

Zurich Electronic Equipment Insurance

Policy Wording



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Welcome to Zurich

About Zurich

The insurer of this product is Zurich Australian Insurance Limited (ZAIL), ABN 13 000 296 640, AFS Licence Number 232507. In this document, ZAIL may also be expressed as 'Zurich', 'we', 'us' or 'our'.

ZAIL is part of the Zurich Insurance Group, a leading multi-line insurer that serves its customers in global and local markets. Zurich provides a wide range of general insurance and life insurance products and services in more than 210 countries and territories. Zurich's customers include individuals, small businesses, and mid-sized and large companies, including multinational corporations.

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 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.

Our contract with you

Your policy is a contract of insurance between you and Zurich and contains all the details of the cover that we provide.

Your policy is made up of:

- the policy wording which tells you what is covered, sets out the claims procedure, exclusions and other terms and conditions of cover;
- the proposal, which is the information you provide to us when applying for insurance cover;
- your most current policy *schedule* issued by us. The policy *schedule* is a separate document unique to you, which shows the insurance details relevant to you. It includes any changes, exclusions, terms and conditions made to suit your individual circumstances and may amend the policy; and
- any other written changes otherwise advised by us in writing (such as an endorsement). These written changes vary or modify the above documents.

Please note, only those covers shown in your policy *schedule* are insured.

This document is used for any offer of renewal we may make, unless we tell you otherwise. Please keep your policy in a safe place. We reserve the right to change the terms of this product where permitted to do so by law.

Zurich Electronic Equipment Insurance

In return for paying the premium to us, we will give you the cover described in this policy for events which occur during the *period of insurance* shown in your *schedule*.

1. Cover

This policy covers *insured equipment* as described in the *schedule* against *insured damage* as specified in the *schedule*, subject to the terms, conditions and exclusions of the policy. It covers the *insured equipment* while at the *situation*.

The cover applies only after you have fulfilled all relevant provisions for installation, certification and commissioning of the *insured equipment*, which must be in sound working order without any *material defects*.

This policy also covers *data media* while at the *situation* and while temporarily at any alternative premises for processing or safekeeping. This includes any period during which the *data media* is in transit to or from the alternative premises.

2. Additional Benefits

2.1 Acquired equipment

If you purchase or acquire an item which is similar to the equipment already insured at the *situation*, we will consider this item to be added to the *schedule* if:

- 2.1.1 the value of the item does not exceed 25% of the Total Sum Insured or \$100,000, whichever is the lesser;
- 2.1.2 you give us written notice within 90 days of commissioning of the item;
- 2.1.3 the item is free from *material defect* and in sound working condition as far as you are aware;
- 2.1.4 the item is not worked until you have fulfilled any relevant statutory provisions for inspection and certification; and
- 2.1.5 you pay any additional premium and statutory charges which we require.

2.2 Additional repair costs

We will pay the following reasonable expenses for repair costs incurred as a result of *insured damage*:

- 2.2.1 overtime, night work, work on public holidays; and
 - 2.2.2 express freight within the Commonwealth of Australia, including airfreight,
- provided they are not greater than 50% of the ordinary charges for 2.2.1 and 2.2.2 above, under this policy.

Our total liability for this Additional Benefit will not be greater than the *sum insured* of each item or group of items listed on the *schedule*.

2.3 Demolition and Increased cost of construction

We will cover the increased cost of repair or replacement of the *insured damage* to the *insured equipment* (including the reasonable costs of demolition and/or removal of debris) as a result of a government, public or local authority order, in force prior to the *insured damage* and which regulates or restricts the repair, replacement, construction or installation of the *insured equipment*.

In the event of business interruption and this section is in force on the *schedule*, we also cover loss during the additional time required to affect the repair or replacement of the *insured damage* to the *insured equipment* as a result of the enforcement of a government, public or local authority order. The additional time required is to be exercised with care and expediency.

However we will not pay for:

- 2.3.1 any costs exceeding the reasonable costs of replacing the *insured equipment* at the *situation* or an alternate *situation* that will satisfy the minimum requirements posed by the government, public or local authority order. Our liability is limited to the cost of satisfying the minimum requirements of the *insured equipment* at the *situation* and not the alternate *situation*, in the event that the *insured equipment* at the alternate *situation* is of a higher standard;
- 2.3.2 any increase in loss as result of any government, public or local authority order affecting the use or operation of the *situation* or *insured equipment*; or

2.3.3 any increased cost of demolition and/or increased cost of construction to the *insured equipment* as a result of the involvement or release of hazardous substances.

Our total liability for this Additional Benefit is limited to 10% of the *sum insured*, maximum \$20,000 in total, or *sum insured* specified in the *schedule* for 'Demolition and Increased cost of construction'.

2.4 Environmental upgrade

We will pay the reasonable costs of repairing or replacing the *insured damage* with materials or equipment that will improve the energy or water efficiency of the *insured equipment*.

Our total liability for this Additional Benefit is limited to 50% of the *sum insured*, maximum \$20,000 in total, or *sum insured* specified in the *schedule* for 'Environmental upgrade'.

2.5 Equipment on loan

If we accept a claim, we will cover you for any items which you have temporarily on loan to replace the damaged *insured equipment*, but:

2.5.1 we will not be liable for *breakdown* of the items on loan; or

2.5.2 the inclusion of the items on loan must not increase the *sum insured* for this section.

2.6 Hazardous substances

In the event of *insured damage* to the *insured equipment* as a result of the involvement or release of hazardous substances, we will cover you for any increase in the cost of repairing, replacing, cleaning up or disposing of the *insured damage* up to an amount of 10% of the *sum insured*, maximum \$20,000 in total, or the *sum insured* specified in the *schedule* for 'Hazardous substances'.

We will not be liable for any consequential loss, if included within the policy *schedule*, which is caused by or arises from hazardous substances. The increase in cost or increase in loss means the cost or loss beyond that which would have been incurred had there been no involvement or release of hazardous substances.

2.7 New situation – Automatic coverage

If you purchase or acquire a new *situation* during the *period of insurance*, we will provide cover for any *insured damage* at the new *situation* provided that it is located in Australia, and that:

2.7.1 you have given us notice in writing within 90 days of the new *situation* and paid any additional premium and statutory charges which we require; and

2.7.2 we shall have the right within 3 business days of receiving notice from you to give you 7 days notice that the new *situation* is unacceptable to us for insurance and upon the expiry of that notice, the new *situation* shall no longer be covered.

Our total liability for this Additional Benefit is limited to 10% of the *sum insured*, maximum \$20,000 in total, or the *sum insured* specified in the *schedule* for 'Automatic coverage'.

2.8 Professional fees

Following *insured damage* we will pay the fees necessarily and reasonably incurred and authorised by us, which are payable to auditors, accountants, lawyers, architects, engineers or other professionals for producing and certifying information required by us to establish the amount payable under this Additional Benefit. This cover does not apply to either the *insured's* employees or to third party loss adjusters appointed by the *insured*.

Our total liability for this Additional Benefit shall not exceed 5% of the *sum insured*, maximum \$20,000 in total, or the amount specified in the *schedule* for 'Professional fees'.

2.9 Reinstatement of the sum insured

Following a claim, we will automatically reinstate the amount of the *sum insured* for no additional premium. This reinstatement will start from the date the *insured damage* occurred.

For this Additional Benefit to apply:

- 2.9.1 the *period of insurance* during which the *insured damage* occurred must not have ended.
- 2.9.2 the policy must not be cancelled.

2.10 System manuals costs

We will cover the cost to replace system manuals, which are damaged following *insured damage*, up to the amount stated in the current policy *schedule* for the *insured equipment*.

3. Definitions

Where the following words appear in this policy, this is what they mean.

3.1 Act of terrorism

act of terrorism means any act, or preparation in respect of action, or threat of action designed to influence the government de jure or de facto of any nation or any political division thereof, or in pursuit of political, religious, ideological or similar purposes to intimidate the public or a section of the public of any nation by any person or group(s) of persons whether acting alone or on behalf of or in connection with any organisation(s) or government(s) de jure or de facto, and which:

- 3.1.1 involves violence against one or more persons;
- 3.1.2 involves damage to property;
- 3.1.3 endangers life other than that of the person committing the action;
- 3.1.4 creates a risk to health or safety of the public or a section of the public; or
- 3.1.5 is designed to interfere with or to disrupt an electronic system.

3.2 Air freight

air freight means transportation as freight by a recognised airline on a scheduled service. It does not mean aircraft specifically chartered for the purpose.

3.3 Breakdown

breakdown means sudden and unforeseen physical damage resulting from electronic, electrical or mechanical failure of the *insured equipment* arising from internal causes or *power surge/low voltage*, which occurs at the *situation* during the *period of insurance* and requires immediate repair or replacement to enable normal operation to continue.

3.4 Comprehensive maintenance agreement

comprehensive maintenance agreement means an agreement that provides remedial repair of faults or breakdowns, which happens in the course of normal operation of the *insured equipment* and includes the costs of all parts and labour.

3.5 Data media

data media means data carrying materials such as tapes, cards, disks or other materials in a form directly useable by the system. It does not cover the actual stored data.

3.6 Electronic data

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 programs, software and other coded instructions for such equipment.

3.7 Excess

excess means the amount(s) specified in the *schedule* that you shall first contribute towards each claim, or series of claims arising out of the one occurrence. The excess(es) shown for the individual items in the *schedule* will apply cumulatively. The excess may be expressed as either a monetary amount or a period of time.

3.8 Fire and specified perils

fire and specified perils means sudden and unforeseen physical loss or damage to the *insured equipment*, subject to the policy exclusions, which occurs at the *situation* during the *period of insurance* resulting from:

- 3.8.1 fire, smoke, soot;
- 3.8.2 lightning;
- 3.8.3 cyclone, tornado or hurricane;
- 3.8.4 wind and water including (but not limited to):
 - (a) snow, sleet or hail;
 - (b) flooding;
 - (c) discharge from water mains, pipes, gutters, drains, water tanks or apparatus;
 - (d) steam, condensation or oxidization;
 - (e) erosion, subsidence, landslide or any other earth movement;
 - (f) water seeping or percolating from outside your premises;
 - (g) water entering your premises as a result of structural design, faulty workmanship or faulty design;
or
 - (h) sea, storm surge, tidal wave or tsunami;
- 3.8.5 impact by vehicles, watercraft or animals;
- 3.8.6 impact by aircraft, other aerial devices or articles dropped from them;
- 3.8.7 accidental damage;
- 3.8.8 earthquake including:
 - (a) subterranean fire or volcanic eruption; or
 - (b) fire resulting from an earthquake;
- 3.8.9 the action(s) of:
 - (a) people taking part in riot or civil commotion;
 - (b) malicious people;
 - (c) strikers or locked out workers; or
 - (d) people taking part in labour disturbances;
- 3.8.10 leakage of liquids;
- 3.8.11 explosion; or
- 3.8.12 theft or any attempted theft.

3.9 Indemnity period

indemnity period means the period beginning with the hire of substitute items of *electronic equipment* and ending no later than the number of months specified in the *schedule*, during which the results of the business shall have been affected as a result of the *insured damage*.

3.10 Insured

insured means you, your and the person(s) or entity named in the *schedule*.

3.11 Insured damage

insured damage means:

3.11.1 *breakdown*; and/or

3.11.2 *fire and specified perils*;

when shown as the Type of Cover in the *schedule*.

3.12 Insured equipment

insured equipment means:

3.12.1 *computers and peripheral equipment* being *electronic data* processing equipment comprising a central processing unit with flexible programming ability, video display units, printers, hard disks, floppy disk drives, micro diskette drives including read/write heads, electro/mechanical motors and passive components as specified in the *schedule*; or

3.12.2 *electronic equipment* (excluding *computers and peripheral equipment*) as specified in the *schedule*.

3.13 Material defect

material defect means any physical imperfection, which impairs worth or usefulness.

3.14 New replacement value

new replacement value means the cost of a new replacement item of equivalent make, model and current manufacture, including freight, customs duties/dues and installation charges.

3.15 Period of insurance

period of insurance means the Period of Insurance specified in the *schedule*.

3.16 Power surge/low voltage

power surge/low voltage means an unexplained temporary increase or decrease in voltage supplied to the *situation*.

3.17 Schedule

schedule means the Schedule attaching to and forming part of the policy, including any schedule substituted for the original schedule.

3.18 Situation

situation means the place or location described in the *schedule*.

3.19 Sum insured

sum insured means the amount specified in the *schedule* being the maximum amount payable for any one claim and for all claims arising out of the one original source or cause.

4. Optional Extensions

These Optional Extensions will only apply if they are listed in the *schedule*. All Conditions and Exclusions which apply under the policy apply to these Optional Extensions.

Option A – Electronic Data Restoration Costs (Loss of Information)

Cover

Where it is indicated in the *schedule* that Electronic Data Restoration Costs are covered, we will pay your costs incurred to restore *electronic data*, provided that:

- 1.1 the loss of information must have occurred due to *insured damage* covered under this policy; and
- 1.2 the most we will pay is the *sum insured* shown in the *schedule* for this option.

This Option applies while the *data media* is:

- (a) at the *situation* named in the *schedule*;
- (b) at the media storage premises including any cloud services provider;
- (c) temporarily at any alternative premises for processing; or
- (d) in transit between any of the above *situations*.

Supplementary Exclusions applying to Option A

You are not insured under this Optional Extension for:

2.1 Consequential loss

consequential loss of any kind.

2.2 Excess

the excess shown in the *schedule*.

2.3 Loss or distortion of data

the loss or distortion of data, information or records on the insured *data media* while mounted in or on any machine for use or processing, unless it occurs as a result of *insured damage*:

- 2.3.1 insured under this policy; or
- 2.3.2 which would be insured under this policy, if the machine was specified named in the *schedule*; but for it being:
 - (a) temporarily at any alternative premises for processing; or
 - (b) in transit between any of the *situations*.

2.4 Wear and tear

- 2.4.1 loss or damage caused by rust, corrosion or oxidisation; or
- 2.4.2 wasting, wearing away or wearing out, which arises from ordinary use or gradual deterioration.

Supplementary Benefit applying to Option A

3.1 Reinstatement of the sum insured

Following a claim, we will reinstate the amount of the *sum insured* unless you tell us not to do so. The reinstatement will start from the date the *insured damage* occurred.

For this Supplementary Benefit to apply:

- 3.1.1 you must pay any additional premium which we require;
- 3.1.2 the *period of insurance* during which the *insured damage* occurred must not have ended; and
- 3.1.3 the policy must not have been cancelled.

Supplementary Conditions applying to Option A

4.1 Duplicate copies

Duplicate copies of updated operating systems, application programs and *data media* must be stored off-site at alternative premises. We have no liability for any loss or damage to *data media*, information or records where duplicate copies are not kept, or updated at intervals of not greater than 30 days.

4.2 Sum insured

The *sum insured* must not be less than the estimated cost of re-collecting and preparing the data in the appropriate form. The cost includes any additional expenses for the hire of personnel, premises or data preparation machines.

Supplementary Claims Conditions applying to Option A

5.1 Method of settlement

We will pay any reasonable expenses for reproducing data or information needed to restore the insured *data media* to the same condition it was in before the *insured damage*, so that the normal operation of the *electronic data* processing system can continue.

Lost data or information may be produced in an updated form if this is not more expensive than reinstating the lost data or information to its original form. We are liable for expenses incurred only within a period of 12 months after the *insured damage* occurred.

5.2 Obsolete equipment

Where components or manufacturer's specifications are no longer available because they are obsolete, we will pay the reasonable costs, which would have been incurred if the components or specifications had still been available.

Option B – Increased Cost of Working

Cover

Where it is indicated in the *schedule* that Increased Cost of Working is covered, we will pay the necessary and reasonable expenses incurred during the *indemnity period* in using substitute items of *insured equipment* for the sole purpose of maintaining your normal business operations following an interruption.

These expenses:

- 1.1 must occur due to *insured damage* covered under this policy;
- 1.2 must exceed the normal expenses you would have paid for using the *insured equipment* under this policy; and
- 1.3 will be limited to the *sum insured* and *indemnity period* shown in the *schedule* for this extension.

The *indemnity period* and *excess period* starts upon commencement of use of a substitute item of *insured equipment*.

Supplementary Exclusions applying to Option B

You are not insured under this Optional Extension for:

2.1 Alterations or improvements

interruption of business due to alterations or improvements to the *insured equipment*.

2.2 Excess

the amount of loss during the *excess period* stated in the current *schedule*.

2.3 Government or public authorities

interruption of business due to any action of a government or public authority.

2.4 Maintenance

interruption of business solely due to the need for cleaning, adjustment, inspection or maintenance.

Supplementary Benefits applying to Option B

3.1 Lease re-establishment costs

We will pay the additional costs to re-establish any lease or hire contract as a result of *insured damage*, if at the time of loss there is a lease or hire contract in force which is cancelled and replaced by a new contract, in respect of replacement similar equipment to that lost or damaged.

Our liability is subject to the *sum insured* under this Option B not otherwise being exhausted.

3.2 Reinstatement of the sum insured

Following a claim, we will reinstate the amount of the *sum insured* unless you tell us not to do so. The reinstatement will start from the date the *insured damage* occurred.

For this Supplementary Benefit to apply:

- 3.2.1 you must pay any additional premium which we require;
- 3.2.2 the *period of insurance* during which the *insured damage* occurred must not have ended; and
- 3.2.3 the policy must not have been cancelled.

Supplementary Conditions applying to Option B

4.1 Obsolete equipment

If the manufacture of any item of the *insured equipment* under this policy has been discontinued, we are not liable for an interruption period greater than the time needed to put into operation a current model of the same function, performance and capacity.

4.2 Sum Insured

The *sum insured* must not be less than the amount you would have to pay during the *indemnity period* stated in the *schedule* for the use of substitute items of *insured equipment* of similar performance to the items specified in the *schedule*. It should also include the cost of additional personnel and transportation incurred in using the substitute items of *insured equipment*.

Option C – Moveable Equipment

Cover

We will cover moveable items of *insured equipment* listed in the current *schedule* against *insured damage* at any *situation*, or in transit between *situations*, within the Commonwealth of Australia.

Supplementary Exclusion applying to Option C

2.1 Theft while unattended

We are not liable for loss or damage:

- 2.1.1 due to theft or attempted theft while the *insured equipment* is unattended, unless the equipment is securely locked inside a building or securely locked out of sight inside a motor vehicle.
- 2.1.2 while the *insured equipment* is installed or carried in or on an aircraft, aerial devices, waterborne vessels or craft, unless the equipment is carried as personal cabin baggage.

5. Exclusions

You are not insured under this policy for:

5.1 Consequential loss

consequential loss of any kind, except as detailed in Option B – Increased Cost of Working Cover when specified in the *schedule*.

5.2 Deliberate acts

a deliberate act ordered or carried out by you or by any person acting with your permission, except when it is to avoid or reduce *insured damage* which would otherwise happen.

5.3 Dishonest acts

dishonest acts or misappropriation of *insured equipment* by you or your directors, partners, employees or offices or a member of your family.

5.4 Electronic data

5.4.1 total or partial destruction, distortion, erasure, corruption, alteration, misinterpretation or misappropriation of *electronic data*;

5.4.2 error in creating, amending, entering, deleting or using *electronic data*;

5.4.3 total or partial inability or failure to receive, send, access or use *electronic data* for any time or at all; or

5.4.4 any consequential losses resulting therefrom,

regardless of any other contributing cause or event whenever it may occur, unless such loss or damage is a direct consequence of otherwise insured physical damage.

However, any accidental physical damage to an insured item, which originates directly from an action of the insured to the insured's own property, and which causes or is caused by any of the matters referred in 5.4.1, 5.4.2, 5.4.3 above will be covered, subject to the terms and conditions of this policy.

5.5 Excluded equipment

electronic equipment used for gaming, gambling, amusement, audio or visual entertainment or vending, unless specified in the *schedule*.

5.6 Expendable or consumable parts

the cost of replacing expendable parts (including fuses, electronic protective devices, batteries, print heads, photo sensitive drum assemblies, belts, chains, tapes and ribbons) unless their damage is caused by an event insured by this policy.

5.7 Fair wear and tear

5.7.1 wasting, wearing away or wearing out of any part of the *insured equipment* because of ordinary use or gradual deterioration.

5.7.2 *breakdown* caused by rust, corrosion or oxidisation.

5.7.3 scratching of painted or polished surfaces.

5.8 Insured damage to electronic data

insured damage to *electronic data*, except as detailed in Option A – Electronic data restoration costs (Loss of information) Cover and specified in the *schedule*.

5.9 Known faults/Defects

faults or defects known to you or any employee whose knowledge in law would be deemed to be your knowledge and not disclosed to us at the time this insurance was arranged, extended, varied or renewed.

5.10 Lawful seizure, Confiscation

awful seizure, confiscation or requisition by an order of any government, public or local authority. However we will pay for *insured damage* which occurs as a result of such an order, if it prevents or attempts to prevent *insured damage* to the *insured equipment* covered by this policy.

5.11 Maintenance agreements

insured damage which is recoverable under any *maintenance agreement*, warranty, guarantee or indemnity in your favour.

5.12 Policy excess

the excess shown in the *schedule*.

5.13 Radioactive contamination

5.13.1 any ionising radiations or contamination by radioactivity from any nuclear fuel or waste from the combustion of nuclear fuel. For the purpose of this exclusion only, combustion will include any self-sustaining process of nuclear fission.

5.13.2 nuclear weapons material.

5.14 War, Act of terrorism

5.14.1 war or warlike activities, including invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or seized power.

5.14.2 any *act of terrorism* or any action taken in controlling, preventing, suppressing or in any way relating to any *act of terrorism*.

6. Special Conditions

6.1 Comprehensive maintenance agreements

If you have selected *breakdown* cover and the individual value of any *insured equipment* specified in the *schedule* is in excess of \$100,000, the insurance cover will only apply provided a *comprehensive maintenance agreement* is kept in force during the *period of insurance* on such equipment.

6.2 Sum insured

The *sum insured* for each item of *insured equipment* specified in the *schedule* must not be less than the *new replacement value*.

7. Claims Conditions

7.1 In the event of a claim

As soon as you are aware of any loss or damage that is likely to result in a claim under this policy.

You must:

7.1.1 take any reasonable steps to reduce the loss or damage and avoid any further loss or damage.

7.1.2 notify the Police of all incidents involving loss or malicious damage from theft or burglary which may give rise to a claim under the policy.

7.1.3 tell us about any other insurance(s) which cover all or part of the *insured equipment*.

7.1.4 keep any damaged or defective parts for which you intend to make a claim (so that we may inspect them).

You must not:

- 7.1.5 carry out any repairs (except those allowed in 7.1.1 above) without our written authority.
- 7.1.6 admit responsibility for any loss or damage.
- 7.1.7 make any false statements in connection with your policy or any claim you make.

If you do not follow these steps, we can reduce any claim by an amount that fairly represents the extent to which our interests have been disadvantaged.

7.2 How to make a claim

To make a claim under this policy, you must:

- 7.2.1 tell us what happened immediately. Write to us as soon as possible giving details where there may be a claim under this policy.
- 7.2.2 complete our claim form and send it to us promptly.
- 7.2.3 give us and our agents free access to examine and assess any *insured damage*.
- 7.2.4 provide any other information or help which we may request to support your claim.
- 7.2.5 provide a statutory declaration to verify the *insured damage*, if we request it.
- 7.2.6 tell us the identity of anyone who has an interest in the *insured equipment*.

After you have made a claim under this policy, we have the sole right to act in your name and on your behalf to negotiate or settle the claim. If we do this, it will be at our expense. You must give us all the help and information we need.

7.3 After your claim is accepted

After we have paid a claim under this policy either in total or in part, we have the right to take over any legal right of recovery which you have. If we do this, it will be for our benefit and at our expense (if you have been fully reimbursed). You must provide full co-operation at all times.

We have the right to keep any *insured equipment* we have paid for under this policy, including any proceeds if the items are sold.

If any person compensates you for the *insured damage* of any *insured equipment* for which we have paid a claim, you must reimburse us for that payment. You must do this as soon as the payment is made.

7.4 Method of settlement

There are two bases upon which we may compensate you being 'Repairable Physical Damage' or 'Total Loss'.

If the repair cost which we describe as 'Repairable Physical Damage' is the same or greater than the replacement value of the *insured equipment* immediately before the *insured damage* occurred, we will pay you according to the 'Total Loss' method.

7.4.1 Repairable Physical Damage

If the *insured equipment* can be repaired, we will pay:

- (a) all the expenses needed to restore the physically damaged item(s) to their former state of serviceability.
- (b) the cost of dismantling the item(s) so that repairs can be carried out, and the cost of reassembling the item(s).
- (c) the cost of ordinary freight to and from a repair shop.
- (d) any customs duties and dues which are incurred to repair the item(s).
- (e) any reasonable extra charges for overtime, night work, work on public holidays and express freight within the Commonwealth of Australia, including *air freight*. This will only apply if the additional charges are not greater than 50% of the ordinary charges.

If you carry out the repairs at one of your workshops with our approval, we will pay the cost of materials, wages and a reasonable percentage to cover overhead charges.

We will not deduct any amount for the depreciation of any parts replaced except for valves, tubes (including picture and x-ray tubes) and light sources. For these items we will deduct the proportion of the replacement cost as the time used up until the time of failure bears to the normal service life expected by the manufacturer or supplier.

We will also take into account the value of any salvage.

Our total liability including overtime and express delivery charges will not be greater than the *sum insured* for each item or group of items listed in the *schedule*.

7.4.2 Total Loss

If an insured item is physically damaged beyond repair, we may choose to:

- (a) replace the item with an equivalent item.
- (b) pay an amount up to the cost of an equivalent item, if the physically damaged item is less than six years old.
- (c) pay the actual value of the item immediately before the *insured damage* occurred, if the damaged item is more than six years old.

When an item is replaced, we will also pay any reasonable charges incurred for overtime, night work, work on public holidays and express freight within the Commonwealth of Australia, including *air freight*. This will only apply if the additional charges are not greater than 50% of the ordinary charges.

Our total liability including overtime and express delivery charges will not be greater than the *sum insured* of each item or group of items listed in the *schedule*.

We will also pay any normal charges to remove items, which are physically damaged beyond repair. They then become our property.

7.5 Costs not covered

We do not pay the cost of:

- 7.5.1 alterations, improvements, overhauls, calibrations or the unnecessary replacement of undamaged components.
- 7.5.2 temporary repairs, unless they form part of the final repairs and do not increase the total repair costs.
- 7.5.3 expenses for overseas specialists or consultants to help or supervise local repairs.

7.6 Excess payment

Before we pay a claim you will be required to pay the *excess* shown in the *schedule*. We will deduct the applicable *excess(es)* from the claim otherwise payable and then pay you the amount of the loss or damage up to but not exceeding the relevant *sum insured*.

7.7 Payments in respect to Goods and Service Tax

When we make a payment under this policy for the acquisition of goods, services or other supply, we will reduce the amount of the payment by the amount of any input tax credit that you are, or will be, or would have been entitled to under A New Tax System (Goods and Services Tax) Act 1999, in relation to that acquisition, whether or not that acquisition is actually made.

When we make a payment as compensation instead of payment for the acquisition of goods, services or other supply, we will reduce the amount of the payment by the amount of any input tax credit that you are, or will be, or would have been entitled to under A New Tax System (Goods and Services Tax) Act 1999 had the payment been applied to acquire such goods, services or supply.

7.8 Repairs

Before any remedial work is started, you must obtain a minimum of two quotes, unless agreement is obtained from us.

Minor or temporary repairs can be carried out subject to the Claims Condition 7.1 'In the event of a claim' however, the damaged parts, item(s) or physical evidence must not be removed before you have obtained our consent.

We have no liability for any *insured equipment* damaged and operated without it being repaired to our satisfaction.

7.9 Underinsurance

In relation to the *fire and specified perils* section only, if the *sum insured* is less than 80% of the *new replacement value* at the time an insured item(s) is physically damaged, you have to pay a proportion of the damage yourself.

We work out the proportion we have to pay by using this formula:

$$\frac{\text{sum insured} \times 100}{\text{new replacement value} \times 80\%} \times \text{Amount of Loss} = \text{Amount we pay (less any excess)}$$

This clause will not apply if the amount of the *insured damage* is less than 10% of the *sum insured* for the insured item(s).

7.10 Obsolete equipment

Where components or manufacturer's specifications are no longer available or because they are obsolete, we may choose to either:

7.10.1 pay the costs which would have been incurred if the components or manufacturer's specification had still been available; or

7.10.2 pay the actual value of the item immediately before the *insured damage* occurred, whichever is the lesser.

7.11 Insurance Contracts Act

Nothing contained in this policy intends to reduce or waive either your or our privileges, rights or remedies available under the Insurance Contracts Act 1984 (Cth) as amended.

7.12 Proper law and jurisdiction

7.12.1 The construction, interpretation and meaning of the provisions of this policy shall be determined in accordance with Australian law.

7.12.2 In the event of any dispute arising under this policy, including, but not limited to, its construction and/or validity and/or performance and/or interpretation, you will submit to the exclusive jurisdiction of any competent Court in the Commonwealth of Australia.

7.13 Other insurance

7.13.1 If you make a claim for an occurrence which is, or may be, covered in whole or in part by any other insurance, then when making the claim you must give us full details of the other insurance.

7.13.2 This policy does not cover any claim to the extent that you are entitled to indemnity in respect of that claim under any other insurance policy specified in the *schedule*.

8. General Terms and Conditions

8.1 Assignment

We must first agree before the interest in the insurance can be transferred to anyone else.

8.2 Cancelling your policy

By you: you may cancel this policy by writing to us. We will then refund all the premium you have paid us for the time remaining on the policy, less 10% of the annual premium to cover our costs including any non-refundable government charges.

By us: If we are entitled to cancel this policy, we will tell you in writing. We will then refund all the premium you have paid us for the time remaining on the policy.

If the premium is paid in instalments, we may cancel the policy after any instalment has remained unpaid for one month or more. This will be effective from the day the unpaid instalment was due.

When a policy is cancelled or terminated, you may be asked to supply information, which we require to adjust the premium.

8.3 Changing the risk

You must notify us as soon as you are aware of any changes to the risk that:

- 8.3.1 may result in a greater chance of *insured damage*; or
- 8.3.2 result in your interest in the *insured equipment* ceasing.

When we receive notification of a change, we may decide to:

- 8.3.3 adjust the premium or the terms of the policy; or
- 8.3.4 cancel the policy if we are entitled to do so.

8.4 Headings

Headings have been included for ease of reference, but do not form part of the policy.

8.5 Inspections

We (or agents appointed by us) have the right to inspect and examine, by mutual appointment, any *insured equipment*.

8.6 Joint insurance

A claim made by any one of the people named as the *insured* in your *schedule* is a claim made by all of them.

8.7 Precautions to prevent insured damage

You must take all reasonable precautions to prevent *insured damage*. You must maintain the *insured equipment* in proper condition and act in accordance with all statutory obligations and manufacturer's recommendations relating to the safeguarding, operating and maintenance of the *insured equipment*.

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