of the liability;
- (aa) **you**, a **protected person** or a **contractor** failing to take steps that are in the circumstances reasonable for the security of a **stock vehicle** after **damage** has occurred to it;
- (ab) property that belongs to, or is in the custody of, the person so liable;
- (ac) a person other than **you**, a **protected person** or a **contractor**; and that person driving:
 - i) is not authorised under the law in force in the State or Territory in which a **stock vehicle** is being driven; being a law with respect to the licensing of drivers of **vehicles**, to drive a **stock vehicle**; or
 - ii) is under the influence of intoxicating liquor or of a drug;
- (ad) compensation or damages in respect of **loss** or **damage** where:
 - i) **loss** or **damage** occurred as a result of the use of a trailer or caravan attached to a **stock vehicle**; and
 - ii) there were at the time the **loss** or **damage** occurred, two or more trailers or caravans, or one or more trailers and one or more caravans, attached to a **stock vehicle**;
- (ae) the load or **contents** of a **stock vehicle**;
- (af) a **stock vehicle** whilst towing or carrying another **vehicle**;
- (ag) **theft** by trickery;
- (ah) any **loss** discovered through stocktake or shrinkage records;
- (ai) **your legal liability** for any claims in connection with pollution or **pollutants**;
- (aj) **stock vehicle** use, other than on land; or
- (ak) **watercraft** which exceeds 8 metres in length.

Part C

Personal Protections

GENERAL PROVISIONS APPLYING TO ALL PERSONAL PROTECTION SECTIONS:

Capricorn Mutual only offers **protection** to its **members** on a discretionary basis. This means the Board (or its delegate) must exercise its discretion to issue **protections** to **members** and exercise its discretion to grant indemnity when a claim is made by a **member** to whom a **protection** applies. Any statement to the effect that Capricorn Mutual will 'protect', 'pay', 'reinstate' or 'compensate' **protection**-holders, or any similar provision imposing an obligation on Capricorn Mutual only operates where the Board has exercised its discretion to grant an indemnity in respect of a claim.

A **member's** rights and obligations (including the payment of membership subscription fees and **contributions**) in respect of a **protection** are governed by and arise under the Constitution of Capricorn Mutual and the **Rules** made by the Board. All terms and conditions in respect of the payment of benefits and claims in Part B and Part C of this PDS for each of the **protection sections** are incorporated into the Constitution and the **Rules** of Capricorn Mutual. **Your** entitlements are subject to the Constitution and **Rules**. **Your Schedule of Protection** is incorporated into and is a part of the **Rules**.

1. General Definitions

These general definitions apply to all personal **protection sections** unless stated otherwise. Defined words will appear in bold. The definitions apply to the plural and any derivatives of the bolded words.

Term	Meaning
Accident	Loss or damage arising out of an unexpected or unintended cause.
Accidental Loss or Damage	Loss , destruction or damage that is unexpected, unintentional, sudden and unforeseen.
Australia	The Commonwealth of Australia including all States and Territories.
Burglary	The act of stealing or attempted stealing occurring with physical evidence of forcible and/or violent entry or exit to your premises or vehicle .
Contribution	Any monies payable to Capricorn Mutual by a member as shown on your Schedule of Protection and pursuant to Rule 8 .
Damage(d)	Physical harm to tangible property that impairs its value, usefulness or normal function.
Defence Costs	The reasonable legal costs incurred by you , with our written consent, necessary to defend a claim made against you or any protected person .
Endorsement	Any amendment of the terms of the protection(s) advised in writing by us .
Event	An incident or several incidents of a series consequent on, or attributable to, one source or original source.
Excess(es)	The applicable amount which you are required to contribute to each claim.
Farm Building	Any building not used as a residence, on land that you use as a farm (other than for any income generating purposes).

Farm Contents	The contents of a farm building used solely for domestic purposes.
Flood	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; or g) a dam.
General Provisions	The terms contained in (Part C) applying to all personal protection sections subject to any endorsement .
GST	Goods and services tax per the meaning given in the <i>A New Tax System (Goods and Services Tax) Act 1999</i> .
Hobby Farm	A farm maintained for interest's sake with no more than A\$5,000 per annum of income producing activities.
Home Buildings	Any buildings, outbuildings, garages and carports at the premises which you use for domestic purposes, including: a) fixtures and fittings in and on buildings & outbuildings, garages and carports; b) walls, gates and fences around and belonging to buildings; c) pergolas and gazebos; d) asphalt, cement paths or driveways and paving; e) fixed external signs, blinds, awnings, aerials, masts and satellite dishes; f) inground swimming pools, fixed spas and saunas; g) a tennis court (but not a grass tennis court); h) fixed floor coverings; i) services including pipes, cables and meters, but only if you own them or are legally liable for them and they are within the boundary of your premises ; j) improvements of a structural nature at your premises ; or k) glass that is permanently fixed to your home buildings.
Home Contents	Home contents are items which you use for domestic purposes and which you own, including: a) clothing and personal effects (but not sporting clothing or equipment whilst they are being used); b) furniture and furnishings, including non-fixed carpets and floor rugs; c) internal blinds and curtains; d) household goods and appliances (but not glassware including hand held mirrors, crockery and china whilst being used or carried); e) non-fixed swimming pools, spas or saunas; f) glass that is not permanently fixed and forms part of your furniture; or g) specified items shown in your Schedule of Protection .
Home Office/ Business Equipment and Furniture	Furniture, computer or office equipment permanently located at your premises and used in connection with your business, trade or profession.
Intruder Alarm System	Any intruder alarm system installed by a licensed alarm installation company including the method of communication used to transmit the signals from or to that system.
Legal Liability	Penalties, compensation, damages, repair, restitution or any other amounts for which you are responsible and required to pay by law.
Limit(s) of Protection	The applicable limit(s) provided by the protections you hold, as stated in your Schedule of Protection .
Loss, Losses, Lost	Sudden and unforeseen physical loss.
Member	A person, corporation, organisation or entity that has been admitted to membership of Capricorn Mutual in accordance with the Constitution.

Term	Meaning
Money	Cash or any negotiable instrument belonging to you or for which you are legally responsible.
Negotiable Instrument	A legal document that represents money and can be legally transferred in title from one person to another.
Occurrence	An event including continuous or repeated exposure to substantially the same conditions which results in personal injury or property damage that is neither expected nor intended.
Period of Protection	The duration of your protections as stated in your Schedule of Protection including as varied and understood by reference to Rule 7(1) .
Personal Injury	Bodily injury, death, disease, illness or nervous shock, false arrest, wrongful detention, wrongful eviction, assault or battery.
Pollutant	Any solid, liquid, gaseous or thermal irritant or contaminant, including but not limited to smoke, vapour, soot, fumes, cinders, dust, asbestos, acids, alkalis, chemicals or waste. Waste includes materials to be recycled, reconditioned or reclaimed.
Premises	The domestic address(es) specified in your Schedule of Protection .
Product Disclosure Statement (PDS)	The document named Product Disclosure Statement issued by Capricorn Mutual in accordance with the requirements of Chapter 7 of the <i>Corporations Act 2001 (Cth)</i> and includes: a) the terms contained in Important Information (Part A); b) the General Provisions and terms contained in sections 1 - 15 (Part B) in respect of any business protections granted to you ; and c) the General Provisions and terms contained in sections 1 - 3 (Part C) in respect of personal protections granted to you .
Property Damage	Physical loss , physical destruction or physical injury to tangible property, specifically excluding personal injury to any person.
Protected Event	Any of the following perils: a) fire; b) explosion or implosion (but not for loss or damage to boilers, economisers, or vessels under pressure themselves or their contents); c) lightning; d) storm, wind, rain, hail or snow; e) escape of liquid resulting from discharging, leaking, bursting or overflowing of pipes, tanks, heating or water apparatus (but not for loss or damage to the actual pipes, tanks heating or water apparatus themselves); f) impact by vehicles , animals, watercraft , aircraft or other aerial devices, and/or falling trees or objects; g) riots, strikes and civil commotion; h) malicious acts; i) earthquake, tsunami, subterranean fire or volcanic eruption; j) burglary ; and k) breakage of glass.
Protected Person	A person who is not a member and does not hold a protection , but to whom we agree to extend the application of a protection .
Protection(s)	A miscellaneous financial risk product used to manage business and personal risks, issued to a member in accordance with the Capricorn Mutual Constitution and the Rules .
Rule(s)	The document called 'Rules of Capricorn Mutual Limited' that governs membership and the terms of protections offered by Capricorn Mutual Ltd.
Schedule of Protection	The current Schedule issued by us to you which sets out the scope and extent of the protection(s) granted to you including any endorsements attached or issued by us . Each Schedule of Protection is taken to be incorporated, and part of the Rules of Capricorn Mutual.

Section(s)	The individual sections 1 - 3 that you have selected from the types of protection governed by the Constitution and the Rules and detailed in Part C of the Product Disclosure Statement .
Specified Items	An item owned by you that is itemised in your Schedule of Protection .
Storm Surge	An offshore rise of seawater associated with a low pressure weather system, typically cyclones.
Theft	The act of stealing or attempted stealing.
Tools of Trade	Tools used for and in connection with business activities, including any hand held devices powered solely by the person using it. Tools of trade does not include any home office/business equipment and furniture, vehicles or watercraft or mobile phones, or any electrical or battery powered devices.
Total Loss	Loss that occurs when the protected property is totally destroyed or is damaged in such a way that it can be neither recovered nor repaired for further use.
Vehicle	Any mechanically propelled vehicle designed for use on land only including a motor vehicle, motorcycle, goods carrying vehicle, trailer, caravan, and extending to include any standard equipment, modifications and accessories attaching to that vehicle which are provided by the manufacturer. Vehicle does not include a train or rolling stock, aircraft or spare part.
Watercraft	A vessel, craft or thing, made or intended to float on or in, or travel on or through water including any standard equipment, modifications and accessories attaching to that watercraft which are provided by the manufacturer. Watercraft does not include canoes, kayaks, surf skis, single person sail boards, single person rowing sculls or surfboards; or any watercraft used for business purposes.
We, Us, Our	Capricorn Mutual Limited ABN 24 104 601194.
You, Your(s), Yourself	A member who holds a protection as described in your Schedule of Protection .

2. General Conditions

These general conditions apply to all **protection sections** unless stated otherwise.

Term	Condition
1. Protections	You are entitled to seek a discretionary protection in accordance with the Rules , if you agree to become a member of Capricorn Mutual, pay the annual membership subscription and make the relevant contribution for the protection you choose, and which Capricorn Mutual agrees to issue to you .
2. Contribution	The contribution to be paid for the protection(s) you have selected and which we have issued to you is specified in your Schedule of Protection . In deciding to issue you with a protection and in determining your contribution , we will consider and rely upon a number of factors including: a) your past claims history; b) the information you provide in your application for protection including the nature and type of your risks; and c) any circumstances that may increase your risk. If you pay your contribution by monthly instalments, you are required to make payments on a timely basis. Your protection will immediately expire if you fail to pay your contribution or any other sum of money due to Capricorn Mutual under its Constitution and Rules .
3. Excess(es)	The excess is the amount(s) which you are required to contribute to each claim. You will only be required to pay one excess on any claim you make if the claim arises from one event , except in the case of vehicles where you may be required to pay more than one excess . Where a claim arises from one event and you are entitled to protection under more than one section , you will be required to pay the highest single excess applicable irrespective of the number of excesses applying to individual sections . You may request a larger excess . If we agree with your request this may change the amount of contribution you pay.

Term	Condition
4. Reasonable Care	<p>You must take all reasonable care (and if applicable, ensure that protected persons take all reasonable care) to prevent or minimise accidents, property damage, personal injury or any other occurrences or events which may give rise to a claim under your personal protection section(s) and comply with statutory obligations, by-laws, regulations, public authority requirements and safety requirements, laws, standards and manufacturers' recommendations relating to the use, inspection and safety of property and/or the safety of people.</p>
5. Changes to Risk	<p>You must immediately notify us if the risk of loss, damage or liability changes or increases, because of a change in the risk (for example, you change address). Your increased risk will not be protected unless we agree to do so in writing.</p> <p>This condition applies to changes that occur during the period of protection and changes that may affect our decision to protect you at each renewal of your personal section(s).</p>
6. Claims Procedures	<p>Before your claim will be considered, you or a protected person must comply with the applicable obligations under the Rules in respect of making a claim, and upon you becoming aware of any event, incident or occurrence which gives rise or may give rise to that claim, you must immediately make the claim. If anything happens which gives rise or may give rise to a claim the following applies:</p> <p>a) you or a protected person (if applicable) must:</p> <ol style="list-style-type: none"> i) mitigate and reduce any legal liability, loss, damage, defence costs, personal injury or property damage (or any other claim, compensation payable, damages, cost, expense, injury or liability covered by a protection), including reasonable steps requested to be taken by Capricorn Mutual; ii) promptly notify us of any information, documents or reports in relation to the claim of which you or the protected person are aware or which you or the protected person possess, giving full particulars of the facts and circumstances, including any legal liability, loss, damage, defence costs, personal injury or property damage (or any other claim, compensation payable, damages, cost, expense, injury or liability covered by a protection) incurred by you or the protected person, and details of any proceedings instituted against you or the protected person; iii) immediately notify the police if a criminal act may have caused the legal liability, loss, damage, defence costs, personal injury or property damage (or any other claim, compensation payable, damages, cost, expense, injury or liability covered by a protection); iv) take all reasonable precautions to prevent or minimise further legal liability, loss, damage, defence costs, personal injury or property damage (or any other claim, compensation payable, damages, cost, expense, injury or liability covered by a protection); v) take all reasonable steps to recover any lost or stolen property; vi) take reasonable steps to obtain details of any other person, property or vehicle involved and any witnesses; vii) provide all reasonable information and assistance we may require or that may be material to our decision to accept or reject your claim; viii) use your or a protected person's best efforts to save any damaged or defective property which might provide evidence in relation to any claim; and ix) provide us with details of any other insurances which insure or may insure the same or similar risks relating to the legal liability, loss, damage, defence costs, personal injury or property damage (or any other claim, compensation payable, damages, cost, expense, injury or liability covered by a protection) or the subject of the claim. <p>b) you or a protected person are not entitled to abandon any property the subject of a legal liability, loss, damage, defence costs, personal injury or property damage (or any other claim, compensation payable, damages, cost, expense, injury or liability covered by a protection) to us;</p> <p>c) we have the right to control or direct the conduct of any legal or other proceedings in respect of a claim for which we exercise our discretion to grant indemnity;</p> <p>d) after payment for or replacement of any property loss or damage, except for home buildings, we have a right of salvage, and the property becomes ours; and</p> <p>e) we may reject a claim or accept a claim and reduce the sum payable by us in respect of the claim, if:</p> <ol style="list-style-type: none"> i) information provided by you or a protected person in respect of a claim is not true, correct and complete to the best of your or the protected person's knowledge; ii) you or a protected person fail(s) to provide information to us in respect of a claim which would, with reasonable diligence, have been ascertainable by you or the protected person; iii) in the opinion of the Board, you or a protected person have not taken reasonable steps to mitigate the loss, damage, injury or liability;

	<ul style="list-style-type: none"> iv) loss, damage, injury or liability (or any other claim, compensation payable, damages, cost, expense covered by a protection) to which the claim relates has been settled, or any liability has been admitted, by you or on behalf of you or a protected person without our prior consent in writing, and there has, in the sole opinion of the Board, been prejudice to us by such action; v) you or protected person has failed to comply with any of your or the protected person's obligations under the Rules, the Constitution or a directive made at any time by us (or our delegates) in connection with the handling or settlement of the loss, damage, injury or liability; or vi) you alter or repair any building, appliance, plant, or thing the subject of any loss, damage, injury or liability in relation to a claim before we have had the opportunity of an inspection, unless such alteration or repair is necessary for safety reasons.
7. Goods and Services Tax (GST)	<p>If we arrange for the repair or replacement of an item which is the subject of a claim, we will pay the cost of repair or replacement inclusive of GST.</p> <p>If we settle your claim by making a payment to you, we will reduce the amount of the payment by the amount of any input tax credits to which you would be entitled if you made an acquisition to repair or replace the item.</p> <p>If you do not disclose or understate your entitlement, you may be liable for GST on settlement of the claim. We will not protect you for any penalty, charge or fine for which you may be liable.</p>
8. Automatic Reinstatement	<p>Where a loss occurs, except for section 3 Private Motor Vehicles, we will reinstate the relevant limit(s) of protection provided that:</p> <ul style="list-style-type: none"> a) there is no written request to the contrary by either you or us; b) the relevant protection is operative; and c) you pay the contribution which we may require for the reinstatement within the time specified by us.
9. Our Rights if You Claim	<p>If you make a claim, and we agree to grant your claim, you agree that we are entitled to:</p> <ul style="list-style-type: none"> a) have complete control over all claim(s) settlements; b) take over the defence or settlement of a claim made against you or a protected person including the right to join other parties or commence separate proceedings against other parties; c) require you or a protected person to settle, compromise or otherwise dispose of a loss or liability in such manner and upon such terms as we in our sole and absolute discretion see fit; d) issue proceedings or take any action, in your name, to recover or seek contribution or indemnity, of any payment made to you or on your behalf by us (this is known as subrogation - see 'subrogation' condition below). You must cooperate with us and provide reasonable assistance in relation to any such proceedings; e) enter your premises with your permission where damage or personal injury has occurred; f) deal with your property for which you experience total loss in any way we think is appropriate; and g) keep any part of your property as salvage that we replace or pay the cost of replacement.
10. Subrogation	<p>If we exercise our discretion to provide an indemnity against any legal liability, loss, damage, defence costs, personal injury or property damage (or any other claim, compensation payable, damages, cost, expense, injury or liability covered by a protection) for which you make a claim under a protection, you or a protected person agree to subrogate, assign or otherwise transfer to us any and all of your rights of recourse against third parties.</p>
11. Subrogation Waiver	<p>Where we have a right of subrogation against you or any protected person, we agree not to exercise those rights against you or any protected person, unless the claim arose from or was related to the dishonest, criminal, fraudulent or malicious conduct of you or the protected person.</p>
12. Unattended Premises	<p>Minimum security is required when your premises are unattended. If your premises are left unoccupied (i.e. there are no protected persons at the premises) for any period of time, you must ensure:</p> <ul style="list-style-type: none"> a) all safes and doors must be locked and the keys removed from your premises; b) all windows must be locked and the keys removed; c) all protections required by us must have been put into effect; and d) any intruder alarm system, smoke alarms, detectors or sprinklers are armed and maintained in full and efficient working order. <p>You must immediately notify us if your premises will be unattended for a period of 30 days or more. We will not protect your premises in this period of unoccupancy unless we agree to do so in writing.</p>

Term	Condition
13. Minimum Security and Fire Prevention Requirements	Where we require an intruder alarm system , smoke detectors and/or sprinklers at your premises , the following conditions apply: <ul style="list-style-type: none"> a) the intruder alarm system, smoke detectors and/or sprinklers must be in the form agreed by us; b) the intruder alarm system, smoke detectors and/or sprinklers must be operational whenever your premises are left unattended; and c) the intruder alarm system, smoke detectors and/or sprinklers must be maintained in full and efficient working order under a contract, to provide both corrective and preventative maintenance, with the installing company or another company agreed with us.
14. Non-Accumulation	If you are entitled to protection for your claim under more than one section or part of a section , you may nominate the section or part under which you require the claim to be paid by us . If you do not make a nomination, we will pay the claim under the section or part that is most favourable to you . Provided that under no circumstances are you entitled to be indemnified more than once for the same claim, we will not pay you for any one loss , liability or expense under more than one section or part of a section .
15. Other Protection or Insurance	Where there is another protection or insurance policy which applies to a claim, we will only pay over and above the amount payable by the other protection or insurance policy.
16. Jurisdiction	The protections governed by the Capricorn Mutual Constitution and Rules and set out in this document are subject to the laws of Western Australia and the parties agree to submit to the jurisdiction of the courts of Western Australia.

3. General Exclusions

These general exclusions apply to all **protection sections** unless stated otherwise. **We** will not protect **you** for:

Term	Exclusion
1. Pre Existing Circumstances	Any loss , damage , liability, financial loss, personal injury or other circumstance in existence prior to the commencement of the period of protection which you and/or your representative knew or ought to reasonably have known might give rise to a claim.
2. Loss of Value	Any loss of market value beyond the cost or repair or replacement.
3. Confiscation, Expropriation or Nationalisation	Any loss , damage , liability, financial loss, personal injury , cost or expense arising from confiscation, nationalisation, requisition, removal, entry to the premises or destruction by order of any government, public body, municipal, local or customs authority, court or police.
4. Consequential Loss	Any loss resulting indirectly or secondarily to a protected loss . Consequential loss includes but is not limited to a financial loss that arises, directly or indirectly, out of a protected loss , such as penalties, loss of use of property, delays, depreciation, lack of performance or loss of market value.
5. War Risks	Any loss , damage , liability, financial loss, personal injury , cost or expense arising from war, invasion, actions of foreign enemies, hostilities (whether or not war has been declared), civil war, rebellion, revolution, insurrection, military action or coup.
6. Sonic Bangs	Any loss , damage , liability, financial loss, personal injury , cost or expense arising from pressure waves caused by aircraft or other aerial devices travelling at sonic or supersonic speeds.
7. Nuclear	Any loss , damage , liability, financial loss, personal injury , cost or expense, directly or indirectly caused by or contributed to or arising from: <ul style="list-style-type: none"> a) the combustion of nuclear fuel; b) nuclear fission; or c) nuclear weapons material.

<p>8. Toxic Mould</p>	<p>Any loss, damage, liability, financial loss, personal injury, cost or expense arising from or relating to fungal pathogens or bacteria.</p> <p>For the purposes of this general exclusion, fungal pathogens shall mean any fungus or mycota or any by-product or type of infestation produced by such fungus or mycota including, but not limited to mould, mildew, mycotoxins, spores or any biogenic aerosols.</p>
<p>9. Cyber Risks</p>	<p>Any loss, damage, liability, financial loss, personal injury, cost or expense arising from, in whole or in part by:</p> <ul style="list-style-type: none"> a) the use or misuse of the internet or similar facility; b) any electronic transmission of data or other information; c) any computer virus, worm, logic bomb, 'Trojan Horse' or similar problem; d) the use or misuse of any internet address, website or similar facility; e) any data or other information posted on a website or similar facility; f) any loss of data to any computer system including, but not limited to, hardware or software; g) the functioning or malfunctioning of the internet or similar facility or of any internet address, website or similar facility; or h) any infringement whether intentional or unintentional of any intellectual property rights including, but not limited to, trademark, copyright or patent.
<p>10. Terrorism</p>	<p>Any loss, damage, liability, financial loss, personal injury, cost or expense arising from or directly or indirectly caused by:</p> <ul style="list-style-type: none"> a) any act of terrorism, which shall mean an act including, but not limited to, the use of force or violence and/or threat of any person or group 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, ethnic or similar purposes or reasons, including the intention to influence any government and/or to put the public, or any section of the public, in fear; or b) any action taken in controlling, preventing, suppressing or in any way relating to any act of terrorism.
<p>11. Hazardous Goods</p>	<p>Any loss, damage, liability, financial loss, personal injury, cost or expense arising directly or indirectly from or in connection with the storage of dangerous or hazardous goods or substances at your premises, unless they are substances you are legally allowed to store.</p>
<p>12. Fair Wear & Tear</p>	<p>Any loss, damage, liability, financial loss, personal injury, cost or expense arising directly or indirectly from or in connection with wear, tear, rust, corrosion, erosion, oxidation, scale or gradual deterioration, lack of maintenance, evaporation, shrinkage, loss of weight, dampness, dryness, wet rot or dry rot, insects, woodworm or vermin or any other gradually operating cause which occurs in the course of ordinary use of property.</p>
<p>13. Warranties and Guarantees</p>	<p>We will not pay for parts, labour or travel costs recoverable under any supplier, manufacturer, repairers warranty or guarantee, or which would have been protected but for a breach of your obligations under the terms of the warranty or guarantee.</p>
<p>14. Fines & Penalties</p>	<p>Punitive, exemplary or aggravated damages awarded against you or any penalties or fines imposed on you.</p>
<p>15. Deliberate Actions, Fraud and Dishonesty</p>	<p>Any loss, damage, liability, financial loss, personal injury, cost or expense arising directly or indirectly from or in connection with any dishonest, fraudulent, illegal, criminal, malicious, deliberate or reckless acts of you or any protected person.</p>

PERSONAL PROTECTION SECTIONS:

Section 1. Home Buildings

What is protected?

If 'Home Buildings' is shown on **your Schedule of Protection**, we will protect **you** for **loss** or **damage** to **your home building(s)** in **Australia** caused by a **protected event** during the **period of protection**.

Basis of settlement

The maximum **we** will pay for any one **event** under this **section 1** is the **limit(s) of protection** for 'Home Buildings' shown in **your Schedule of Protection**, subject to additional benefits 1, 2, 3 and 4.

We will, at **our** option, repair or replace any **loss** or **damage** to **your home building(s)** or pay **you** the costs of repair or replacement.

We will repair or replace the **home building(s)** or pay the costs of repairing the **home building(s)** to a condition substantially the same as but not better or more extensive than when new, and only if the repair or replacement is carried out as soon as possible.

If the repair or replacement is not carried out or undertaken as soon as possible after the **loss** or **damage** occurs, or if **we** choose to pay **you** the cost of the repair or replacement, then the amount **we** will pay will be the amount of the repair or replacement less a deduction for wear, tear and depreciation.

We will not pay the amount stated as the **excess(es)** in **your Schedule of Protection** for this **section 1**.

Additional benefits

Where **you** make a claim that is protected under this **section 1** Home Buildings, **we** will protect **you** for the following additional benefits if they are applicable to **your** claim. **Our** obligations in respect of these additional benefits will be limited to:

- a) the amount shown on **your Schedule of Protection**; or
- b) the amounts shown below if there is no amount shown on **your Schedule of Protection**.

1. Inflation Protection	The limit of protection for your home building(s) under this section 1 will be increased monthly during the period of protection in line with the Australian Consumer Price Index. At the renewal of your home building(s) protection , your contribution will be based on the increased limit of protection . This indexation will continue during the period of repair or replacement of your home building(s) under this section 1 .
2. Buildings Clean Up	We will pay for the cost of removing or disposing of debris, or the demolishing, dismantling or shoring up your home building(s) . The maximum we will pay for this additional benefit is up to the remaining balance of the building limit of protection , or up to A\$15,000 in addition if the building limit of protection has been exhausted.
3. Professional Fees	We will pay for architects', surveyors' and legal fees necessarily incurred by you in the repair or replacement of your home building(s) . The maximum we will pay for this additional benefit is up to the remaining balance of the building limit of protection or up to A\$15,000 in addition if the building limit of protection has been exhausted.
4. Fire Fighting Costs	We will pay for the fee, levy or account charged to you by any rural or metropolitan fire brigade to extinguish a fire at your premises , including the replenishment of fire fighting appliances, if loss or damage caused by the fire is protected under this section 1 . The maximum we will pay for this additional benefit is up to the remaining balance of the building limit of protection , or up to A\$15,000 in addition if the building limit of protection has been exhausted.
5. Extra Costs of Building Reinstatement	We will pay for the extra costs necessary to repair or replace your home building(s) which are incurred in order to comply with any building requirements of any Act of Parliament, or regulation made under an Act or by-law or the regulation of any municipal or statutory authority, subject to the limit protected, terms and conditions of this protection , and the following provisions: a) work being commenced and carried out in a reasonable time; b) no additional costs to comply with any requirement that you were required to comply with prior to the loss or damage occurring; and c) the costs of compliance for any part of the home building(s) that are not damaged . The maximum we will pay for this additional benefit is 10% of the limit of protection , or A\$50,000, whichever is less.

<p>6. Rent Assistance</p>	<p>If we have paid a claim under this section 1 for loss or damage to your home building(s) and your home building(s) is unfit to live in because of the loss or damage, we will also pay for the costs of:</p> <ul style="list-style-type: none"> a) alternative rental accommodation to a standard similar to your current home (if you occupy the home) or; b) loss of rent receivable where there is a formal lease agreement in place (if your home is occupied by tenants). <p>Once we repair or reinstate your home building(s), or pay you the cost of doing so, we will stop paying for alternative rental accommodation or loss of rent receivable.</p> <p>Where you occupy the home, the maximum we will pay for this additional benefit is 10% of the limit of protection, or the cost of accommodation up to 12 months from the date of the event, whichever is less.</p> <p>Where your home is occupied by tenants, the maximum we will pay for this additional benefit is up to 3 months' loss of rent receivable.</p>
<p>7. Alterations, Additions and Improvements</p>	<p>We will pay for additions, alterations, improvements and extensions undertaken to your existing home building(s) during the period of protection.</p> <p>You must tell us about any new home building(s), alterations, additions or improvements as soon as possible.</p> <p>We will not protect the new home building(s), alterations, additions and improvements other than under this additional benefit, unless we agree to do so in writing.</p> <p>We will not pay under this additional benefit for any increase in value to your existing home building(s).</p> <p>The maximum we will pay for this additional benefit is 10% of the limit of protection or A\$25,000, whichever is less.</p>
<p>8. Replacement Locks</p>	<p>We will pay for replacement locks or lock mechanisms of external doors if a key for an external lock to your home building(s) is stolen during a burglary at your premises.</p> <p>The maximum we will pay for this additional benefit is A\$1,000 per event.</p>
<p>9. Overflowing, Leaking, Bursting of Water or Oil Apparatus</p>	<p>We will pay the reasonable costs of locating the source of water or oil escape from any fixed tank, pipe or apparatus in your home building(s) during the period of protection, and subsequently making good damage caused by the search.</p> <p>The maximum we will pay for this additional benefit is A\$2,000 per event.</p>
<p>10. Damage by Frost</p>	<p>We will pay the reasonable costs for loss or damage to any plumbing installation in your home building(s) caused by frost or freezing.</p> <p>We will not pay for installations that are outside or in any outbuilding or detached garage.</p> <p>The maximum we will pay for this additional benefit is A\$2,500 per event.</p>
<p>11. Electric Motor Burnout</p>	<p>We will pay for the cost of repairing or replacing an electric motor considered a fixture forming part of your home building(s), if it is damaged from burning out by electrical current, including power surges as a result of a protected event.</p> <p>We will only pay a depreciated cost for repairing or replacing the electric motor if it is more than 8 years old.</p> <p>We will also pay for:</p> <ul style="list-style-type: none"> a) an exchange sealed compressor in an air-conditioning unit; b) re-gassing the unit; c) bearings and seals; and d) relay or overload switches damaged by the motor fusing. <p>We will not pay under this additional benefit for:</p> <ul style="list-style-type: none"> a) electric motors under warranty; b) electric motors used for trade or farming; c) machinery, pumps or gear boxes that are not part of a sealed refrigeration unit or electric motor; d) additional costs to convert refrigeration or air-conditioning units to use a different gas; e) damage to swimming pools, chemicals or water from a filtration motor breakdown; f) any additional costs arising from loss of use; or g) relay or overload switches not damaged by the motor fusing. <p>The maximum we will pay for this additional benefit is A\$10,000 per event.</p>

<p>12. Landscaping</p>	<p>We will pay for loss or damage to gardens and landscaping at your premises caused by a protected event (but excluding loss or damage caused by wind, rain, hail, snow or escape of liquid).</p> <p>The maximum we will pay for this additional benefit is A\$5,000 per event.</p>
<p>13. Your Legal Liability</p>	<p>We will protect you for all amounts that you are legally liable to pay as compensation for personal injury or property damage that happens in connection with the ownership of your home building(s) at your premises during the period of protection.</p> <p>We will also pay your legal costs in defending any claim made against you that is protected by this additional benefit.</p> <p>We will not pay under this additional benefit for personal injury or property damage arising directly or indirectly from:</p> <ul style="list-style-type: none"> a) the ownership, possession, occupancy or use of land or buildings not at the premises; b) the ownership, possession or use of a vehicle (except golf buggies, scooters designed for invalids, pedal cycles, garden appliances or wheelchairs where compulsory insurance is not required by any law); c) the ownership, possession or use of any trailers or caravans (except when they are not attached to a vehicle); d) the use of any non-mechanically propelled watercraft (except for canoes, kayaks, surf skis, single person sail boards, single person rowing sculls or surfboards), aircraft or aerial devices; e) pollution or any pollutants; f) any business activity conducted by you or a company of which you are a director or partner; g) building works at the premises where the total cost of the project exceeds A\$50,000; h) you committing or attempting to commit an unlawful or criminal offence; i) you intentionally injuring a person or intentionally damaging their property; j) personal injury, death or illness to you; k) damage to any of your property; l) personal injury, death or illness to your employees or damage to any of their property while they are working for you; m) personal injury, death, illness or property damage when you have made yourself liable under a written contract or agreement (not including liability assumed under a lease or tenancy agreement for a protected event); n) any assumed liability under an agreement that would not have been imposed if the agreement had not been made; or o) you supplying or allowing to be consumed any alcohol, drug or harmful substance. <p>The maximum we will pay for all claims arising from any one event (including legal costs) under this additional benefit is A\$20,000,000.</p> <p>NB: Where you have both 'Home Buildings' and 'Home Contents' sections with us, the maximum we will protect you for all legal liability claims arising from any one event is A\$20,000,000 including legal costs.</p>

Optional benefits

If 'Home Buildings' is specified in **your Schedule of Protection**, **you** may request the following optional benefits to be added to **section 1**.

Optional benefits are extra **protections** not included in the standard **protection** available for 'Home Buildings'. **You** can request as part of **your** application, for **your section 1** to be extended to include any of the optional benefits listed below. If **we** agree to add any optional benefit requested by **you**, the optional benefit will be stated in **your Schedule of Protection** and **your contributions** will be adjusted. **We** will pay up to the limit shown in **your Schedule of Protection**.

<p>1. Accidental Loss or Damage</p>	<p>If 'Accidental Loss or Damage' is specified in your Schedule of Protection, we will protect you for accidental loss or damage to your home building(s) occurring during the period of protection.</p> <p>Specific exclusion 2(r) of this section 1 does not apply to this optional benefit.</p> <p>The maximum we will pay for this optional benefit is the limit shown for 'Accidental Loss or Damage' in your Schedule of Protection.</p>
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<p>2. Hobby Farm Buildings</p>	<p>If 'Hobby Farm Buildings' is shown on the Schedule of Protection, we will protect you for farm buildings as if they were home buildings.</p> <p>Specific exclusion 2(q) of this section 1 does not apply to this optional benefit.</p> <p>The maximum we will pay for this optional benefit is the limit shown for 'Hobby Farm Buildings' in your Schedule of Protection.</p>
<p>3. Flood Damage</p>	<p>If 'Flood Damage' is shown on the Schedule of Protection, we will protect you for loss or damage caused by flood to your home building(s) at the premises specified in your Schedule of Protection.</p> <p>Specific exclusion 2(o) of this section 1 does not apply to this optional benefit.</p> <p>The maximum we will pay for this optional benefit is the limit shown for 'Flood Damage' in your Schedule of Protection.</p>

What is not protected?

Unless:

- a) an exclusion is stated in **your Schedule of Protection** as being not applicable; or
 - b) an exclusion is stated in an additional or optional benefit as being not applicable
- then **section 1** does not protect any claim in connection with or attributable to the following:

1. General exclusions

Any applicable general exclusions set out in Part C, 3 General Exclusions of this document and Annexure 2 of the **Rules**.

2. Specific exclusions

We will not pay **loss** or **damage** to or arising from:

- (a) wet or dry rot, mould, mildew, fungus, insects, woodworm, vermin or tree roots;
- (b) vandalism or malicious **damage by you**, or any person at the **premises** with **your** permission;
- (c) evaporation, shrinkage, loss of weight, dampness, dryness, steam, condensation, contamination, escape of fumes, flue gases or pollution;
- (d) rust, corrosion, oxidation, fading, exposure to light or darkness;
- (e) change in colour or texture;
- (f) wear and tear, gradual deterioration or any gradually operating cause;
- (g) variation in atmospheric conditions;
- (h) scratching, splitting, tearing or marring;
- (i) faulty design, plan, specification, materials, workmanship or built-in faults;
- (j) a government or public authority legally taking **your** property;
- (k) vandalism or malicious **damage by you**, or any person(s) at the **premises** with **your** consent;
- (l) exposure to weather conditions of gates, fences, shade cloths, blinds, awnings and property in the open air;
- (m) erosion, subsidence, landslide, cracking, shrinkage or expansion of foundations or structures, or normal settling or any earth movement other than earthquake;
- (n) any action of the sea (except tsunami), tidal wave or **storm surge**;
- (o) **flood damage**;
- (p) lopping or felling of trees by **you** or with **your** consent;
- (q) any part of **your** property that **you** use for **hobby farm** activities, whether for profit or not, including stables, sheds and internal fences;
- (r) **accidental loss or damage**;
- (s) electronic, electrical or mechanical breakdown, failure or malfunction (except from burning out by electrical current);
- (t) failure of the supply of water, gas, electricity or fuel;
- (u) seepage or percolation of water, or water entering the **premises** as a result of structural defects;
- (v) living creatures, pets, birds or livestock (except for **loss** or **damage** due to impact by living creatures, pets, birds or livestock);
- (w) any building or structure used for commercial use;
- (x) any building or structure during construction, erection, renovation or demolition, unless **we** agree to do so in writing;
- (y) any temporary building or structure;
- (z) a caravan, whether fixed to the **premises** or not; or
- (aa) a private boat, ramp or jetty.

Section 2. Home Contents

What is protected?

If 'Home Contents' is shown on **your Schedule of Protection**, we will protect you for **loss or damage to your home contents** in **Australia** caused by a **protected event** at **your premises** during the **period of protection**.

Basis of settlement

The maximum we will pay for any one **event** under this **section 2** is the **limit(s) of protection** for 'Home Contents' shown in **your Schedule of Protection**, and any protected **specified item** limits.

We will, at **our** option, repair or replace any **loss or damage to home contents** or pay you the costs of repair or replacement.

We will repair or replace the **home contents** or pay the costs of repairing the **home contents** to a condition substantially the same as but not better or more extensive than when new, and only if the repair or replacement is carried out as soon as possible.

If the repair or replacement is not carried out or undertaken as soon as possible after the **loss or damage** occurs, or if we choose to pay you the cost of the repair or replacement, then the amount we will pay will be the amount of the repair or replacement less a deduction for wear, tear and depreciation.

For **specified items of home contents**, the maximum we will pay for all claims for **loss or damage** to those **specified items** from any one **event** is the **limit of protection** for those **specified items** set out in the **Schedule of Protection**.

We will not pay the amount stated as the **excess(es)** in **your Schedule of Protection** for this **section 2**.

Additional benefits

Where you make a claim that is protected under this **section 2** Home Contents, we will protect you for the following additional benefits if they are applicable to your claim. Our obligations in respect of these additional benefits will be limited to:

- a) the amount shown on **your Schedule of Protection**; or
- b) the amounts shown below if there is no amount shown on **your Schedule of Protection**.

1. Theft	We will pay for theft of home contents from your premises during the period of protection . The maximum we will pay for this additional benefit is up to 10% of the limit of protection per event .
2. Tools of Trade	We will pay for loss or damage to your tools of trade . The maximum we will pay for this additional benefit is A\$5,000 per event .
3. Jewellery	We will pay for loss or damage to jewellery, watches or fur. This additional benefit excludes antique jewellery, watches or fur. The maximum we will pay for this additional benefit is A\$5,000 for each item, up to a maximum of 20% of the limit of protection per event .
4. Non-Mechanical Watercraft	We will pay for loss or damage to non-mechanically powered watercraft less than 3 metres long and remote control model aircraft. The maximum we will pay for this additional benefit is A\$5,000 per event .
5. Precious Stones, Gold and Bullion	We will pay for loss or damage to unset gemstones, precious stones, gold or silver ingots, bullion or nuggets. The maximum we will pay for this additional benefit is A\$5,000 per event .
6. Unattached Vehicle Parts and Accessories	We will pay for loss or damage to unattached vehicle accessories or spare parts for motor vehicles , caravans, watercraft or trailers. The maximum we will pay for this additional benefit is A\$5,000 per event .
7. Money	We will pay for loss or damage to money . The maximum we will pay for this additional benefit is A\$1,000 per event .
8. Coins and Medals	We will pay for loss or damage to all stamps, collector's coins and medals. The maximum we will pay for this additional benefit is A\$2,000 per event .
9. Rugs and Carpets	We will pay for loss or damage to each item or set of hand woven rugs or carpets. The maximum we will pay for this additional benefit is A\$2,000 for each item, up to A\$5,000 per event .
10. Art and Paintings	We will pay for loss or damage to any set of antiques, curios, paintings and other works of art. The maximum we will pay for this additional benefit is A\$10,000 per event .

<p>11. Home Office/ Business Equipment and Furniture</p>	<p>We will pay for loss or damage to any home office/business equipment and furniture including computers, registered computer software, photocopiers and fax machines.</p> <p>The maximum we will pay for this additional benefit is A\$10,000 per event.</p>
<p>12. Plants, Trees and Shrubs</p>	<p>If you live at the premises and you have protection for home contents, we will protect you for loss or damage to potted plants, trees and shrubs, but only if the loss or damage is caused by thieves, vandals, fire or lightning.</p> <p>We will only pay for plants, trees or shrubs that are growing in pots where the roots of the plants are not in the ground.</p> <p>The maximum we will pay for this additional benefit is A\$200 for any one plant, tree or shrub, up to A\$1,000 per event.</p>
<p>13. Home Contents Temporarily Removed</p>	<p>We will pay for loss or damage to home contents due to a protected event whilst temporarily removed from your premises or stored at an alternative premises, temporary storage facility or self storage during the period of protection.</p> <p>Your home contents temporarily removed must remain within Australia and must not have been moved from your premises for a period longer than 30 consecutive days.</p> <p>We will not protect:</p> <ol style="list-style-type: none"> home contents while being transported for storage; accidental loss or damage (unless optional benefit 1, 2 and/or 3 is taken under this section 2); theft; or home contents left unattended whilst in the open air. <p>This additional benefit does not apply to any other temporary premises where the physical security and protection are of a lower standard than at the current protected premises.</p> <p>The maximum we will pay for this additional benefit is A\$5,000 per event.</p>
<p>14. Home Contents at Boarding School or University Campus</p>	<p>We will pay for loss or damage due to a protected event of home contents belonging to an unmarried child of yours who is a full time student living in Australia at a boarding school or university campus whilst the home contents are contained within the alternative accommodation.</p> <p>The maximum we will pay for this additional benefit is A\$5,000 per event.</p>
<p>15. Visitors Property</p>	<p>We will pay for loss or damage to guests' property or other property not belonging to you but in your physical or legal control at the premises.</p> <p>This additional benefit excludes money.</p> <p>The maximum we will pay for this additional benefit is A\$1,000 per event.</p>
<p>16. Electric Motor Burnout</p>	<p>We will pay for the cost of repairing or replacing an electric motor not fixed to any building structure which forms part of your home contents, if it is damaged from burning out by electrical current including power surges as a result of a protected event.</p> <p>We will only pay a depreciated cost for repairing or replacing the electric motor if it is more than 8 years old.</p> <p>We will also pay for:</p> <ol style="list-style-type: none"> an exchange sealed compressor in an air-conditioning unit; re-gassing the unit; bearings and seals; and relay or overload switches damaged by the motor fusing. <p>We will not pay under this additional benefit for:</p> <ol style="list-style-type: none"> electric motors under warranty; electric motors used for trade or farming; machinery, pumps or gear boxes that are not part of a sealed refrigeration unit or electric motor; additional costs to convert any refrigeration or air-conditioning units to use a different gas; damage to swimming pools, chemicals or water from a filtration motor breakdown; any additional costs arising from loss of use; or relay or overload switches not damaged by the motor fusing. <p>The maximum we will pay for this additional benefit is A\$10,000 per event.</p>

<p>17. Refrigerated Food Spoilage</p>	<p>We will pay for the spoilage of refrigerated foods caused by:</p> <ul style="list-style-type: none"> a) the breakdown of the freezer in which they are kept; and b) failure of the electricity supply, in the period of protection. <p>We will not protect spoilage of refrigerated foods due to:</p> <ul style="list-style-type: none"> a) a labour strike; b) the electricity supplier cutting off the supply; or c) the power being turned off or the plug not being inserted in the socket. <p>Specific exclusion (aa) of this section 2 does not apply to this additional benefit.</p> <p>The maximum we will pay for this additional benefit is A\$1,000 per event.</p>
<p>18. Your Legal Liability</p>	<p>We will protect you for all amounts that you are legally liable to pay as compensation for personal injury or property damage that happens anywhere in Australia in the period of protection.</p> <p>We will also protect your legal costs in defending any claim made against you that is protected by this additional benefit.</p> <p>We will not pay under this additional benefit for personal injury or property damage arising directly or indirectly from:</p> <ul style="list-style-type: none"> a) your ownership of the premises; b) the ownership, possession or use of vehicle(s) (except golf buggies, scooters designed for invalids, pedal cycles, garden appliances or wheelchairs where compulsory insurance is not required by any law); c) the ownership, possession or use of any trailers or caravans (except when they are not attached to a vehicle); d) the use of any non-mechanically propelled watercraft over 3 metres long (except for canoes, kayaks, surf skis, single person sail boards, single person rowing sculls or surfboards), aircraft or aerial devices; e) loss or property damage in your physical or legal control, other than your liability for damage to home buildings leased and occupied by you; f) any business activity conducted by you or a company of which you are a director or partner; g) the transmission or spread of any infectious illness or disease such as HIV or AIDS after you became aware of contracting, or being medically diagnosed as having contracted, the disease or illness; h) your duty as a coach or official at a game or function; i) you committing or attempting to commit an unlawful or criminal offence; j) you intentionally injuring a person or intentionally damaging their property; k) personal injury, death or illness to you; l) damage to any of your property; m) pollution or any pollutants; n) personal injury, death or illness to your employees or damage to any of their property while they are working for you; o) any assumed liability under an agreement that would not have been imposed if the agreement had not been made; p) you supplying or allowing to be consumed any drug or harmful substance; or q) personal injury, death, illness or property damage when you have made yourself liable under a written contract or agreement (not including liability assumed under a lease or tenancy agreement for a protected event). <p>The maximum we will pay for all claims arising from any one event (including legal costs) under this additional benefit is A\$20,000,000.</p> <p>NB: Where you have both 'Home Buildings' and 'Home Contents' sections with us, the maximum we will protect you for all legal liability claims arising from any one event is A\$20,000,000 including legal costs.</p>

Optional benefits

If 'Home Contents' is specified in **your Schedule of Protection**, **you** may request the following optional benefits to be added to **section 2**. Optional benefits are extra **protections** not included in the standard **protection** available for 'Home Contents'. **You** can request as part of **your** application, for **your section 2** to be extended to include any of the optional benefits listed below. If **we** agree to add any optional benefit requested by **you**, the optional benefit will be stated in **your Schedule of Protection** and **your contributions** will be adjusted. **We** will pay up to the limit shown in **your Schedule of Protection**.

<p>1. Accidental Loss or Damage at your Premises</p>	<p>If 'Accidental Loss or Damage at your Premises' is shown in your Schedule of Protection, we will protect you for accidental loss or damage to your home contents occurring at your premises during the period of protection.</p> <p>Specific exclusion (r) of this section 2 does not apply to this optional benefit.</p> <p>The maximum we will pay for this optional benefit is the limit shown for 'Accidental Loss or Damage at your Premises' in your Schedule of Protection.</p>
<p>2. Specified Items away from the Premises - including Accidental Loss or Damage and Theft</p>	<p>If 'Specified Items away from the Premises' is shown on your Schedule of Protection, we will protect you for a protected event, accidental loss or damage or theft of your itemised personal property occurring in the period of protection anywhere in Australia.</p> <p>Specific exclusion (r) of this section 2 does not apply to this optional benefit.</p> <p>The maximum we will pay for this optional benefit is the limit per item shown for 'Specified Items away from the Premises' in your Schedule of Protection.</p>
<p>3. Unspecified Items away from the Premises - including Accidental Loss or Damage and Theft</p>	<p>If 'Unspecified Items away from the Premises' is shown on your Schedule of Protection, we will protect you for a protected event, accidental loss or damage or theft of personal property occurring in the period of protection anywhere in Australia.</p> <p>Specific exclusion (r) of this section 2 does not apply to this optional benefit.</p> <p>The maximum we will pay for this optional benefit is the limit shown for 'Unspecified Items away from the Premises' in your Schedule of Protection.</p>
<p>4. Hobby Farm Contents</p>	<p>If 'Hobby Farm Contents' is shown on the Schedule of Protection, we will protect you for loss or damage to farm contents by any one event as if they were home contents.</p> <p>The maximum we will pay for this optional benefit is the limit shown for 'Hobby Farm Contents' in your Schedule of Protection.</p>
<p>5. Flood Damage</p>	<p>If 'Flood Damage' is shown on the Schedule of Protection, we will protect you for loss or damage caused by flood to your home contents at the premises specified in your Schedule of Protection.</p> <p>Specific exclusion (n) of this section 2 does not apply to this optional benefit.</p> <p>The maximum we will pay for this optional benefit is the limit shown for 'Flood Damage' in your Schedule of Protection.</p>

What is not protected?

Unless:

- a) an exclusion is stated in **your Schedule of Protection** as being not applicable; or
 - b) an exclusion is stated in an additional or optional benefit as being not applicable
- then **section 2** does not protect any claim in connection with or attributable to the following:

1. General exclusions

Any applicable general exclusions set out in Part C, 3 General Exclusions of this document and Annexure 2 of the **Rules**.

2. Specific exclusions

We will not pay for **loss or damage** to or arising from:

- (a) any property protected during construction, erection, renovation or demolition;
- (b) wet or dry rot, mould, mildew, fungus, insects, woodworm, vermin or tree roots;
- (c) **burglary, theft**, vandalism or malicious **damage** by **you**, or any person at the **premises** with **your** consent;
- (d) evaporation, shrinkage, loss of weight, dampness, dryness, steam, condensation, contamination, escape of fumes, flue gases or pollution;
- (e) rust, corrosion, oxidation, fading, exposure to light or darkness;
- (f) change in colour or texture;
- (g) wear and tear, gradual deterioration or any gradually operating cause;
- (h) variation in atmospheric conditions;

- (i) scratching, splitting, tearing or marring;
- (j) faulty design, plan, specification, materials or workmanship and built-in faults;
- (k) a government or public authority legally taking **your home contents**;
- (l) exposure to weather conditions of property in the open air;
- (m) erosion, subsidence, landslide, cracking, shrinkage or expansion of foundations or structures, or normal settling or any earth movement other than earthquake;
- (n) **flood damage**;
- (o) any action of the sea (except tsunami), tidal wave or **storm surge**;
- (p) seepage or percolation of water;
- (q) lopping or felling of trees by **you** or with **your** consent;
- (r) **accidental loss or damage**;
- (s) by any fracture or scratching, chipping or cracking of fixed glass where such cracking does not extend through the entire thickness of the glass;
- (t) while glass is being fitted into position or removed from its fitting;
- (u) by breakage of glass arising from deliberate application of heat;
- (v) any item protected under **section 1** Home Buildings;
- (w) landscaping, plants, trees (unless impact by trees) or shrubs in the ground;
- (x) living creatures, pets, birds or livestock (except for **loss** or **damage** due to impact by living creatures, pets, birds or livestock);
- (y) any electronic, electrical or mechanical breakdown, failure or malfunction (except from burning out by electrical current);
- (z) sporting or recreational equipment whilst in use;
- (aa) failure of the supply of water, gas, electricity or fuel;
- (ab) computer virus or data corruption;
- (ac) any goods maintained in a temperature controlled environment (except where less than A\$1,000 per **event**);
- (ad) business property other than **home office/business equipment and furniture** under **section 2** 'Home Contents';
- (ae) business takings;
- (af) **vehicle(s)** or **watercraft** (other than motorcycles up to 50cc capacity, motorised wheelchairs, golf buggies and garden appliances which are not required to be registered by law); or
- (ag) aircraft or aerial device (except for **loss** or **damage** due to impact by aircraft or aerial device).

Section 3. Private Motor Vehicles

Specific definitions

In this **section** the following words have the following meaning:

Agreed Value	The agreed amount of protection for a protected vehicle shown as the agreed value in your Schedule of Protection .
Market Value	The cost to buy a vehicle of similar kilometres, age, make, model and condition as the protected vehicle , at the date immediately prior to the loss or damage to the vehicle , taking into account your location.

What is protected?

If 'Private Motor Vehicles' is specified in **your Schedule of Protection**, **we** will protect **you** in relation to any personal **vehicle** protected in **Australia** and in accordance with the terms of the **protection** option **you** select which is stated on **your Schedule of Protection**.

You have the right to have a claim considered for:

- a) **loss** or **damage** to a protected **vehicle** arising from an **event** in the **period of protection**; and/or
- b) **your legal liability** for **loss** or **damage** to property arising from an **event** in the **period of protection** caused by:
 - i) **your** use of a protected **vehicle**; or
 - ii) the towing of a trailer or caravan connected to a protected **vehicle** or a trailer or caravan becoming detached from a protected **vehicle**.

You are required to choose a **protection** option from the '*Comprehensive*', '*Third Party, Fire & Theft*', '*Fire & Theft*' or '*Third Party Only*' options below:

Option 1. Comprehensive

What is protected?	Basis of settlement
<p>If your Schedule of Protection shows you have '<i>Comprehensive</i>' protection, we will protect you for:</p> <ul style="list-style-type: none"> a) loss or damage to your vehicle; and b) your legal liability for property damage arising from your use of your vehicle. 	<p>a) Loss or damage</p> <p>If 'Market Value' is shown in your Schedule of Protection, we will, at our option:</p> <ol style="list-style-type: none"> 1. repair or replace your vehicle; 2. pay the cost of repair or replacement of your vehicle; or 3. pay the market value of your vehicle. <p>If 'Agreed Value' is shown in your Schedule of Protection, we will, at our option:</p> <ol style="list-style-type: none"> 1. repair or replace your vehicle; 2. pay the cost of repair or replacement of your vehicle; or 3. pay the agreed value of your vehicle as shown in your Schedule of Protection. <p>If we opt to repair your vehicle, we may approve repairs using good quality second hand parts unless the vehicle is less than 2 years old, in which case we may approve repairs using new parts.</p> <p>If the loss or damage to your vehicle results in it becoming a total loss within 1 year of its original registration, a new vehicle will be supplied of the same make and model and series. We will not pay registration costs. If a replacement vehicle is not available and/or cannot be sourced locally, we will pay the market value or agreed value, whichever is shown on your Schedule of Protection.</p> <p>If your vehicle is used for mixed use (business and private), we will apportion the GST amount accordingly.</p> <p>If your vehicle is a total loss and a financier is noted as an interested party, we will pay the amount outstanding to the financier, up to the applicable value. Any residual amount will be paid to you.</p> <p>A vehicle will be a total loss if:</p> <ol style="list-style-type: none"> 1. the vehicle is stolen and not recovered within 14 days of the theft of the vehicle being reported to the police; or 2. we consider it uneconomical to repair the vehicle. <p>The maximum we will pay under this option 1 <i>Comprehensive</i> protection for any one event is the applicable limit(s) of protection shown in your Schedule of Protection.</p>

What is protected?	Basis of settlement
	<p>b) Your Legal Liability</p> <p>We will pay for compensation or damages that you are legally liable to pay for property damage, including the legal costs of a person claiming against you arising from:</p> <ol style="list-style-type: none"> your use of your vehicle, and/or the towing of a trailer or caravan connected to your vehicle; or a trailer or caravan becoming detached from your vehicle; and the use of a vehicle not owned by you, but in your legal custody and control, and being used as a temporary substitute for your vehicle, if your vehicle is not in a useable condition at the time. We will not protect legal liability arising from the use of the substitute vehicle if it is already protected by another insurance policy. <p>We will also pay your defence costs in defending any claim made against you arising from your use of a vehicle.</p> <p>The maximum we will pay for any one protected motor vehicle accident is up to the limit of protection shown in your Schedule of Protection. Your defence costs are included in the limit of protection.</p> <p>We will not pay the amount shown as the excess(es) in your Schedule of Protection for this section 3, notwithstanding General Condition 3.</p>

Option 2. Third Party, Fire & Theft

What is protected?	Basis of settlement
<p>If your Schedule of Protection shows you have <i>Third Party, Fire & Theft</i> protection, we will protect you for:</p> <p>a) loss or damage to your vehicle caused by fire or theft; and</p> <p>b) your legal liability for property damage arising from your use of your vehicle.</p>	<p>a) Loss or damage</p> <p>If 'Market Value' is shown in your Schedule of Protection, we will, at our option:</p> <ol style="list-style-type: none"> repair or replace your vehicle; pay the cost of repair or replacement of your vehicle; or pay the market value of your vehicle at the time of the loss or damage, but only for loss caused by fire, theft or attempted theft. <p>If 'Agreed Value' is shown in your Schedule of Protection, we will, at our option:</p> <ol style="list-style-type: none"> repair or replace your vehicle; pay the cost of repair or replacement of your vehicle; or pay the agreed value of your vehicle as shown in your Schedule of Protection. <p>If we opt to repair your vehicle, we may approve repairs using good quality second hand parts unless the vehicle is less than 2 years old, in which case we may approve repairs using new parts.</p> <p>If your vehicle is used for mixed use (business and private), we will apportion the GST amount accordingly.</p> <p>If your vehicle is a total loss and a financier is noted as an interested party, we will pay the amount outstanding to the financier, up to the applicable value. Any residual amount will be paid to you.</p> <p>A vehicle will be a total loss if:</p> <ol style="list-style-type: none"> the vehicle is stolen and not recovered within 14 days of the theft of the vehicle being reported to the police; or we consider it uneconomical to repair the vehicle. <p>The maximum we will pay under this option 2 <i>Third Party, Fire & Theft</i> protection for any one event is the applicable limit(s) of protection shown in your Schedule of Protection.</p> <p>b) Your Legal Liability</p> <p>We will pay for compensation or damages that you are legally liable to pay for property damage, including the legal costs of a person claiming against you arising from:</p> <ol style="list-style-type: none"> your use of your vehicle, and/or the towing of a trailer or caravan connected to your vehicle; or a trailer or caravan becoming detached from your vehicle; and the use of a vehicle not owned by you, but in your legal custody and control, and being used as a temporary substitute for your vehicle, if your vehicle is not in a useable condition at the time. We will not protect legal liability arising from the use of the substitute vehicle if it is already protected by another insurance policy. <p>We will also pay your defence costs in defending any claim made against you arising from your use of a vehicle.</p> <p>The maximum we will pay for any one protected motor vehicle accident is up to the limit of protection shown in your Schedule of Protection. Your defence costs are included in the limit of protection.</p> <p>We will not pay the amount shown as the excess(es) in your Schedule of Protection for this section 3, notwithstanding General Condition 3.</p>

Option 3. Fire & Theft

What is protected?	Basis of settlement
<p>If your Schedule of Protection shows you have <i>Fire & Theft</i> protection, we will protect you for loss or damage to your vehicle caused by fire or theft.</p>	<p>If 'Market Value' is shown in your Schedule of Protection, we will, at our option:</p> <ol style="list-style-type: none">1. repair or replace your vehicle;2. pay the cost of repair or replacement of your vehicle; or3. pay the market value of your vehicle at the time of the loss or damage, but only for loss caused by fire, theft or attempted theft. <p>If 'Agreed Value' is shown in your Schedule of Protection, we will, at our option:</p> <ol style="list-style-type: none">1. repair or replace your vehicle;2. pay the cost of repair or replacement of your vehicle; or3. pay the agreed value of your vehicle as shown in your Schedule of Protection but only for loss caused by fire, theft or attempted theft. <p>If we opt to repair your vehicle, we may approve repairs using good quality second hand parts unless the vehicle is less than 2 years old, in which case, we may approve repairs using new parts.</p> <p>If your vehicle is used for mixed use (business and private), we will apportion the GST amount accordingly.</p> <p>If your vehicle is a total loss and a financier is noted as an interested party, we will pay the amount outstanding to the financier, up to the applicable value. Any residual amount will be paid to you.</p> <p>A vehicle will be a total loss if:</p> <ol style="list-style-type: none">1. the vehicle is stolen and not recovered within 14 days of the theft of the vehicle being reported to the police; or2. we consider it uneconomical to repair the vehicle. <p>The maximum we will pay under this option 3 <i>Fire & Theft</i> protection for any one event is the applicable limit(s) of protection shown in your Schedule of Protection.</p> <p>We will not pay the amount shown as the excess(es) in your Schedule of Protection for this section 3, notwithstanding General Condition 3.</p>

Option 4. Third Party Only

What is protected?	Basis of settlement
<p>If your Schedule of Protection shows you have <i>Third Party Only</i> protection, we will protect you for your legal liability for property damage arising from your use of your vehicle.</p>	<p>We will pay for compensation or damages that you are legally liable to pay for property damage, including the legal costs of a person claiming against you arising from:</p> <ol style="list-style-type: none">1. your use of your vehicle, and/or the towing of a trailer or caravan connected to your vehicle, or a trailer or caravan becoming detached from your vehicle; and2. the use of a vehicle not owned by you, but in your legal custody and control, and being used as a temporary substitute for your vehicle, if your vehicle is not in a useable condition at the time. We will not protect legal liability arising from the use of the substitute vehicle if it is already protected by another insurance policy. <p>We will also pay your defence costs in defending any claim made against you arising from your use of a vehicle.</p> <p>The maximum we will pay for any one protected motor vehicle accident is up to the limit of protection shown in your Schedule of Protection. Your defence costs are included in the limit of protection.</p> <p>We will not pay the amount shown as the excess(es) in your Schedule of Protection for this section 3, notwithstanding General Condition 3.</p>

Additional benefits

If 'Private Motor Vehicles' is shown on your Schedule of Protection, and you make a claim that is protected under this section 3, we will protect you for the following additional benefits if they are applicable to your claim. Our obligations in respect of these additional benefits will be limited to:

- a) the amount shown on your Schedule of Protection; or
- b) the amounts shown below if there is no amount shown on your Schedule of Protection.

<p>1. Change of Vehicle</p>	<p>If you sell any protected vehicle and replace it, we will automatically extend this protection for the replacement vehicle from the date of purchase until the expiry date shown on your Schedule of Protection but only if:</p> <ul style="list-style-type: none"> a) you tell us about the replacement vehicle within 14 days of its purchase; b) you pay us any additional contribution we ask for; and c) you agree to accept any changes to the terms and conditions of the protection. <p>If the value of the replacement vehicle is greater than the vehicle it is replacing, then the limit of protection for the replacement vehicle is limited to A\$50,000 unless we agree otherwise.</p> <p>This additional benefit only applies if your Schedule of Protection shows 'Comprehensive', 'Third Party, Fire & Theft' or 'Fire & Theft' protection for the protected vehicle.</p>
<p>2. Protection for Others</p>	<p>Subject to any restrictions shown on your Schedule of Protection, we will protect:</p> <ul style="list-style-type: none"> a) any person named as a regular driver on your Schedule of Protection; and b) any other person driving a protected vehicle with your consent <p>subject to the terms and limits of this section.</p>
<p>3. Trailers</p>	<p>We will pay for loss or damage to a trailer attached to a protected vehicle:</p> <ul style="list-style-type: none"> a) whilst being towed by the protected vehicle; or b) after the trailer becomes detached from the protected vehicle; or c) if it is stolen whilst in your possession <p>up to a limit of A\$1,500 for each claim.</p> <p>This additional benefit only applies if your Schedule of Protection shows 'Comprehensive' protection for the protected vehicle.</p>
<p>4. Towing Costs</p>	<p>We will pay the reasonable cost of towing the protected vehicle to a suitable place of repair following damage which is protected under this section 3.</p> <p>The maximum limit we will pay for this additional benefit is up to A\$1,000 per vehicle for the period of protection.</p> <p>This additional benefit only applies if your Schedule of Protection shows 'Comprehensive', 'Third Party, Fire & Theft' or 'Fire & Theft' protection.</p>
<p>5. Hire Car Costs following Theft</p>	<p>If your vehicle is stolen, we will pay the reasonable cost, up to A\$65 per day, to hire a temporary replacement vehicle of a similar type for:</p> <ul style="list-style-type: none"> a) up to 14 days; b) up to the date your vehicle is recovered in a usable and roadworthy condition; or c) up to the date we settle your claim if it is a total loss <p>whichever is earlier.</p> <p>We will not protect the running costs (including fuel, insurance, servicing and maintenance) of the hire vehicle.</p> <p>This additional benefit only applies if your Schedule of Protection shows 'Comprehensive' protection for the protected vehicle.</p>
<p>6. Recovery Costs following Theft</p>	<p>We will pay the reasonable cost of returning the protected vehicle to you following theft.</p> <p>The maximum we will pay for this additional benefit is A\$1,000 per vehicle for the period of protection.</p> <p>This additional benefit only applies if your Schedule of Protection shows 'Comprehensive', 'Third Party, Fire & Theft' or 'Fire & Theft' protection for the protected vehicle.</p>
<p>7. Non-Standard Accessories and Modifications</p>	<p>We will pay the reasonable cost of an alteration to, or extra item fitted, to the standard body, engine, suspension, wheels or paintwork of your vehicle that may affect its appearance, value, safety or performance. The maximum limit we will pay for this additional benefit is up to A\$1,500 for non-standard accessories/modifications per vehicle.</p> <p>This additional benefit only applies if your Schedule of Protection states 'Comprehensive', 'Third Party, Fire & Theft' (but only if the loss is caused by fire or theft) or 'Fire & Theft' protection.</p>

<p>8. Stolen Keys</p>	<p>If the remote or keys to your protected vehicle are stolen, we will pay to replace the keys or recode the locks. The theft of the keys or remote must have been reported to the police to be eligible for this additional benefit. This additional benefit does not apply if the keys or remote were stolen by a protected person, invitee, family member or anyone who resides with you.</p> <p>The maximum we will pay for this additional benefit is up to A\$1,000 per vehicle, over and above the standard excess applicable to the protected vehicle, for the period of protection.</p> <p>This additional benefit only applies if your Schedule of Protection states '<i>Comprehensive</i>' protection.</p>
<p>9. Excess Waiver for Windscreen and Window Glass</p>	<p>If the windscreen or window glass of your protected vehicle is broken, we will pay the reasonable cost of repairing or replacing the windscreen or window glass. We will not apply an excess to the first claim for each protected vehicle during the period of protection.</p> <p>This additional benefit only applies if your Schedule of Protection shows '<i>Comprehensive</i>' protection for the protected vehicle.</p>
<p>10. Taxi</p>	<p>If your protected vehicle is involved in an accident and is not driveable, or is stolen, we will pay up to A\$50 for a taxi fare from the scene of the accident or loss.</p> <p>You will be required to provide a receipt for us to consider payment under this additional benefit.</p> <p>This additional benefit only applies if your Schedule of Protection shows '<i>Comprehensive</i>' protection for the protected vehicle.</p>
<p>11. Unprotected Third Party</p>	<p>We will protect you for loss or damage to your vehicle that you suffer as a result of an accident involving your vehicle caused by an uninsured or unprotected third party. Protection will only apply if:</p> <ul style="list-style-type: none"> a) the driver of your vehicle is completely blame free; b) the name and the address of the driver and registration number of the vehicle driven by the negligent party is established; and c) the other party did not have valid insurance. <p>The maximum we will pay for this additional benefit is market value of your vehicle, or up to A\$3,000 in total, whichever is less, for the period of protection.</p> <p>This additional benefit only applies if your Schedule of Protection shows '<i>Third Party Only</i>' protection.</p>
<p>12. Flood Damage</p>	<p>We will protect you for loss or damage caused by flood to your protected vehicle up to the limit of protection during the period of protection.</p> <p>This additional benefit only applies if your Schedule of Protection shows '<i>Comprehensive</i>' protection for the protected vehicle.</p>

What is not protected?

Unless:

- a) an exclusion is stated in **your Schedule of Protection** as being not applicable; or
- b) an exclusion is stated in an additional or optional benefit as being not applicable

then **section 3** does not protect any claim in connection with or attributable to the following:

1. General exclusions

Any applicable general exclusions set out in Part C, 3 General Exclusions of this document and Annexure 2 of the **Rules**.

2. Specific exclusions

We will not pay for:

- (a) depreciation;
- (b) wear and tear, rust or corrosion;
- (c) **damage** to tyres caused by the road, the application of brakes or by punctures or bursts;
- (d) **theft** by **you**, **your** family members or any person driving the protected **vehicle** with **your** consent;
- (e) **theft** of a protected **vehicle** if the keys are left on or in the **vehicle**;

- (f) any structural, mechanical, electrical, electronic or hydraulic breakdown, failure or breakage;
- (g) where the protected **vehicle** has been let or hired or is being used to carry passengers or goods for hire or reward;
- (h) claims arising when the protected **vehicle** or any caravan or trailer attached to **your vehicle** was towing hazardous goods in bulk or in breach of any law relating to carrying hazardous goods;
- (i) claims for **personal injury** to any person;
- (j) claims where the driver of the protected **vehicle**:
 - i. was under the influence of alcohol or drugs and was found to be in excess of the blood alcohol limit prescribed by law; or
 - ii. refuses to undergo a police alcohol or drug test.
- (We may pay a claim if **you** can prove that **you** did not know the driver was affected by alcohol or drugs);
- (k) claims where the driver of the protected **vehicle** does not hold a current valid driver's licence;
- (l) claims caused by the unroadworthy or unsafe condition of the protected **vehicle** where such condition was known or ought to have been known by **you**;
- (m) the expropriation or confiscation of the protected **vehicle** by lawful authority;
- (n) **loss** or **property damage** owned by **you**, **your** family members, **protected person**, any person who resides with **you**, or any person driving the protected **vehicle** with **your** consent;
- (o) any **vehicle** that is not registered where the law requires it to be registered;
- (p) any **vehicle** which is involved in any motor sports, racing, stunts, pacemaking, reliability trials, speed or hill-climbing tests, or any other competitive events;
- (q) any **vehicle** being used in connection with an experiment, trial or demonstration;
- (r) any loss of use of **your vehicle**;
- (s) **your legal liability** for any **claims** in connection with pollution or **pollutants**;
- (t) the load or **contents** of **your vehicle**; or
- (u) any **vehicle** towed or carried by **your vehicle**; except for any trailer or caravan shown on **your Schedule of Protection**.

Mail: Locked Bag 3003, West Perth, WA, 6872

Phone: Australia 1800 007 022



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