



CHU

Community Association

insurance plan



Policy 11

Lot Owners Commercial Buildings



CONTENTS

Important Information and Notices

Insurer	1
Authority to act on our behalf	1
About CHU	1
Important things to remember	1
Monetary limits on the cover	2
Payment of excesses	2
Goods and Services Tax	3
21 day cooling off period	3
Confirming transactions	3
Your duty of disclosure	4
The General Insurance Code of Practice	5
Our privacy promise	5
Contact details	6
Financial Claims Scheme	6

Community Association Insurance Plan Policy 11 – Lot Owners Commercial Buildings

What makes up this policy	7
Payment of premium	7
You must disclose all previous claims	7
General definitions - the meaning of some words	8
General conditions	15
General exclusions	16
Goods and Services Tax - how it affects any payments we make	17
Claims information	18
Cancellation - how your policy may be cancelled	20

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Part A: Commercial buildings

What we insure	21
Additional benefits	21
Special benefits	23
Exclusions - what we do not insure	31
Claims - how we will settle your claim	33
Special provisions	35
Special conditions	35

Part B: Liability to others

What we insure	37
Additional benefits	37
Special benefits	38
Exclusions - what we do not insure	38

Part C: Machinery breakdown

What we insure	41
Additional benefits	41
Exclusions - what we do not insure	41
Claims - how we will settle your claim	43
Special definitions	43

Part D: Catastrophe

What we insure	44
Special benefits	44
Claims - how we will settle your claim	46
Special provisions	46
Special condition	47

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Important Information and Notices

The information contained in this document is a stand-alone version of **Policy 11** of our **Community Association Insurance Plan**.

It contains important information to help you understand the type of cover(s) available and is also our insurance policy wording for '**Policy 11 - Commercial Buildings**'. It is up to you to choose the cover(s) you need.

Insurer

The Policy is underwritten by QBE Insurance (Australia) Limited, ABN 78 003 191 035 (QBE), AFS Licence No. 239545, of 82 Pitt Street, Sydney 2000.

We have authorised the information contained in this document and it is operative from 01 March 2011.

Authority to act on our behalf

We have given CHU Underwriting Agencies Pty Ltd ABN 18 001 580 070 (CHU) a binding authority to market, underwrite, settle claims and administer this Policy on our behalf.

Any matters or enquiries you may have should be directed to them in your State. The contact details of their offices are shown on the back cover of this document.

Under the terms of this binding authority CHU act as our agent, and not yours, but liability within the terms and conditions of this Policy remains at all times with us.

About CHU

CHU Underwriting Agencies Pty Ltd is a specialist strata and community title insurance intermediary and holds an Australian Financial Service Licence (AFS Licence No. 243261) to issue and advise on general insurance products.

Important things to remember

Keep receipts - You should keep receipts, invoices or other evidence of ownership and value of all property that is insured because, if you make a claim, you may be asked to prove ownership and value in order for us to pay the claim.

Total loss - When your commercial building is a total loss and we have paid out the total sum insured, the insurance for that property ceases. If you rebuild or replace such property this requires a new insurance contract commencing at that time with an applicable premium.

Overdue premium - You must pay your premium on time otherwise your insurance may not operate. If you have not paid by the due date or your payment is dishonoured we may cancel the Policy. CHU will do so by providing you with written notice.

Renewing your insurance - When renewing your insurance with us you must advise us of any changes to your claims or insurance history. CHU will notify you in writing of any effect a change may have on your insurance renewal.

Please read the Community Association Insurance Plan (**Policy 11**) part of this document which sets out details of the conditions to make sure you understand your obligations, as these are only some examples.

Monetary limits on the cover

We can insure you up to the amount of the sum insured or other specified limits for your commercial building. These amounts are specified in the relevant clauses in the Community Association Insurance Plan (**Policy 11**) part or on the Schedule.

Covers for Liability to others, Machinery Breakdown and Catastrophe insurance insure you up to a set sum insured or limit of liability which is shown on the Schedule.

You need to make sure you are happy with the relevant sum(s) insured and limits. If you do not adequately insure yourself you may have to bear the uninsured proportion of any loss yourself.

For example, if you do not have a sufficient sum insured to replace your commercial building at new cost you will bear the shortfall. The cost of demolition and removal of debris from the site, and other costs such as the cost of employing an architect or surveyor, the replacement of other structures such as driveways, roadways, kerbing, and above and below ground services should all be included in the sum insured. If you are unsure whether your insured property is insured for the correct amount, you should seek professional advice.

You should also advise CHU of any changes in the details of the information you have given us, otherwise your insurance may not be sufficient. Changes might include alterations to your insured property.

Excesses may apply. See payment of excesses section below.

Payment of excesses

Excesses may also apply to any claim under this insurance.

An excess is an amount you have to pay each time you make a claim. The excesses that

are applicable are shown on the Schedule, and under the clauses titled 'Excesses' in **Part A of Policy 11**.

An excess will be applied for each incident where a claim is made.

We will tell you the amount of any excess when you apply for cover. They may vary according to a number of factors, such as your risk location and your insurance history.

Goods and Services Tax

The Policy has provisions relating to GST. In summary, they are as follows but please read the provisions in full. They can be found in the Community Association Insurance Plan (**Policy 11**) part under 'Goods and Services Tax – how it affects any payments we make'.

- ◆ The amount of premium payable by you for this Policy includes an amount on account of the GST on the premium (including any administration fee charged by CHU).
- ◆ The sum insured and other limits of insurance cover shown on your policy documentation are GST inclusive.
- ◆ When We pay a claim, your GST status will determine the maximum amount we pay you.

There may be other taxation implications affecting you, depending upon your own circumstances. We recommend that you seek professional advice.

21 day cooling off period

If you want to return your insurance after your decision to buy it, you may cancel it and receive a full refund. To do this we must receive your request either in writing or via email within 21 days of you receiving the Schedule.

This cooling off right does not apply if you have made or are entitled to make a claim. Even after the cooling off period ends you still have cancellation rights, however we may deduct certain amounts from any refund (see page 20 for details).

Confirming transactions

You may contact CHU in either writing, email or by phone to confirm any transaction under your insurance if you do not already have the required insurance confirmation details.

Your duty of disclosure

What you must tell us

Under the Insurance Contracts Act 1984 (the Act), you have a Duty of Disclosure. The Act requires that before a policy is entered into, you must give us certain information we need to decide whether to insure you and anyone else to be insured under the policy, and on what terms. Your Duty of Disclosure is different, depending on whether this is a new Policy or not.

New business

Where you are entering into this Policy for the first time (that is, it is new business and is not being renewed, varied, extended or reinstated) you must tell us everything you know and that a reasonable person in the circumstances could be expected to tell us, in answer to the specific questions we ask.

When answering our questions you must be honest.

◆ Who needs to tell us

It is important that you understand you are answering our questions in this way for yourself and anyone else whom you want to be covered by the Policy.

◆ If you do not tell us

If you do not answer our questions in this way, we may reduce or refuse to pay a claim, or cancel the Policy. If you answer our questions fraudulently, we may refuse to pay a claim and treat the Policy as never having been in force.

Renewals, variations, extensions and reinstatements

Once your insurance is entered into and is no longer new business then your duty to us changes. You are required before you renew, vary, extend or reinstate your Policy, to tell us everything you know and that a reasonable person in the circumstances could be expected to know, is a matter that is relevant to our decision whether to insure you, and anyone else to be insured under the Policy, and if so, on what terms.

◆ You do not have to tell us about any matter

- ◇ that diminishes the risk
- ◇ that is of common knowledge
- ◇ that we know or should know in the ordinary course of our business as an insurer, or
- ◇ which we indicate we do not want to know.

◆ **If you do not tell us**

If you do not comply with your Duty of Disclosure we may reduce or refuse to pay a claim or cancel your Policy. If your non-disclosure is fraudulent we may treat this Policy as never having been in force.

The General Insurance Code of Practice

QBE Insurance (Australia) Limited is a signatory to the General Insurance Code of Practice. The aims of this Code are fully supported by CHU.

The Code aims to:

- ◆ promote more informed relations between Insurers and their customers;
- ◆ improve consumer confidence in the general insurance industry;
- ◆ provide better mechanisms for the resolution of complaints and disputes between Insurers and their customers; and
- ◆ commit Insurers and the professionals they rely upon to higher standards of customer service.

You can obtain a copy of the Code from your local CHU office or from www.codeofpractice.com.au.

Our privacy promise

Privacy legislation regulates the way private sector organisations can collect, use, keep secure and disclose personal information. We are bound by the Privacy Act 1988 (Cth.), when collecting and handling your personal information. Both we and CHU have a Privacy Policy which explains what sort of personal information we hold about you and what we do with it.

We will only collect personal information from or about you for the purpose of assessing your application for insurance and administering your insurance policy, including any claims you make. We will only use and disclose your personal information for a purpose you would reasonably expect.

We may need to disclose personal information to our reinsurers, (who may be located overseas), insurance intermediaries, insurance reference bureaux, credit reference agencies, our advisers and those involved in the claims handling process (including assessors and investigators), for the purpose of assisting us and them in providing relevant services and products, or for the purposes of litigation. We may disclose personal information to people listed as co-insured on your policy and to family members or agents authorised by you. We may also disclose information to organisations which conduct customer service

surveys on our behalf. We will request your consent to any other purpose.

By providing your personal information to us, you consent to us making these disclosures. Without your personal information we may not be able to issue insurance cover to you or process your claim.

You also have the opportunity to find out what personal information we and CHU hold about you and, when necessary, correct any errors in this information. Generally we will do this without restriction or charge. For further information about our and CHU's Privacy Policy or to access or correct your personal information, please contact your nearest CHU office.

A copy of both Privacy Policy information brochures may be obtained from your local CHU office or from the respective websites www.chu.com.au and www.qbe.com.

Contact details

If you have any questions or you would like any further information regarding this insurance please call your nearest CHU office (see the back cover of this document). If you need to contact us our address is shown under the 'Insurer' part of this document.

Financial Claims Scheme

This policy is protected under the Financial Claims Scheme (FCS), which protects certain insured's and claimants in the event of an insurer becoming insolvent. In the unlikely event of QBE becoming insolvent you may be entitled to access the FCS, provided you meet the eligibility criteria.

More information may be obtained from APRA - www.apra.gov.au or 1300 131 060.

Community Association Insurance Plan

Policy 11 – Lot Owners Commercial Buildings

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It is very important that You read this Policy carefully and make sure You are satisfied with this insurance.

What makes up this policy?

This Policy and the Schedule must be read together as they form Your insurance contract.

Important: Sometimes We need to change the wording of Your Policy because the insurance varies depending on a number of factors. We do this by adding what is called an Endorsement.

This Policy sets out what You are insured for and those circumstances where You will not be insured.

Some words and expressions have been given a specific meaning in this Policy and You will find their meaning under Definitions herein. These specific meanings only apply to these words when they begin with a capital letter.

Payment of premium

Provided We receive the premium, We will insure You as set out in this Policy and the Schedule in respect of an Event occurring during the Period of Insurance.

You must disclose all previous claims

You are asked at the time You take out this insurance to give Us full and correct details concerning any:

- ◆ renewal or insurance policy declined, cancelled or refused, or where any Excess was imposed;
- ◆ claim refused by an insurer;
- ◆ claim made;

in relation to You because any of these may affect the Premium and extent of insurance.

For example We may be entitled to:

- ◆ charge You an additional Premium;
- ◆ impose (back dated) restrictions declining Your insurance back to when this information should have been advised to Us;

- ◆ decline to insure You;
- ◆ refuse a claim.

When renewing Your Policy with Us You must also advise Us of any changes to Your claims or insurance history. We will notify You in writing of the effect a change may have on Your renewal.

General definitions – the meaning of some words

The words listed below have been given a specific meaning in this Policy and these specific meanings apply when the words begin with a capital letter.

There are other definitions which are specific to **Part C of Policy 11** and these appear in the appropriate Policy section.

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:

- a** involves violence against one or more persons; or
- b** involves damage to property; or
- c** endangers life other than that of the person committing the action; or
- d** creates a risk to health or safety of the public or a section of the public; or
- e** is designed to interfere with or to disrupt an electronic system.

Catastrophe

means an Event which is sudden and widespread and which causes substantial damage to property over a large area, and as a result of which the Insurance Council of Australia issues a catastrophe code.

Commercial Building

means a building, or buildings, which is primarily occupied, or intended to be occupied, for commercial and/or industrial purposes including:

- a** outbuildings;
- b** fixtures and structural improvements;
- c** in-ground swimming pools and spas;

- d** marinas, wharves, jetties, docks, pontoons, swimming platforms, or similar type facilities (whether fixed or floating) which are used for non-commercial purposes and which do not provide fuel distribution facilities, unless We are advised and otherwise agree in writing;
- e** satellite dishes, radio, television and other antennas including their associated wiring, masts, footings, foundations, moorings and towers;
- f** underground and overhead services that are for the exclusive use of the Lot;

that You own or have legal responsibility for at or adjacent to Your Situation.

Common Area

means the area at Your Situation that is not part of any Lot.

Community Association

means the owner(s) of Your Community Property and Common Area incorporated under the Community Titles Act, Body Corporate and Communities Management Act, Community Land Management Act or similar legislation applying where Your Community Property and Common Area is situated.

Community Association Manager/Agent

means the person or other entity appointed in writing by Your Community Association with delegated functions including the authority to act as an Office Bearer in terms of the Community Titles Act, Body Corporate and Community Management Act, Community Land Management Act or similar legislation applying where Your Community Property and Common Area is situated.

Community Property

means the building or buildings as defined by the Community Titles Act, Body Corporate and Community Management Act, Community Land Management Act or similar legislation applying where Your Community Property is situated

Contents

means (but not so as to limit the generality thereof) Your business and personal effects, furniture, furnishings, carpets, floor rugs, machinery, plant and stock.

Depreciation

means the reduction in the value of the item due to Wear and Tear.

Earth Movement

means heavage, landslide, land-slippage, mudslide, settling, shrinkage, subsidence.

Electronic Data

means any facts, concepts and/or information converted to a form usable for communications and/or displays and/or distribution and/or processing by electronic and/or electromechanical data processing and/or electronically controlled equipment which includes but is not limited to programs and/or software and/or other coded instructions for such equipment.

Endorsement

means a written alteration to the terms, conditions and limitations of this Policy which is shown on the Schedule.

Erosion

means being worn or washed away by water, ice or wind.

Escalation in the Cost of Temporary Accommodation

means the difference between:

- a** the amount of money payable for rental of accommodation of substantially the same size containing similar facilities and in an equivalent suburban environment as Your Commercial Building following a Catastrophe or loss from another Event claimable under **Part D** of **Policy 11** which occurs no later than sixty (60) days thereafter; and
- b** the cost of Temporary Accommodation that would have applied had the Catastrophe or other loss not occurred.

Event, Events

means a happening or an incident not intended to happen which occurs during a particular interval of time and causes or results in loss or damage, or series of loss or damage happening from that one Event, that is claimable under this Policy.

Excess

means the amount You must pay towards a claim. You will find the amount of any excess shown on the Schedule or within the Policy.

Flood

means when water that is normally contained in a Water Catchment System increases because of rainfall or snow melt (whether in the immediate region or elsewhere) or is deliberately released by an authority, and the water overflows onto land that is not normally covered by water.

Fusion

means the process of fusing or melting together the windings of an electric motor following damage to the insulating material as a result of overheating caused by electric current.

Indemnity Value

means the cost to rebuild, replace or repair insured property to a condition which is equivalent to or substantially the same as but not better nor more extensive than its condition at the time of loss taking into consideration age, condition and remaining useful life.

Land Value

means the sum certified by the Valuer General as being the value of the land at the Situation after due allowance has been made for variations or other special circumstances affecting such value either before or after the damage and which would have affected the value had damage not occurred.

Lot, Lots

means an area shown on a plan as a lot in terms of the Community Titles Act, Body Corporate and Community Management Act, Community Land Management Act or similar legislation applying where the Community Property and Common Area is situated.

Occurrence

means an Event, including continuous or repeated exposure to substantially the same general conditions, which results in Personal Injury or Property Damage neither expected nor intended to happen by You.

Period of Insurance

means the period for which You are insured. It commences at the time We agree to give You insurance and finishes at 4 pm on the day of expiry. The expiry date is shown on the Schedule.

Personal Injury

means:

- a** bodily injury (including death and illness), disability, fright, shock, mental anguish or mental injury;
- b** false arrest, wrongful detention, false imprisonment or malicious persecution;
- c** wrongful entry or eviction or other invasion of the right of privacy;
- d** a publication or utterance of defamatory or disparaging material;
- e** assault and battery not committed by You or at Your direction unless committed for the purpose of preventing or eliminating danger to person or property;

which happens during the Period of Insurance anywhere in Australia.

Policy

means Your insurance contract which consists of this policy wording and the Schedule.

Pollutants

means 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.

Premium

means any amount We require You to pay under the Policy and includes Government charges.

Property Damage

means:

- a** physical damage to or destruction of tangible property including its loss of use following such physical damage or destruction; or
- b** loss of use of tangible property which has not been physically damaged or destroyed provided that the loss of use has been caused by an Occurrence;

which happens during the Period of Insurance anywhere in Australia.

Rainwater

means the rain which falls naturally from the sky. It includes Rainwater run-off over the surface of the land but not Flood.

Rent

means, as regards any Commercial Building or any part thereof leased to a tenant, an amount of money calculated on the basis of the annual rentable value (including any 'outgoings' payable by a tenant or lessee) that applied immediately prior to the happening of loss or damage.

Replacement

means:

- a** the reasonable cost of rebuilding, replacing or repairing to a condition which is equivalent to or substantially the same as but not better nor more extensive than when it was new; and

- b** the extra costs necessarily incurred to alter or upgrade damaged insured property to comply with Public, Statutory or Environmental Protection Authority requirements, but does not include:
 - i** any costs that would have been incurred in complying with orders issued prior to the happening of the loss;
 - ii** any extra costs to alter or upgrade any portion of Your undamaged insured property if the cost to rebuild, replace or repair the damaged portion is less than twenty-five percent (25%) of what the cost would have been had Your insured property been totally destroyed.

Schedule

means one of the following:

- a** the policy Schedule sent to You;
- b** the renewal notice You have paid;
- c** the Endorsement sent to You.

Situation

means the land at the address(es) shown on the Schedule where Your Commercial Building is situated.

Storm

means a violent wind sometimes combined with thunder, heavy falls of rain, hail or snow.

Sum Insured, Limit of Liability

means the amount shown on the Schedule for each **Part of Policy 11**. We have agreed to cover and is the maximum amount We will pay, inclusive of claimant's costs and expenses recoverable from You, for all claims under each **Part of Policy 11** during the Period of Insurance, unless otherwise stated in the Policy.

Temporary Accommodation

means when You occupy Your Commercial Building, an amount of money calculated on the basis of the annual rentable value (including any 'outgoings' that would have been payable by a tenant or lessee) that would have applied immediately prior to the happening of loss or damage.

Tsunami

means a sea or ocean wave caused by an earthquake, earth tremor or seismological disturbance under the sea.

Vehicle, Vehicles

means:

- a** 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 trailers or other attachments made or intended to be drawn by any of those machines; and
- b** which is or should be registered and/or insured under legislation in the State or Territory of Australia in which it is being used.

Water Catchment System

means:

- a** a river, creek, other natural watercourse or lake, whether they are in their original state or have been modified, are named or unnamed, or normally dry that only run during periods of rain;
- b** a dam, reservoir, storm water channel or canal.

Watercraft

means any vessel, craft or thing made or intended to float on or in or travel through water.

Wear, Tear

means damage or a reduction in value through age, ordinary use or lack of maintenance.

We, Our, Us

means QBE Insurance (Australia) Limited ABN 78 003 191 035.

You, Your, Yours

means:

- a-d** (not applicable to **Policy 11**)
- e in respect of Policy 11:**
the Owner or Owners' of the Commercial Building at the Situation shown on the Schedule.

General conditions

1 Acts or omissions of your Community Association Manager/Agent

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

2 Alteration of risk

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 Commercial Building 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 any such change or alteration.

3 Claim preparation costs and fees

We will pay up to \$10,000 for the reasonable cost of fees and other expenses You necessarily incur with Our written consent in the preparation of a claim under this Policy.

4 Excess

You must pay or contribute the amount of any Excess shown in this Policy or on the Schedule for each claim made. Payment of the Excess may be requested when the claim is lodged, or may be deducted from Our payment.

With the exception of the Earthquake Excess of **Part A of Policy 11**, should more than one Excess be payable for any claim arising from the one Event, such Excesses will not be aggregated and the highest single level of Excess only will apply.

5 Joint insured's

When more than one party is named on the Schedule as an insured We will treat each as a separate and distinct party.

The words You, Your, Yours will apply to each party in the same manner as if a separate Policy had been issued to each party, provided Our liability for any Sum Insured or other Policy limit for any one Event or Occurrence is not thereby increased.

Any act, breach or non-compliance with the terms and conditions of this Policy committed by any one such party:

- a shall not be prejudicial to the rights and entitlements of the other insured party(ies); provided that
- b the other insured party(ies) upon becoming aware of any such act, breach or non-compliance which increases the risk of loss, damage or liability give Us written notice within a reasonable time.

6 Reinstatement of sum insured

After We have admitted liability for a claim We will automatically reinstate the Sum Insured and/or Special Benefit limits to their pre-loss amount without any additional Premium having to be paid.

This condition does not apply:

- a when We pay a total loss;
- b when We pay the full Sum Insured;
- c **Special Benefits 6 and 19 of Part A of Policy 11.**

General exclusions

We will not pay for any loss, damage, benefit, legal liability, compensation, or any other loss, costs, fees, charges or expenses of whatsoever kind, arising directly or indirectly from or in any way connected with:

1 Act of Terrorism

Death, injury, illness, loss, damage, liability, cost or expense directly or indirectly caused by, contributed to, resulting from or arising out of or in connection with any:

- i Act of Terrorism, regardless of any other cause or event contributing concurrently or in any other sequence to the loss;
- ii action in controlling, preventing, suppressing, retaliating against, or responding to any Act of Terrorism.

2 Asbestos

Liability to pay for Personal Injury or Property Damage caused by or arising directly or indirectly out of or in connection with the actual or alleged use or presence of asbestos.

3 Electronic Data

Losses to Electronic Data. However cover is otherwise provided by these Policies for losses to Electronic Data arising out of fire, lightning, thunderbolt, explosion, implosion,

earthquake, subterranean fire, volcanic eruption, impact, aircraft and/or other aerial device and/or articles dropped therefrom, sonic boom, theft which is a consequence of theft of any computer and/or computer hardware and/or firmware and/or microchip and/or integrated circuit and/or similar device containing such Electronic Data, breakage of glass, the acts of persons taking part in riots or civil commotions or of strikers or of locked out workers or of persons taking part in labour disturbances which do not assume the proportions of or amount to an uprising, Storm, Rainwater, water and/or other liquids and/or substances discharged and/or overflowing and/or leaking from any apparatus and/or appliance and/or pipes.

4 Intentional damage

Any deliberate or intentional damage or liability or omission caused or incurred by You or by any person acting with Your express or implied consent.

5 Nuclear

Ionising radiation from, or contamination by radio-activity from, any nuclear fuel or nuclear waste from the combustion of nuclear fuel.

6 War, expropriation

War or warlike activities including invasion, act of a 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.

Goods and Services Tax – how it affects any payments we make

The amount of premium payable by You for this Policy includes an amount on account of the Goods and Services Tax (GST) on the premium.

When We pay a claim, Your GST status will determine the amount We pay.

When You are:

- a** not registered for GST:
We will pay up to the Sum Insured, limit of indemnity or other policy limit including GST.
- b** registered for GST:
 - i** and We settle direct with the builder, repairer or supplier We will pay up to the Sum Insured, limit of indemnity or other policy limit including GST; or

- ii when We settle direct with You We will pay up to the Sum Insured, limit of indemnity or other policy limit and where You are liable to pay an amount for GST in respect of an acquisition relevant to Your claim We will pay for the GST amount but We will reduce the GST amount We pay by the amount of any Input Tax Credits to which You are or would be entitled.

In these circumstances, the Input Tax Credit may be claimable through Your Business Activity Statement (BAS).

You must advise Us of Your correct Australian Business Number & Taxable Percentage. Any GST liability arising from Your incorrect advice is payable by You.

Where the settlement of Your claim is less than the Sum Insured or the other limits of insurance cover, We will only pay an amount for GST (less Your entitlement for Input Tax Credit) applicable to the settlement. This means that if these amounts are not sufficient to cover Your loss, We will only pay the GST relating to Our settlement of the claim.

GST, Input Tax Credit (ITC), Business Activity Statement (BAS) and Acquisition have the same meaning as given to those expressions in A New Tax System (Goods and Services Tax) Act 1999 and related legislation as amended from time to time.

Taxable Percentage is Your entitlement to an Input Tax Credit on Your Premium as a percentage of the total GST on that Premium.

Claims information

1 What you must do

As soon as You discover that an Event likely to result in a claim has occurred, You must:

- a take all reasonable steps to reduce the loss or damage and to prevent any further loss or damage;
- b inform the police immediately following theft, vandalism, malicious damage or misappropriation of money or property.

2 What you must not do

Whatever the circumstances You must not:

- a admit guilt or fault (except in court or to the Police);
- b offer or negotiate to pay a claim;
- c admit or deny liability;

- d dispose of any damaged items without first seeking Our approval.

3 How to make a claim

When You make a claim You must:

- a promptly inform CHU Underwriting Agencies Pty Ltd by telephone, in writing or in person. You may have to contribute towards Your claim if Your notification is late and results in higher costs for Us or harms Our investigation opportunities;
- b provide details of the Event and when requested complete and return Our claim form promptly together with all letters, documents, valuations, receipts or evidence of ownership that You have been asked to provide;
- c provide written statements under oath if We require it;
- d be interviewed about the circumstances of the claim, if We require this;
- e allow Us to inspect Your Commercial Building and take possession of any damaged item to deal with it in a reasonable way;
- f provide Us as soon as possible with every notice or communication received concerning a claim by another person or concerning any prosecution, inquest or other official inquiry arising from the Event.

4 Our approval needed for repairs

Except for essential temporary repairs permitted under **Additional Benefit 2 of Policy 11**, You are not authorised to commence repairs without Our approval.

5 Repairs or replacement

We have the right to nominate the repairer or supplier to be used. If after We have assessed Your claim, You are required to enter into a contract with a third party to replace or reinstate lost or damaged Insured Property that We have agreed to pay You will enter into that agreement with the third party as Our agent unless We otherwise advise in writing.

6 You must assist us

Before We will pay anything under this Policy, You must:

- a comply with all the requirements of this Policy; and
- b give Us all information and assistance which We reasonably require in relation to the claim and any proceedings.

7 False or misleading information

We may deny part or all of Your claim if You are not truthful and frank in any statement You make in connection with a claim or if a claim is fraudulent or false in any respect.

We may also report any suspected fraudulent act to the Police for further investigation.

8 Claim administration and legal proceedings

When a claim is admitted under this Policy, We have the right at Our discretion to exercise all Your legal rights relating to the Event and to do so in Your name.

We will take full control of the administration, conduct or settlement of the claim including any recovery or defence that We may consider is necessary.

9 Salvage value

We are entitled to any salvage value on recovered items and damaged items that have been replaced.

10 Contribution

Where the Event insured by this Policy is also insured elsewhere and We have paid more than Our reasonable share of Your claim, We may exercise Our right to seek contribution from the other insurer or insurers.

Cancellation – how your policy may be cancelled

1 Cancellation by you

You may cancel all or part of this Policy at any time by giving Us notice in writing.

2 Cancellation by us

We may cancel this Policy on any of the grounds set out in the Insurance Contracts Act 1984 and We will always tell You of this in writing.

3 Refund of premium

On cancellation, a refund of Premium will be calculated equal to the unexpired period of this Policy less any administration fee and any non-refundable Government charges.

4 No refund of premium

Where We have paid the total Sum Insured on a claim Your Policy with Us is deemed to have been fulfilled and there is no refund of any Premium.

Part A – Commercial buildings

Part A is a 'broad form' of accidental loss and damage insurance contract in terms of the Insurance Contracts Act, 1984.

What we insure

We insure You up to the Sum Insured shown on the Schedule for **Part A** of **Policy 11** against ACCIDENTAL LOSS or DAMAGE to Your Commercial Building which occurs during the Period of Insurance

Additional Benefits

When Your Sum Insured for **Part A** of **Policy 11** is not otherwise expended in respect of any one Event We will pay for:

1 Architects and professional fees, removal of debris

- a** The cost of architect fees, surveyor fees and other professional fees;
- b** The cost of removal, storage and/or disposal of debris, being the residue of Your damaged Commercial Building and its Contents (including debris required to be removed from adjoining or adjacent public or private land), and of anything which caused the damage;
- c** The cost of dismantling, demolishing, shoring up, propping, underpinning, or other temporary repairs;
- d** The cost of demolition and disposal of any undamaged portion of Your Commercial Building including undamaged foundations and footings in accordance with a demolition order issued by a Public or Statutory Authority;

You necessarily incur in the Replacement of Your Commercial Building as a result of loss or damage that is admitted as a claim under **Part A** of **Policy 11**.

2 Emergency cost of minimising losses

Reasonable emergency repair costs You necessarily incur in pursuance of Your duty to minimise insured loss and avoid further losses.

We will not pay more than \$2000 unless You first obtain Our written consent prior to You incurring costs in excess of this amount.

3 Government fees, contributions or imposts

Fees, contributions or imposts required to be paid to any Public or Statutory Authority to obtain their authority to rebuild, replace or repair Your Commercial Building as a result of

loss or damage that is admitted as a claim under **Part A** of **Policy 11** but We will not pay for any fine or penalty imposed by any such Authority.

4 Legal fees

Legal fees You necessarily incur in making submissions and/or applications to any Public or Statutory Authority, Builders Licensing Board, or Land and Environment Courts as a result of loss or damage to Your Commercial Building that is admitted as a claim under **Part A** of **Policy 11**.

5 Storm damage to fences and gates

Loss or damage to fences and gates as a result of Storm, but we will not pay:

- a** If gradually operating causes (such as but not limited to Wear, Tear, gradual corrosion, gradual deterioration, wet or dry rot, rust, vermin or insects) primarily contribute towards the loss or damage;
- b** unless We are notified and given a reasonable time to inspect the loss or damage before any repair or Replacement is commenced.

6 Temporary protection

Reasonable cost of temporary protection and safety of Your Commercial Building and resident persons You necessarily incur as a result of loss or damage to Your Commercial Building that is admitted as a claim under **Part A** of **Policy 11**.

We will not pay more than \$5000 unless You first obtain Our written consent prior to You incurring costs in excess of this amount.

7 Tsunami damage

Loss or damage to Your Commercial Building caused by a Tsunami.

8 Welfare concern

Loss or damage to Your Commercial Building caused by emergency services such as police, fire brigade, ambulance or others acting under their control, in gaining access to Your Commercial Building in the lawful pursuit of their duty.

Special Benefits

Special Benefits are included in addition to Your Sum Insured for **Part A of Policy 11**.

1 Temporary accommodation / rent / contributions / storage

a Temporary accommodation

When You occupy Your Commercial Building We will pay the reasonable cost of Temporary Accommodation You necessarily incur if Your Commercial Building is made unfit to be occupied for its intended purpose by:

- i loss or damage that is admitted as a claim under **Part A of Policy 11**; or
- ii reasonable access to or occupancy of Your Commercial Building being prevented by damage from an Event claimable under **Part A of Policy 11** happening to other property in the immediate vicinity.

We will pay:

- ◆ Under **a i** from the time of the Event until the time You reoccupy Your Commercial Building following completion of rebuilding, repairs or replacement; and
- ◆ under **a ii** from the time of the Event until the time when access to Your Commercial Building is re-established.

b Rent

When You have leased out or can substantiate by means of a signed agreement that You would have leased out Your Commercial Building We will pay the actual Rent You lose or would have lost if Your Commercial Building is made unfit to be occupied for its intended purpose by:

- i loss or damage that is admitted as a claim under **Part A of Policy 11**; or
- ii reasonable access to or occupancy of Your Commercial Building being prevented by damage from an Event claimable under **Part A of Policy 11** happening to other property in the immediate vicinity.

We will pay:

- ◆ under **b i** from the time of the Event until the time Your Commercial Building is relet following completion of rebuilding, repairs or replacement provided You demonstrate You have taken all reasonable actions to obtain a new tenant; and
- ◆ under **b ii** from the time of the Event until the time when access to Your Commercial Building is re-established.

c Disease, murder and suicide

We will pay for:

- i the cost of Temporary Accommodation You necessarily incur;
- ii the actual Rent You lose;

if You are not permitted to occupy Your Commercial Building by order of the police, a public or statutory authority, other body, entity or person so empowered by law, due to:

- ◆ the 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 occurring at Your Situation, however this cover will not apply in respect of highly pathogenic Avian Influenza or any disease declared to be a quarantinable disease under the Quarantine Act 1908 (as amended) whether occurring at Your Situation or elsewhere;
- ◆ murder or suicide;

occurring at Your Situation.

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

d Failure of supply services

We will pay for:

- i the cost of Temporary Accommodation You necessarily incur;
- ii the actual Rent You lose;

if Your Commercial Building is made unfit to be occupied for its intended purpose by the failure of electricity, gas, water or sewerage services resulting from loss or damage by an Event claimable under **Part A of Policy 11** happening to property belonging to or under the control of any such supply authority.

Provided the failure of services extends for more than forty-eight hours We will pay from the time of the failure until the time such services are reinstated, or for a period of thirty (30) days, whichever first occurs.

e Cost of reletting

When You have leased out Your Commercial Building We will pay reasonable

reletting costs up to \$1,500 if Your Commercial Building is made unfit to be occupied for its intended purpose by:

- i loss or damage that is admitted as a claim under **Part A of Policy 11**; and
- ii Your tenant at the time of the Event subsequently advises they will not be reoccupying Your Commercial Building they previously leased.

f Community Association contributions and fees

We will pay up to \$2,000 for contributions, levies, maintenance and other fees You are required to pay to Your Community Association during the period Your Commercial Building is made unfit to be occupied for its intended purpose by loss or damage that is admitted as a claim under **Part A of Policy 11**.

g Removal, storage - contents

We will pay the costs You necessarily incur in:

- i removing Your undamaged Contents to the nearest place of safekeeping;
- ii storing Your undamaged Contents at that place or an equivalent alternate place;
- iii returning Your undamaged Contents to Your Situation when occupancy of Your Commercial Building is permitted;
- iv insuring Your undamaged Contents during such removal, storage and return;

Following loss or damage to Your Commercial Building that is admitted as a claim under **Part A of Policy 11** that makes it unfit to be occupied for its intended purpose.

The combined total amount We will pay under **Special Benefit 1** arising out of any one Event that is admitted as a claim under **Part A of Policy 11** is limited to fifteen percent (15%) of the amount shown on the Schedule for **Part A of Policy 11** or such other percentage as We may agree in writing.

2 Alterations / additions

When You make alterations, additions or renovations to Your Commercial Building during the Period of Insurance We will:

- a during the construction period:
 - pay up to \$250,000 for loss or damage to such alterations, additions or renovations by an Event claimable under **Part A of Policy 11** provided:

- i the value of such work does not exceed that amount; or
- ii unless You notify Us and We otherwise agree in writing before the commencement of such work;

but We will not pay if, under the terms and conditions of the contract You have signed with the builder, contractor or similar entity, such party is required to effect cover under a Contract Works or similar insurance policy that insures material damage and liability risks.

- b upon practical completion:
 - pay up to \$500,000 for loss or damage to the completed works by an Event claimable under **Part A** of **Policy 11** provided:
 - i You notify us within sixty (60) days of the practical completion of such alterations, additions or renovations; and
 - ii if requested pay any extra premium We may charge.

3 Arson reward

We will pay 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 provided such loss or damage is claimable under **Part A** of **Policy 11**.

We will pay the reward to the person or persons providing such information or in such other manner as We may decide.

4 Electric motors

We will pay for the cost of repairing or replacing an electric motor forming part of Your Commercial Building which has been burnt out by electric current.

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

If the motor in a sealed unit cannot be repaired or replaced because of the unit's inability to use a different type of refrigerant (a new 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 modern day appliance. If an equivalent modern day appliance is not available, then one as close as possibly equivalent will be the basis of any claim.

We will not pay for:

- a motors under a guarantee or warranty or maintenance agreement;

- b** motors with an output in excess of five (5) kilowatts;
- c** other parts of any electrical appliance nor for any software;
- d** lighting or heating elements, fuses, protective devices or switches;
- e** contact at which sparking or arcing occurs in ordinary working.

5 Electricity, gas, water and similar charges – excess costs

We will pay up to \$2,000 for the cost of:

- a** increased usage of metered electricity, gas, sewerage, oil and water;
- b** accidental discharge of metered electricity, gas, sewerage, oil and water;
- c** additional management charges;

You are required to pay following loss or damage to Your Commercial Building by an Event that is admitted as a claim under **Part A** of **Policy 11**.

6 Electricity, gas and water charges – unauthorised use

We will pay up to \$2,000 in any one Period of Insurance for the cost of metered electricity, gas, sewerage, oil and water You are legally required to pay following its unauthorised use by any person taking possession or occupying Your Commercial Building without Your consent.

We will not pay unless all practical steps are taken to terminate such unauthorised use immediately You become aware of it.

7 Environmental improvements

If Your Commercial Building is:

- a** damaged by an Event claimable under **Part A** of **Policy 11**; and
- b** the cost to rebuild, replace or repair the damaged portion is more than twenty-five percent (25%) of what the cost would have been had Your Commercial Building been totally destroyed;

We will, in addition to the cost of environmental improvements claimable under **Part A** of **Policy 11** also pay up to \$2,000 for the cost of additional environmental improvements not previously installed such as rainwater tanks, solar energy and grey water recycling systems.

8 Exploratory costs, replacement of defective parts

We will pay for the reasonable exploratory costs You necessarily incur in locating the source of bursting, leaking, discharging or overflowing of tanks, apparatus or pipes used to hold or carry liquid of any kind.

We will also pay for reasonable costs incurred in:

- a** repairing the area of Your Commercial Building damaged by such exploratory work;
- b** repairing or replacing the defective part or parts of such tanks, apparatus or pipes, to a limit of \$1,000;
- c** rectifying contamination damage or pollution damage to land at Your Situation caused by the escape of liquid, to a limit of \$1,000.

We will not pay for any of these costs if the bursting, leaking, discharging or overflowing is caused by a building defect, building movement, faulty workmanship, rust, oxidation, corrosion, Wear, Tear, gradual corrosion, gradual deterioration, Earth Movement or by trees, plants or their roots.

9 Fallen trees

We will pay up to \$5,000 for the reasonable professional costs You necessarily incur for the removal and disposal of trees or branches that have fallen and caused damage to Your Commercial Building or landscaped gardens.

We will not pay for removal or disposal of:

- a** trees or branches that have fallen and not damaged Your Commercial Building or landscaped gardens;
- b** tree stumps or roots.

10 Fire extinguishing

We will pay for the reasonable costs and expenses You necessarily incur in:

- a** extinguishing a fire at Your Situation, or in the vicinity of Your Situation and threatening to involve Your Commercial Building or for the purpose of preventing or diminishing damage including the costs to gain access to any property;
- b** replenishing fire fighting appliances, replacing used sprinkler heads, and resetting fire, smoke and security alarm systems;
- c** shutting off the supply of water or any other substance following the accidental discharge or escape of such substances from fire protective equipment.

11 Funeral expenses

When You occupy Your Commercial Building We will pay up to \$5,000 for funeral expenses if You or a family member who permanently resides with You dies as the direct consequence of loss or damage to Your Commercial Building that is admitted as a claim under **Part A** of **Policy 11**.

12 Keys, lock replacement

We will pay up to \$5,000 for the reasonable costs You necessarily incur in:

- a re-keying or re-coding locks together with replacement keys; or
- b replacing locks with locks of a similar type and quality if they cannot be re-keyed or re-coded;

if the keys to Your Commercial Building are stolen as a consequence of forcible entry into or out of:

- i any building forming part of Your Commercial Building;
- ii the premises of a keyholder; or
- iii during the hold-up of a person who normally has the keys in their possession.

We will not pay if there are reasonable grounds to believe the keys or codes have been stolen or duplicated by any occupant or previous occupant of Your Commercial Building, or by their family or friends.

13 Landscaping

We will pay up to \$10,000 for the reasonable costs You necessarily incur in replacing or repairing damaged trees, shrubs, plants, lawns or rockwork at Your Situation that are lost or damaged by an Event claimable under **Part A of Policy 11**.

14 Modifications

When You occupy Your Commercial Building We will pay up to \$25,000 for modifications to Your Commercial Building if You are physically injured and become a paraplegic or quadriplegic as a direct consequence of loss or damage to Your Commercial Building that is admitted as a claim under **Part A of Policy 11**.

This benefit only applies if the paraplegia or quadriplegia has continued for a period of not less than six (6) months from the date of event and is substantiated by a legally qualified medical practitioner.

15 Mortgage discharge

We will pay up to \$5,000 to discharge any mortgage over Your Commercial Building if it becomes a total loss, is not replaced and We have paid the amount due under **Part A of Policy 11**.

16 Pets, security dogs

When you occupy Your Commercial Building We will pay up to \$1,000 for the reasonable costs You necessarily incur for boarding pets or security dogs if Your Commercial Building is rendered unfit for its intended purpose by loss or damage that is admitted as a claim under **Part A** of **Policy 11** and Temporary Accommodation does not allow pets or security dogs.

17 Purchaser's interest

We will cover a purchaser's legal interest in Your Commercial Building, in the terms of **Part A** of **Policy 11**, when the purchaser has signed an agreement to buy such property.

18 Removal, storage costs

We will pay up to \$10,000 for the reasonable costs You necessarily incur in:

- a removing any undamaged portion of Your Commercial Building to the nearest place of safe keeping;
- b storing such undamaged portion at that place or an equivalent alternate place;
- c returning such undamaged portion to the Situation when restoration work is completed;
- d insuring the undamaged portion of Your Commercial Building during such removal, storage and return;

following loss or damage to Your Commercial Building that is admitted as a claim under **Part A** of **Policy 11**.

19 Removal of squatters

We will pay up to \$1,000 in any one Period of Insurance for legal fees You necessarily incur to repossess Your Commercial Building if squatters are living in it.

We will not pay unless You first obtain Our consent to incur such legal fees.

20 Title deeds

We will pay up to \$5,000 for the reasonable costs You necessarily incur in replacing Title Deeds to Your Commercial Building if they are lost or damaged by an Event claimable under **Part A** of **Policy 11**, while anywhere in Australia.

21 Water removal from basement

We will pay up to \$2,000 for the reasonable costs You necessarily incur in removing water from the basement or undercroft area of Your Commercial Building if such inundation is directly caused by Storm or Rainwater.

We will not pay if the inundation is caused by Flood or by any other Event that is not claimable under **Part A of Policy 11**.

Exclusions – what we do not insure

1 We will not pay for loss or damage:

- a** caused by Flood.
- b** to retaining walls resulting from Storm or Rainwater.
- c** caused by lack of maintenance, rust, oxidation, corrosion, Wear, Tear, fading, gradual corrosion or gradual deterioration, concrete or brick cancer, developing flaws, wet or dry rot, or failure to maintain Your Commercial Building in a reasonably good state of repair.
- d** caused by non-rectification of a defect, error or omission in Your Commercial Building that You were aware of, or should reasonably have been aware of.
- e** caused by overwinding, mechanical breakdown or derangement, electrical breakdown or derangement, or failure caused by electric current.

However We will pay if the loss or damage is due to:

- i** Fusion of electric motors as covered under **Special Benefit 4**;
 - ii** lightning;
 - iii** power surge when such Event is confirmed by the supply authority; or
 - iv** resulting fire damage.
- f** caused by any action of the sea, high water or high tide, storm surge or tidal wave.

However We will pay if the loss or damage is due to Tsunami.

- g** caused by vibration or from the removal or weakening of or interference with the support of land or buildings or any other property, Erosion or Earth Movement.

However We will pay if the loss or damage is due to:

- i** earthquake or seismological disturbance, Tsunami, explosion, physical impact by aircraft;
 - ii** bursting, leaking or overflowing of water tanks, pipes, drains, gutters or other water or liquid carrying apparatus (but not Flood).
- h** caused by underground (hydrostatic) water.

However We will pay if the loss or damage is due to bursting, leaking or overflowing of water tanks, pipes, or drains.

- i** caused by the invasion of tree or plant roots nor for the cost of clearing pipes or drains blocked by any such invasion.

However We will pay for water or liquid damage resulting from blocked pipes or drains.

- j** caused by inherent vice, latent defect, vermin, mice, rats, termites, insects, mildew, or by pecking, biting, chewing or scratching by birds or animals.

However We will pay if any of these causes directly result in loss or damage from any other Event claimable under **Part A of Policy 11** such as fire or glass breakage.

- k** caused by the movement of swimming pools or spas or the accidental breakage, chipping or lifting of tiles of swimming pools or spas or their surrounds.
- l** to water in swimming pools, spas or water tanks.
- m** due to normal settling, creeping, heaving, seepage, shrinkage, or expansion in buildings, foundations / footings, walls, bridges, roadways, kerbing, driveways, paths, garden borders and other structural improvements.
- n** due to smut or smoke from industrial operations (other than sudden or unforeseen damage resulting therefrom).
- o** caused by any process involving the application of heat being applied directly to any part of Your Commercial Building.

However We will pay if any other part of Your Commercial Building is damaged or destroyed by fire.

- p** to glass caused by artificial heat, during installation or removal, which has a crack or imperfection, or is required to be insured by any other party in terms of an occupancy agreement.
- q** to carpets and other floor coverings resulting from staining, fading or fraying.

However We will pay if the loss or damage directly results from any other Event claimable under **Part A of Policy 11**.

- r** to boilers (other than boilers used for domestic purposes), economisers or pressure vessels and their contents resulting from the explosion thereof.
- s** to Your Commercial Building if it is vacant and undergoing demolition unless Our

written consent to continue cover has been obtained before the commencement of demolition.

- t** to Your Commercial Building directly resulting from construction, erection, alteration or addition where the value of such work exceeds \$500,000 unless Our written consent to continue cover has been obtained before the commencement of such work.

However We will pay if the loss or damage directly results from any other Event claimable under **Part A** of **Policy 11**.

- u** to internal glass or mirrors, signwriting, ornamentation, security alarm tapes and connections, or electrically illuminated signs forming part of Your Commercial Building.

However We will pay if the loss or damage directly results from fire, lightning, Storm, impact by vehicles or animals, explosion, earthquake, aircraft, riots and strikes or a malicious act.

2 We will not be liable for:

- a** 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 Commercial Building;
- b** the cost of rectifying faulty or defective materials or faulty or defective workmanship;
- c** consequential loss, loss of use or Depreciation other than as specifically provided under an operative **Additional Benefit** or **Special Benefit**.

Claims – how we will settle your claim

1 Replacement

If Your Commercial Building is damaged, We may choose to either rebuild, replace, repair or pay the amount it would cost to rebuild, replace or repair.

The amount We pay under **Part A** of **Policy 11** will be the cost of Replacement at the time of Replacement subject to the following provisions:

- a** the necessary work of rebuilding, replacing or repairing (which may be carried out upon another site or in any manner suitable to Your requirements provided Our liability is not increased), must be commenced and carried out without unreasonable delay;
- b** where Your Commercial Building contains any architectural or structural feature of an ornamental, heritage or historical character or where materials used in the original construction are not readily available We will use the nearest equivalent available to the original materials;

- c** if it is lawful, and with Our prior written consent, You will not be required to actually rebuild any building destroyed but may purchase an alternative existing building or part thereof to replace all or part of the one destroyed. Such Replacement will be deemed to constitute Replacement for the purpose of this insurance provided Our liability is not increased;
- d** if You cause unreasonable delays in commencing or carrying out Replacement, We will not pay any extra costs that result from that delay;
- e** when We wish to rebuild, replace or repair and You do not want this to occur We will only pay Indemnity Value.

We will not pay for the cost to:

- i** rebuild or replace any undamaged part of Your Commercial Building;
- ii** rebuild, replace or repair illegal installations.

For each and every claim You have to pay the amount of any Excess shown in **Part A** of **Policy 11** or on the Schedule.

2 Undamaged part of foundations and footings

If Your Commercial Building is damaged and any Public or Statutory Authority requires replacement to be carried out on another site We will pay for the value of any undamaged part of Your Commercial Building, including foundations and footings, as though they had been destroyed.

If the sale value of the original Situation with such undamaged part is greater than without them We will deduct the amount of such difference from any settlement otherwise payable by Us.

3 Floor space ratio

If Your Commercial Building is damaged and Replacement is limited or restricted by any Public or Statutory Authority requirement which results in the reduction of the floor space ratio index, We will pay:

- a** the difference between:
 - i** the actual costs incurred in Replacement in accordance with the reduced floor space ratio index; and
 - ii** the estimated cost of Replacement at the time of damage had the reduced floor space ratio index not applied;

or alternatively We will pay:

- b i** the actual costs incurred in Replacement in accordance with the reduced floor space ratio index; plus
- ii** the cost of purchasing an existing building or part thereof equivalent in size to the area by which the floor space ratio index has been reduced; or
- iii** the cost of purchasing a block of land and the cost of Replacement thereon of Your Commercial Building equivalent in size to the area by which the floor space ratio index has been reduced;

provided that Our Liability does not exceed the estimated cost of Replacement at the time of damage had the reduced floor space ratio index not applied.

4 Land value

We will pay the difference between Land Value before and after loss or damage if any Public or Statutory Authority refuses to allow Your Commercial Building to be replaced or only allows partial Replacement, less any sum paid by way of compensation by any such Authority.

Special provisions

- 1** Under **Clauses 2, 3** and **4** above, Our liability is limited to the extent to which the amount shown on the Schedule for Your Commercial Building is not otherwise expended.
- 2** Under **Clauses 2** and **4** above, any differences relating to value may by agreement between Us be referred to the President of the Australian Property Institute Inc. who will appoint a registered and qualified valuer whose decision will, if We so agree, be final and binding and who will at the same time decide as to payment of the costs of such referral.

Special conditions

Co-insurance

If Your Commercial Building is destroyed or damaged from an Event claimable under **Part A** of **Policy 11**, We shall not be liable for a greater proportion of the loss or damage than:

- a** the amount shown on this Schedule for Your Commercial Building; bears to
- b** seventy percent (70%) of the value of Your Commercial Building at the commencement of the Period of Insurance;

provided that our liability will not exceed the amount shown on the Schedule.

We will not apply **Special Condition 1** if the amount of any loss or damage is less than ten percent (10%) of the amount shown on the Schedule for Your Commercial Building.

Uninhabited building

If Your Commercial Building becomes uninhabited We will only pay for loss or damage caused by:

- a** Earthquake;
- b** Impact by vehicles, aircraft; and
- c** Storm and Rainwater;

unless Our prior written agreement to continue full cover during the uninhabited period has been obtained.

Uninhabited means that in the ninety (90) day period before loss or damage Your Commercial Building was not used for business purposes for at least two (2) consecutive days.

Excesses

Earthquake excess

You have to pay or contribute in relation to any earthquake or seismological disturbance that occurs during any one period of seventy-two (72) consecutive hours the lesser of:

- a** the first \$20,000; or
- b** an amount equal to one percent (1%) of the amount shown on the Schedule for Your Commercial Building.

Other excesses

Whenever an Excess is shown on the Schedule, You have to pay or contribute the stated amount for each loss arising out of or consequent upon that numbered Event.

Part B - Liability to others

What we insure

We insure You up to the Limit of Liability shown on the Schedule for **Part B** of **Policy 11** if You become legally responsible to pay compensation for:

- ◆ Personal Injury; or
- ◆ Property Damage;

resulting from an Occurrence in connection with:

- ◆ the ownership (but not occupancy) of Your Commercial Building; or
- ◆ an operative **Additional Benefit**;

that happens during the Period of Insurance.

Additional benefits

We will pay up to the Limit of Liability for **Part B** of **Policy 11** for:

1 Bridges, roadways, kerbing, footpaths, services

Compensation You become legally responsible to pay for Personal Injury or Property Damage arising from bridges, roadways, kerbing, footpaths, underground and overhead services You own at the Situation.

2 Car park liability

Compensation You become legally responsible to pay for Personal Injury or Property Damage to Vehicles in Your physical or legal control where such Property Damage occurs in a car park You own at the Situation.

We will not pay if the Vehicle is owned or being used by You or is being used on Your behalf.

3 Fertiliser, pesticide, herbicide application

Compensation You become legally responsible to pay for Personal Injury or Property Damage arising from the application of any fertiliser, pesticide or herbicide to Your Lot.

We will not pay:

- a unless the fertiliser, pesticide or herbicide has been applied in conformity with any Public or Statutory Authority requirement or, in the absence of any such requirement, in conformity with the manufacturer's recommendations;
- b for loss or damage to Your Lot or Commercial Building, or its improvements including gardens and lawns, to which the fertiliser, pesticide or herbicide was being applied.

Special benefits

1 Cost of defending a claim

We will pay:

- a** all legal costs and expenses incurred by Us;
- b** reasonable cost 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 under **Part B of Policy 11**;
- c** other reasonable expenses You necessarily incur that We have agreed to reimburse; and
- d** all interest accruing after judgment has been entered against You until We have paid, tendered or deposited in court the amount that We are liable to pay following judgment;

in addition to the Limit of Liability shown on the Schedule for **Part B of Policy 11**.

2 Court appearance

We will pay compensation of \$250 per day if We require You to attend a Court as a witness in connection with a claim under **Part B of Policy 11**.

Exclusions – what we do not insure

We will not pay for any claim:

- 1** In connection with any liability for Personal Injury to any employee arising out of or in the course of their employment with You.
This exclusion does not apply to an 'eligible person' as defined under the WorkCover Queensland Act.
- 2** In respect of liability imposed by the provisions of any workers' compensation, accident compensation or similar legislation applying where Your Commercial Building is situated.
- 3** In respect of:
 - a** damage to property belonging to, rented by or leased by You or in Your physical or legal control;
 - b** damage to property belonging to any person who is deemed a worker or employee within the provisions of any workers' compensation, accident compensation or similar legislation applying where Your Commercial Building is situated;
 - c** injury to or death of animals on Your Lot;
 - d** Personal Injury or Property Damage caused by animals on Your Lot other than guard

or watch dogs You employ for security purposes.

- 4 Arising out of the rendering or failure to render professional advice by You or any error or omission connected therewith.
- 5 Arising out of the publication or utterance of a defamation, libel or slander:
 - a made prior to the commencement of **Part B of Policy 11**;
 - b made by You or at Your direction when You knew it to be false.
- 6 Arising out of the ownership, possession or use by You of any Vehicle, Watercraft, hovercraft, aircraft or aircraft landing areas.
- 7 Arising out of or in connection with the ownership of marinas, wharves, jetties, docks, pontoons or similar type facilities (whether fixed or floating) if such facilities are used for commercial purposes or provide fuel distribution facilities, unless We otherwise agree in writing.
- 8 Arising out of construction, erection, demolition, alterations or additions to Your Commercial Building where the cost of such work exceeds \$500,000, unless You advise Us and obtain Our written consent to continue cover before commencement of such works.
- 9 Arising from vibration or from the removal or weakening of or interference with the support of land or buildings or any other property.
- 10 Arising under the terms of any agreement unless liability would have attached to You in the absence of such agreement.

This exclusion does not apply to liability assumed by You under any contract or lease of real or personal property.
- 11 Arising out of or caused by the discharge, dispersal, release of or escape of Pollutants into or upon property, land, the atmosphere, or any water course or body of water.

This exclusion does not apply if such discharge, dispersal, release or escape is sudden, identifiable, unexpected and unintended and takes place in its entirety at a specific time and place during the Period of Insurance.
- 12 Arising out of or incurred in the prevention, removing, nullifying or clean-up of any contamination or pollution.

This exclusion does not apply to clean-up, removal or nullifying expenses only which are incurred after a sudden, identifiable, unexpected and unintended happening which takes place in its entirety at a specific time and place during the Period of Insurance.
- 13 For fines or penalties or for punitive, aggravated, exemplary or additional damages (including interest and costs) imposed against You.
- 14 Arising out of the occupancy of Your Commercial Building or out of any trade, business, profession, occupation, or any other activity that earns You money or income other than rental or lease monies received as owner of Your Commercial Building.
- 15 In respect of Personal Injury to any family members normally residing with You.

16 In respect of damage to property:

- a** owned by You or family members normally residing with You;
- b** not owned by You but in Your care, custody or control or of a family member normally residing with You;

17 Made or actions instituted:

- a** outside Australia;
- b** which are governed by the laws of a foreign country.

Part C – Machinery breakdown

What we insure

We insure You against Insured Damage provided that the Insured Item is within Your Situation and is in the ordinary course of working at the time damage occurs.

The amount We pay will:

- ◆ be calculated in accordance with the clause herein titled 'Claims - how we will settle your claim';
- ◆ be subject to the application of any Excess shown on the Schedule; and
- ◆ not exceed the Sum Insured stated on the Schedule for **Part C of Policy 11**.

Additional benefits

Additional Benefits are included when Your Sum Insured for **Part C of Policy 11** is not otherwise expended in respect of any one Event.

We will pay for the reasonable cost of:

- 1 expediting repair including overtime working;
- 2 express or air freight;
- 3 replacing oil and refrigerant gas from air-conditioning units or refrigeration units;

These costs must be incurred as the result of Insured Damage.

Exclusions – what we do not insure

We will not pay for:

- 1 Damage caused by:
 - a Wear and Tear;
 - b chipping, scratching or discolouration of painted, polished or finished surfaces;
 - c the deterioration of any pre-existing crack, fracture, blister, lamination, flaw or grooving which had not previously penetrated completely through the entire thickness of the material of the Insured Item, notwithstanding that repair or renewal of the part affected may be necessary either immediately or at some future time, except where caused by Insured Damage and You did not know or should not reasonably have known of the pre-existing condition;
 - d the wearing away or wasting of material caused by or naturally resulting from atmospheric conditions, rust, Erosion, corrosion, oxidation or ordinary use;

- e** the tightening of loose parts, recalibration or adjustments;
- f** the carrying out of tests involving abnormal stresses or the intentional overloading of any Insured Item.

2 Damage to:

- a** glass or ceramic components;
- b** defective tube joints or other defective joints or seams;
- c** any valve fitting, shaft seal, gland packing joint or connection except where caused directly by Insured Damage;
- d** foundations, brickwork, and refractory materials forming part of an Insured Item;
- e** television, video or audio equipment other than security system equipment;
- f** expendable items, including electrical and electronic glass bulbs, tubes, lamps, x-ray tubes, electrical contacts, fuses, heating elements, commutators, slip rings, conducting brushes, thermal expansion (TX) valves, thermostats, protective and controlling devices, over-loads, chains, belts, ropes, tyres, pressure switches, bearings, valves, valve plates, filters and dryers;
- g** computers, telecommunication transmitting and receiving equipment, electronic data processing equipment, electrical office machines, coin operated machines, gaming machines, storage tanks and vats, stationary and mobile pressure vessels containing explosive gases, mobile machinery, ducting, reticulating electrical wiring, water and gas piping and all other plant and equipment not owned by You;
- h** plant which has been hired or is on loan unless We specifically agree in writing.

3 Consequential loss of any kind other than that which is specifically stated.

4 Damage caused by the application of any tool or process in the course of maintenance, inspection, repair, alteration, modification or overhaul.

5 Damage occurring during installation or erection other than the dismantling, movement and re-erection for the purpose of cleaning, inspection, repair or installation in another position within the Situation.

6 Damage which is claimable from any manufacturer, supplier, engineer or other person under the provisions of any maintenance or warranty agreement.

7 Loss of oil, liquid or gas resulting from leakage from glands, seals, gaskets, joints or from corroded, pitted or deteriorated parts.

8 the cost of converting refrigeration/air-conditioning units from the use of CFC (chlorofluorocarbon) refrigerant gas to any other type of refrigerant gas.

Claims – how we will settle your claim

We will at Our option repair or replace the Insured Item or pay for the cost of same to a condition equal to but not better or more extensive than its condition immediately before the Insured Damage.

We will not make any deduction for Depreciation in respect of parts replaced.
We will not pay for the cost of any alterations, additions, improvements, modifications or overhauls.

Where components or manufacturers' specifications are no longer available due to obsolescence, the basis of settlement will be the cost of providing alternative suitable components equal to but not better or more extensive than the original component being substituted.

Special definitions

The words listed below have been given a specific meaning and these specific meanings apply to **Part C** of **Policy 11** when the words begin with a capital letter.

Insured Damage

means sudden and accidental physical loss or damage which occurs during the Period of Insurance and requires repair or replacement to allow continuation of use, other than by a cause:

- a** which is covered under **Part A** of **Policy 11**; or
- b** which is not claimable under **Part C** of **Policy 11**.

Insured Item

means:

- a** lifts, elevators, escalators and inclinators provided they are subject to a current comprehensive maintenance agreement;
- b** all other electrical, electronic and mechanical machinery, boilers and pressure vessels and similar plant;

that forms part of Your Commercial Building.

Part D – Catastrophe

What we insure

We insure You up to the Sum Insured shown on the Schedule for **Part D** of **Policy 11** against the Escalation in the cost of Replacement of Your Commercial Building if it is destroyed, or We declare it a constructive total loss, following a loss which occurs during the Period of Insurance:

- 1 **a** due to a Catastrophe; or
 - b** other Event which occurs not later than sixty (60) days after a Catastrophe, provided Your Commercial Building has been continuously insured with Us for that period;
- and
- 2 the Event giving rise to the loss is admitted as a claim under **Part A** of **Policy 11**.

Special benefits

Special Benefits are included in addition to Your Sum Insured for **Part D** of **Policy 11**.

1 Temporary accommodation / rent – extended period of cover

a Temporary accommodation

When You occupy Your Commercial Building We will pay the reasonable cost of Temporary Accommodation You necessarily incur if Your Commercial Building is made unfit to be occupied for its intended purpose:

- ◆ due to the happening of a Catastrophe, or other Event referred to in **Clause 1b** of 'What we insure'; and
- ◆ the loss or damage to Your Commercial Building is admitted as a claim under **Part A** of **Policy 11**.

We will pay from the time indemnity provided under **Special Benefit 1a** of **Part A** of **Policy 11** is expended until the time You reoccupy Your Commercial Building following completion of rebuilding, repairs or replacement.

b Rent

When You have leased out or can substantiate by means of a signed agreement that You would have leased out Your Commercial Building We will pay the actual Rent You lose or would have lost if Your Commercial Building is made unfit to be occupied for its intended purpose:

- ◆ due to the happening of a Catastrophe, or other Event referred to in **Clause 1b** of

'What we insure'; and

- ◆ the loss or damage to Your Commercial Building is admitted as a claim under **Part A** of **Policy 11**.

We will pay from the time indemnity provided under **Special Benefit 1b** of **Part A** of **Policy 11** is expended until the time Your Commercial Building is relet following completion of rebuilding, repairs or replacement provided You demonstrate You have taken all reasonable actions to obtain a new tenant.

2 Temporary accommodation – escalation in cost

When You occupy Your Commercial Building We will pay for Escalation In The Cost Of Temporary Accommodation You necessarily incur if Your Commercial Building is made unfit to be occupied for its intended purpose:

- ◆ due to the happening of a Catastrophe, or other Event referred to in **Clause 1b** of 'What we insure'; and
- ◆ the loss or damage to Your Commercial Building is admitted as a claim under **Part A** of **Policy 11**.

We will pay from the time Temporary Accommodation is obtained until the time You reoccupy Your Commercial Building following completion of rebuilding, repairs or replacement.

3 Removal, storage

We will pay for the costs You necessarily incur in:

- a removing any undamaged portion of Your Commercial Building to the nearest place of safe keeping;
- b storing the undamaged portion at that place or an equivalent alternate place;
- c returning the undamaged portion to the Situation when occupancy of Your Commercial Building is permitted;
- d insuring the undamaged portion of Your Commercial Building during such removal, storage and return.

We will pay if the loss or damage to Your Commercial Building is due to:

- ◆ the happening of a Catastrophe, or other Event referred to in **Clause 1b** of 'What we insure'; and
- ◆ is admitted as a claim under **Part A** of **Policy 11**.

The amount We pay will be reduced by any amount payable for such costs under **Part A**

of **Policy 11**.

The combined total amount We will pay under **Special Benefits 1 to 3** arising from any one Event is limited to fifteen percent (15%) of the amount shown on the Schedule for **Part D** of **Policy 11** or such other percentage as We may agree in writing.

Claims – how we will settle your claim

The basis upon which the amount payable as Escalation in the cost of Replacement is to be calculated as the difference between:

- a** the actual cost necessarily incurred to rebuild, repair or replace Your Commercial Building following a Catastrophe, or other Event referred to in **Clause 1b** of ‘What we insure’; and
- b** the greater of either:
 - i** the cost that would have applied to rebuild, repair or replace Your Commercial Building in terms of **Part A** of **Policy 11** immediately prior to the Catastrophe; or
 - ii** the amount shown on the Schedule for **Part D** of **Policy 11** at the time of the Catastrophe, or other Event referred to in **Clause 1b** of ‘What we insure’.

Special provisions

- 1** No payment will be made under **Part D** of **Policy 11** until such time as the greater amount determined in accordance with the provisions of **Clause b** of ‘Claims – how we will settle your claim’ has been fully expended in Replacement of Your Commercial Building.
- 2** In certifying the cost of Replacement of Your Commercial Building at the time immediately prior to a happening giving rise to a claim under **Part D** of **Policy 11** the Qualified Valuer, Loss Adjuster or other suitably qualified person will use as the basis of certification:
 - a** the accepted building industry cost standards or recognised cost of materials guide in force on the day immediately prior to the happening of the Catastrophe or a day as close as practicable thereto;
 - b** any extra cost necessarily incurred to comply with any Public or Statutory Authority requirements but will not include any cost that would have been incurred in complying with orders issued prior to the happening of the loss or damage;
 - c** Architects fees, surveyors’ fees and any other professional fees;
 - d** legal fees necessarily incurred in making submissions or applications to any Public or Statutory Authority, Builders Licensing Board, or Land and Environment Courts as a result of loss or damage to Your Commercial Building;
 - e** fees, contributions or imposts payable to any Public or Statutory Authority to

obtain consent to rebuild, replace or repair Your Commercial Building.

- 3** Any differences relating to the cost of Replacement at the time immediately prior to a happening giving rise to a claim under **Part D** of **Policy 11** may by agreement between Us be referred to the President of the Australian Property Institute Inc. who will appoint a registered and qualified valuer whose decision will, if we both so agree, be binding and who will at the same time decide as to payment of the costs of such referral.

Special condition

Part D of **Policy 11** is subject to the same terms, conditions and exclusions as **Part A** of **Policy 11** and **General Exclusions** except as they may be expressly varied herein.





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