

# Residential Strata Insurance



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# Important Information

Preparation date: 30 May 2017

## Product Disclosure Statement

This document is a Product Disclosure Statement (PDS) for the Longitude Strata Insurance Policy.

This PDS has been prepared to assist You in understanding the Longitude Strata Insurance Policy and making an informed choice about Your insurance requirements.

This Policy includes a number of different sections set out below:

- Section 1 Property: Physical Loss, Destruction or Damage
- Section 2 Voluntary Workers Personal Accident
- Section 3 Office Bearers' Liability
- Section 4 Fidelity Guarantee
- Section 5 Equipment Breakdown
- Section 6 Public Liability
- Section 7 Government Audit Costs, Workplace Health & Safety Breaches and Legal Expenses
- Section 8 Workers Compensation

You may choose the sections of the Policy You need. The sections You choose will be set out in Your Policy Schedule. You are insured under those sections set out in Your Policy Schedule.

## About Longitude Insurance

Longitude Insurance Pty Ltd, ABN 86 152 337 267 (Longitude) has developed this Strata Insurance Policy, which is underwritten by AAI Limited ABN 48 005 297 807 trading as Vero Insurance (Vero).

Longitude is an Authorised Representative of Austagencies Pty Ltd ABN 76 006 090 464 AFS Licence No. 244584.

Austagencies has been appointed by Vero as the exclusive distributor of this Policy.

In issuing this Policy, Austagencies and Longitude will be acting under an authority given to Austagencies by Vero. This means that when issuing this policy, Austagencies and Longitude will be acting for Vero, not for You.

The contact details for Austagencies and Longitude are:

Level 14 / 141 Walker Street  
North Sydney NSW  
P.O. Box 1813  
North Sydney 2059  
Phone: 1300 442 676

## About the Insurer

This insurance is underwritten by AAI Limited ABN 48 005 297 807 trading as Vero Insurance an authorised Australian Insurer, regulated by the Australian Prudential Regulation Authority (APRA).

In Australia Vero can trace its origins back to 1833.

Since then Vero has successfully protected its customers' personal and business assets by operating with a depth of knowledge and a reputation for promises kept.

Built on these solid foundations, Vero now provides dynamic and forward thinking solutions for all Our customers.

The Vero brand is based upon a simple premise – to provide Our customers with certainty and peace of mind, through innovative, specialised and expert insurance offerings.

Vero's contact details are:

Vero Insurance  
GPO Box 3999  
Sydney NSW 2001

Phone: 1300 794 133 or the telephone number shown on Your Policy Schedule.

Cover for workers compensation where offered in Western Australia, Australian Capital Territory, Tasmania, and Northern Territory, is underwritten by AAI Limited trading as GIO.

## Your Duty of Disclosure

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

You have this duty until We agree to insure You.

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

You do not need to tell Us of anything that:

- reduces the risk We insure You for; or
- is common knowledge; or
- We know or should know as an insurer; or
- We waive Your duty to tell Us about.

### If You do not tell Us something

If You do not tell Us anything You are required to, We may cancel Your contract or reduce the amount We will pay You if You make a claim, or both.

If Your failure to tell Us is fraudulent, We may refuse to pay a claim and treat the contract as if it never existed.

After the Policy is entered into, ongoing disclosure obligations also apply. See the General Conditions for details.

### Cooling off Period

You have the right to cancel and return the insurance Policy or a Section of the Policy by notifying Us in writing within 21 days of the date it was issued to You ("cooling off period") unless You wish to make or have made a claim under the Policy within the cooling off period. If You cancel Your Policy or a Section of the Policy during the cooling off period, We will return the amount You have paid.

In addition, if You vary Your Policy and add a Section, You have the right to cancel that Section within 21 days of the date it was added by notifying Us in writing ("additional cooling off period") unless You wish to make or have made a claim under that Section within the additional cooling off period. If You cancel the added Section during the additional cooling off period, We will return the amount You have paid for that Section. To cancel Your Policy at other times, please see the General Conditions.

### Full Insurance – Protect Your Assets

If You have elected to insure Your building and contents for reinstatement and replacement costs, the Sum Insured should represent the full replacement value on a new for old basis and if this is not done You may not be covered for Your loss in full.

It is Your responsibility to ensure the adequacy of Sums Insured and You should reevaluate these Sums Insured during the currency of the Policy and prior to renewal each year.

### About Your Premium

The premium is the amount You pay Us for this insurance. The premium payable by You will be shown on your Policy Schedule. Premiums are subject to applicable Commonwealth and state taxes and charges. These include GST and stamp duty. The amount of these taxes and charges will be shown on Your Policy Schedule.

If You change Your Policy You may be entitled to a partial refund of premium or be required to pay an additional premium.

There are a number of significant factors which impact generally on Your premium.

These are:

- a) Sum Insured: The lower the Sum Insured, the lower the premium,
- b) Postcode: Some postcodes pose a higher risk than others based on our data,
- c) The cover You choose: If You chose a number of Sections and add options to Your Policy, the premium will be higher,
- d) Claims experience: If You have had claims in the past, this may increase Your premium,
- e) Excess: A higher excess amount may reduce Your premium,
- f) Our cost of doing business including payments We make to intermediaries: If Our costs are higher this may make Your premium higher,
- g) Building materials: If Your building is made up of more fire resistant materials (e.g. concrete), the premium will be lower,
- h) Fire protection: If You have a functional, compliant sprinkler system, the premium will be lower,
- i) Security: If You have a good security system, the premium will be lower,
- j) Management: How Your property is managed and maintained in accordance with statutory obligations and good business practices will affect Your premium, and
- k) Loyalty discounts or bonuses: You may be entitled to loyalty premium discounts or other policy benefits, which may lower Your premium, based on Your claims free history, and loyalty to Longitude.

At times premium discounts may be offered to particular customers as part of a promotion or to take account of market conditions. The amount and type of discounts offered can change at any time before You take out this Policy, or at Your next renewal.

Each time You renew Your insurance Your premium is likely to change, even if Your personal or business circumstances have not changed.

This is because premiums are affected by:

- a) the cost of claims We have paid to other customers,
- b) the cost of claims We expect to pay in the future,
- c) any changes in government taxes or charges, and
- d) Our expense of doing business.

At renewal, We might decide to pass on all, or part of, any premium increase or decrease.

## Excess

If You make a claim, You may be required to pay one or more Excesses. The description of these Excesses and the circumstances in which they are applied are set out in this PDS.

The amount of Excess applying to each Section is shown on your Policy Schedule.

We take into consideration a number of factors when setting the amount of Your Excess, such as:

- a) any voluntary Excess that We may allow You to choose,
- b) Your claims history,
- c) Loyalty discounts or bonuses: You are entitled to loyalty premium discounts or other policy benefits, which may lower Your premium, based on Your claims free history, and loyalty to Longitude, and
- d) any additional risk factors that are unusual or unique to Your business circumstances.

If more than one Excess is payable under this Policy for any claim or series of claims arising from the one event or occurrence, the Excesses will not be aggregated and the highest single level of Excess only will apply, except in some circumstances We may apply a per Lot Special, Imposed, Risk or Peril Excess to a defined or nominated Event.

If We apply a per Lot Special, Imposed, Risk or Peril Excess, it will be specified in Your Policy Schedule. Any Special, Imposed, Risk or Peril Excess may apply in the aggregate to each Lot or Lot Owner.

We may also apply a Contribution in addition to an Excess. If We do this it will be specified in Your Policy Schedule. A Contribution is Your contributable share of the cost or loss associated with Your claim in a Section or from a benefit that is payable by You.

## Preventing Our Rights of Recovery

If You have agreed not to seek compensation from another person or entity who is liable to compensate You for any loss, damage or liability which is covered by this Policy We will not cover You under this Policy for that loss, damage or liability, except in the following circumstances:

We will waive any rights and remedies or relief to which We are or may become entitled by subrogation against:

- any co-insured (including its directors, officers and employees);
- any corporation or entity (including its directors, officers and employees) owned or controlled by any Insured or against any co-owner of the property insured.

You may without prejudicing Your position under this

Policy:

- release any statutory governmental, semi- governmental or municipal authority from any liability if required by any contract to do so;
- agree to enter into a contract for storage of goods or merchandise if the terms of the contract include a disclaimer clause;
- agree to enter into a lease for occupancy of any building or part of a building or a lease or hiring of property where the terms of the lease or hiring include a disclaimer clause in favour of the lessor or the owner.

## Financial Claims Scheme

This Policy may be a 'protected policy' under the Federal Government's Financial Claims Scheme (FCS) which is administered by the Australian Prudential Regulation Authority (APRA).

The FCS only applies in the unlikely event of an insurer becoming insolvent and the Federal Treasurer making a declaration that the FCS will apply to that insurer.

The FCS entitles certain persons, who have valid claims connected with certain protected policies issued by that insurer to be paid certain amounts by APRA.

Information about the FCS can be obtained from APRA at [www.fcs.gov.au](http://www.fcs.gov.au).

## Our Agreement

When We agree to insure You We issue a Policy Schedule confirming cover.

The information contained in the Policy Schedule sets out information specific to You such as the cover We have agreed to provide and the Sums Insured and Limits of Liability that apply to Your Policy.

Your Policy with Us will comprise this PDS, the Policy Schedule and any endorsements We issue. They should be read together and kept in a safe place.

Where We have agreed to enter into a Policy with You and subject to the terms, conditions and exclusions of the Policy:

- We agree to provide You with the insurance cover set out in each of the Sections which are listed in the Policy Schedule, subject to Your payment of or agreement to pay Us the premium set out in the current Policy Schedule,
- the Policy is in force for the Period of Insurance set out in the Policy Schedule,
- We will cover You for the relevant insured loss, damage,

liability or claim happening during that Period of Insurance, and

- We will not pay any more than the Sum Insured or Limit of Liability for each Section which is shown in the Policy Schedule or as provided in the PDS, subject to any Excesses or Contribution.

### Claims made and notified basis of cover

Sections 3 and 7B and 7C of this Policy are issued on a 'claims made and notified' basis. This means that they respond to:

- a) claims first made against You during the Period of Insurance and notified to Us during the Period of Insurance (or within 30 days after the Period of Insurance has expired), provided that You were not aware at any time prior to the Policy inception of circumstances which would have put a reasonable person in Your position on notice that a claim may be made against them; and
- b) written notification of facts pursuant to section 40(3) of the Insurance Contracts Act 1984. 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 time at which the Policy expires. If You give written notification of facts the Policy will respond even though a claim arising from those facts is made against You after the Policy has expired.

When the Period of Insurance expires, no new notification of claims or facts can be made on Sections 3 and 7B and 7C even though the event giving rise to the claim against You may have occurred during the Period of Insurance.

### How the Goods and Services Tax (GST) Affects This Insurance

In addition to the premium, We will charge You an amount on account of GST.

You must inform Us of the extent to which You are entitled to an input tax credit for Your premium and claim each time that You make a claim under this Policy. No payment will be made to You for any GST liability that You may have on the settlement of a claim if You do not inform Us of your entitlement or correct entitlement to an input tax credit.

GST has an impact on the way in which claim payments are calculated under Your Policy. We will calculate the amount of any payment We make to You having regard to Your GST status.

If You are **not** registered for GST and Your Sum Insured

or Policy limit is not sufficient to cover Your loss, We will pay an amount equivalent to the GST in addition the Sum Insured or Policy limit.

If You are registered for GST and We have arranged services directly with the service provider or repairer, We will pay up to the relevant Sum Insured or Policy limit inclusive of the GST.

In all other circumstances Our liability to You will be calculated taking into account any input tax credit to which You are entitled for any acquisition which is relevant to Your claim, or which You would have been entitled were You to have made a relevant acquisition.

If the Sum Insured or Policy limit is not sufficient to cover Your loss, We will only pay GST (less any relevant input tax credit) that relates to Our proportion of Your loss.

This outline of the effect of the GST on Your Policy is for general information only. You should not rely on this information without first seeking expert advice on the application of the GST to Your particular circumstances.

'GST', 'input tax credit', 'acquisition' and 'supply' have the meaning given in A New Tax System (Goods and Services Tax) Act 1999.

### Dispute Resolution Process

If You are not satisfied with this product or services or a decision made in relation to Your insurance, please let us know so that we can help. It is important to follow the complaint handling process in order to resolve Your complaint effectively and efficiently.

Step 1. Let us know

If You would like to make a complaint, please let us know by contacting the relevant department as they may be able to resolve the complaint for You. If not, the staff member will refer You to a manager or their delegate and they will attempt to resolve the complaint. You can contact us:  
By Phone: 1300 442 676

Step 2. Review by our Internal Dispute Resolution Team  
If You are not satisfied with the outcome of the business review You can request the complaint be referred to the Internal Dispute Resolution (IDR) Team for review or You can contact them directly:

By Email: [idr@austagencies.com.au](mailto:idr@austagencies.com.au)  
In writing: Longitude Insurance Pty Ltd  
P.O. Box 1813  
North Sydney 2059

If we require additional information we will contact You to discuss.

Step 3. Seek review by an external service

We expect our procedures will deal fairly and promptly with Your complaint. However, if You remain dissatisfied, You may be able to access the services of the Financial Ombudsman Service (FOS) Australia. The FOS is an independent external dispute scheme and their service is free to You. Any decision the FOS makes is binding on us, provided you also accept the decision. You do not have to accept their decision and You have the option of seeking remedies elsewhere.

The FOS is available to customers who fall within their terms of reference. The FOS will advise if they can help you.

You can contact FOS:

By phone: 1800 367 287 (Free Call) or  
1800 FOS AUS  
By Fax: (03) 9613 6399  
By email: [info@fos.org.au](mailto:info@fos.org.au)

In writing:

Financial Ombudsman Service Limited  
GPO Box 3, Melbourne VIC 3001  
By visiting: [www.fos.org.au](http://www.fos.org.au)

## Privacy Statement

In this Privacy Statement the use of "We", "Our" or "Us" means Longitude Insurance Pty Ltd, Austagencies Pty Ltd, AAI Limited trading as Vero, and AAI Limited trading as GIO.

In this Privacy Statement the use of "personal information" includes sensitive information.

We are committed to protecting the privacy of the personal information You provide to Us.

The Privacy Act 1988 contains the Australian Privacy Principles which require Us to tell You that We collect, handle, store and disclose Your personal and sensitive information for the specific purpose of:

- deciding whether to issue a policy,
- determining the terms and conditions of your Policy,
- compiling data to help develop and identify other products and services that may interest clients, and
- handling claims.

Personal information is information or an opinion about an identified individual, or an individual who is reasonably identifiable:

- a) whether the information or opinion is true or not;
- b) whether the information or opinion is recorded in a material form or not.

Sensitive information includes, amongst other things,

information about an individual's racial or ethnic origin, political opinions, membership of a political organisation, religious beliefs or affiliations, philosophical beliefs, membership of a professional or trade association, membership of a trade union, sexual orientation or practices, criminal record, health information about an individual, genetic information, biometric information or templates.

You have given Us Your consent to collect, use and disclose Your personal and sensitive information in order to provide You with the relevant services and/or products.

When You give us personal information about other individuals, We rely on You to have made or make the individual aware that You will or may provide their personal information to Us and the types of other parties and service providers We may provide it to, the relevant purposes We and the other parties and service providers will use it for, and how they can access it. If You have not done or will not do either of these things, You must tell Us before You provide the relevant personal information to Us.

We disclose personal information to other parties and service providers whom We believe are necessary to assist Us and them in providing the relevant services and/or products. For example, in handling claims, We may have to disclose Your personal and other information to other parties and service providers such as Our claim management partner, other insurers, reinsurers, loss adjusters, external claims data collectors, investigators and agents, facilitators, assessors or other parties as required by law. We limit the use and disclosure of any personal information provided by Us to them to the specific purpose for which We supplied it.

We may disclose Your personal information to Our insurers, reinsurers, related entities and service providers overseas, including but not limited to New Zealand, Singapore, United Kingdom, India, the Philippines, the European Union and the United States of America.

If You do not provide the personal information requested and/or do not provide Us with Your consent to the use and disclosure of Your personal information as set out in this Privacy Statement, Your insurance application may not be accepted, or We may not be able to administer Your Policy, or You may be in breach of Your duty of disclosure, the consequences of which are set out under the heading Duty of Disclosure in this document.

If You would like a copy of Our Privacy Policies, would like to seek access to or correct Your personal information, opt out of receiving materials We send, complain about a breach of Our privacy or You have any query on how Your personal information is collected or used, or any other



query relating to Our Privacy Policies, please contact Us.

A copy of the Privacy Policy of:

Longitude Insurance Pty Ltd can be found at [www.longitudeinsurance.com.au](http://www.longitudeinsurance.com.au).

Austagencies Pty Ltd can be found at [www.austagencies.com.au](http://www.austagencies.com.au)

AAI Limited trading as Vero Insurance can be found at [www.vero.com.au/vero/privacy](http://www.vero.com.au/vero/privacy)

AAI Limited trading as GIO can be found at [www.gio.com.au/privacy](http://www.gio.com.au/privacy)

## General Insurance Code of Practice

Vero and GIO support and adhere to the General Insurance Code of Practice. The Code aims to raise standards of service between insurers and their customers.

For any information about the Code, including a copy of the Code, call 1300 728 228 or (02) 9253 5100, or look at [www.insurancecouncil.com.au](http://www.insurancecouncil.com.au)

## Phoning for Assistance

Please phone Longitude Insurance Pty Ltd if You need to clarify any of the information contained in this PDS or if You have any other queries regarding Your Policy.  
Phone: 1300 442 676.

## How to Make a Claim

To make a claim, contact Longitude Insurance Pty Ltd on 1300 442 676 Details about making a claim are shown in the PDS on Pages 43 and 44.

## Updating this PDS

The information in this PDS was current at the date of preparation. We may update some of the information in the PDS that is not materially adverse from time to time without needing to notify You. You can obtain a copy of any updated information by calling 1300 442 676. We will give You a free paper copy of any updates if You request them. If it becomes necessary, We will issue a supplementary or replacement PDS.

## Headings and shaded areas

The headings and shaded areas in each section are not part of the PDS itself. Their purpose is to provide You with a general guide about the content of the text.

## General Definitions

Wherever the words listed below are used in the PDS, they mean what is set out below. Other words may have special meanings for particular Sections. They will be defined in those Sections.

### Act of Terrorism

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

### Annual Rentable Value

The amount specified in a lease agreement or the annual rentable value of similar or like Lots/Stratum Lots, including any outgoings payable by the tenant or lessee.

The Annual Rentable Value is adjustable:

- a) in accordance with any existing increases or decreases in Rent specified in the lease agreement; or
- b) in the absence of a rental agreement or where no such decreases or increases in Rent are specified, upon the (12) month anniversary of the Event, an increase in accordance with the change in the Housing Group for the weighted average of the eight capital cities within the Consumer Price Index (CPI) costs for the proceeding four (4) CPI quarters prior to the anniversary date.

### Australia

The Commonwealth of Australia, its dependencies and territories.

### Body Corporate Manager

A person or other entity either appointed in writing by You, or compulsorily appointed in accordance with Your Strata Act with delegated functions including the authority to act as an Office Bearer.

### Business

The Business described in the Policy Schedule including:

- a) ownership of the Common Area at the Location;
- b) management of the strata scheme, individually owned Lots or common property;
- c) the provision of services by You for the benefit, general use and enjoyment of Lot Owners and occupiers of Lots at the Location;
- d) the provision and management of canteens, social, sports and welfare organisations for the benefit of Your employees, first aid, fire and ambulance services and the maintenance of Your premises;
- e) the hiring out of sporting or recreational facilities (such as but not limited to tennis courts or swimming pools); and
- f) recreational or social activities arranged for and on behalf of Lot Owners and occupiers of Lots.

### Common Area

The area at the Location(s) that is not part of any Lot/Unit, or is identified as common.

### Consumer Price Index

Inflation index released by the Australian Bureau of Statistics quarterly.

### Excess/Excesses

Either or both of the Standard Excess and any Special, Imposed, Risk or Peril Excess set out in the Policy Schedule.

- a) Standard Excess:  
The amount shown in the Policy Schedule or PDS, payable by You on each and every claim arising out of one event or occurrence;
- b) Special, Imposed, Risk or Peril Excess:  
The amount shown in the Policy Schedule or attached endorsements specific to each and every claim not otherwise excluded.

Such Excesses may be aggregated in accordance with the terms and conditions of the specific endorsement.

## 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;
- g) a dam.

## Limit of Liability

The applicable Limit of Liability shown in the Policy Schedule.

## Location(s)

The place(s) listed in the Policy Schedule or any other place(s) noted on the registered plans in accordance with the Strata Act.

## Lot

The area shown on Your strata title plan as a Lot or unit registered in the Strata Plan in accordance with the Strata Act.

## Lot Owner

A person, persons or other entity registered as a proprietor or owner of the Lot in accordance with the Strata Act.

## Lot Owners Floating Floorboards

Floorboards within a Lot than are not fixed or attached, but are held in place by their own weight and/or skirting boards.

## Office Bearer

- a) Any person appointed (including any person appointed at any time in the past or future) by You to act as an office bearer or committee member of Yours in terms of the Strata Act;
- b) any Body Corporate Manager when acting as an Office Bearer as described in a) above, when acting in that capacity; and
- c) any person invited by any person described in a) above, in accordance with their delegated authority to assist in the management of Your affairs.

## Period of Insurance

The period shown in the Policy Schedule.

## Policy

This Product Disclosure Statement (PDS) together with the Policy Schedule, and endorsements forming part thereof.

## Policy Schedule

The most current Policy Schedule applicable to this Policy, which has been numbered and issued by or on behalf of Us and given to You.

## Rent / Loss of Rent

As regards any Lot, Stratum Lot or Volumetric Lot or part of Your Common Area leased to a tenant, an amount of money for lost rent calculated on the basis of the Annual Rentable Value that applied immediately prior to the event causing loss or damage.

## Storm Surge

A rush of water onshore associated with a low pressure system and caused by strong winds pushing on the ocean's surface.

## Strata Act

The relevant strata or body corporate legislation/s applicable in the State or Territory in which the Location(s) is situated, including but not limited to Strata Schemes Management Act, Strata Titles Act, Community Land Management Act, Owners Corporation Act, or similar.

### Stratum Lot or Volumetric Lot

An area or lot forming part of the Building (as defined under Section 1) required to form part of this insurance for a Section of this Policy, not forming part of a Lot in accordance with the Strata Act.

### Stratum Lot Owner or Volumetric Lot Owner

A person, persons or other entity registered as a proprietor or owner of the Stratum Lot or Volumetric Lot and named in the Policy Schedule.

### Sum Insured

The Sum Insured shown in the Policy Schedule for each applicable Section of the Policy.

### Temporary Accommodation

As regards any Lot or Stratum Lot occupied by the Lot Owner or Stratum Lot Owner, an amount of money for temporary accommodation calculated on the basis of similar accommodation located in the vicinity of the Location.

### We / Our / Us

AAI Limited ABN 48 005 297 807 trading as Vero Insurance (Vero) in respect of Section 1 to Section 7 and AAI Limited trading as GIO in respect of Section 8.

### You / Your / Insured

The Owners Corporation, Strata Corporation, Community Title, Body Corporate or like entity stated in the Policy Schedule.

In addition **You / Your / Insured** includes:

#### In respect of Section 1

Lot Owners in respect of:

- a) Additional Benefits 5.10, 5.16 and 6.8; and
- b) Optional Covers 7.1 and 7.2.

#### In respect of Section 3

Office Bearers.

#### In respect of Section 6

- a) members of the Owners Corporation, Strata Corporation, Community Title, Body Corporate or like entity stated in the Policy Schedule;
- b) employees of the Owners Corporation, Strata Corporation, Community Title, Body Corporate or like entity stated in the Policy Schedule in connection with the employees' duties as an employee;
- c) voluntary workers of the Owners Corporation, Strata Corporation, Community Title, Body Corporate or like entity stated in the Policy Schedule.

# Section 1

## Property: Physical Loss, Destruction or Damage

### 1. Cover

This Section covers:

Physical loss or destruction of or damage to Insured Property caused by an Event occurring during the Period of Insurance and not otherwise excluded.

Unless stated otherwise in this Section 1, the most We will pay is the Sum Insured.

### 2. Definitions applying to this Section

Wherever the words listed below are used in this Section 1 and capitalised, they mean what is set out below:

#### 2.1 Buildings

All buildings and outbuildings at the Location(s) owned by You or for which You are responsible, including:

- a) fixtures and fittings and fixed furnishings excluding temporary fixtures and fittings as defined by Your Strata Act;
- b) all services to the buildings;
- c) fixed or built in plant, equipment and appliances;
- d) floor coverings excluding carpets;
- e) tennis courts, in-ground pools and spas;
- f) all other structural improvements at the Location including fencing, gates, paths and roadways;
- g) retaining walls, awnings, blinds and signs;
- h) marinas, wharves, jetties, docks, pontoons, swimming platforms or similar type facilities (whether fixed or floating) which are used for non-commercial purposes;
- i) fixed artwork/sculpture limited to \$50,000 unless specified in the Policy Schedule;
- j) any other permanent fixture defined as Your Building in Your Strata Act.

Buildings do not include any Lot Owners' Contents.

#### 2.2 Common Contents

All contents owned by You or for which You are responsible, while the contents are at the Location(s) or are temporarily removed or are in transit anywhere in Australia, including but not limited to:

- a) furniture, furnishings, household goods, light fittings, internal blinds and curtains;
- b) free standing plant, equipment and appliances;
- c) carpets (whether fixed or unfixed), floor rugs;
- d) computers, electronic equipment and office equipment;
- e) garden equipment including ride-on mowers, buggies or carts, and other similar appliances but only if they are not required to be registered;
- f) swimming pools or spas that are not in-ground swimming pool or spa covers and accessories;

- g) pots, plants, shrubs, trees, rockwork and lawns limited to \$25,000;
- h) money limited to \$10,000;
- i) artwork/sculptures (other than fixed) limited to \$100,000 unless specified in the Policy Schedule;
- j) any other fixture defined as being owned by You in Your Strata Act.

Common Contents do not include any Lot Owners' Contents.

#### 2.3 Event

Occurrence or accident causing or resulting in sudden and unforeseen, physical loss or destruction of or damage to Insured Property.

#### 2.4 Insured Property

- a) Buildings;
- b) Common Contents to a maximum of 1% of the Sum Insured or any other amount shown in the Policy Schedule whichever is the greater;
- c) other property as shown in the Policy Schedule.

#### 2.5 Lot Owners' Contents

All contents owned by the Lot Owner or for which the Lot Owner is responsible situated at the Location(s) and including:

- a) built-in or freestanding appliances such as dishwashers, washing machines and dryers;
- b) computers, electronic and electrical equipment or garden equipment;
- c) personal effects, furniture, furnishings, carpets, floor rugs, floating floors or floating floorboards;
- d) Lot Owners' temporary fixtures and fittings defined as being owned by a Lot Owner by Your Strata Act, including but not limited to:
  - i) paint or wallpaper and other finishes on internal Lot walls or ceilings in New South Wales and the Australian Capital Territory; and
  - ii) mobile and fixed air-conditioning units servicing a Lot, Stratum Lot or Volumetric Lot in Queensland.

#### 2.6 Lot Owners' Fixtures and Improvements

- a) Any item or structure for the exclusive use of a Lot Owner and which is permanently attached to or fixed to the Buildings so as to become legally part of it;
- b) Any improvements made to an existing part of the Buildings by a Lot Owner for their exclusive use.

Provided that the Lot Owners' Fixtures and Improvements were newly acquired, installed or constructed within the three years prior to:

- i) Your most recent renewal; or
- ii) Your most recent insurance valuation,

whichever is the earlier

## 2.7 Records

Records, deeds, plans, drawings or documents of any kind, whether written, printed, filmed, taped or in electronic form which are directly related to Your Insured Property.

## 2.8 Sea

Oceans, bays, ports or tidal waters.

## 3. Exclusions applying to this Section

### 3.1 We will not cover loss or destruction of or damage to:

- a) Lot Owners' Contents;
- b) live animals, birds or fish or any other living creature;
- c) any property in transit, other than as specified in Definition 2.2 Common Contents;
- d) Insured Property caused by any alterations or additions when the contract value of work exceeds 20% of the Sum Insured or \$500,000, whichever is the lesser without Our prior written consent;
- e) boilers, other than boilers used for domestic purposes, resulting from their explosion.

### 3.2 We will not cover loss, destruction or damage caused by or arising directly or indirectly from:

- a) the action of the Sea, tidal wave, high water, erosion, subsidence or landslide; unless caused by or arising from:
  - i) an earthquake, tsunami or seismological disturbance, volcanic eruption; or
  - ii) liquid escaping from a fixed pipe or something attached to a pipe, fixed gutter, fixed tank or drain, but We will pay for loss, destruction or damage caused by or arising from subsidence or landslide if it occurs within 72 hours after the happening of an Event of storm, rainwater, wind or explosion;
- b) Flood unless covered under the Flood Optional Cover and your Policy Schedule specifies the Flood Optional Cover is included;
- c) Storm Surge – but We will pay for loss, destruction or damage if Storm Surge occurs at the same time as the insured loss of or destruction of or damage to your Building and Common Contents caused by a named tropical cyclone and the cyclone is deemed to be the proximate or operative cause. The maximum We will pay is \$2,000,000 or the Sum Insured for Buildings shown in Your Schedule, whichever is the lesser.
- d) steam or condensation;
- e) normal settling, seepage, shrinkage or expansion in buildings or foundations, walls, pavements, roads and other structural improvements;
- f) vibration, creeping or heaving;
- g) the invasion of roots from trees plants, shrubs or grass;
- h) fraudulent or dishonest acts by Your employees;

- i) wear and tear, fading, scratching or marring, gradual deterioration or developing flaws, normal upkeep or making good;
- j) the action of birds, bats, possums, moths, termites or other insects, vermin, rust or oxidisation, mildew, mould, wet or dry rot, corrosion, change of colour, dampness of atmosphere or other variations in temperature, evaporation, disease, inherent vice or latent defect, loss of weight, change in flavour, texture or finish, but We will pay if any of these causes result in loss, destruction or damage from any other Event covered by this Section 1;
- k) i) defect, error or omission in design, plan or specification or failure of design; or
  - ii) defective or faulty materials or faulty workmanship, but We will pay for subsequent loss, destruction or damage to Insured Property resulting from any Event not otherwise excluded by this Section 1, provided that You were not aware of, or could not reasonably have been expected to be aware of, i) or ii).
- l) demolition ordered by any public or statutory authority as a result of Your failure, or the failure of anyone acting on Your behalf, to comply with any lawful requirement or due to the incorrect siting of Your Insured Property;
- m) incorrect siting of Buildings as a result of incorrect design or specification;
- n) machinery breakdown, electrical or electronic breakdown, but We will pay if the loss, destruction or damage is due to:
  - i) fusion to the extent insured under Additional Benefit 6.2 Fusion;
  - ii) lightning;
  - iii) power surge if the event is confirmed by the supply authority; or
- o) computer virus.

## 4. Additional Benefits A

Following loss, destruction or damage covered under this Section 1 of the Policy and provided the Sum Insured is not otherwise exhausted, We will also pay the following costs and expenses incurred in consequence of the loss, destruction or damage:

### 4.1 Architects and other fees

Architects', surveyors', consulting engineers', legal and other professional fees, clerk of works salaries and bank imposed charges as necessarily and reasonably incurred in the reinstatement or replacement of loss, destruction or damage to Your Insured Property.

These fees include legal fees incurred in making submissions or applications to any public or statutory authority, licensing board or court.

#### 4.2 Government fees, contributions or imposts

Fees, contributions or imposts required to be paid to any public or statutory authority to obtain their permission to rebuild, repair or replace Your Insured Property.

We will not pay any fine or penalty imposed by any of these authorities.

#### 4.3 Loss of land value

The reduction in land value which will be the value certified by the Valuer General or other competent person or authority selected by Us, that results from the requirements of any legal authority that does not allow rebuilding or only partial rebuilding of Insured Property which is the subject of the loss, destruction or damage at the Location(s).

Any reduction in land value will be calculated after reinstatement or replacement of the Building(s) or after We have agreed that reinstatement or replacement of Building(s) is not to be carried out.

#### 4.4 Exploratory costs

- a) The reasonable costs incurred in locating the source of the bursting, leaking, discharging or overflowing of any mains, pipes, gutters, drains, tanks or fixed apparatus used to hold or carry water or other liquids;
- b) Up to \$1,000 for the cost of clearing, repairing or replacing the faulty main, pipe, gutter, drain, tank or fixed apparatus which is the cause of the loss, destruction or damage referred to in a) above; and
- c) the reasonable costs incurred in:
  - i) repairing the area of Your Insured Property damaged by the exploratory work; and
  - ii) up to \$1,000 for rectifying contamination or pollution damage to land at the Location(s) caused by escape of liquid.

However, We will not pay if the bursting, leaking, discharging or overflowing is caused by an exclusion applying to this Section 1. (For example, Exclusion 3g) the invasion of tree roots from trees, plants shrubs or grass).

## 5. Additional Benefits B

Following loss, destruction or damage covered under this Section 1 of the Policy (or in other circumstances described in any of the Additional Benefits below), We will also pay, in addition to the Sum Insured, the following amounts, costs and expenses incurred in consequence of the loss, destruction or damage:

### 5.1 Catastrophe cover

If the loss, destruction or damage to Your Insured Property under Section 1 is either due to a Catastrophe or in consequence of a subsequent Catastrophe during the period of insurance:

- a) We will pay up to the amount or percentage noted in Your Policy Schedule for Catastrophe Cover for Your actual Costs incurred due to Increased Costs directly associated or attributable to the Catastrophe.

The benefit extends the Sum Insured or other limits under this Section 1 by the amount or percentage noted in Your Policy Schedule for:

- Insured Property; and
- all other Additional Benefits in this Section 1,

but only if Your Insured Property is reinstated or replaced.

We will not pay more than the Increased Costs actually incurred by You.

We will not pay any amount under this Additional Benefit until You have incurred costs exceeding the relevant Sum Insured or applicable limits under this Section 1.

- b) Where a Lot that is destroyed or damaged due to the Catastrophe is occupied as a residence by the Lot Owner, We will pay for the Cost of Evacuation necessarily incurred by the Lot Owner, or any person permanently residing with the Lot Owner immediately prior to the happening of the Catastrophe, following an order for evacuation issued by a public or statutory authority, entity or person empowered by law to issue such an order due to the happening of the Catastrophe.

The amount payable will be reduced by any compensation payable by any public or statutory authority and the most We will pay for the Cost of Evacuation is 1% of the Sum Insured.

For the purpose of this Additional Benefit only, the following additional definitions apply:

- Catastrophe means any occurrence that gives rise to the declaration by the relevant authority of a state of emergency affecting the area in which the Buildings are situated.

- Cost of Evacuation means the costs incurred for any form of transport to the designated place of evacuation and subsequent return to the Location to resume permanent residency.
- Increased Costs means:
  - i) for Insured Property – the difference between the cost of Reinstatement or Replacement actually incurred in accordance with the Basis of Settlement provisions of this Policy Section and the cost of Reinstatement or Replacement that would have applied had the Catastrophe not occurred.
  - ii) for the Additional Benefits – the difference between the amount payable for the costs, expenses, fees or other charges covered by the Additional Benefits and that which would have been payable had the Catastrophe not occurred.

This Additional Benefit applies provided that the Sum Insured under Section 1 represents no less than 80% of the cost of Reinstatement or Replacement immediately prior to the Catastrophe.

### 5.2 Rewriting of records

Up to \$50,000 for the costs You necessarily incur in, rewriting or reproducing Records, which are lost, destroyed or damaged by an Event insured by this Section 1 while anywhere in Australia.

These costs include the costs of collating information and other preparation.

### 5.3 Modifications

Up to \$25,000 for the cost incurred in modifying the Building to cater for the needs of a Lot Owner or a member of a Lot Owner's family permanently residing in the Lot who is diagnosed as being paraplegic or quadriplegic as a direct result of loss or destruction of or damage to Your Insured Property.

### 5.4 Mortgage discharge

Up to \$5,000 to discharge any mortgage over Your Insured Property if it becomes a total loss and is not replaced and We have paid the Sum Insured under this Section 1.

### 5.5 Property of others

Up to \$10,000 for loss or destruction of or damage to personal property of others while their property is in Your physical or legal control and is not otherwise insured, but We will only pay the indemnity value of this property.

### 5.6 Water removal from basement

Up to \$2,000 for the reasonable costs You necessarily incur

in removing water from the basement or undercroft area of the Buildings if the inundation is directly caused by a storm or downpour of rain in the Period of Insurance.

### 5.7 Maintenance fees and strata levies

The maintenance fees and strata levies required to be paid by the Lot Owner to You during the period the Lot is unfit for occupation following loss, destruction or damage.

### 5.8 Funeral expenses

Up to \$5,000 in any one Period of Insurance for the funeral costs for any Lot Owner or member of a Lot Owner's family permanently residing in the Lot, where death occurs as a direct result of loss or destruction of or damage to Your Insured Property.

### 5.9 Meeting room hire

Up to \$5,000 in any one Period of Insurance for the cost to hire temporary meeting room facilities for the purposes of holding annual general meetings or committee meetings where a designated meeting room within Your Insured Property is unable to be occupied for its intended purpose.

We will only pay for meetings held during the period of time that is reasonably necessary for repairs to be carried out and access to be re-established.

### 5.10 Travel costs

Where a Lot is rented, up to \$250 per Lot for the necessary and reasonable travel costs, agreed to by Us, incurred by the Lot Owner in attending the Lot to consult with claim assessors, builders or other repairers following loss, destruction or damage that results in the Lot being unable to be occupied for its intended purpose.

We will not pay more than \$1,000 for any one Event and \$5,000 in any one Period of Insurance for these travel costs.

### 5.11 Arson reward

A reward of up to \$10,000 for information (irrespective of the number of people supplying information) which leads to a conviction for arson, theft, vandalism or malicious damage. We will pay the reward to the person or persons providing the information or in any other manner that We may decide.

### 5.12 Removal of debris and temporary repairs

- a) The cost of removal, storage and disposal of debris or the demolition, dismantling, shoring up, propping, underpinning or other temporary repairs.
- b) The cost of demolition and disposal of any undamaged portion of Insured Property including undamaged foundations and footings in accordance with a demolition



order issued by a public or statutory authority.

#### 5.13 Removal of trees

Up to \$5,000 for the professional removal of trees or parts of trees, including the costs of treating the stump to prevent re-growth, that have fallen and damaged Your Insured Property or landscaped gardens.

#### 5.14 Improved environmental features

If the loss, destruction or damage results in total loss of Your Buildings and Your Buildings are reinstated or replaced, We will pay up to an additional \$10,000 towards the costs incurred in adding environmental features which the Buildings did not have before the total loss, such as rainwater tanks, solar energy or grey water recycling systems.

#### 5.15 Excess electricity, gas and similar charges

Up to \$2,000 for additional electricity, gas, sewerage, water and management charges You are required to pay as a direct result of physical loss or destruction of or damage to Insured Property.

#### 5.16 Costs of losses incurred by the Lot Owner

We will also pay the following amounts, costs and expenses incurred by a Lot Owner in consequence of loss, destruction or damage covered under this Section 1.

The combined total amount We will pay for Additional Benefits 5.16 a) to i) below is limited to whichever is the greater of i) or ii):

- i) 25% of the Sum Insured or \$500,000, whichever is the greater; or
- ii) any other amount or percentage shown in the Policy Schedule.

At Our option, We will settle claims under this Additional Benefit directly with the You or any Lot Owner.

##### a) Lot Owners' Fixtures and Improvements

Where Your Building Sum Insured has been exhausted We will pay for Lot Owners' Fixtures and Improvements that You are required by the Strata Act to insure.

However, We will not be liable for losses in excess of:

- i) \$300,000 for any one Lot for Lot Owner Fixtures and Improvements; or
- ii) in the aggregate 10% of the Sum Insured for all Lots for Lot Owner Fixtures and Improvements.

#### b) Loss of Rent, & Temporary Accommodation

##### i) Loss of Rent

Where the Lot is leased out or would have been leased out, the Loss of Rent incurred by the Lot Owner if the Lot or Common Area is made unfit to be occupied for its intended purpose.

We will pay from the time of the loss, destruction or damage until the time the Lot is re-let following completion of Reinstatement or Replacement of Your Insured Property, provided the Lot Owner takes all reasonable action to obtain a new tenant.

##### ii) Temporary Accommodation

Where the Lot Owner occupies the Lot, the reasonable cost of:

- a) immediate emergency accommodation and meals up to \$2,500; and
- b) Temporary Accommodation,

necessarily incurred by the Lot Owner if the Lot is made unfit to be occupied for its intended purpose.

We will pay from the time of the loss, destruction or damage until the time the Lot Owner re-occupies the Lot following completion of Reinstatement or Replacement of Your Insured Property.

However, Our maximum liability for Loss of Rent, and Temporary Accommodation is limited to the amount or percentage of the Limit of Liability shown in Your Policy Schedule.

##### c) Prevention of access

If reasonable access to or occupancy of a Lot is prevented by loss, destruction or damage from an Event that would have been covered by this Section 1 happening to other property in the immediate vicinity of Your Insured Property:

- i) the reasonable cost of Temporary Accommodation necessarily incurred by the Lot Owner in accordance with clause b)ii); and
- ii) Loss of Rent incurred by the Lot Owner in accordance with clause b)i).

We will pay the costs from the time of the loss, destruction or damage until the time when access to the Lot is re-established.

**d) Disease, murder and suicide**

If the Lot Owner or tenant of the Lot is not permitted to occupy the Lot or Common Area by order of the police, a public or statutory authority, other body, entity or person so empowered by law, due to:

- discharge, release or escape of legionella or other airborne pathogens from water tanks, water systems, air-conditioning plant, cooling towers and the like;
- a human infectious or contagious disease other than highly pathogenic Avian Influenza or any biosecurity emergency or human biosecurity emergency declared under the Biosecurity Act 2015 (Cth), its subsequent amendments or successor, irrespective of whether discovered at the Location or elsewhere; or
- murder or suicide,

occurring at the Location(s) in the Period of Insurance:

- i) the reasonable cost of Temporary Accommodation necessarily incurred by the Lot Owner in accordance with clause b)ii); or
- ii) the Loss of Rent incurred by the Lot Owner in accordance with clause b)i).

We will pay from the time the order is invoked to the time the order is revoked, or for a period of 30 days, whichever occurs first.

**e) Failure of supply of services**

If a Lot or Common Area is made unfit to be occupied for its intended purpose by the failure, for more than 24 hours, of electricity, gas, water or sewerage services resulting from loss, destruction or damage by an Event that would have been covered by this Section 1 to property belonging to or under the control of the supply authority:

- i) the reasonable cost of Temporary Accommodation necessarily incurred by the Lot Owner in accordance with clause b)ii); or
- ii) the Loss of Rent incurred by the Lot Owner in accordance with clause b)i).

We will pay from the time of the failure until the time the services are reinstated for a period of 30 days, whichever first occurs.

**f) Cost of re-letting**

Up to \$2,000 any one Event for reasonable re-letting costs incurred by the Lot Owner, where the Lot or Common Area is leased out and the tenant at the time of the loss, destruction or damage subsequently advises they will not be reoccupying the Lot or Common Area they previously leased.

The amount We pay will be reduced by a bond or deposit that the Lot Owner is entitled to receive or retain from the tenant.

**g) Removal and storage of Lot Owners' Contents**

Costs reasonably incurred by the Lot Owner in:

- i) removing undamaged Lot Owners' Contents to the nearest place of safe keeping;
- ii) storing undamaged Lot Owners' Contents at that place or other equivalent place; and
- iii) returning undamaged Lot Owners' Contents to the Location(s) when occupancy of the Lot is permitted.

**h) Pets, security dogs**

Up to \$1,000 per Lot for the reasonable costs necessarily incurred by the Lot Owner for boarding pets or security dogs when a Lot is occupied solely for residential purposes, and the Lot is rendered unfit for its intended purpose and the Lot Owner's Temporary Accommodation does not allow pets or security dogs.

**i) Title deeds**

Up to \$5,000 for the reasonable costs the Lot Owner necessarily incurs in replacing title deeds to a Lot of Your Insured Property.

**5.17 Temporary protection**

We will pay for the reasonable costs for temporary protection of Insured Property or of resident persons up to \$10,000.

**6. Additional Benefits C**

We also provide the following Additional Benefits in addition to the Sum Insured:

**6.1 Inflationary costs**

Where Your Insured Property suffers loss, destruction or damage insured by this Section 1, We will increase the Sum Insured by the amount the Consumer Price Index (housing group) has increased since the start date of the current Period of Insurance.

**6.2 Fusion**

We will pay the reasonable cost to repair, reinstate or replace an electrical motor not exceeding 5 kilowatts, that forms part of the Buildings or Common Contents, burnt out by electric current in the Period of Insurance.

If the motor forms part of a sealed unit, We will also pay for the cost of replacing gas.

If a motor in a sealed unit cannot be repaired or replaced because of the unit's inability to use a different type of refrigerant gas as required by regulation, or parts are no longer available, then We will only pay the cost that would have been incurred in repairing a sealed unit in an equivalent or nearly equivalent new appliance.

### 6.3 Loss prevention expenses

We will pay:

- a) Costs and expenses (which include wages of Your employees) incurred in extinguishing a fire at the Location(s), or in the vicinity of the Location(s) in the Period of Insurance and threatening to involve Your Insured Property, including damage to gain access or damage to materials (including employees' clothing and personal effects unless otherwise specifically insured) and the cost of replenishment of firefighting appliances, replacing used sprinkler heads and resetting fire, smoke and security alarm systems;
- b) Charges incurred for the purpose of shutting off the supply of water or other substance following accidental discharge from any fire protective equipment or otherwise escaping from intended confines in the Period of Insurance;
- c) The costs for which You are liable under any Fire Brigade Act or similar legislation, in respect of those expenses necessarily and reasonably incurred in extinguishing fires at or adjoining the Location(s) or immediately threatening to involve Your Insured Property in the Period of Insurance; and
- d) Costs incurred in preventing or diminishing imminent damage to Your Insured Property by an Event covered by this Section 1 in the Period of Insurance, including emergency repair costs necessarily incurred.

### 6.4 Replacement of locks and keys

If the keys to any locks in Your Insured Property are stolen in the Period of Insurance, We will pay up to \$5,000 for the reasonable cost of replacing or re-keying or re-coding those locks and replacing the keys.

We will not pay if there are reasonable grounds to suspect that the keys have been stolen by a tenant or former tenant.

### 6.5 Unauthorised occupancy

If Your Insured Property or a Lot is occupied without Your consent in the Period of Insurance We will pay:

- a) up to \$1,000 for legal fees incurred by You with Our prior consent to repossess Your Insured Property or a Lot; and
- b) up to \$2,000 during any one Period of Insurance for the unauthorised use of metered electricity, gas, oil, water or other utilities by the unauthorised occupants.

You must at all times take all reasonable steps to prevent or terminate any unauthorised occupancy to have cover under this Additional Benefit.

### 6.6 Damage by Emergency Services

We will pay the reasonable costs of repair to or reinstatement of Your Insured Property lost, destroyed or damaged by Police, Fire Brigade, Ambulance or other lawfully constituted emergency services in the course of their duty in the Period of Insurance.

### 6.7 Capital additions

We will increase the Sum Insured by the total value of additions, alterations and improvements to Your Insured Property during the Period of Insurance but only on completion of the additions, alterations or improvements and provided You notify Us within 60 days of the completion.

For any increase in excess of \$500,000, You must pay any additional premium that applies.

### 6.8 Purchaser's interest

We will cover a purchaser's legal interest in Your Insured Property, in the terms of Section 1, when the purchaser has signed an agreement to buy part or all of the property, until that agreement completes or is terminated.

## 7. Optional Covers

### 7.1 Internal Paint & Wallpaper within Lot Owners' Lots

Where the Strata Act excludes paint and wallpaper within Lot Owners' Lots from the definition of Building, and this Optional Cover is specified in Your Policy Schedule as included, We will cover paint and wallpaper as if they were Building.

Exclusion 3.1a) does not apply to this Optional Cover.

### 7.2 Lot Owner's Floating Floorboards

Where You have included this Optional Cover, and it is specified in Your Policy Schedule as included, We will cover Lot Owner's Floating Floorboards as if they were part of the Buildings.

Exclusion 3.1a) does not apply to this Optional Cover.

### 7.3 Flood

Where You have included this Optional Cover, and it is specified in Your Policy Schedule as included, We will cover You for physical loss or destruction or damage to Insured Property caused by Flood.

The most We will pay under this Optional Cover in the Period of Insurance is the Limit of Liability for Flood set out in the Policy Schedule.

Exclusion 3.2b) does not apply to this Optional Cover.

#### 7.4 Market Value

Where You have included this Optional Cover, and it is specified in Your Policy Schedule as included, We will cover You or the Lot Owner for the difference between the reinstatement and replacement value of the Buildings and the Market Value where:

- a) Your Sum Insured for this Section 1 has been exhausted, and
- b) reinstatement of the damage is limited or restricted by:
  - i) any Act of Parliament or regulation under it; or
  - ii) any by-law or regulation of any municipal or other statutory authority.

The total amount that We will pay for this Optional Cover is:

- a) limited to:
  - i) the difference between the Market Value of Your Buildings or individual Lots and the total Sum Insured for Buildings under this Section 1; or
  - ii) an aggregate amount of 20% of the Sum Insured; or
  - iii) with respect to an individual Lot, the proportional value, as represented by unit entitlements, of the aggregate amount of 20% of the Sum Insured,

whichever is the lesser.

Or

- b) as agreed and specified in Your Policy Schedule.

For the purpose of this Optional Cover only, the following additional definition applies:

- Market Value means the price the Buildings or Lot would sell in an open real estate market at the time of the loss, destruction or damage as determined by a licenced real estate valuer or other competent authority agreed to by Us

At Our option, We will settle claims under this Optional Cover directly with the You or any Lot Owner.

## 8. Basis of settlement of claims

Unless otherwise shown in the Policy Schedule, claims will be settled on the basis of Reinstatement or Replacement and Extra Costs, as follows.

### 8.1 Reinstatement or Replacement

Means:

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

Claims for the cost of reinstating or replacing Your Insured Property lost, destroyed or damaged are subject to the following provisions:

- i) The work of rebuilding, or replacement, or repairing as the case may be (which may be carried out upon another site and in any manner suitable to Your requirements but subject to Our liability not being increased), must be commenced and carried out with reasonable dispatch, failing which We will effect settlement on an indemnity basis.
- ii) When any Insured Property to which this clause applies is lost, destroyed or damaged in part only, We will not pay more than the Sum Insured.
- iii) We will not pay more than the indemnity value until a sum equal to the cost of reinstatement has actually been incurred.
- iv) With Our prior consent, You will not be bound to rebuild any Buildings destroyed but may purchase alternative Buildings to replace those destroyed. This replacement will be deemed to constitute reinstatement for the purpose of this insurance but We will not under any circumstances be liable to make any payment beyond the actual cost of rebuilding the building destroyed.

## 8.2 Extra Cost

We will also pay the extra cost of reinstatement including demolition or dismantling of Your Insured Property necessarily incurred to comply with the requirements, operative at the time of reinstatement, of:

- a) any Act of Parliament or regulation made under it; or
- b) any by-law or regulation of any municipal or other statutory authority,

provided in either case that:

- i) the work of reinstatement (which may be carried out wholly or partially upon another site if the Act, by-law or regulation so necessitates and subject to Our liability not being increased) must be commenced and carried out with reasonable dispatch, failing which We will not be liable to make any payment beyond the amount which would have been payable under this Section 1 if this clause had not been incorporated; and
- ii) the amount recoverable will not include the additional cost incurred in complying with any Act, by-law or regulation which You had been required to comply with prior to the happening of the damage.

## 8.3 Earthquake

You have to pay or contribute the greater of the Standard Excess specified in Your Policy Schedule or the first \$300 in respect of loss, destruction or damage caused by or arising from earthquake, subterranean fire or volcanic eruption occurring during any one period of forty-eight hours (48) consecutive hours.

## 8.4 Undamaged Foundations

When Your Insured Property is lost destroyed or damaged and, due to the exercising of statutory powers or delegated legislation or authority by any government department, local government or other statutory authority, reinstatement of Your Insured Property is carried out upon another site or sites, We will pay for the value of any undamaged part of Your Insured Property, including foundations and footings, as if it had been destroyed. If the presence of the undamaged parts increases the sale value of the original site, then the increase will be regarded as salvage and will be payable to Us under the Policy.

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

## 8.5 Floor Space Ratio Index (Plot Ratio)

Where Buildings are damaged and reinstatement of the damage is limited or restricted by:

- a) any Act of Parliament or regulation under it; or
- b) any by-law or regulation of any municipal or other statutory authority,

resulting in either case in the reduction of the floor space ratio index (plot ratio) of the site, then We will pay in addition to any amount payable on reinstatement of the Buildings the difference between:

- i) the actual costs incurred in reinstatement subject to the reduced floor space ratio index (plot ratio); and
- ii) the estimated cost of reinstatement at the time of damage had the reduced floor space ratio index (plot ratio) not applied.

## 8.6 Replacement with similar property

Where the architectural features and structural materials of the Buildings possess a particularly ornamental, anti-quarian or historical character, or the materials used in its construction are not readily available, it is agreed that for the purposes of proviso iii) in the Reinstatement or Replacement clause 8.1, the cost of reinstatement will be the cost of reinstating or replacing similar buildings of current design and materials and of reasonably equivalent utility and capacity.

## 9. Conditions applying to this Section

### 9.1 Automatic Reinstatement of Sum Insured

If We admit liability for a claim (other than a total loss) under this Section 1, We will reinstate the Sum Insured to the amount shown in Your Policy Schedule at the time of the loss, destruction or damage.

For all claims for less than 5% of the Sum Insured, We will reinstate each Sum Insured for each claim.

For any claims for more than 5% of the Sum Insured, We will reinstate the Sum Insured once only during each Period of Insurance. For any further requests for reinstatement or any other reinstatement, We may ask You to pay any additional premium that applies.

### 9.2 Claims Preparation Fees

We will pay up to \$50,000 or any higher amount shown in the Policy Schedule for professional fees and other expenses for preparation of claims that You reasonably and necessarily incur with Our consent and which are not otherwise recoverable under this Policy.

## 10. Claims Examples

The following examples are designed to illustrate how a claim payment might typically be calculated. The examples do not cover all scenarios or all benefits and do not form part of your Policy terms and conditions. They are a guide only.

### Example 1

Your Building has a Sum Insured of \$650,000. You are not registered for GST. Your Excess is \$300. There is a fire that starts from a heater in one of the units. The fire destroys the Building and we assess that it is a total loss. We assess the cost to rebuild is \$750,000 including GST, and have an Input Tax Credit Entitlement of 100%.

Your Sum Insured is not enough to cover the cost to rebuild. Accordingly We will settle up to the Building Sum Insured.

#### How much We pay:

Building Sum Insured:	= \$650,000
GST:	= \$65,000
Less Excess:	= \$300
Total claim:	= \$714,700

Please note that if you are entitled to any Additional Benefits "A" they will be covered within the Building Sum Insured, any Additional Benefits "B" will be covered in addition to the Building Sum Insured, and Additional Benefits "C" will be covered where applicable.

### Example 2

Your Building has a Sum Insured of \$800,000. You are registered for GST, and have an Input Tax Credit Entitlement of 100%.

A leaking pipe in the Building causes damage to the ceiling in one of the units. We assess repairing the damage to the ceiling will cost \$4,400 including GST. The cost to repair the leaking pipe is \$440 including GST.

Your Excess is \$300.

#### How much We pay:

Cost of ceiling repairs including GST:	= \$4,400
GST:	= \$400
Cost of ceiling repairs less GST:	= \$4,000
Cost to repair the pipes including GST:	= \$440
GST:	= \$40
Cost to repair the pipes less GST:	= \$400
Cost of ceiling repairs less GST:	= \$4,000
Cost to repair the pipes less GST:	= \$400
Less Excess:	= \$300
Total claim:	= \$4,100

Please note that if you are entitled to any Additional Benefits "A" they will be covered within the Building Sum Insured, any Additional Benefits "B" will be covered in addition to the Building Sum Insured, and Additional Benefits "C" will be covered where applicable.

### Example 3

Your Building has a Sum Insured of \$1,000,000. You are registered for GST.

A tropical cyclone damages Your Building. The cost to repair is \$550,000 including GST. The Building has 10 Lots, and five Lots are damaged.

Your Policy has a Peril Excess of \$1,000, which applies to each Lot in the Building, regardless of the number of Lots damaged. As the number of Lots in the Building is 10, a \$10,000 Peril Excess aggregated for all Lots applies.

#### How much We pay:

Cost of repairs including GST:	= \$550,000
GST: = \$50,000	
Cost of repairs less GST:	= \$500,000
Peril Excess:	10 Lots x \$1,000 = \$10,000
Total claim:	= \$490,000

Please note that if you are entitled to any Additional Benefits "A" they will be covered within the Building Sum Insured, any Additional Benefits "B" will be covered in addition to the Building Sum Insured, and Additional Benefits "C" will be covered where applicable.

# Section 2

## Voluntary Workers Personal Accident

### 1. Cover

This Section covers death or Injury to Insured Persons in the Period of Insurance while engaged in Voluntary Work.

Should any of the Events set out in the Table of Benefits happen to the Insured Person as the result of an Injury We will pay the benefit set out next to that Event. The following Table of Benefits sets out the Events covered and the amount of the Benefits. The amount of the Benefit shown applies to each Insured Person.

**Table of Benefits**

	Column A Event	Column B Benefit
1.	Death	\$200,000
2.	Total and irrecoverable Loss of all sight in both eyes	\$200,000
3.	Total and permanent Loss of both hands or both feet or one hand and one foot	\$200,000
4.	Total and permanent Loss of one hand or of the use of one foot	\$200,000
5.	Total and irrecoverable Loss of all sight in one eye	\$200,000
6.	Total disablement from engaging in or attending to usual profession, business or occupation in respect of each week of disablement up to a maximum of 104 weeks	\$2,000 per week
7.	Partial disablement from engaging in or attending to usual profession, business or occupation in respect of each week of disablement up to a maximum of 104 weeks	\$1,000 per week

### 2. Definitions applying to this Section

Wherever the words listed below are used in this Section 2 and are capitalised, they mean what is set out below:

#### 2.1 Injury

Bodily injury resulting from an accident, which is not an illness and:

- a) within 12 months of the bodily injury results, solely and independently of any other cause, in any one or more of the Events listed in the Table of Benefits; and
- b) includes any condition resulting from exposure to the elements as a result of the bodily injury.

#### 2.2 Insured Person

Any person engaged in Voluntary Work on Your behalf.

#### 2.3 Loss

In connection with a limb or part of a limb, means physical severance or permanent loss of use.

#### 2.4 Partial Disablement

Disablement as a result of Injury that prevents an Insured Person from carrying out a substantial part of all the normal duties of their usual occupation, business or profession.

#### 2.5 Total Disablement

Disablement as a result of Injury that entirely prevents an Insured Person from:

- a) carrying out all the normal duties of their usual occupation, business or profession; or
- b) where they are engaged in more than one occupation, business or profession, carrying out the normal duties of all of them.

#### 2.6 Voluntary Work

Work or duties performed without promise of reward or remuneration from You or any other person or entity other than an honorarium for duties associated with the position of Office Bearer.

A voluntary worker does not mean any employee, contractor or person who receives payment, reward or remuneration for their services.

### 3. Basis of settlement of claims

If an Event in Column A in the Table of Benefits happens to an Insured Person as a result of Injury then We will pay to the Insured Person the corresponding amount in Column B.

We will only pay the amounts corresponding to Events 6 and 7 in the Table of Benefits where the Insured Person is in paid employment at the time of the Injury.

Where the Insured Person dies, We will pay the Insured Person's executor or administrator.

#### 4. Exclusions applying to this Section

We will not pay claims for any Event which is caused by or arises out of:

- i) illness;
- ii) suicide or intentional self-injury;
- iii) the Insured Person’s criminal or illegal act;
- iv) the Insured Person being under the influence of alcohol or a drug other than a drug prescribed by a qualified medical practitioner;
- v) psychotic or psychoneurotic disorders;
- vi) any Injury suffered in an accident which occurred before this cover commenced; or
- vii) pregnancy or childbirth.

#### 5. Additional Benefits

Where an Insured Person suffers an Injury covered by this Section 2 while engaged in Voluntary Work, We will also pay the following costs and expenses where they arise following the Injury:

	Cost and expenses	Limit any one Injury
1.	Travel expenses in obtaining medical treatment	\$2,000
2.	Uninsured expenses	\$2,000
3.	Reasonable cost of domestic assistance	\$5,000
4.	Reasonable cost of home tutorial expenses if the Voluntary Worker is a full time student at a school or other registered education provider – up to \$250 per week	\$2,500
5.	Reasonable costs of burial or cremation	\$5,000

#### 6. Conditions applying to this Section

##### 6.1 Insured Person to obtain Medical Advice

The Insured Person must obtain appropriate medical advice as soon as possible after sustaining the Injury.

##### 6.2 Cost of Medical Examinations

If the Insured Person must undergo any medical examination or is required to provide any medical report or other information by Us, We will bear the cost of the examination, or of obtaining the report or other information.

##### 6.3 Claims Preparation Fees

We will pay up to \$30,000 or any higher amount shown in the Policy Schedule for professional fees and other expenses for preparation of claims that You reasonably and necessarily incur with Our consent and which are not otherwise recoverable under this Section 2.



# Section 3

## Office Bearers' Liability

### 1. Cover

This Section covers:

- a) Office Bearers against Loss arising from any Claim by reason of any Wrongful Act while acting in their capacity as Office Bearers which is:
  - i) first made against them jointly or severally during the Period of Insurance; and
  - ii) notified to Us as soon as reasonably practicable during the Period of Insurance.

and

- b) You against Loss for which You may become vicariously liable or for which You grant indemnity to any Office Bearer as permitted or required by law arising from any Claim by reason of any Wrongful Act committed by any Office Bearer while acting in their capacity as Office Bearer where the Claim is either:
  - i) first made against You during the Period of Insurance, and notified to Us as soon as reasonably practicable during the Period of Insurance;

or

- ii) first made against any Office Bearer jointly or severally during the Period of Insurance, and notified to Us as soon as reasonably practicable.

The most We will pay for all Losses in respect of any one Period of Insurance is the Limit of Liability shown in the Policy Schedule.

### 2. Definitions applying to this Section

Wherever the words listed below are used in this Section 3 and are capitalised, they mean what is set out below:

#### 2.1 Claim(s)

- a) Any writ, summons, application or other originating legal or arbitral process, complaint, charge, cross claim, or counter-claim issued against or served upon You or any Office Bearer alleging any Wrongful Act; or
- b) any written demand alleging any Wrongful Act against You or any Office Bearer.

#### 2.2 Defence Costs

Costs, charges and expenses (other than Your fees, salaries or salaries of Your Employees) incurred by Us or with Our written consent (Our consent is not to be unreasonably withheld) in the investigation, defence, monitoring or settlement of any Claim or proceedings and appeals arising from them together with the costs of appeal.

#### 2.3 Employee

Any person who was, is or may become under a contract of service with You.

#### 2.4 Loss

- a) Legal liability to pay damages, judgments, settlements, awards or orders for costs; and
- b) Defence Costs.

#### 2.5 Representation Costs

All reasonable and necessary legal fees, costs and expenses incurred by Us or with Our prior written consent (Our consent is not to be unreasonably withheld) solely for any legally compellable attendance by an Office Bearer at any official investigation into the affairs of the Owners Corporation, Strata Corporation, Community Title, Body Corporate or like entity stated in the Policy Schedule.

#### 2.6 Wrongful Act

Any actual or alleged breach of duty, breach of trust, neglect, error, misstatement, misleading statement, libel, slander, omission, breach of warranty or authority or other act wrongfully made, committed, attempted, or allegedly made, committed or attempted by any Office Bearer in the discharge of his or her duties in their capacity as:

- a) an Office Bearer, or any matter claimed against them solely by reason of them acting in this capacity for You; or
- b) an Office Bearer on a related building management committee, provided that they are at the material time also an Office Bearer or committee member, nominee or director of You and they hold office on the related building management committee in that capacity only.

### 3. Exclusions applying to this Section

We will not cover liability under this Section 3 arising out of or in connection with:

#### 3.1 Bodily Injury or Property Damage

- a) any actual or alleged bodily injury, sickness, disease or death of any person;
- b) any actual or alleged damage to or destruction of tangible property, including loss of use of the property; or
- c) any mental anguish or emotional distress,

but this Exclusion 3.1 will not apply to:

- i) loss or damage to documents which are the Office Bearer's property or entrusted to the Office Bearer, or costs and expenses incurred by the Office Bearer in replacing or restoring the documents; or
- ii) liability of the Office Bearer arising from the Office Bearer failing to obtain public liability insurance for You.

#### 3.2 Dishonesty

any claim brought about or contributed to by any dishonest, fraudulent, criminal or malicious act or omission of any Office Bearer.

However, this Exclusion 3.2 will not apply to:

- a) any party not committing or condoning any such act or omission; and
- b) the costs of a successful defence of such a claim.

### 3.3 Asbestos

any Claim directly or indirectly caused by, in respect of or in any way connected with asbestos or any material containing asbestos in any way.

### 3.4 Fines and Penalties

any fine, penalty or punitive, exemplary, additional or like damages but this Exclusion 3.4 will not exclude fines and penalties of a compensatory nature.

### 3.5 USA/Canada Legal Action

any matter where action for damages or compensation is brought against You or an Office Bearer in a court of law within the jurisdiction of the United States of America or Canada or territories or protectorates of them, or to enforce a judgment of their courts.

### 3.6 Prior Claims and Circumstances

- a) any Claim made or threatened or in any way intimated before the commencement of the Period of Insurance;
- b) any Wrongful Act committed prior to the retroactive date specified in the Policy Schedule;
- c) any facts or circumstances existing prior to or at the inception of this Section 3 and which You or the Office Bearer knew, or a reasonable person in the circumstances could be expected to know, prior to the inception date of this Section 3, might give rise to a Claim;
- d) any notice of facts or circumstances given under any other policy that expired prior to the inception of this Section 3; or
- e) any facts or circumstances disclosed by You or any Office Bearer or on Your or his or her behalf in applying for this insurance.

For the purpose of this Exclusion 3.6 no fact pertaining to or knowledge possessed by any Office Bearer shall be imputed to any other Office Bearer.

### 3.7 Improper Gain

any profit or advantage gained by an Office Bearer where the Office Bearer was not legally entitled to the profit or advantage or where the Office Bearer may be held accountable to You for the profit or advantage.

### 3.8 Unauthorised Payments

any Office Bearer being given or taking money or a gratuity without Your authorisation where Your authorisation is necessary pursuant to constitution or other governing rules.

### 3.9 Conflict

any conflict of duty or interest of an Office Bearer.

### 3.10 Abuse of Power

any intentional exercise of power by any Office Bearer where the exercise of that power is for a purpose other than that for which the power was conferred.

## 4. Additional Benefits

### 4.1 Advance Payment of Defence Costs

Where indemnity has been granted and confirmed in writing by Us in relation to any Claim, We will pay all reasonable Defence Costs arising from the Claim as and when they are incurred and prior to the finalisation of the Claim provided that You obtain Our written consent prior to incurring Defence Costs.

We reserve the right to recover any Defence Costs advanced in the event and to the extent that it is agreed or subsequently established by judgment or other final adjudication that You were not entitled to be indemnified under this Section 3.

### 4.2 Representation Costs

We agree to pay Representation Costs provided that notice of the investigation is first received by the Office Bearer or You and notified to Us during the Period of Insurance. The maximum amount We will pay under this Additional Benefit is the lesser of \$100,000 or the amount specified in Your Policy Schedule.

### 4.3 Continuous Cover

Should a Claim, fact or circumstance arise which should have been or could have been notified to Us under a prior office bearers liability insurance policy issued by Us, We will accept notification of the Claim, fact or circumstance under this Section 3, subject to the following:

- a) We have continuously been the insurer under an office bearers legal liability insurance policy between the date when the notification should or could have been given and the date when the notification was in fact given;
- b) there was no fraudulent non-compliance with Your duty of disclosure or fraudulent misrepresentation by You in respect of the Claim, fact or circumstance; and
- c) the terms and conditions applying to any Claim, fact or circumstances will be the terms and conditions, including the Limit of Liability and Excess, applicable to the office bearers liability insurance policy in force at the date upon which the notification could or should have been given.

### 4.4 Extended Reporting Period

Should a Claim, fact or circumstance arise within 30 days following the expiry date of this Policy at a time where Your renewal instructions have not been received by Us We will, subject to Your renewal instructions being received by Us within that 30 day period, and notification of the Claim, fact or circumstance being made in accordance with the provisions of this Section 3, accept the notification of the Claim, fact or circumstance under this Section 3. To avoid doubt, the terms and conditions applicable to the notification will be the terms and conditions, including the Limit of Liability and Excess Insurance that apply under this Section 3.

## 5. Optional Covers

### 5.1 Office Bearers Defence Costs

Where You have included this Optional Cover and indemnity has been granted and confirmed in writing by Us in relation to any Claim, however a court of law rules that the Office Bearer is not entitled to the Defence Costs for which cover is provided under this Section 3, We will pay all reasonable Defence Costs of any Office Bearer in connection with the Claim made against the Office Bearer provided that You obtain Our written consent prior to incurring such Defence Costs.

The most We will pay under this Optional Cover in respect of the Period of Insurance is \$250,000.

### 5.2 Statutory Fines and Penalties

Where You have included this Optional Cover and indemnity has been granted and confirmed in writing by Us in relation to any Claim, We will pay any statutory fine or penalty, to the extent permitted by law, imposed upon an Office Bearer based on a Wrongful Act.

The most We will pay under this Optional Cover in respect of the Period of Insurance is \$250,000.

## 6. Conditions applying to this Section

### 6.1 Claims

- a) You must give Longitude notice as soon as practicable and in writing of:
  - i) any Claim made against You or any Office Bearer; or
  - ii) any circumstances of which You or any Office Bearer becomes aware which might subsequently give rise to a Claim against You or any Office Bearer.
- b) More than one Claim involving the same Wrongful Act will be deemed to constitute a single Claim and the Claim will be deemed to have been made against You or an Office Bearer on the first of the following dates:
  - i) the date the first claim involving the Wrongful Act was made against You or an Office Bearer;
  - ii) the date upon which You or an Office Bearer first became aware of any intention to hold You or an Office Bearer responsible for the results of a Wrongful Act; or
  - iii) the date upon which You or an Office Bearer first became aware of any circumstances which might subsequently give rise to a Claim.
- c) Where the one Wrongful Act results in more than one Claim which is the subject of indemnity under this Section 3, all of the claims will jointly constitute one Claim under this Section 3.
- d) You and any Office Bearer must give Us any information and co-operation as We may reasonably require.
- e) You and any Office Bearer must not admit liability for or settle any Claim or incur any costs, charges or expenses without Our written consent.

In any event, no action may be taken which might prejudice Us.

You and any Office Bearer will not be required to contest any legal proceedings unless legal counsel (to be mutually agreed upon by You and Us) advises that the proceedings should be contested.

- f) We will not settle any Claim without Your consent. If, however, You refuse to consent to any settlement recommended by Us, and elect to contest or continue any legal proceedings in connection with the Claim, then Our liability for the Claim will not exceed the amount for which the Claim could have been settled, plus the costs, charges and expenses incurred with Our consent up to the date of Your refusal, and then only up to the amount of the Limit of Liability.
- g) In the event of any payment under this Section 3, We will be entitled, to the extent of the payment, to all rights of recovery that You or any Office Bearer may have and You and the Office Bearers must execute all papers required and do everything that is necessary to secure and preserve these rights, including the execution of any documents that are necessary to enable Us to effectively bring a suit in Your name.

We agree not to exercise any of these rights against any Office Bearer or Employee unless the Claim is brought about by or contributed to by the dishonest, criminal or malicious act or omission of the Office Bearer or Employee.

- h) Notice of a Claim under this Section will be deemed given to Us if given to:

Longitude Insurance Pty Ltd  
 Level 14, 141 Walker Street  
 North Sydney, NSW, 2060  
 PO Box 1813, North Sydney, NSW, 2059  
 Phone 1300 442 676  
 claims@longitudeinsurance.com.au

### 6.2 Excess

We will be liable under Insuring Clause 1a) of this Section 3 to pay only amounts over and above the Excess.

The Excess applies to each and every Claim and the amount of the Excess is to be borne by You.

The Excess does not apply to Defence Costs.

### 6.3 Non-imputation and Severability

Where this Section 3 insures more than one party, any conduct on the part of any one party or parties where the party or parties:

- a) failed to comply with the duty of disclosure in accordance with the Insurance Contracts Act 1984 (Cth);
- b) made a representation to Us before this contract was entered into; or
- c) failed to comply with any terms or conditions of this Section 3,

will not prejudice the right of the other party or parties to indemnity as may be provided by this Section 3, subject to the following:

- i) the party or parties so indemnified be entirely innocent of and have no prior knowledge of any of the conduct; and
- ii) as soon as reasonably practicable on becoming aware of any of the conduct set out above, You must advise Us in writing of all known facts in relation to the conduct.

### 6.4 Cross Liability

We will indemnify the Office Bearer for their liability to another Office Bearer as if that other Office Bearer were not a party to the Policy under this Section 3. Provided that Our Limit of Liability and any Additional Benefits will apply as though there were not separate policies issued to each Office Bearer.

### 6.5 Liability Not To Be Admitted

Neither You nor any Office Bearer may admit liability for or settle any claim or incur any Defence Costs in connection with any claim without Our written consent.

### 6.6 Our Right To Take Over Legal Proceedings

We shall be entitled to take over and conduct, in Your name or in the name of any Office Bearer, any proceedings arising out of or relating to any Claim covered under this Section 3.

### 6.7 Claims Preparation Fees

We will pay up to \$30,000 or any higher amount shown in the Policy Schedule for professional fees and other expenses for preparation of claims that You reasonably and necessarily incur with Our consent and which are not otherwise recoverable under this Policy.

# Section 4

## Fidelity Guarantee

### 1. Cover

This Section covers You against loss of Funds in the Period of Insurance as a result of theft, embezzlement, misappropriation, conversion or fraud.

The most We will pay for all loss during any one Period of Insurance is the Sum Insured shown in the Policy Schedule for this Section 4.

### 2. Excess

You must pay the Excess shown in the Policy Schedule in respect of each individual act of theft, embezzlement, misappropriation, conversion or fraud or series of related acts.

### 3. Definition of Funds

Funds means money, negotiable instruments, securities or tangible property received by You, or collected on Your behalf, which has been or was to be set aside for the financial management of Your affairs. Funds do not include the personal money, securities or tangible property of Lot Owners.

### 4. Additional Benefit

#### 4.1 Auditors' Fees

Subject to the Sum Insured not otherwise being exhausted, We will also reimburse You for fees payable by You to external auditors that are reasonably and necessarily incurred to support a valid claim under this Section 4. The maximum amount We will pay for auditors' fees is \$2,500.

#### 4.2 Claims Preparation Fees

We will pay up to \$30,000 or any higher amount shown in the Policy Schedule for professional fees and other expenses for preparation of claims that You reasonably and necessarily incur with Our consent and which are not otherwise recoverable under this Policy.

### 5. Exclusions applying to this Section

We will not pay for:

- a) any fraudulent misappropriation unless You have exhausted any rights or entitlements to payments from any fidelity bond or fund or under other statutory legislation;
- b) any theft, embezzlement, misappropriation, conversion or fraud committed by the same person or persons after the initial discovery of loss;
- c) any claims arising out of losses discovered more than twelve months after the cancellation of this Policy or normal expiration of the Policy; or
- d) any losses arising out of theft, embezzlement, misappropriation, conversion or fraud committed prior to the inception of this Policy.

### 6. Conditions applying to this Section

#### 6.1 Automatic Reinstatement of Sum Insured

If We admit liability for a claim (other than a claim where We pay the full Sum Insured) under this Section 4, We will reinstate the Sum Insured to the amount shown in Your Policy Schedule at the time of the loss or damage.

We will reinstate the Sum Insured once only during each Period of Insurance. For any other reinstatement, You must pay any additional premium that applies.

# Section 5

## Equipment Breakdown

### 1. Cover

This Section covers loss or damage to Plant and Equipment, and to other Insured Property directly damaged by a Breakdown of Plant and Equipment, during the Period of Insurance.

### 2. Definitions applying to this Section

Wherever the words listed below are used in this Section 5 and capitalised, they mean what is set out below:

#### 2.1 Boilers, Pressure Vessels and Pressure Pipe Systems

Any boiler, fired or unfired pressure vessel normally subject to vacuum or internal pressure other than static pressure of contents, any piping connected thereto and its accessory equipment, but not including the following:

- a) any boiler setting, any refractory or insulating material;
- b) any part of a boiler or fired pressure vessel that does not contain steam or water; or
- c) any buried piping, drainage piping, sprinkler piping and its accessory equipment.

#### 2.2 Breakdown

Sudden and accidental physical damage to Plant and Equipment resulting in failure of the equipment which requires the repair or replacement of the equipment or a part of the equipment before normal operation can continue.

Breakdown does not mean:

- a) depletion, deterioration, corrosion or erosion of material;
- b) wear and tear;
- c) vibration or misalignment;
- d) the functioning of any safety device or protective device; or
- e) the failure of a structure or foundation supporting the equipment or a part of the equipment.

#### 2.3 Electrical and Mechanical Equipment

Any mechanical or electrical equipment used for the generation, transmission or utilisation of mechanical or electrical power, but not including the following:

- a) i) any vehicle or mobile machinery; or
- ii) any lift or elevator, moving walkway (travelator) or escalator.

However, a)i) and ii) do not apply to any gearbox, electrical or Electronic Equipment used with such apparatus.

- b) mobile and fixed air-conditioning units servicing a Lot, Stratum Lot or Volumetric Lot in Queensland.
- c) and other items specifically excluded in Your Policy Schedule.

#### 2.4 Electronic Equipment

Any electronic machine, device or instrument used for research, diagnosis, treatment, communication, data processing, duplicating, monitoring or scanning.

#### 2.5 Hazardous Substance

Any pollutant, contaminant or other substance declared by a government authority to be hazardous to health or the environment.

#### 2.6 Insured Property

- a) property You own; or
- b) property of others in Your care, custody or control and for which You are legally liable.

#### 2.7 Plant and Equipment

Electrical and Mechanical Equipment, Boilers, Pressure Vessels and Pressure Pipe Systems and Electronic Equipment owned by You, or for which You are legally responsible, installed and ready for use at the Location, after completion of successful initial commissioning.

### 3. Additional Benefits

#### 3.1 Expediting Expenses

Where there is a Breakdown of Plant and Equipment covered by this Section 5, We will pay the reasonable extra cost to:

- a) make temporary repairs;
- b) expedite permanent repairs; or
- c) expedite permanent replacement,

of the Plant and Equipment or Insured Property which is directly damaged by the Breakdown.

However, in no event will We pay more than \$250,000 under this Additional Benefit.

### 3.2 Service Interruption

If solely as a result of a Breakdown in the Period of Insurance of equipment located on or within one thousand (1,000) metres of Your Location and which is not owned or operated by You, We will treat the Breakdown as covered under this Section 5 for Additional Benefit 3.6.

This Additional Benefit only applies if the equipment:

- a) is of a type described in the definition of Plant and Equipment, except it is not installed at the Location;
- b) would have been covered under this Section 5 if it was Plant and Equipment installed at the Location;
- c) is owned by the building owner at Your Location or utility company; and
- d) is used to supply telecommunication, electricity, air conditioning, heating, gas or water services to Your Location.

### 3.3 By-laws

If prior to the time of a Breakdown of Plant and Equipment covered by this Section 5 there is in force a law, by-law, ordinance, regulation, rule or ruling regulating or restricting repair, alteration, use, operation, construction or installation of Insured Property, We will pay the increase in cost of repair or replacement of both damaged and undamaged property (including any demolition and site clearing costs) which is necessary to meet the minimum requirements of the law, by-law, ordinance, regulation, rule or ruling.

However, in no event will We pay more than \$250,000 under this Additional Benefit.

### 3.4 Hazardous Substances

If a Hazardous Substance is involved in or released by a Breakdown of Plant and Equipment covered by this Section 5, We will pay:

- a) the increase in cost to repair, replace, clean up or dispose of, affected Insured Property; and
- b) the increase in business interruption or increased cost of working loss because of the presence of the Hazardous Substances;

However, in no event will We pay more than \$100,000 under this Additional Benefit.

For the purpose of this Additional Benefit, increase in cost, interruption or loss is that cost, interruption or loss beyond that for which We would have been liable had no Hazardous Substance been present.

### 3.5 Data Coverage

If, as a result of a Breakdown of Plant and Equipment covered by this Section 5, data is lost or damaged, We will pay the cost of gathering or reproducing the data.

However, in no event will We pay more than \$50,000 under this Additional Benefit.

We will not pay for data which is lost or damaged as a result of programming errors of any kind including the inability of software to correctly read, recognise, save, process or interpret any date or time.

### 3.6 Loss of Rent and/or Temporary Accommodation

Following a Breakdown of Plant and Equipment covered by this Section 5, We will cover Loss of Rent of any Lot, Stratum Lot or Volumetric Lot and/or Temporary Accommodation of any Lot, which becomes un-tenantable as a result of the Breakdown.

We will only pay for Loss of Rent and/or Temporary Accommodation (for Lot Owners only) during the time reasonably necessary due to the Breakdown, but not exceeding 24 months.

Where Your Lot, Stratum Lot or Volumetric Lot is rented and You agree to a rental rebate as a direct result of such damage, We will pay You the amount of that rebate. Annual Rentable Value will be the basis of calculation.

Our liability for Loss of Rent or Temporary Accommodation will be limited to 15% of the Sum Insured, unless otherwise stated in the Policy Schedule.

At Our option, We will settle claims under this Additional Benefit directly with the You or any Lot Owner.

### 3.7 Claims Preparation Fees

We will pay up to \$30,000 or any higher amount shown in the Policy Schedule for professional fees and other expenses for preparation of claims that You reasonably and necessarily incur with Our consent and which are not otherwise recoverable under this Policy.

#### 4. Basis of Settlement

- a) For damage to Plant and Equipment or Other Property covered by this Section 5, We will pay You, the lesser of the cost at the time of the Breakdown:
  - i) to repair; or
  - ii) to replace with similar property (not necessarily new) of like kind, capacity, size, quality and function.

We will not pay:

- i) for cost of repairing any part or parts of a piece of equipment which is greater than the cost of repairing or replacing the entire piece of equipment;
- ii) more than the cost for You to replace the property with other property of like kind, capacity, size, quality and function;
- iii) more than the cost for You to replace the property at the same or adjacent Location; or
- iv) loss or damage to property which is useless or obsolete to You.

If You do not repair or replace the damaged property within 24 months after the date of the Breakdown then We will only pay for the cost of replacing the damaged property with property of similar kind, capacity, size, quality and function less depreciation however caused.

We will consider such items as the age, condition and normal life expectancy of the property in determining depreciation.

- b) We will reduce the amount We pay for each claim by the amount of the Excess shown in the Policy Schedule.

#### 5. Exclusions applying to this Section

We will not pay for:

##### 5.1 Section 1:

- i) Any loss covered by Section 1 of this Policy including under any Optional Covers or Additional Benefits in Section 1 of this Policy.

##### 5.2 Loss or damage caused by or arising from:

- i) Flood;
- ii) fire, smoke or soot;
- iii) extinguishing a fire including subsequent demolition or repair work;
- iv) lightning;
- v) chemical explosion (other than explosion of flue gas in boilers);
- vi) impact of land borne vehicles, aircraft or water borne craft;
- vii) earthquake, subterranean fire or volcanic eruption;

- viii) landslip or subsidence;
- ix) storm, tempest, windstorm or cyclone;
- x) water escaping, discharged or leaking from any source which is external to the Plant and Equipment insured;
- xi) theft or attempted theft; or
- xii) intentional or malicious damage.

#### 6. Conditions applying to this Section

##### 6.1 General Conditions

On the happening of any occurrence which might give rise to a claim under this Section 5 You must, in addition to complying with the General Conditions (Claims):

- a) take all reasonable steps to minimise the extent of the loss; and
- b) preserve any damaged or defective Plant and Equipment or items and make them available to Us for inspection.

##### 6.2 Engineering Repair Practices

We will not pay for loss or damage to any Plant and Equipment which has been damaged and operated without having been repaired in a manner consistent with the generally accepted rules of engineering practice.

##### 6.3 Reinstatement

If We admit liability for a claim (other than a claim where We pay the full Sum Insured) under this Section 5, We will reinstate the Sum Insured to the amount shown in Your Policy Schedule at the time of the loss or damage.

We will reinstate each Sum Insured once only during each Period of Insurance. For any other reinstatement, You must pay any additional premium that applies.



# Section 6

## Public Liability

### 1. Cover

This Section covers You against any claim for compensation or expenses that You become legally liable to pay for:

- a) Personal Injury; or
- b) Property Damage,

happening during the Period of Insurance and caused by an Occurrence in connection with Your Business.

### 2. Definitions applying to this Section

Wherever the words listed below are used in this Section 6 and are capitalised they mean what is set out below:

#### 2.1 Aircraft

Any vessel, craft or thing made or intended to fly or move in or through the atmosphere or space.

#### 2.2 Occurrence

An event which results in Personal Injury or Property Damage, neither expected nor intended from Your standpoint. All Personal Injury or Property Damage, arising out of continuous or repeated exposure to substantially the same general conditions, will be construed as arising out of one Occurrence.

Any entitlement to indemnity under this Section 6 for the Occurrence will be determined by reference to the date on which the Personal Injury or Property Damage from the one source or originating cause first occurred.

#### 2.3 Personal Injury

- a) Bodily injury (and this expression includes death and illness), disability, shock, fright, mental anguish, mental injury; or loss of consortium;
- b) false arrest, wrongful detention, false imprisonment or malicious prosecution; or malicious humiliation;
- c) wrongful entry or eviction; or
- d) a publication or utterance of a libel or slander or other defamatory or disparaging material.

#### 2.4 Pollutant

Any solid, liquid, gaseous or thermal irritant or contaminant, including but not limited to smoke, vapour, soot, fumes, acids, alkalis, chemicals and waste. Waste includes material to be recycled reconditioned or reclaimed.

### 2.5 Property Damage

- a) Physical loss of, destruction of or damage to tangible property including any resulting loss of use of that property; or
- b) Loss of use of tangible property which has not been physically lost, destroyed or damaged provided the loss of use is caused by physical loss of or destruction of or damage to some other tangible property.

### 2.6 Vehicle

Any type of machine on wheels or self laid tracks made or intended to be propelled by other than manual or animal power and any trailer or other attachment made or intended to be drawn by any such machine.

### 2.7 Watercraft

Any vessel, craft or thing made or intended to float on or in or travel on or through or under water.

## 3. Basis of Settlement

### 3.1 Limit of Liability

We will not pay more than the Limit of Liability for all compensation payable in respect of any one Occurrence.

However, the costs as described in 3.2 below are payable in addition to the Limit of Liability.

### 3.2 Defence of claims

In addition to the cover in 3.1, We will pay:

- a) subject to Clause 3.3, costs and expenses incurred by Us, or by You with Our prior written consent, in the investigation, settlement or defence of any claim for compensation for which You are entitled to indemnity under this Section 6;
- b) reasonable costs of legal representation You necessarily incur with Our written consent at a coronial inquest or inquiry into any death which may be the subject of a claim for compensation covered under this Section 6;
- c) other reasonable expenses You necessarily incur that We have agreed to reimburse; and
- d) compensation of \$250 per day if We require You to attend court in connection with a claim.

### 3.3 Contribution to Costs

If a payment exceeding the Limit of Liability has to be made to dispose of claims relating to an Occurrence, Our liability to pay costs and expenses under Clause 3.2 is limited to the proportion the Limit of Liability bears to the amount required to be paid to dispose of the claims relating to the Occurrence.

## 4. Exclusions applying to this Section

We will not cover liability in respect of:

### 4.1 Employment Liability

- a) Personal Injury to any Employee arising directly or indirectly out of or in the course of their employment by You;
- b) any claim or claims arising out of the provisions of any workers' compensation legislation or any industrial award or agreement or determination; or
- c) any claim for which You are or would have been entitled to seek indemnity under any policy of insurance required to be taken out pursuant to any legislation relating to workers' or workmen's compensation including any legislation of any State or Territory (whether insurance is effected or not).

For the purpose of this Exclusion 4.1 'Employee' means any person engaged under a contract of service or apprenticeship with You but does not include any person employed under such a contract who is excluded from the definition of worker under any workers' compensation legislation.

This Exclusion 4.1 does not apply to liability in respect of Personal Injury to any Employee where the legislation relating to workers' or workmen's compensation including any legislation of any State or Territory does not provide indemnity and the reason why indemnity is not provided does not involve a breach by You of that legislation.

### 4.2 Property in custody or control

Property Damage to property owned by or leased or rented to You, or in Your physical and legal control.

**4.3 Aircraft, Aircraft products, Watercraft and hovercraft** claims arising out of the ownership, maintenance, operation or use by You of:

- a) any Aircraft;
- b) any Watercraft exceeding 8 metres in length; or
- c) any hovercraft or craft or vessel designed for travelling over land or water on a supportive cushion of air.

### 4.4 Vehicles

Personal Injury or Property Damage arising out of the ownership, possession, operation, maintenance or use by You of any Vehicle owned by You or in Your physical or legal control that is registered or required to be registered by law but this exclusion does not apply to:

- a) Personal Injury or Property Damage caused by or arising from the delivery or collection of goods including loading and unloading to or from any vehicle beyond the limits of any public road; or
- b) Property Damage caused by any wheelchair, garden equipment, golf carts or golf buggy.

This Exclusion 4.4 does not apply to liability in respect of Personal Injury where the compulsory liability insurance or statutory scheme does not provide indemnity and the reason why indemnity is not provided does not involve a breach by You of legislation relating to Vehicles.

### 4.5 Contractual liability

Any liability assumed by You under any agreement except to the extent that:

- a) the liability would have been implied by law;
- b) the liability arises from a provision in a contract for lease of real or personal property other than a provision which obliges You to effect insurance or provide indemnity in respect of any subject matter of that contract;
- c) the liability is assumed by You under a warranty of fitness or quality as regards to Your products or services;
- d) the liability is assumed by You in the course of Your Business under the terms of any written agreement with the company, person or firm appointed to manage Your Business except where liability arises out of any negligence on their part or by their default in performing their obligations under the agreement; or
- e) the liability is assumed under those agreements specified in the Policy Schedule.

### 4.6 Professional liability

A breach of a duty owed in a professional capacity (for example the provision of professional advice or services), including any treatment prescribed or administered by You. However, this exclusion does not apply to the rendering of, or the failure to render, first aid.

#### 4.7 Libel and slander

The publication or utterance of a libel or slander:

- a) made prior to the commencement of the Period of Insurance;
- b) made by or at Your direction with knowledge of its falsity; or
- c) related to advertising, broadcasting, or telecasting activities conducted by or on Your behalf.

#### 4.8 Pollution

- a) Personal Injury or Property Damage caused by or arising out of the discharge, dispersal, release or escape of pollutants into or upon land, the atmosphere, or any water course or body of water, but this Exclusion does not apply if the discharge, dispersal, release or escape is sudden, identifiable, unexpected and unintended and takes place in its entirety at a specific time and place; or
- b) any costs and expenses incurred in the prevention, removing, nullifying or clean-up of the contamination or pollutants but this Exclusion does not apply to clean-up, removal or nullifying expenses only, which are consequent upon a sudden, identifiable, unexpected, unintended happening taking place in its entirety at a specific time and place which results in Personal Injury or Property Damage.

#### 4.9 Territorial limits

- a) claims and actions instituted within the United States of America or Canada or any other territory coming within the jurisdiction of the courts of the United States of America or Canada; or
- b) claims and actions to which the laws of the United States of America or Canada apply.

Provided that:

- i) this Exclusion does not apply to claims and actions arising from the presence outside Australia of any person who is normally resident in Australia and who is not undertaking manual work or supervision of work of any kind whilst in the United States of America or Canada; and
- ii) the Limit of Liability in respect of coverage provided under Clause 4.9 i) is inclusive of all costs, expenses and interest as set out in Clause 3.2 of this Section 6.

#### 4.10 Asbestos

Personal Injury or Property Damage resulting from the existence, mining, handling, processing, manufacture, sale, distribution, storage or use of asbestos, asbestos products or products containing asbestos.

#### 4.11 Fines, penalties or liquidated damages

Fines, penalties or liquidated damages.

#### 4.12 Punitive damages

Punitive damages, exemplary damages, aggravated damages and any additional damages resulting from the multiplication of compensatory damages.

#### 4.13 Assault and battery

Personal Injury or Property Damage caused by or arising from assault and battery committed by You or at Your direction, unless reasonably necessary for the protection of persons or property.

#### 4.14 Information technology hazards, computer data, program and storage media

Personal Injury or Property Damage arising directly or indirectly out of or in any way involving Your Internet Operations.

This Exclusion does not apply to Personal Injury or Property Damage arising out of any material which is already in print by the manufacturer in support of its product, including but not limited to product use and safety instructions or warnings, and which is also reproduced on its site.

Internet Operations means the following:

- a) Use of electronic mail systems by You or Your employees, including part-time and temporary staff, contractors and others within Your organisation;
- b) access through Your network to the World Wide Web or a public internet site by Your employees, including part-time and temporary staff, contractors and others within Your organisation;
- c) access to Your intranet (meaning internal company information and computing resources) which is made available through the World Wide Web for Your customers or others outside Your organisation; and
- d) the operation and maintenance of Your web site.

#### 4.15 Alteration, Additions and Construction

for any liability caused by or arising directly or indirectly out of or in connection with the construction, erection, demolition, underpinning, weakening or removal of support, alteration or installation work by You or on Your behalf, except to a building owned or occupied by You for the purpose of Your Business where the total cost of all work is not greater than \$500,000.

# Section 7

## Government Audit Costs, Workplace Health & Safety Breaches and Legal Expenses

This Section covers You against costs and expenses as described in Covers A, B and C.

### COVER A – TAXATION AND AUDIT COSTS

#### 1. Cover

We will cover You for the reasonable and necessary Costs that You incur following notification received by You and notified to Us during the Period of Insurance of an audit or investigation of Your taxation or financial affairs by the Australian Taxation Office or by a Commonwealth, State or Territory department, statutory body or agency relating to Your liability to pay income tax, fringe benefits tax, capital gains tax, wholesale and sales tax, payroll tax, goods and services tax or superannuation contributions tax.

#### 2. Limit of Liability

The most We will pay in total for the Period of Insurance is the greater of \$30,000 or the Limit of Liability shown in the Policy Schedule for this Section 7.

#### 3. Definitions applicable to this Cover A

Wherever the words listed below are used in this Cover A and are capitalised, they mean what is set out below:

##### 3.1 Costs

Professional fees paid to accountants or registered tax agents or other professional persons or consultants engaged by or at the recommendation of Your accountant with Our prior written approval for work undertaken in connection with the audit or investigation, but not Your employees.

#### 4. Exclusions applicable to this Cover A

We will not be liable under this Cover A:

- a) for any tax, fines, penalties, court costs, penalty tax or interest;
- b) for Costs incurred after completion of the audit or investigation;
- c) in respect of any audit or investigation, notice of which or information as to their likely conduct was received by You or any person acting on Your behalf prior to the commencement of the Period of Insurance;
- d) for any claim arising from circumstances that You knew of prior to the inception of this Section 7;
- e) for any claim arising from Your improper, unwarranted or unjustified refusal or failure to comply with any lawful request made by a Federal or State Commissioner of Taxation for the production of documents or the supply of information;

We will not deem refusal or failure to comply to be improper, unwarranted or unjustified if You refuse or fail to comply upon the advice of Your accountant or tax agent;

- f) for any claim arising out of fraud or any fraudulent act or omission committed by You or on Your behalf; or
- g) for any claim arising from audits or investigations which result from You, or any person acting on Your behalf, becoming aware of any error or deficiency in any return of income or other documentation supplied to a Federal or State Commissioner of Taxation and failing to notify the Commissioner of Taxation without delay.

#### 5. Special conditions applicable to this Cover A

##### 5.1 Returns

You must lodge taxation and other returns within the time limits applicable to those returns as prescribed by statute or through extension of time granted by a Federal or State Commissioner of Taxation.

You must make full and complete disclosure of all assessable income (including capital gains), as required by any relevant legislation.

##### 5.2 Claims

In the event of a claim:

- a) You must at all times keep Us fully and continually informed of all material developments in relation to the claim and in relation to any audit;
- b) You must take all necessary and reasonable steps to minimise any delays and the amount of any Costs incurred or likely to be incurred in connection with any audit;
- c) We or Our duly appointed agent may make Our own investigation into any matter which is or may be the subject of a claim; and
- d) You must ensure that Your accountant, registered tax agent or solicitor cooperate with Us and where necessary, assist Us in relation to any claim, and assist Us with any matter We wish to pursue with the Commissioner of Taxation which is, or may be, the subject of a claim.

#### 6. Excess applying to Cover A

##### 6.1 Excess

We will reduce the amount We pay for each claim by the amount of the Excess shown in the Policy Schedule.

**COVER B – WORKPLACE HEALTH & SAFETY BREACHES**

**1. Cover**

1.1 We will cover You for legal fees, costs, expenses and disbursements reasonably and necessarily incurred by You in appealing against any:

- a) imposition of an improvement or prohibition notice; or
- b) determination by any review committee, arbitrator, tribunal or court,

made under any workplace, occupational health and safety or similar legislation in the Period of Insurance.

1.2 We will only cover You:

- a) if the imposition of an improvement or prohibition notice or determination arises from Your failure to provide or maintain so far as is reasonable:
  - i) a safe working environment or system of work;
  - ii) plant and equipment in a safe condition; or
  - iii) adequate facilities for the welfare of Your employees;
 and
- b) if You have obtained Our prior written consent to the lodgement of the appeal. We will only agree to the appeal if We consider that there are reasonable prospects of the appeal being successful; and
- c) if the improvement or prohibition notice or determination by any court or tribunal is first made or brought against You during the Period of Insurance and You report it to Us during the Period of Insurance or within 30 days after the expiry of the Period of Insurance.

**2. Limit of Liability**

The most We will pay in respect of all legal fees, costs, expenses and disbursements You incur in connection with an appeal covered by this Section 7, is the greater of \$150,000 or the Limit of Liability specified in the Policy Schedule.

**3. Extension of cover to this Cover B**

**3.1 Continuous Cover**

Should a notice, determination, fact or circumstance arise which should have been or could have been notified to Us under a prior government audit costs and legal expenses insurance policy issued by Us, We will accept notification of the notice, determination, fact or circumstance under this Section 7, subject to the following:

- a) We have continuously been the insurer under a government audit costs and legal expenses insurance policy between the date when the notification should have been given and the date when the notification was in fact given;
- b) there was no fraudulent non-compliance with Your duty of disclosure or fraudulent misrepresentation by You in respect of the notice, determination, fact or circumstance; and
- c) the terms and conditions applying to any notice, determination, fact or circumstances will be the terms and conditions, including the Limit of Liability and Excess, applicable to the government audit costs and legal expenses insurance policy in force at the date upon which the notification could or should have been given.

**4. Exclusion applicable to this Cover B**

We will not cover You under this Cover B for:

- a) any legal fees, costs, expenses or disbursements in respect of or in connection with or arising from any:
  - i) the defence or opposition by You of the imposition of any improvement or prohibition notice; or
  - ii) the defence or opposition by You of any determination by any review committee, arbitrator, tribunal or court; or
  - iii) any imposition or determination made under any workplace, occupational health and safety or similar legislation; or
  - iv) any imposition or determination that You knew of prior to the commencement of the Period of Insurance;
- b) any legal fees, costs, expenses or disbursements in respect of or in connection with any notice or determination in any way connected with asbestos or materials containing asbestos.

**5. Excess applying to this Cover B**

**5.1 Excess**

We will reduce the amount We pay for each claim by the amount of the Excess shown in the Policy Schedule.

## COVER C – LEGAL DEFENCE EXPENSES

### 1. Cover

1.1 We will cover You for Legal Expenses incurred with Our written consent in connection with a Claim first made or brought against You in the Period of Insurance and notified to Us during the Period of Insurance or within 30 days after the expiry of the Period of Insurance, provided the Claim:

- a) is in connection with the conduct of Your Business affairs;
- b) is under or is alleging a breach by You of the Competition and Consumer Act 2010 or any other consumer protection legislation; or
- c) is arising out of a dispute with a current, past or prospective employee concerning the terms and conditions of their employment with You or civil or criminal proceedings under any race relations or sexual discrimination legislation.

### 2. Limit of Liability

The most We will pay for any one Claim and in the aggregate in any the Period of Insurance is the Limit of Liability specified in the Policy Schedule.

### 3. Definitions applicable to this Cover C

Wherever the words listed below are used in this Cover C and are capitalised, they mean what is set out below:

#### 3.1 Claim

- a) a written advice of intent to initiate legal proceedings or a civil or criminal action against You;
- b) a civil proceeding commenced by the service of a complaint, summons, statement of claim or similar pleading against You; or
- c) a criminal proceeding commenced by a summons or charge against You.

#### 3.2 Legal Expenses

- a) fees, expenses and other disbursements necessarily and reasonably incurred by a solicitor, barrister, assessor, consultant, investigator or other person appropriately qualified to act on Your behalf in connection with any Claim brought against You including costs and expenses of expert witnesses as well as those incurred by Us in connection with any of these Claims; and
- b) subject to clause 7.1, legal fees, expenses and other disbursements reasonably and necessarily incurred in appealing or resisting an appeal from the judgment or determination of a court, arbitrator or tribunal.

#### 3.3 Contribution

The proportion of Legal Expenses incurred above the Excess, specified as a percentage in Your Policy Schedule, which is payable by You.

### 4. Exclusions applicable to this Cover C

We will not cover Legal Expenses in connection with any Claim:

- a) which You have pursued or defended without Our written consent;
- b) caused by, arising out of, in respect of or in any way connected with asbestos or materials containing asbestos;
- c) which You have pursued or defended contrary to or in a different manner from that advised by the solicitor, barrister, assessor, consultant, investigator or other person acting on Your behalf;
- d) arising from an act, omission, liability or event for which indemnity is provided under Section 3 Office Bearers' Liability or Section 6 Public Liability, whether or not You have taken out insurance under those Sections;
- e) arising from facts or circumstances that You knew of prior to the commencement of the Period of Insurance;
- f) arising from a deliberate act, including a deliberate act of fraud or dishonesty, on Your part if a judgment or other final adjudication adverse to You establishes that the act was committed or attempted by You with actual dishonest purpose or intent and was material to the cause of action so adjudicated;
- g) between You and Us; or
- h) which involves a conflict of duty or interest of Yours.

### 5. Extension of cover to this Cover C

#### 5.1 Continuous Cover

Should a Claim, fact or circumstance arise which should have been or could have been notified to Us under a prior government audit costs and legal expenses insurance policy issued by Us, We will accept notification of the Claim, fact or circumstance under this Section 7, subject to the following:

- a) We have continuously been the Insurer under a government audit costs and legal expenses insurance policy between the date when the notification should have been given and the date when the notification was in fact given;
- b) there was no fraudulent non-compliance with Your duty of disclosure or fraudulent misrepresentation by You in respect of the Claim, fact or circumstance; and

- c) the terms and conditions applying to any Claim, fact or circumstance will be the terms and conditions, including the Limit of Liability and Excess, applicable to government audit costs and legal expenses insurance policy in force at the date upon which the notification could or should have been given.

## 6. Excess applying to this Cover C

### 6.1 Excess

We will reduce the amount We pay for each Claim by the amount of the Excess shown in the Policy Schedule.

### 6.2 Contribution

In addition to the Excess applicable to Cover C of this Section 7, You are also required to pay a Contribution.

The following are examples of how Contribution may affect your cover under this Section 7.

#### Claim example 1

1st loss in any Period of Insurance  
Limit of Liability \$50,000  
Excess \$5,000  
Contribution percentage 20%  
Legal Expenses incurred \$60,000

Legal Expenses net of Excess is \$55,000 (\$60,000 less \$5,000 Excess).

Your Contribution is \$11,000 (20% of \$55,000).

Our payment is \$44,000 (\$55,000 less \$11,000).

Therefore, the balance of the Limit of Liability is \$6,000 for subsequent Legal Expenses in the same Period of Insurance.

#### Claim example 2

1st loss in any Period of Insurance  
Limit of Liability \$50,000  
Excess \$5,000  
Contribution percentage 25%  
Legal Expenses incurred \$75,000

Legal Expenses net of Excess is \$70,000 (\$75,000 less \$5,000 Excess).

Your Contribution is \$17,500 (25% of \$70,000).

Our payment is \$50,000 (\$70,000 less \$17,500 but subject to the Limit of Liability of \$50,000).

Therefore, the Limit of Liability is exhausted and You have no cover available for Legal Expenses in connection with any subsequent Claims made or brought against You in the same Period of Insurance.

## 7. Special condition to this Cover C

### 7.1 Appeal Procedure

If You are dissatisfied with any decision made by a court or tribunal and wish to appeal against that decision You must advise Us in writing of Your intention to appeal at least five (5) clear business days prior to the expiry of the time for instituting an appeal or as soon as practicable if the time allowed by law to appeal is less than five (5) clear business days. You must obtain Our written consent to the appeal.

If We are dissatisfied with any decision made by a court or tribunal and wish to appeal that decision You must reasonably co-operate with Us in the bringing of such an appeal.

## Section 8

# Workers Compensation

Your Policy Schedule will show if You are insured for workers compensation for employees in the state or territory where the Location(s) is situated.

We will pay the amount you are liable to pay if a person you employ is injured while working for You and the incident causing the injury occurred during the Period of Insurance.

We will only pay if the person is doing work for You in respect of owning, operating and managing the Common Area and Insured Property under Section 1.

The terms and extent (including amount) of cover are those set out in the relevant workers compensation laws of the state or territory where the Location(s) is situated.



# General Exclusions

These general exclusions apply to all Sections of this Policy.

We will not cover:

## 1. War

Any consequence of war or warlike activities which includes invasion, act of foreign enemy, hostilities (whether war is declared or not), civil war, rebellion, revolution, insurrection, use of military or usurped power, looting, sacking or pillage following any of these, or the expropriation of property.

## 2. Terrorism

Loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with:

- a) any Act of Terrorism regardless of any other cause or event contributing concurrently or in any other sequence to the loss;
- b) any action taken in controlling, preventing, suppressing or in any way relating to any Act of Terrorism; or
- c) any Act of Terrorism including any action taken in controlling, preventing, suppressing or in any way relating to an act that includes the release of germs, disease or other contagion or contaminants or detonation of any device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter including but not limited to the use of any device, whether or not a weapon of war, which disperses or releases radioactive matter.

Exclusion 2a) and 2b) does not apply if the reinstatement and replacement value of Your Buildings at the time of the loss or damage is \$50,000,000 or less.

## 3. Radioactivity

Loss, damage, disablement or liability directly or indirectly caused by or contributed to by or arising from ionising radiation from, or contamination by radio-activity from, any nuclear fuel or nuclear waste from the combustion of nuclear fuel.

## 4. Intentional Damage

Damage or liability intentionally caused or incurred by:

- a) You; or
- b) a person acting with Your express or implied consent, unless for the purpose of preventing or eliminating danger to persons or property.

## 5. Electronic Data

- a) total or partial destruction, distortion, erasure, corruption, alteration, misinterpretation or misappropriation of Electronic Data;
- b) error in creating, amending, entering, deleting or using Electronic Data; or
- c) total or partial inability or failure to receive, send, access or use Electronic Data for any time or at all,

arising from any cause whatsoever, regardless of any other contributing cause or event whenever it may occur.

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

However, in the event that a peril listed below (being a peril insured by this Policy but for this Exclusion) is caused by any of the matters described in paragraph a), b) or c) above, this Exclusion will not apply to:

- i) physical loss of or damage or destruction directly caused by such listed peril; or
- ii) consequential loss.

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

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

If Section 5 - Equipment Breakdown of this Policy is current and Data Coverage is insured We will also provide cover for losses as described in paragraph a), b) or c) above to Electronic Data arising out of malicious damage, vibration, power surge, low voltage, mechanical, electrical and electronic breakdown, but not Breakdown (as defined in Section 5) occurring as a result of any virus, worm, trojan horse, hacking, or any unauthorised access.

## **6. Infectious Disease, Vermin, Pests or Defective Sanitary Arrangements; Food or Drink Poisoning; Murder and Suicide.**

Loss resulting from interruption of or interference with the Business or loss of occupancy of a Lot, Stratum Lot or Volumetric Lot directly or indirectly arising from closure or evacuation of the whole or part of Your Location(s) by the order of a competent public authority consequent upon:

- a) human infectious or contagious disease occurring at the Location including highly pathogenic Avian Influenza or any biosecurity emergency or human biosecurity emergency declared under the Biosecurity Act 2015 (Cth), its subsequent amendments or successor, irrespective of whether discovered at the Location or elsewhere;
- b) vermin or pests or defects in the drains or other sanitary arrangements at the Location;
- c) poisoning directly caused by the consumption of food or drink provided on the Location; or
- d) murder or suicide occurring in or at the Location.

This exclusion does not apply insofar as the application of Section 1, Additional Benefit 5.16 d) following loss, destruction, or damage covered under that Section.

## **7. Transmission & Distribution Lines Exclusion**

Losses in respect of overhead transmission and distribution lines and their supporting structures of power-generating authorities or companies and telecommunications companies.

However, this Exclusion does not apply in respect of the overhead transmission and distribution lines (and their supporting structures) that extend from the public highway to the Location and are the responsibility of You.

It is understood and agreed that any public utilities extension and/or suppliers extension and/or contingent business interruption coverages are not subject to this Exclusion, provided that these are not a part of the transmitters' or distributors' policy.

## **8. Sanctions**

Despite any provision of the Policy, We will not cover and will not make any payments or provide any services or benefit to You or to any other party to the extent that such cover, payment, service or benefit would contravene any applicable trade or economic sanctions, law or regulation.

# General Conditions

These general conditions apply to all Sections of this Policy.

## 1. Your Obligations

You must:

- a) take all reasonable precautions to avoid or minimise loss, damage, disablement or liability;
- b) maintain all business premises, fittings, appliances and equipment in sound condition;
- c) comply with all statutory obligations, by-laws and regulations imposed by any public authority, for the safety of persons or property; and
- d) obtain certificates of inspection for all equipment required by any statute or regulation to be so certified.

## 2. Alteration

You must promptly advise Us of any changes in the details of the information You have given Us, or if the nature of the occupation or other circumstances affecting Your property is changed in such a way as to increase the risk of loss or damage or the likelihood of liability losses.

If You do not do so We may not be liable for any loss, damage or liability caused or contributed to by the changes.

## 3. Cancellation

You may cancel this Policy at any time by giving Us notice in writing in which case We will retain the pro-rata premium for the time the Policy has been in force.

We may cancel this Policy if allowed by law by giving You written notice in accordance with to the provisions of the Insurance Contracts Act. When We cancel the Policy We will repay a rateable proportion of the premium for the unexpired Period of Insurance from the date of cancellation less any non-refundable Government charges or levies.

## 4. Changes in this Policy

No change in this Policy will be valid unless We agree in writing nor will the requirements of any Section be deemed to be waived unless We agree in writing.

## 5. Transfer of Interest

No interest in this Policy can be transferred without Our written consent.

## 6. Jurisdiction

All disputes arising out of or under this Policy will be subject to determination by any court of competent jurisdiction within Australia according to the law applying to that jurisdiction.

## 7. Joint Insureds

Where You comprise more than one party each of the parties will be considered as a separate and distinct unit and the words You and Your will be considered as applying to each party in the same manner as if a separate Policy had been issued to each of them.

Nothing in this Condition will result in an increase of Our Limit of Liability in respect of any occurrence or Period of Insurance.

## 8. Notices

You must as soon as possible give to Us notice in writing of:

- a) every occurrence, claim, writ, summons, proceeding, impending prosecution, and inquest together with all relevant information which may result in a claim under this Policy, whether or not You believe any claim amount might fall below the applicable Excess; and
- b) every change that comes to Your knowledge which materially varies any of the facts or circumstances existing at the commencement of this Policy.

Any notice given in writing by Us to the first named Insured shown in the Policy Schedule will be treated as notice to each of the parties You comprise. Service of notices by Us will be effective immediately on receipt by You of a letter or electronic communication sent from Us or in the case of notices by post, three business days after having been posted by Us.

## 9. Rights of recovery

If You have suffered loss or damage as a result of an event or occurrence covered, or partially covered by this Policy, then We have the right and You permit Us to take action or institute legal proceedings against any person, company or entity legally liable to You for the recovery of Your insured, underinsured or uninsured losses, payments made and expenses in relation to the event or occurrence (Your Loss). Any action or legal proceeding will be commenced in Your name. You must provide Us with all information and reasonable assistance in the recovery of Your Loss, including providing Us with any documents that prove Your Loss.

If You have commenced action or instituted legal proceedings against any person, company or entity legally liable to You for Your Loss, We have the right and You permit Us to take over and continue that action or legal proceeding. You must provide Us with all information and reasonable assistance in the recovery of Your Loss, including providing Us with any documents that prove Your Loss.

Where recovery of Your Loss forms part of any representative proceeding which has not been instituted under Our instructions, We have the right and You permit Us to exclude Your Loss from that representative proceeding for the purpose of including Your Loss in a separate representative proceeding which is or will be instituted under Our instructions (Our Representative Proceeding). You must provide Us with all information and reasonable assistance in the recovery of Your Loss as part of Our Representative Proceeding, including providing Us with any documents that prove Your Loss.

You must not enter into any agreement, make any admissions or take any action or step that has the effect of limiting or excluding Your rights and Our rights to recover Your Loss without first obtaining Our approval in writing to do so.

#### **10. Inspection of property and records**

You must allow Us to:

- a) inspect Your property and operations at any time; and
- b) examine and audit Your books and records at any time during the Period of Insurance and within 3 years after expiry of the Period of Insurance but that examination and audit will be restricted to matters which in Our opinion are relevant to the Policy.

#### **11 Acts or Omissions of Your Body Corporate Manager**

We will not deny liability for a claim, or reduce the amount of a claim, if Our right of denial or reduction is solely caused by an act, error or omission of Your Body Corporate Manager while acting on Your behalf.

# Claims Conditions

These claims conditions apply to all Sections of this Policy.

## 1. When circumstances occur that may lead to a claim under this Policy You must

When circumstances occur that may lead to a claim under this Policy You must:

- a) take all reasonable steps to reduce the loss or damage and to prevent further damage;
- b) immediately make a full report to the Police if You know or suspect that:
  - i) property has been stolen;
  - ii) someone has broken into Your premises; or
  - iii) someone has caused malicious damage to Your property;
- c) not make any admission of liability, offer, promise or payment in connection with any event;
- d) promptly inform Longitude by telephone or in person;
- e) preserve any damaged property and make it available for inspection by Our representative or agent (including a loss adjuster); and
- f) not authorise the repair or replacement of anything without Our agreement.

## 2. If You want to make a claim You must

If You want to make a claim You must:

- a) when requested, fill in Our claim form and return it to Us promptly;
- b) give Us all the information and documentation We request including information and documentation about any other insurance which may cover Your claim;
- c) If We ask for it, You must provide Us with a statutory declaration verifying the truth of Your claim and any matters connected with it; and
- d) immediately send Us any court document or other communication You receive about the claim.

Do not take any action yourself or ask anyone else to do so on Your behalf.

## 3. Paying Your Excess

You must pay the Excesses that apply to claims under this Policy.

We will either ask You to pay the Excess to Us directly or another person or We will deduct the Excesses from the amount that We pay you.

Except for any Special, Imposed, Risk or Peril Excess, if more than one Standard Excess is payable under this Policy for any claim or series of claims arising from the one event or occurrence, the Excesses will not be aggregated and the highest single level of Excess only will apply.

A Special, Imposed, Risk or Peril Excess may apply under this Policy to a defined or nominated event. That Special, Imposed, Risk or Peril Excess must be paid in addition to any Standard Excess for that defined or nominated event. Each Special, Imposed, Risk or Peril Excess applies in the aggregate to all Lots and Lot Owners, unless We agree otherwise.

## 4. Proceedings and Negotiations

### 4.1 We control the conduct of all claims.

### 4.2 You must give Us all information and assistance We may need:

- a) to settle or defend claims; or
- b) to recover from others any amount We have paid for a claim.

### 4.3 You must allow Us to:

- a) make admissions, settle or defend claims on Your behalf; and
- b) take legal action in Your name against another person to recover any payment We have made on a claim, whether or not We have paid Your claim in whole or in part.

See '9. Rights of recovery' in the General Conditions Section for full details.

## 5. Discharge of Our Liabilities

At any time We shall be entitled to pay You or on Your behalf, for all claims made against You for any one claim or occurrence:

- a) the Sum Insured or Limit of Liability that applies to the claim or occurrence under this Policy, after deducting any amounts already paid; or
- b) any lower amount for which the claim may be settled. If We do so:
  - i) the conduct of the claim(s) will become Your responsibility; and
  - ii) We will not be liable to pay any further amounts other than costs, charges, or expenses that We agreed to pay before We made the payment referred to above.

## 6. Progress Payments

If We have admitted liability, We may make progress payments at intervals and for amounts that We agree with You, upon production of a report by the loss adjuster (if appointed), provided these payment(s) are deducted from the amount finally determined upon adjustment of the claim.

## 7. Inspection and Salvage

You must give Us access to Your property and the location or make them available to Us for inspection if You make a claim.

You must allow Us to take possession of any lost, destroyed or damaged property and deal with it in a reasonable manner. If We do not take possession of the lost, destroyed or damaged property, You will not be entitled to abandon Your responsibilities for the property.

## 8. Other Insurance

You must inform Us of any other insurance policies in force that provide cover for any person protected under this Policy and which provide cover similar to the same as the cover provided by this Policy.

## 9. False Claims

If You, or someone acting on Your behalf makes a false claim, or causes loss or damage deliberately We may:

- a) refuse to pay all or part of the claim;
- b) cancel this Policy; or
- c) take legal action against You.

Longitude Insurance P/L ABN 86 152 337 267 is an Authorised Representative of Austagencies P/L ABN 76 006 090 464. AFSL 244584.

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