

Sole Trader Management Liability Insurance

Policy Wording

Wording Document

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Important Information

Please read the following information

A. Your Duty of Disclosure

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

You have this duty until we agree to insure you.

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

You do not need to tell us anything that:

- reduces the risk we insure you for; or
- is common knowledge;
- 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.

B. Claims Made and Notified Policy

This policy provides management liability Insurance on a "Claims Made and Notified" basis. This means that the policy covers you for claims made against you and notified to the insurer during the period of cover. It does not provide cover for:

- claims arising from an event which occurred before the policy's "retroactive date" where such a date is specified in the schedule;
- claims made after the period of cover expires (even where the event giving rise to the claim occurred during the period of cover);
- claims made, threatened or intimated before the period of cover commenced;
- claims arising from facts or circumstances of which you first became aware before commencement of the policy and which you knew or ought reasonably to have known, had the potential to give rise to a claim under the policy or any previous policy;
- claims arising from circumstances noted on the proposal form or any previous proposal form.

C. Subrogation Agreements

Where another person would be liable to compensate you for any loss or damage otherwise covered by the insurance, but you have agreed with that person either before or after the loss or damage occurred that you would not seek to recover any monies from that person, the Insurer will not cover you under the insurance for such loss or damage.

D. Privacy Statement

Berkley Insurance Australia handles your personal information in a responsible manner and in accordance with the Privacy Act 1988 (Cth).

Consent

By requesting us to provide you with insurance and insurance related services, you consent to the collection, use and disclosure of personal information you have provided to us for the purposes set out in our Privacy Policy.

How we collect your personal information

Generally we collect personal information from you or your agents. Personal information may also be collected by us from our agents and service providers; other insurers and insurance reference bureaus; third parties who may claim under your policies; service providers who assist us in investigating, processing and settling claims; third parties who may be arranging cover for a group that you are part of; statutory, regulatory and law enforcement bodies and from publicly available sources.

Why we collect personal information

The personal information we collect enables us to provide our products and services. This may include processing and settling claims; offering products and services that may be of interest to you and conducting market research for products and services that may be relevant to you.

You can choose not to receive product or service offering from us by calling (02) 92758500 Eastern Standard Time 9am to 5pm Monday to Friday inclusive. For further information, you can access our Privacy Policy at www.berkleyinaus.com.au

Who we disclose your personal information to

Your personal information may be disclosed to other parties with whom we have business arrangements for purposes set out in the paragraph above. These parties may include insurers, intermediaries, reinsurers, related companies, our advisers and parties involved in claims assessment, processing, investigation and settlement. Where required by law, we may also disclose information to government, law enforcement, dispute resolution and statutory or regulatory bodies.

Personal information about others

Where you provide personal information about others, you represent to us that you have made them aware that you will do so, the types of third parties we may disclose it to together with the purposes we and our third parties use it for, how they can access such information and how complaints can be made

Where you provide sensitive information about others, you represent to us that you have obtained their consent. If you have not, and will not do so, you must tell us before you provide the sensitive information.

Overseas Disclosure

Your personal information may be disclosed to other companies in the Berkley group, reinsurers and service providers that may be located in Australia and overseas. The countries this information may be disclosed may vary from time to time but may include the United States of America and other countries where the Berkley group has a presence.

Any information disclosed may only be used for the purposes detailed above.

Accessing your personal information and dealing with complaints

You may request access to the personal information we hold about you by calling us at any time.

Our Privacy Policy details how you can make a complaint about a breach of the privacy principles as set out in the *Privacy Act 1988 (Cth)* and our complaints process.

Our Privacy Policy is available at www.berkleyinaus.com.au

Contact Details

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In consideration of payment of the Premium and in reliance on the proposal form and any other information submitted by or on behalf of the Insured and / or the Company, We will indemnify the Insured and / or the Company in accordance with, and subject to, the terms, conditions and exclusions of this Policy.

To the extent that any parts of the above exclusions are found to be invalid or unenforceable, the remainder of each exclusion and all other exclusions shall remain in full force and effect.

1. Insuring Clause

We shall pay to or on behalf of the Insured Loss arising from any Claim for a Wrongful Act which is first made against the Insured and notified to Us during the Policy Period which arises from the operation by the Insured of their Business.

2. Extensions

Any sub-limit of indemnity specified in this Policy shall be Our maximum aggregate liability under any cover which is subject to a sub-limit, irrespective of the number of claims, the amount claimed or whether more than one Insured is named in any Claim. Unless otherwise specified elsewhere in this Policy, any sub-limit shall be part of and not in addition to the aggregate Limit of Indemnity shown in the Policy Schedule.

2.1. Advancement of Costs and Emergency Defence Costs

In accordance with insuring clause 1 We will, to the fullest extent permissible by law and subject to the Limit of Indemnity and any applicable deductible, advance Costs resulting from a Claim prior to the final settlement of said Claim.

Such advance payments of Costs shall be repayable to Us by the Insured, in the event and to the extent that it is determined that they shall not be entitled under this Policy to payment of such Costs.

2.2. Pollution Costs

In accordance with insuring clause 1 We shall pay Costs in respect of any Claim, or Inquiry by an official body, related to a Pollutant up to the amount of the sub-limit of indemnity for all payments under this extension specified in the Policy Schedule.

The coverage provided by this extension shall only apply to a Claim first made, or to an Inquiry where it is commenced and the notice legally requiring the attendance of the Insured is served, in the Policy Period.

2.3. Fines and Penalties

In accordance with insuring clause 1 We shall pay any legally permissible pecuniary or administrative fines or penalties in respect of a Claim which the Insured is ordered to pay pursuant to the laws of the Commonwealth of Australia and/or New Zealand, except for any pecuniary penalties or administrative fines or penalties imposed:

- (i) pursuant to any consumer protection Act; or
- (ii) pursuant to any law regulating air, marine or vehicular traffic; or
- (iii) directly or indirectly as a result of or in connection with a requirement to pay taxes, duties, rates, levies, charges, fees or any other revenue raising measure; or
- (iv) where the Insured knew, or where a reasonable person in the circumstances ought reasonably to have known, prior to the Policy Period that the Insured had contravened a law and committed an offence pursuant to that law; or
- (v) as a result of further Wrongful Acts committed after the Insured first knew, or where a reasonable person in the circumstances ought reasonably to have known, that the Insured had contravened a law and committed an offence pursuant to that law, and which led to the imposition of increased or additional pecuniary penalties.

Exclusion 4.10 (Bodily Injury or Property Damage) shall not apply to any pecuniary or administrative fines or penalties paid under this extension resulting from a violation or breach of any Australian or New Zealand workplace health and safety law or regulation.

The aggregate sub-limit of indemnity for all payments under this extension is the Fines and Penalties sub-limit specified in the Schedule.

2.4. Workplace Health and Safety Costs

In accordance with insuring clause 1 We shall pay on behalf of the Insured, Costs incurred as a result of any Inquiry first commenced and served on the Insured in the Policy Period arising out of a violation or breach of any Australian or New Zealand workplace health and safety law or regulation.

The coverage hereunder shall only apply to an Inquiry where it is commenced, and the notice legally requiring the attendance of the Insured is first served, in the Policy Period.

The aggregate sub-limit of indemnity for all Claims under this extension is the Workplace Health and Safety Costs sub-limit specified in the Schedule.

2.5. Continuous Cover

Notwithstanding Exclusion 4.1(c) (Prior and Pending Claims and Circumstances) of this Policy, We will cover the Named Insured for any Claim arising from such fact, circumstance, act, omission or claim, where otherwise covered by this Policy, if:

- (a) We were the management liability insurer of the Named Insured when the Insured first became aware of such circumstance; and
- (b) We continued without interruption to be the management liability insurer of the Named Insured up until this Policy came into effect; and
- (c) had We been notified by the Named Insured of the circumstance when they first became aware of it, the Insured would have been covered under the policy in force at that time but is not now entitled to be covered by that policy;
- (d) there is an absence of fraudulent noncompliance with the Insured's duty of disclosure and an absence of fraudulent misrepresentation by the Named Insured in respect of such facts or circumstances;
- (e) We may reduce Our liability to the extent of any prejudice We may suffer in connection with the Named Insured's failure to notify the facts or circumstances giving rise to a Claim prior to the Policy Period; and
- (f) the Claim or the Inquiry or the circumstance have not previously been notified to Us or any other insurer.

If the Named Insured was entitled to have given notice under any other policy of insurance and thereby have an entitlement to indemnity, in whole or in part, then this Continuous Cover extension does not apply.

The Limit of Indemnity provided for Claims covered by this provision is the lesser available under the terms of the policy in force at the earlier time referred to in paragraph 2.5(c) above, or under this Policy. The terms of this Policy otherwise apply.

2.6. General Inquiry Costs

This Policy shall extend to include any reasonable and necessary Costs incurred by or on behalf of any Insured with Our prior written consent (such consent not to be unreasonably withheld) for legal representation at an Inquiry, where the Inquiry is commenced, and the notice legally requiring the attendance of the Insured is first served, in the Policy Period.

The aggregate sub-limit of indemnity for all Claims under this extension shall not exceed the amount of the General Inquiry Costs sub-limit of indemnity specified in the Schedule.

2.7. Extended Reporting Period

In the event that this Policy is not renewed nor replaced, other than for non-payment of premium, the Named Insured shall have the right to an extension of the cover granted by insuring clause 1 of this Policy in respect of any Wrongful Act or other conduct committed or alleged to have been committed prior to the expiry date of this Policy:

- (a) for a period of ninety (90) days from the expiry date of this Policy; or
- (b) upon payment of an additional premium calculated at 100% (one hundred percent) of the Premium shown in the Schedule (plus any applicable other taxes and charges), for a period of three hundred and sixty-five (365) days from the expiry date of the Policy; provided that:
 - (i) this extended reporting period is only available if the Insured has notified Us in writing that they wish to exercise the Extended Reporting Period and they pay the additional premium to Us within thirty (30) days of the end of the Policy Period; and
 - (ii) the premium shall be deemed to be fully earned at inception of the Extended Reporting Period and is not refundable.

It is understood and agreed that:

- a. the quotation by Us of different premiums, terms, conditions, limitations, exclusions or indemnity limits at renewal does not constitute a refusal to renew; and
- b. this extension shall only be granted provided the Insured cannot effect a sole trader's management liability policy or similar insurance, with any other insurer or underwriter or other similar entity, prior to expiry of this Policy and provided that the Insured have made reasonable efforts to secure such cover; and
- c. this extension is not available if the Policy is cancelled or avoided; and
- d. the Limit of Indemnity stated in the Schedule shall not be increased in any way by the provisions of this extension.

2.8. Extradition Bail Bond Costs

The Policy shall extend to include the reasonable premium (not including collateral) for a bond or other financial instrument to guarantee the Named Insured's contingent obligation for bail or equivalent in any jurisdiction required by a court in respect of an Extradition Proceeding.

The aggregate sub-limit of indemnity for all Claims under this extension shall not exceed the amount of the Extradition Bail Bond Costs sub-limit of indemnity specified in the Schedule.

2.9. Deprivation of Assets Expenses

We shall pay on behalf of the Named Insured Deprivation of Assets Expenses arising from a Deprivation of Assets Proceeding which first occurs and is notified to Us during the Policy Period in connection with a Claim covered under this Policy. We will only pay Deprivation of Assets Expenses after a personal allowance allowed by the court to meet such payments has been exhausted.

The aggregate sub-limit of indemnity for all Claims under this extension shall not exceed the amount of the Deprivation of Assets Expenses sub-limit of indemnity specified in the Schedule. No deductible is applicable to this extension.

2.10. Prosecution Costs

This Policy shall extend to include the reasonable and necessary costs incurred by the Named Insured with Our prior written consent (such consent not to be unreasonably withheld) to bring legal proceedings to overturn:

- (a) an interim or interlocutory order confiscating, controlling, suspending or freezing rights of ownership of real property or personal assets of an Insured or creating a charge over real property or personal assets of the Named Insured;
- (b) a judicial order requiring the Insured to be confined to a specific domestic residence or to be held in custody pending trial;

in connection with a Claim which first occurs and is notified to Us during the Policy Period.

The aggregate sub-limit of indemnity for all Claims under this extension shall not exceed the amount of the Prosecution Costs sub-limit of indemnity specified in the Schedule. No deductible is applicable to this extension.

2.11. Public Relations Expenses

This Policy shall extend to include the reasonable and necessary costs incurred by the Named Insured with Our prior written consent (such consent not to be unreasonably withheld) for the design and implementation of a publicity campaign to prevent or mitigate damage to the reputation of the Named Insured arising from a Claim.

The aggregate sub-limit of indemnity for all Claims under this extension shall not exceed the amount of the public relations expenses sub-limit of indemnity specified in the Schedule. No deductible is applicable to this extension.

2.12. Crisis Costs

We shall pay on behalf of the Named Insured Crisis Loss arising from any Crisis Event which first occurs and is notified to Us during the Policy Period.

The aggregate sub-limit of indemnity for all Claims under this extension shall not exceed the amount of the Crisis Costs sub-limit of indemnity specified in the Schedule. No deductible is applicable to this extension.

2.13. Employment Practices Liability Coverage

We shall pay any Loss resulting from any Employment Practices Claim which is first made against the Insured during the Policy Period and notified to Us in accordance with the terms of this Policy. The aggregate sub-limit of indemnity for all claims under this extension shall not exceed the amount of the Employment Practices Liability sub-limit of indemnity specified in the Schedule.

The Insured will be liable for the Employment Practices Liability Deductible stated in the Schedule for any Claim made under this extension.

2.14. Third Party Discrimination or Sexual Harassment Entity Coverage

We will indemnify the Insured for Loss arising from any Claim in connection with any actual or alleged Third Party Discrimination or Third Party Sexual Harassment which is first made against the Insured during the Policy Period.

The aggregate sub-limit of indemnity for all Claims under this extension shall not exceed the amount of the Third Party Discrimination or Third Party Sexual Harassment sub-limit of indemnity specified in the Schedule.

The Insured will be liable for the Employment Practices Liability Deductible stated in the Schedule for any Claim made under this extension.

2.15. Attendance Compensation

We shall pay the Named Insured, Attendance Compensation resulting from the attendance of the Insured on any one day:

- (a) at a court hearing, arbitration, mediation, conciliation or alternative dispute resolution proceeding or Inquiry as a witness;
- (b) at an interview in the presence of a lawyer conducting the defence of any Claim for the purpose of composing a witness statement;
- (c) at a conference or consultation with a barrister for the purpose of preparation in relation to any Claim; and
- (d) as an observer at a court hearing, arbitration, mediation, conciliation or alternative dispute resolution proceeding or Inquiry,;
- (e) and where the attendance is in connection with a Claim.

The aggregate sub-limit of indemnity for all Claims under this extension shall not exceed the amount of the Attendance Compensation sub-limit of indemnity specified in the Schedule. No deductible is applicable to this extension.

2.16. Tax Audit Costs

We shall pay on behalf of the Named Insured necessary Tax Audit Costs reasonably incurred by the Insured up to the completion of the audit or investigation provided that the Named Insured first received a Tax Audit Notice during the Policy Period and notified Us of such notice during the Policy Period.

We shall only pay Tax Audit Costs under this extension if:

- (a) all taxation and other returns are submitted within the time limits prescribed by all relevant statutes and regulations or as required by or on behalf of the Australian Taxation Office or Taxation Authority within the extensions of time granted by such authority;
- (b) upon the Named Insured or any other person acting on its behalf becoming aware of any error or deficiencies in any information, return of income or any other documentation furnished to the Australian Taxation Office or Taxation Authority, the Australian Tax Office or Taxation Authority is notified of such error or deficiencies without delay;
- (c) all taxes are paid by the due date or within any extension granted by the Australian Taxation Office or Taxation Authority;
- (d) a full and complete disclosure of all income including capital gains as required by any legislation is made by the Named Insured or any other person acting on its behalf;
- (e) all correspondence, requests and inquiries from the Australian Taxation Office or Taxation Authority are dealt with without delay;
- (f) direct access to the Accountant or Registered Tax Agent is granted to Us and full cooperation by them is given to Us;
- (g) at Our request the Named Insured instructs all Accountants or Registered Tax Agents, lawyers or other persons or organisations engaged by the Named Insured to produce to Us, without delay, any documents or information or advice in the Named Insured's or their possession which We shall require in connection with any claim made under extension 2.16 (Tax Audit Costs).

The aggregate sub-limit of indemnity for all Claims under this extension shall not exceed the amount of the Tax Audit Costs sub-limit of indemnity specified in the Schedule.

The Insured will be liable for the Tax Audit Costs Deductible stated in the Schedule for any claim made under this extension.

2.17. Employee Theft and Third Party Crime

We agree to provide indemnity to the Named Insured against Direct Financial Loss where any such loss is sustained in consequence of any:

- (a) Employee Theft; or
- (b) Theft or Fraudulent Act committed by any Third Party;

provided always that:

- (i) such loss is first discovered by the Insured during the Policy Period and is notified in writing to Us within ninety (90)

- days of the date of such discovery (but never beyond the expiry date of the Policy Period);
- (ii) such Employee Theft, Theft or Fraudulent Act has wholly occurred within Australia or New Zealand;
 - (iii) there is no indemnity for any loss sustained in consequence of any act or omission occurring after the date of discovery, or the reasonable cause for suspicion, of dishonest or fraudulent conduct on the part of the Employee, Third Party or other persons concerned;
 - (iv) no indemnity in respect of such loss shall be afforded hereunder to any person committing or condoning such Employee Theft, Theft or Fraudulent Act;
 - (v) the Insured shall take all reasonable steps to obtain reimbursement from such person committing or condoning such Employee Theft, Theft or Fraudulent Act;
 - (vi) any monies which but for such Employee Theft, Theft or Fraudulent Act would be due from the Insured to the person committing such act, or any monies held by the Insured and belonging to such person, shall be deducted from any amount payable under this insurance;
 - (vii) the sums payable hereunder shall only be for the balance of loss in excess of the amounts recoverable from the person(s) committing such Employee Theft, Theft or Fraudulent Act or their estates or legal personal representatives;
 - (viii) nothing herein shall preclude Us from exercising any right of subrogation against any person committing or condoning such Employee Theft, Theft or Fraudulent Act.

The aggregate sub-limit of indemnity for all claims under extension 2.17 Employee Theft and Third Party Crime shall not exceed the amount of the Employee Theft and Third Party Crime sub-limit of indemnity specified in the Schedule.

2.18. Theft and Crime Investigation and Data Reproduction Costs

- (a) We will indemnify the Named Insured for the reasonable costs incurred and paid by the Insured to an independent investigator, accountant or other consultant to establish the existence and the amount of any Direct Financial Loss covered by extension 2.17 (Employee Theft and Third Party Crime) of this Policy.
- (b) We will indemnify the Named Insured for their reasonable costs to reproduce or duplicate damaged or destroyed electronic Data or computer programs directly arising from any Direct Financial Loss covered under extension 2.17 (Employee Theft and Third Party Crime) of this Policy.

If such electronic Data or computer programs cannot be duplicated from other electronic Data or computer programs then We will indemnify the Named Insured for reasonable costs incurred to purchase the replacement computer program software, or if it cannot be purchased, for the time taken for computer programmers, technical experts or consultants to restore such electronic Data or computer programs to substantially the same level of operational capability existing immediately before the covered loss.

Reasonable costs payable under extension 2.18 (Theft and Crime Investigation Costs) shall not include wages, salaries, time costs and expenses or other remuneration of any Insured, or the time or expenses incurred by the Named Insured's clients.

The aggregate sub-limit of indemnity for all Claims under this extension shall not exceed the amount of the Crime Costs and Data Reproduction Costs sub-limit of indemnity specified in the Schedule. This sub-limit of indemnity is in addition to the sub-limit of indemnity provided under extension 2.17 (Employee Theft and Third Party Crime).

In the event that a Direct Financial Loss is paid under extension 2.17 (Employee Theft and Third Party Crime), no deductible is applicable to this extension.

2.19. Identity Fraud Expenses

In the event that a party other than an Insured fraudulently represents themselves as a representative of the Named Insured and enters into an agreement on behalf of the Named Insured with a third party, and such third party seeks to enforce the agreement, We will indemnify the Named Insured for reasonable costs and expenses incurred by the Named Insured with our prior written consent (not to be unreasonably withheld) to establish that a fraudulent misrepresentation has occurred.

The aggregate sub-limit of indemnity for all Claims under this extension shall not exceed the amount of the Identity Fraud Expenses sub-limit of indemnity specified in the Schedule.

2.20. Internet Liability

We will indemnify the Named Insured for Loss arising out of all Internet Claims first made against the Named Insured during the Policy Period.

The aggregate sub-limit of indemnity for all Claims under this extension shall not exceed the amount of the Internet Liability sub-limit of indemnity specified in the Schedule.

2.21. Run off cover for Takeover and Merger

In the event of a Takeover or Merger any coverage hereunder shall apply only to Wrongful Acts committed prior to the date of such Takeover or Merger.

3. Definitions

The following definitions of each word, words or phrase appearing in the title are applicable to all Policy sections. All words appearing in the title also include the plural or singular of those words.

3.1. Accountant or Registered Tax Agent

Means a person who is not an Insured and is recognised by either the Institute of Chartered Accountants or the Australian Society of Accountants, or any other person registered by the Australian Taxation Office as a tax agent, engaged by the Company for the purpose of preparing, or supervising the preparation of, or reviewing prior to dispatch, all returns and statements required by the Australian Taxation Office or Taxation Authority, in respect of any liability to pay tax by the Named Insured in respect of the Business.

3.2. Attendance Compensation

Means the amount specified in the Attendance Compensation sub-limit of indemnity in the Schedule.

3.3. Cheque Forgery

Means:

- (a) the Forgery or fraudulent alteration of any cheque or similar written promise by the Named Insured to pay money where such money is drawn upon the Named Insured's account at any bank at which the Named Insured maintains a current or savings account;
- (b) the fraudulent alteration of, on or in any cheque or draft:
 - (i) drawn upon by any bank; or
 - (ii) drawn upon by any corporation upon itself;
- (c) the fraudulent alteration of, on or in any cheque or written order or direction to pay money where such money is drawn by any public body upon itself, or any warrant drawn by any public body which the Named Insured shall receive at any of its Premises in payment or purported payment for:
 - (i) tangible property sold and delivered; or
 - (ii) services rendered.

3.4. Claim

Means:

- (i) a written demand by a third party against an Insured for compensation, damages or for non-monetary relief; or
- (ii) a civil proceeding brought by a third party against an Insured for recovery of compensation, damages or for non-monetary relief; or
- (iii) any criminal proceeding against, or any proceeding for extradition of an Insured; or
- (iv) any formal administrative or regulatory proceeding against an Insured, commenced by the filing of notice of charges, formal investigative order or similar document, including arbitration, mediation, conciliation or alternative dispute resolution proceeding; or
- (v) any Employment Practices Claim made against an Insured; or
- (vi) any Third Party Discrimination or Third Party Sexual Harassment Claim against an Insured.

For the purpose of extensions 2.4 (Workplace Health and Safety Costs) and 2.6 (General Inquiry Costs) only and the terms of the Policy applicable to such cover, Claim also means an Inquiry.

3.5. Business

Means the Named Insured's business as described in the Schedule.

3.6. Business Credit Card Fraud

Means the fraudulent use of any credit, debit or charge card issued to the Named Insured for Business Purposes only, where such card is a Forgery or is the subject of fraudulent alteration provided that the Named Insured has complied fully with the provisions, conditions and other terms under which the card was issued and provided the Insured is legally liable for such Direct Financial Loss.

3.7. Business Purposes

Means acts undertaken or performed by the Named Insured for the purpose of engaging in their Business.

3.8. Costs

Means the reasonable and necessary legal costs, fees (including barrister fees and expert fees) and expenses incurred in investigating and defending a Claim and of any appeal, and the costs of legal representation at any Inquiry and the legal costs associated with the preparation for said Inquiry.

This does not include the Insured's own internal or overhead costs and expenses.

3.9. Crisis Event

Means any of the following unforeseen events where, in the reasonable opinion of the Named Insured, the event has the potential to cause an imminent decrease of greater than 30% (thirty percent) of the total consolidated annual revenue of the Insured if left unmanaged:

- (a) loss of a major customer, contract or credit facility;
- (b) Employee workplace violence;
- (c) the first apparent unauthorised intrusion into the Insured's computer facilities;
- (d) a recall or boycott of any product;
- (e) a man-made disaster;
- (f) any criminal or fraud investigation.

Crisis Event does not include an event that affects the Named Insured's industry in general rather than the Named Insured specifically.

3.10. Crisis Loss

Means the reasonable and necessary fees, costs and expenses paid by the Named Insured for external crisis management services provided in response to a Crisis Event within the first thirty (30) days after the event (but never beyond the expiry of the Policy Period).

3.11. Data

Means information contained in records or accounts belonging to the Named Insured for Business Purposes.

3.12. Deductible

Means the amount referred to in the Schedule applicable to relevant cover or sub-limited cover under the Policy.

3.13. Deprivation of Assets Expenses

Means payment directly to providers of the following services:

- (a) housing;
- (b) utilities;
- (c) personal insurances; and
- (d) schooling;

in the event of Deprivation of Assets Proceeding.

3.14. Deprivation of Assets Proceeding

Means an interim or interlocutory order confiscating, controlling, suspending or freezing rights of ownership of real property or personal assets of an Insured or creating a charge over real property or personal assets of the Named Insured.

3.15. Direct Financial Loss

Means loss of Money, Securities or Property belonging to the Named Insured or loss of Money, Securities or Property in the care, custody or control of the Named Insured, for which the Named Insured is legally liable.

3.16. Employee

Means any person employed by the Named Insured under a contract of service during or prior to the commencement of the Policy Period. The definition of Employee excludes any consultant, contractors, agents or labour hire personnel supplied to the Insured.

3.17. Employment Practices Claim

Means an employment related Claim for any actual or alleged, unfair or wrongful dismissal, termination or discharge of employment (either actual or constructive, including breach of an implied contract), misrepresentation, wrongful failure to employ or promote, failure to grant tenure, discrimination, harassment, retaliation, humiliation, defamation, invasion of privacy, wrongful deprivation of career opportunity, wrongful demotion or negligent employee evaluation (including the provision of negative or defamatory statements in connection with an employee reference), which relate solely to the Named Insured's past, present or prospective Employees.

3.18. Employee Theft

Means any dishonest, fraudulent, criminal or malicious act of any Employee of the Named Insured.

3.19. Extradition Bail Bond Costs

Means the reasonable premium (not including any collateral) for a bond or other financial instrument to guarantee the Named Insured's contingent obligation for bail required by a court in respect of an Extradition Proceeding.

3.20. Extradition Proceeding

Means a written request for extradition of the Named Insured, a warrant for the arrest of the Named Insured or other proceedings commenced by a writ, complaint, summons or other originating process against the Named Insured under the provisions of the Extradition Act 1988 (Cth) and/or any associated regulations; and

- (a) any associated appeals, including but not limited to the pursuit of judicial review proceedings, against the decision of the Attorney General or other appropriately authorised representative of the Australian Government to issue a surrender warrant under the Extradition Act 1988 (Cth); and
- (b) the equivalent of the above in any other jurisdiction.

A Wrongful Act of the Named Insured is not required for cover for an Extradition Proceeding.

3.21. Forgery

Means the signing or endorsing of the name of a genuine person or a copy of the said person's signature without authority and with intent to deceive. A signature may be hand-written or mechanically or electronically produced or reproduced. It does not include the signing in whole or in part of one's own name, with or without authority, in any capacity, for any purpose.

3.22. Fraudulent Act

Means:

- (a) Business Credit Card Fraud;
- (b) Cheque Forgery;
- (c) Imitation Fraud; or
- (d) Funds Transfer Fraud.

3.23. Funds Transfer Fraud

Means fraudulent telephonic, facsimile, cable, teletype, electronic, telegraphic or written instructions issued to a financial institution directing the financial institution to pay, deliver, transfer Money or Negotiable Instruments from any account maintained by the Insured at such financial institution without the knowledge or consent of the Named Insured.

3.24. Imitation Fraud

Means:

- (a) the Forgery or fraudulent alteration of any Money or Negotiable Instruments or instruction; or
- (b) the counterfeiting of any Money or negotiable instruments, upon which the Insured has acted or relied.

3.25. Inquiry

Means any official investigation, inquiry or examination into the affairs of the Named Insured which the Named Insured is legally compelled to attend or provide documents by official notice or process.

3.26. Insured

Means:

- (a) the Named Insured;
- (b) any natural person who was, now is, or may hereafter become an Employee of the Named Insured and any other person who may at any material time be deemed to be such an Employee within the meaning of any applicable law or regulation;
- (c) the lawful spouse or domestic partner of any person as defined in clauses (a) – (b) but only to the extent that such spouse or domestic partner is a party to any Claim solely in his or her capacity as spouse or domestic partner of any such person and only for the purposes of any Claim seeking damages which are recoverable from marital community property, property jointly held by such person and their spouse or domestic partner, or property transferred from the Named Insured to the spouse or domestic partner for solely lawful purposes, and only to the extent that such Named Insured is covered by this Policy for such Claim; or
- (d) the estate, heirs, legal representatives or assigns of any person defined in clauses (a) – (c) in the event of the death, incompetence or bankruptcy of that person.

Insured shall not include any bankruptcy trustee, administrator, auditor, liquidator, mortgagee in possession, receiver or their respective employees.

3.27. Internet Activities

Means:

- (a) the display or other use of Matter on an Internet Site; or
- (b) transmission of Matter via an Internet Site.

3.28. Internet Claim

Means a written demand to, or civil proceedings by a third party against the Named Insured for compensation or damages arising out of:

- (a) libel, slander or other written publication of defamatory or disparaging material;
- (b) invasion of or interference with any right of privacy committed or allegedly committed by the Insured;

solely arising out of the Named Insured's Internet Activities.

3.29. Internet Site

Means that or those internet site or sites specified in the Schedule but shall not include any Third Party Internet Sites accessed by or through links from the Named Insured's Internet Site.

3.30. Limit of Indemnity

Means the amount stated in the Schedule next to the Limit of Indemnity.

3.31. Loss

Means any amount which the Named Insured is legally obligated to pay on account of any covered Claim including, but not limited to:

- (a) damages, judgments and costs awarded by a court or tribunal empowered to do so;
- (b) settlements entered into with Our prior written consent (such consent not to be unreasonably withheld);
- (c) Costs;
- (d) Extradition Bail Bond Costs;
- (e) pecuniary penalties; and
- (f) Attendance Compensation.

Loss shall not include taxes, fines, penalties (other than extension 2.3 (Fines and Penalties)), punitive, exemplary, aggravated or multiplied damages, or any amount in respect of any Claim or conduct deemed uninsurable by law, except for exemplary or aggravated damages arising from any Claim against any Insured for libel, slander or defamation. In respect of any Employment Practices Claim, Loss shall also not include:

- (i) any obligation pursuant to any law or any regulation in any jurisdiction in respect of workers' compensation, disability benefits, redundancy or unemployment benefits or compensation, unemployment insurance, retirement benefits, social security benefits or any similar law or regulation whatsoever;
- (ii) any salary or wages earned while in the employment of the Named Insured;
- (iii) any employment-related benefits to which the claimant would have been entitled as an employee had the Named Insured provided the claimant with a continuance, reinstatement or commencement of employment;
- (iv) contractual damages based upon the terms of a contract of employment;
- (v) any liability or costs incurred to modify any building or property in order to make such a building or property more accessible or accommodating to any disabled persons; or
- (vi) any amount payable by the Named Insured in respect of an unfair contract of employment.

3.32. Matter

Means printed, verbal, numerical, audio or visual expression, or any other expression whatsoever, regardless of the medium through which such expression is made.

3.33. Money

Means currency, electronically held funds, bank notes, coins, bullion, cheques, travellers cheques, postal orders and money orders.

3.34. Named Insured

Means the natural person specified in the Schedule (including their declared trading name).

3.35. Policy

Means this policy document, Schedule, attached endorsements and any endorsements agreed to by Us in writing.

3.36. Policy Period

Means the policy period specified in the Schedule.

3.37. Pollutant

Means any solid, liquid, gaseous, biological, radiological, nuclear, radioactive, or thermal irritant or contaminant whether occurring naturally or otherwise, including but not limited to dust, germs, mould, mildew, fungus, spores, fumes, acids, alkalis, smoke, vapour, soot, fibres, nuclear, asbestos, silica or radioactive material of any sort, chemicals, or waste materials (including but not

limited to any materials to be recycled, reconditioned or reclaimed).

3.38. Premises

Means the interior portion of any building owned or occupied by the Named Insured and in which it conducts its Business.

3.39. Premium

Means the premium specified in the Schedule.

3.40. Property

Means tangible personal property other than Money or Securities.

3.41. Retroactive Date

Means the date specified in the Schedule as such.

3.42. Schedule

Means the Schedule to this Policy.

3.43. Securities

Means negotiable and non-negotiable instruments or contracts representing money or other property, but excluding Money and Property.

3.44. Takeover or Merger

Means

- (a) any sale of the Named Insured's Business or its merger with or acquisition by another entity; or
- (b) a bankruptcy trustee, administrator, receiver, liquidator being appointed voluntarily or otherwise.

3.45. Tax Audit Costs

Means any fees, charges or disbursements of an Accountant or Registered Tax Agent or any other consultant who is not an Insured engaged by or replacing the Accountant or Registered Tax Agent, for work undertaken in connection with the audit or investigation.

3.46. Tax Audit Notice

Means any notification from the Australian Taxation Office, office of state revenue, or any other Australian Commonwealth, state or territory department, body, agency or authority, relating only to the investigation of the Named Insured's liability to pay:

- (a) income tax;
- (b) payroll tax;
- (c) fringe benefits tax;
- (d) capital gains tax;
- (e) A New Tax System (Goods and Services Tax);
- (f) superannuation payments tax;
- (g) termination payments tax;
- (h) land tax;
- (i) stamp duty; or
- (j) sales tax (including the amount of any such tax).

Tax Audit Notice includes notification from the Australian Taxation Office of an intention to undertake a risk review relating to the Named Insured's liability to pay (a) – (j) above.

3.47. Taxation Authority

Means the Australian Tax Office or any office of state revenue, or any other Australian Commonwealth, state or territory department, body, agency or authority with the legal right to levy or collect income tax, payroll tax, fringe benefits tax, capital gains tax, A New Tax System (Goods and Services Tax), superannuation payments tax, termination payments tax, land tax, stamp duty or sales tax. Taxation Authority shall not include any customs or excise body, agency or authority.

3.48. Theft

Means the unlawful taking of the Named Insured's Money, negotiable instruments or Property that forms part of the Named Insured's Business occurring:

- (a) within the Premises; or
- (b) within the interior of any banking premises or similar recognised place of safe deposit; or
- (c) while in transit and in the care, custody and control of an Employee or the Named Insured following the actual or threatened use of force or violence; or
- (d) while in the care, custody and control of any security company or armoured motor vehicle company, duly authorised by the Named Insured to retain such care, custody and control provided that We shall only be liable for the amount that is in excess of the amount of any other valid and collectible insurance or indemnity contractual or otherwise, available to the security company or armoured motor vehicle company.

3.49. Third Party

Means any natural person who is a customer, vendor, service provider or business invitee of the Named Insured. Third Party does not include:

- (a) any Employee;
- (b) any person acting in collusion with any Employee; or
- (c) any natural person providing services under any contract for services, written or implied, with the Named Insured.

3.50. Third Party Discrimination

Means discrimination against a Third Party based upon such Third Party's race, colour, religion, creed, age, sex, disability, marital status, national origin, pregnancy, HIV status, sexual orientation or preference or protected military status or other status which is protected pursuant to any Anti-Discrimination law.

3.51. Third Party Internet Site

Means web sites that are not owned, controlled, leased, administered, maintained or provided by the Named Insured.

3.52. Third Party Sexual Harassment

Means sexual harassment, including unwelcome sexual advances, requests for sexual favours or conduct of a sexual nature against a Third Party.

3.53. We, Us, Our

Means Berkley Insurance Company (trading as Berkley Insurance Australia) ABN 53 126 559 706.

3.54. Wrongful Act

Means any actual or alleged wrongful act or omission undertaken or performed by the Insured for the purposes of engaging in their Business which is committed solely in such person's actual or deemed capacity as an Insured.

For the purpose of extension 2.18 (Employment Practices Liability Coverage), any actual or alleged wrongful act or omission on the part of Named Insured or an Employee giving rise to an Employment Practices Claim.

Related or continuous or repeated or causally connected Wrongful Acts shall constitute a single Wrongful Act.

4. Exclusions Applicable To All Policy Sections

4.1. Prior or Pending Claims and Circumstances

We are not liable to indemnify the Insured, in respect of any:

- (a) Claim, investigation, litigation or proceeding threatened, intimated, in existence or commenced against the Insured before the Policy Period, or
- (b) Claim arising from the same or essentially the same cause as any Claim, investigation, litigation or proceeding threatened, intimated, in existence or commenced against the Insured before the Policy Period, or
- (c) fact, circumstance, act, omission or claim which, prior to the Policy Period, the Insured is aware may result in or could reasonably be expected to result in a Claim or Inquiry, or
- (d) Claim, circumstance or any Inquiry of which notice has been given, or should have been given, under any policy existing or expired before or on the inception date of this Policy or which was included on the proposal form; or
- (e) Claims, Loss or Inquiry, arising from an event which occurred before this Policy's Retroactive Date (if any), where such a date is specified in the Policy Schedule.

4.2. Fines and Penalties

We are not liable to indemnify the Insured for multiplied, punitive, aggravated, or exemplary damages, or fines or any criminal or civil penalties imposed by law, except to the extent covered by extension 2.3 (Fines and Penalties).

4.3. Pollution

We are not liable to indemnify the Insured in connection with the actual, alleged, or threatened discharge, release or escape of Pollutants, or the containment, clean up, removal, treatment, or monitoring of such Pollutants, except to the extent covered by extension 2.2 (Pollution Costs).

4.4. Asbestos

We are not liable to indemnify the Insured in connection with, or in any way involving, asbestos or asbestosis.

4.5. War and Terrorism

We are not liable to indemnify the Insured for any Claim, Loss or loss arising from:

- (a) war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, riot; or
- (b) civil commotion assuming the proportions of or amounting to an uprising; or
- (c) military or usurped power or confiscation or nationalisation or requisition or destruction of or damage to property by or under the order of any government or public or local authority; or
- (d) any act or acts of terrorism, force or violence for political, religious or other ends directed towards the overthrowing or influencing of the government, or for the purpose of putting the public in fear, by any person or persons acting alone or on behalf of or in connection with any organisation; or

any action taken in controlling, preventing, suppressing or in any way relating to 4.5 a) - 4.5 d) above.

The burden of proving that a claim does not fall within this exclusion shall be upon the Insured.

4.6. Radiation

We are not liable to indemnify the Insured for any Claim, Loss or loss in connection with any legal liability of whatsoever nature directly or indirectly caused by or contributed to by or arising from:

- (a) ionising radiation or contamination by radioactivity from any nuclear fuel or from waste from the combustion of nuclear fuel;

or

- (b) the radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof.

4.7. Public Securities Offering

We are not liable to indemnify the Insured for any Claim, Loss or loss directly or indirectly caused by, arising out of or in any way connected with the actual or alleged public sale, private sale, offer to sell, offer to purchase or offer to distribute securities representing a debt or equity interest in the Named Insured's Business.

4.8. Relatives

We are not liable to indemnify the Insured for any Claim, Loss or loss directly or indirectly brought by any person who is a relative, spouse or domestic partner of the Named Insured.

4.9. Insolvency or Administration

We are not liable to indemnify the Insured for any Claim, Loss or loss arising directly or indirectly from or in connection with or as a consequence of one or more of the following:

- (a) an order being made for the winding up of the Named Insured's Business;
- (b) the appointment of a trustee in bankruptcy to the Named Insured's Business; or
- (c) in any way whatsoever relating to the solvency or insolvency of the Named Insured.

4.10. Bodily Injury or Property Damage

We are not liable to indemnify the Insured for any Claim, Loss or loss for any actual or alleged bodily injury, sickness, disease or death of any person or any actual or alleged damage to or destruction of any tangible property, including loss of use thereof, except:

- (a) covered by extension 2.4 (Workplace Health and Safety Costs) of this Policy;
- (b) any Claim for emotional distress with respect to an Employment Practices Claim or any Claim for libel, slander or defamation.

4.11. Dishonesty, Fraud or Wilful Breach of Duty

We are not liable to indemnify the Insured for any Claim, Loss or loss in connection with, or in any way arising directly or indirectly from or in connection with any dishonest, fraudulent, criminal or malicious act of any Insured.

For the purpose of determining the applicability of this Exclusion, the knowledge and conduct of any Insured shall not be imputed to any other Insured. This Exclusion only applies in the event that the foregoing conduct is established by final adjudication by a court or tribunal or by written admission by such Insured.

4.12. Personal Profit

We are not liable to indemnify the Insured for any Claim, Loss or loss in connection with, or in any way arising directly or indirectly from any Insured gaining in fact any profit or advantage, or receiving any remuneration, to which they were or it was not legally entitled.

This Exclusion only applies in the event that the foregoing conduct is established by final adjudication by a court or tribunal or by written admission by such Insured.

4.13. Professional Services

We are not liable to indemnify the Insured for any Claim, Loss or loss in connection with, or in any way arising directly or indirectly from any actual or alleged professional services provided by or on behalf of the Insured.

This Exclusion shall not apply to extension 2.11 (Public Relations Expenses) or extension 2.12 (Crisis Costs).

4.14. Warranties and Guarantees

We are not liable to indemnify the Insured for any Claim arising from or attributable to any actual or alleged liability of the Insured under any contract, guarantee, warranty or agreement or assumed liability to the extent that the contract or other assumed liability increases the compensation or damages payable beyond the amount payable in tort or under any applicable statute.

4.15. Superannuation

We are not liable to indemnify the Insured for any Claim, Loss or loss arising directly or indirectly from or in connection with any actual or alleged violation of any responsibilities, obligations or duties protecting or regulating any superannuation or similar fund.

4.16. Illegal Copies of Programs

We are not liable to indemnify the Insured, in respect of any data reproduction fees, costs or expenses claimed under clause b) of extension 2.18 (Theft and Crime Investigation and Data Reproduction Costs) where the reconstitution of data is required as a result of the Insured knowingly using illegal copies of programs.

4.17. Sanction

We are not liable to indemnify the Insured, in respect of any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose Us to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, Japan, United Kingdom or United States of America.

4.18. Anticompetitive Behaviour

We are not liable to indemnify the Insured in respect of any Claim, Loss or loss arising directly or indirectly from or in connection with or attributable to violation of any law, rule or regulation relating to competition, price fixing, activities in restraint of trade, or deceptive acts and practices in trade and commerce.

4.19. Intellectual Property Rights

We are not liable to indemnify the Insured in respect of any Claim, Loss or loss arising directly or indirectly from or in connection with any misappropriation, plagiarism or infringement of any trade mark, trade secret, patent, copyright or any other intellectual property rights.

4.20. Financial Commitments

We are not liable to indemnify the Insured in respect of any Claim, Loss or loss arising directly or indirectly from or in connection with any trading debt or financial commitment of the Insured in conducting its Business.

5. Exclusions Applicable To Extension 2.16 (Tax Audit Costs)

We are not liable to indemnify the Insured under extension 2.16 (Tax Audit Costs) for any Claim, Loss or loss in respect of Tax Audit Costs in connection with:

5.1. ATO Requests

any improper, unwarranted or unjustified delay, refusal or failure to comply with any request made by or on behalf of the Australian Taxation Office, for the production of documents or the furnishing of information by the Insured.

5.2. Non-Audit Inquiries

inquiries from the Australian Taxation Office which are not related to an identified intention to conduct an audit or likely future audit.

5.3. Geographical Limitation

any audit or investigation concerning income earned or where the source of income is outside Australia and its external territories, or where the services giving rise to the audit are performed by persons or any Business ordinarily resident outside Australia or New Zealand.

5.4. Customs

matters arising under customs or excise legislation, including but not limited to the Customs Act 1901, Commerce (Trade Descriptions) Act 1905, Copyright Act 1968, Trade Marks Act 1995, Customs Regulations 1926, Customs (Prohibited Exports) Regulations 1958, Customs (Prohibited Imports) Regulations 1956 or Commerce (Imports) Regulations 1940.

5.5. Prior or Pending Investigations

any audit or investigation for which notice was received, or information which could lead the Insured or any person acting on its behalf to believe that an audit or investigation was likely to be carried out, was received by the Insured or any person acting on its behalf, prior to the Policy Period. Receipt of such communication will have occurred where the Australian Taxation Office makes communication with the Insured or any other person acting on its behalf.

5.6. Fraudulent Acts

any fraudulent or criminal act, error, omission or fraudulent misrepresentation committed by or on behalf of the Insured.

5.7. Penalties

the imposition of or seeking to impose any tax, penalty tax, costs, interest, fine or any fees or expenses in connection with any criminal prosecution.

5.8. Non-Professional Returns

an audit or investigation of a return of income that has not been prepared or reviewed by the Accountant or Registered Tax Agent, except where the return is a prescribed sales tax return or a prescribed payroll tax return.

5.9. Post-Audit Costs

Tax Audit Costs incurred after the audit or investigation has been completed.

6. Exclusions Applicable To Extension 2.17 (Employee Theft and Third Party Crime)

6.1. Funds Transfer Fraud

We are not liable to indemnify the Named Insured for Direct Financial Loss arising from Funds Transfer Fraud occurring between the Named Insured's account used for Business Purposes and:

- (a) the Named Insured's personal bank account; or
- (b) the bank accounts of any relatives, spouses or domestic partners of the Named Insured.

6.2. Separate Bank Accounts

We are not liable to indemnify the Named Insured for Direct Financial Loss arising from Funds Transfer Fraud unless the Insured operates separate Business and personal banking accounts.

6.3. Agent Acts

We are not liable to indemnify the Named Insured for Direct Financial Loss or loss arising directly or indirectly from or in connection with any act, error or omission of any independent contractor (other than an Employee), broker, merchant, external solicitor or external accountant, or other similar agent or representative. This exclusion shall not apply to any organisation to which the Named Insured has outsourced any normal administrative function under a written contract of engagement with such organisation.

6.4. Confidential Information

We are not liable to indemnify the Named Insured under extension 2.17 (Employee Theft and Third Party Crime), for Direct Financial Loss or loss arising directly or indirectly from or in connection with the loss or misuse of confidential information, material or data.

6.5. Dishonest Named Insured

We are not liable to indemnify the Named Insured in respect of any Direct Financial Loss under extension 2.17 (Employee Theft and Third Party Crime), for loss arising from or in connection with theft, forgery or any fraudulent, dishonest or criminal act committed by the Named Insured.

6.6. Loss of Income

We are not liable to indemnify the Named Insured in respect of any Direct Financial Loss under extension 2.17 (Employee Theft and Third Party Crime), for loss arising from or in connection with loss of income or profit.

6.7. Consequential Damage

We are not liable to indemnify the Named Insured in respect of any Direct Financial Loss under extension 2.17 (Employee Theft and Third Party Crime), for loss arising from or in respect of indirect or consequential loss or damage of any kind, apart from the Named Insured's costs to establish the existence and the amount of any loss provided such loss is covered by extension 2.18 (Theft and Crime Investigation Costs).

6.8. Surrendered Money, Securities, Property

We are not liable to indemnify the Named Insured in respect of any Direct Financial Loss under extension 2.17 (Employee Theft and Third Party Crime), where such loss results from an Insured knowingly having given or surrendered Money or Securities or Property in any exchange or purchase with a third party not in collusion with an Insured.

6.9. Money in Third Party's Custody

We are not liable to indemnify the Named Insured in respect of any Direct Financial Loss under extension 2.17 (Employee Theft and Third Party Crime), for loss arising directly or indirectly from or in connection with loss of or damage to Money or Securities or Property whilst in the custody of any bank or authorised deposit taking institution or any person who is duly authorised by the Named Insured to have custody of Money or Securities or Property.

This exclusion shall not apply to Direct Financial Loss resulting from any Theft or Fraudulent Act of Money or Securities or Property:

- (a) while such Money or Securities or Property are in transit and in the care, custody and control of an Employee or the Named Insured following the actual or threatened use of force or violence; or
- (b) while such Money or Securities or Property are in the care, custody and control of any security company or armoured motor vehicle company, duly authorised by the Named Insured to retain such care, custody and control and provided that We shall only be liable for the amount that is in excess of the amount of any other valid and collectible insurance or indemnity, contractual or otherwise, available to the security company or armoured motor vehicle company.

6.10. Profit, Loss or Inventory Computation

We are not liable to indemnify the Named Insured in respect of any Direct Financial Loss which can only be proved solely by:

- (a) a profit and loss computation or comparison; or
- (b) a comparison of inventory records with an actual physical count.

6.11. Trading

We are not liable to indemnify the Named Insured in respect of any Direct Financial Loss under extension 2.17 (Employee Theft and Third Party Crime), for loss arising directly or indirectly from or in connection with:

- (a) any trading of Money or Securities whether or not in the name of the Named Insured and whether or not in a genuine or fictitious account;
- (b) any credit arrangement, false accounting, trading in securities, commodities, futures, options, currencies, foreign exchange or the like unless the loss is a result of a fraudulent act which results in the Insured making an improper financial gain other than salary, wages, commissions, fees, bonuses, promotions, awards, profit sharing, superannuation or any other remuneration.

6.12. Data Loss

We are not liable to indemnify the Named Insured in respect of any Direct Financial Loss under extension 2.17 (Employee Theft and Third Party Crime), for loss comprising in whole or part fees, costs or expenses incurred or paid:

- (a) as a result of the reconstitution of Data if the Insured knowingly uses illegal copies of programs;
- (b) to render the Data usable by replacement processing equipment;
- (c) to design, update or improve software programs or to perfect their operation or performance;
- (d) as a result of an alteration in Data held on magnetic media due to the effect of magnetic fields, their incorrect use or the obsolescence of the computer system.

6.13. Fire or Premises Damage

We are not liable to indemnify the Named Insured in respect of any fire or any damage or destruction to any premises or building.

6.14. Geographical Limits

We are not liable to indemnify the Insured in respect of any Direct Financial Loss under extension 2.17 (Employee Theft and Third Party Crime), arising out of or in any way connected with any dishonest, fraudulent, criminal or malicious act of any Employee committed, in whole or part, outside of Australia or New Zealand.

7. Claims and Notice Conditions

Unless expressly stated otherwise the following conditions are applicable to all Policy sections.

7.1. Notification

- (a) The Insured must give written notice to Us of all Claims as soon as practicable after the Claim is made and prior to the expiration or termination of the Policy.

- (b) The Named Insured shall give written notice to Us of all discovery of conduct or losses falling under extension 2.17 (Employee Theft and Third Party Crime) of this Policy as soon as reasonably practicable following such discovery and prior to the expiration or termination of the Policy.

Notice of any Claim will be provided in writing to:

National Head of Claims
australiaclaims@berkleyinaus.com.au
Berkley Insurance Australia
PO Box Q296
QVB NSW 1230

7.2. Co-operation, Assistance and Disclosure of Insurance

The Insured must co-operate and give Us and Our representatives all information and assistance that is reasonably required to enable Us to investigate and defend any Claim and to enable Us to determine Our liability under this Policy.

The Insured shall not disclose to anyone the existence of this Policy without Our written consent unless as a consequence of the requirements of law.

7.3. Mitigation

The Insured must at their own cost use all due diligence and do, and concur in doing, all things reasonably practicable to avoid or diminish any legal liability, Loss or Costs, in respect of which We are liable to indemnify the Insured under this Policy.

7.4. Conduct of Proceedings

We shall be entitled at any time to conduct, in the name of the Insured the defence or settlement of any Claim or to prosecute in the name of the Insured for their own benefit any claim for payment, indemnity or damages or otherwise against any third party. We also have the right to appoint legal representation for the Insured in respect of any Inquiry if We elect to do so.

In any event no action shall be taken by the Insured which might prejudice Our interests.

7.5. Settlement

The Insured agrees not to settle any Claim, incur any Costs, make any admission, offer or payment or otherwise assume any contractual obligation with respect to any Claim without Our written consent, which shall not be unreasonably withheld.

We shall not be liable for any amount, settlement, Costs, admission, offer or payment, or assumed obligation to which it has not consented.

7.6. Right to Contest

We may not require the Insured to contest any Claim unless Senior Counsel advises that the Claim should be contested. In formulating the advice, Senior Counsel must take into consideration the damages and costs which are likely to be recovered by the claimant, the likely Costs, and the Insured's prospects of successfully defending the Claim. Senior Counsel shall be appointed by agreement of the Insured and Us, and in the absence of agreement, by the President of the Bar Association in the relevant State or Territory or Country. The cost of Senior Counsel's advice shall be regarded as part of the Costs.

In the event that We recommend, in writing, settlement in respect of any Claim and the Insured does not agree, then the Insured may elect to contest the Claim. However, Our liability for the Claim and Costs is then limited to the amount We recommended in settlement plus Costs incurred with Our consent up to the date that We recommended settlement.

7.7. Claims Aggregation

- (a) Where two or more Claims arise from the same Wrongful Act, act, error or omission, or from an original cause or event or from related, continuous, repeated or causally connected or a series of interrelated Wrongful Acts, acts, errors or omissions, then all such Claims shall constitute one Claim and;
 - (i) only one Deductible shall be payable by the Insured; and
 - (ii) the maximum amount payable by Us shall not exceed the Limit of Indemnity.
- (b) Where under extension 2.17 (Employee Theft and Third Party Crime) two or more covered losses arise from the same act or conduct, or from more than one act, or series of conduct, which arise from an original cause or event or from related continuous, repeated or causally connected events, or a series of interrelated, acts or conduct, then all such losses shall constitute one loss, and only one Deductible shall be payable by the Named Insured.

7.8. Deductible – General

The Insured must pay the Deductible amount stated in the Policy Schedule in respect of each and every Claim, claim or loss. We are not liable for the amount of the Deductible.

7.9. Deductible – Our Investigation, Defence or Settlement Costs

Unless otherwise stated in the Schedule or Policy, costs incurred by Us in the investigation, defence or settlement of any Claim are subject to the Deductible.

7.10. Allocation

Where any amount is incurred in respect of any Claim which arises from both covered matters and matters not covered by this Policy, Our liability is limited to the proportion which represents a fair and equitable allocation between the Insured and Us, taking into account the relative legal and financial exposures attributable to covered matters and matters not covered under this Policy.

If We and the Insured cannot agree on an allocation between covered and uncovered amounts and/or parties, the matter shall be submitted to binding opinion from a Senior Counsel agreed between the parties or, failing agreement, appointed by the President of the Bar Association of the State or Territory or Country in which this Policy is issued.

7.11. Claims by multiple Insureds

Where there is more than one Insured under this Policy Our maximum liability for loss sustained by one or all Insureds shall not exceed the amount for which We would be liable for if all losses were sustained by any one Insured.

7.12. Proof of loss - Applicable to Extension 2.17 (Employee Theft and Third Party Crime)

It is a condition of cover under extension 2.17 (Employee Theft and Third Party Crime) that upon discovery the Named Insured will;

- (a) furnish a proof of loss with full particulars to Us within six (6) months of such discovery, and prior to the expiration or termination of the Policy;
- (b) submit to examination under oath at Our request; and
- (c) produce all pertinent records at such times and places as We reasonably designate.

7.13. Valuation - Applicable to Extension 2.17 (Employee Theft and Third Party Crime)

We shall pay in respect of the following categories of loss covered under extension 2.22 (Employee Theft and Third Party Crime), on the basis of valuation set out below:

- (a) loss in respect of books of account or other records, the cost of blank books, pages, CD ROMs or discs or other blank materials to replace lost or damaged books of account or other records; and
- (b) the Australian dollar value of a foreign currency based on the cash rate of exchange published in the Australian Financial Review on the day the loss involving foreign currency is discovered.

8. General Conditions

Cover under this Policy is conditional upon the following:

8.1. Incorporation

The Named Insured must inform Us of any intent to amend the structure of their Business. Not less than 30 days prior to such amendment We will require a copy of all documents which have been or are to be presented to any relevant authority and/or prospective shareholders or stockholders of the Named Insured based upon which We reserve the right to amend terms and conditions of this Policy in relation to such offer and charge an additional premium as required.

If the Named Insured amends its structure to become an incorporated entity, then all coverage under this policy will immediately cease.

8.2. Limit and Deductible

- (a) Our total aggregate liability under of this Policy combined shall not exceed the Limit of Indemnity, which amount shall be inclusive of all Costs and all other amounts.
- (b) We shall only be liable under this Policy to pay in excess of the Deductible amount stated in the Schedule. Unless stated elsewhere in this Policy or in the Schedule, the Deductible stated in the Schedule:
 - (i) applies to each and every Claim, Costs, fine or penalty, bail bond costs or Inquiry;
 - (ii) includes all costs
 - (iii) is to be borne by the Named Insured; and
 - (iv) is not to be insured.

8.3. Insurance Contracts Act

We agree at all times to be bound by the provisions of the Insurance Contracts Act 1984 (Cth) (as amended from time to time) in respect of its relationship with the Insured and the Company and in respect of the terms and conditions of this Policy.

The Insured agrees to be bound by the provisions of the Insurance Contracts Act 1984 (Cth) (as amended from time to time) in respect of its relationship with Us and in respect of this Policy.

8.4. Alteration to Risk

The Insured must notify Us as soon as practicable of any material alteration to the risk during the Policy Period including but not limited to, failing to pay its debts, going into voluntary or involuntary bankruptcy, or any decision to become an incorporated entity.

8.5. Subrogation

If We make a payment under this Policy, We are subrogated to the Insured's rights of contribution, indemnity and recovery.

8.6. Geographic Limits

Unless otherwise specified elsewhere in this Policy, the cover under this Policy shall extend to legal liability arising anywhere in the world excluding the Dominion of Canada and the United States of America, and their territories and protectorates.

8.7. Jurisdictional Limits

The cover under this Policy shall extend to any Claim brought anywhere in the world excluding the Dominion of Canada and the United States of America, and their territories and protectorates, and excluding any Claim arising out of the enforcement of any judgment, order or award obtained within or determined pursuant to the laws of the Dominion of Canada or the United States of

America, and their territories and protectorates.

8.8. Assignment of Interest

The Insured's rights under this Policy cannot be assigned without Our prior written consent.

8.9. Cancellation

The Named Insured may cancel this Policy by notifying Us in writing, and We will allow a pro rata refund of Premium relating to the unexpired proportion of the Policy Period. Cancellation will be effective from the date that We are notified of the cancellation and is only available where there have been no notifications to or payments made by Us.

We may cancel this Policy in accordance with the relevant provisions of the Insurance Contracts Act 1984 (Cth) and We will provide a pro rata refund of Premium for the unexpired Policy Period. This pro rata refund of Premium is only available where there have been no notifications to or payments made by Us.

If the Insured has made a notification under this Policy then the Insured is not entitled to a refund.

8.10. Governing Law

In the event of a dispute arising under or in connection with this Policy, We at the request of the Insured will submit to the jurisdiction of competent courts in the Commonwealth of Australia. The dispute shall be determined in accordance with the law and practice of that jurisdiction, as applied in those courts.

8.11. Terms of Payment

All Premiums due to Us under this Policy will be paid within 30 days from the Policy's inception.

8.12. Order of Payments

If payment of Loss is due under this Policy but the amount of such Loss in the aggregate exceeds or may exceed the remaining available Limit of Indemnity for this Policy, We are entitled to pay Loss as it becomes due without regard to the potential for other future claims under the Policy or future payment obligations under the Policy.

The Named Insured agrees that, where more than one Insured is entitled to indemnity under the Policy, We are entitled (but not obliged) to make payments in respect of such claims under the Policy in the sequence in which the claims are received by it, irrespective of whether such payments might exhaust or erode the Limit of Indemnity.