

Electronic Equipment Policy

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IMPORTANT INFORMATION ABOUT THE POLICY

Thank you for choosing the Lumley Insurance "Electronic Equipment" Policy. Please read the Policy carefully to find out your rights and duties and what is or is not insured. If you want to know anything about the insurance or want to change it, please contact your broker or us.

Before you enter into a contract of general insurance with an insurer, you have a duty at law to disclose to the insurer anything that you could reasonably be expected to know is relevant to the insurer's decision whether to accept the risk of insurance and if so, on what terms.

You have the same duty to disclose those matters to the insurer before you renew, extend, vary or reinstate a contract of general insurance.

Your duty however does not require disclosure of matter:

- that diminishes the risk to be undertaken by the insurer;
- that is of common knowledge;
- that your insurer knows, in the ordinary course of business, ought to know;
- as to which compliance with your duty is waived by the insurer.

If you fail to comply with your duty of disclosure, the insurer may be entitled to reduce its liability under the contract in respect of a claim or may cancel the contract.

If your non-disclosure is fraudulent, the insurer may also have the option of avoiding the contract from its beginning.

THE AGREEMENT

After you have paid the premium, we will insure you against Loss which occurs in Australia during the Period of Insurance to an Item which has been commissioned and is ready for operation.

DEFINITIONS

"Backup" means the duplicate or original master copy of the software or data and any subsequent updates, kept on magnetic or other media capable of being readily recopied to operational equipment.

"Excess" means the amount (which excludes GST) specified in the Schedule and elsewhere in the Policy which you must contribute to each and every claim.

"GST" means Goods and Services Tax.

GST Note: All amounts insured by this Policy exclude GST.

Any claim settlements, up to the total of all amounts insured, will exclude GST. However, if there is a shortfall between the GST component of your claim and the amount of input tax credit you are entitled to, we will pay this shortfall in addition to the claim settlement.

We will not be liable to pay any GST, or any fine, penalty or charge that you are liable for arising out of your misrepresentation of, or failure to disclose, your proper input tax credit entitlement in the settlement of any claim or premium relating to the Policy

"Item" means the hardware specified in the Schedule together with, software, and any other asset insured by the Policy.

"Location" means the location specified in the Schedule.

"Loss" means sudden and accidental physical loss or damage capable of being readily diagnosed by normal techniques and including tangible loss of computer software and Media.

"Media" means any data-carrying material or device such as, but not restricted to, tape, floppy disk, CD Rom, hard disk.

"Period of Insurance" means the period specified in the most recent Schedule or the subsequent period for which the Policy has been renewed.

"Replacement Cost" means the price at which an Item is available from reputable suppliers in current market conditions, including installation and commissioning costs where applicable, all taking account of discounts currently available and offered. (If you are a reseller of Items, the Replacement Cost does not include any element of your profit).

"Schedule" means the attachment which forms part of the Policy and specifies your Policy number and other details of the insurance.

"we", "us", "our" and **"Lumley Insurance"** means Wesfarmers General Insurance Limited, ABN 24 000 036 279, trading as Lumley Insurance.

"you", "your" means anyone insured under the policy.

Note: any words appearing in the singular can also be construed in the plural and vice versa.

SECTION 1 - HARDWARE AND SOFTWARE

If Loss happens to an Item, at our option, we will:

- (a) pay you the cost of repairing the Item; or
- (b) pay you the Replacement Cost for an item of similar performance, function, type, capacity, age and quality as the Item which has suffered Loss, less the value of any salvage;
- (c) replace the Item with an item of similar performance, function, type, capacity, age and quality as the Item which has suffered Loss, less the value of any salvage.

However, where an Item of similar performance, function, type, capacity and quality as the Item which has suffered Loss is not available, we will pay you the lesser of the last known Replacement Cost of an identical item, or the Replacement Cost of the nearest current equivalent item, with an appropriate adjustment for betterment.

ADDITIONAL BENEFITS - Specific to Section 1, Hardware and Software

Additional Items

In the event of Loss, we will insure the value of hardware improvements or upgrades to an Item, up to 20% of the sum insured specified in the Schedule in respect of that Item, provided you notify us of such value increase within 60 days of the completion of the improvement or upgrade.

Software

In addition to the sum insured specified in the Schedule, we will insure Loss to lawfully purchased and licensed software up to a maximum value of \$2500 (whether or not Loss has occurred to the hardware).

Expediting Expenses

Within the sum insured specified in the Schedule, in the event of Loss, we will insure additional costs for overtime, nightwork, work on public holidays, express freight and air freight (by a recognised scheduled flight) up to 50% of the amount otherwise payable.

Transit

We will insure an Item whilst in transit within Australia; however, the Item must be:

- (a) prudently packaged and transported if not designed to be personally portable.
- (b) transported on airlines as accompanied baggage if designed to be personally portable.
- (c) kept in a securely locked vehicle out of sight whilst unattended (if this is the method of transport).
- (d) physically kept with you at all times and not left unattended in an insecure environment.

Sums Insured - Reinstatement

In the event of Loss to an Item for which a claim is payable under the Policy, the amount of insurance used in making good the Loss will be automatically reinstated from the date of the Loss. You may have to pay premium (at the initially agreed rate) on the amount reinstated.

CONDITIONS - Specific to Section 1, Hardware and Software

(Failure to observe these conditions may result in us reducing or refusing to pay a claim).

Use

You must install, maintain and operate an Item in accordance with the manufacturer's recommendations.

Any safety devices, where fitted or required by the manufacturer must be fully operational at the time of Loss.

You must take all reasonable steps to protect an Item from Loss.

Repair / Replacement

In the event of Loss, if you repair or replace an Item without our direct approval, and the cost you paid for such repair is greater than we could reasonably have expected to pay under the provisions of the Policy, then you will have to bear the difference between the two costs.

Maintenance Agreement

Where the Replacement Cost for any single Item, which is not a personal computer system or its peripherals, exceeds \$50,000, a full remedial maintenance agreement for that Item must be in force.

Software

Whilst we are insuring Loss of software, in the event of Loss, you must be able to provide us with sufficient proof of your ownership and licence to use such software.

Unless you are prevented by licence conditions, you must keep Backups of the software in a secure location.

If the software was written by or for you, or substantially modified by you or on your behalf, insurance is provided on the condition that a complete Backup is kept at a secure offsite location or in a fireproof safe at your premises updated at least on a weekly basis (but more often if prudent to do so) unless no changes have been made to the software since the last Backup. Such Backup must be periodically tested (ie. at least once every two months or sooner if substantial software modifications have been made) to verify that the Backup procedure is correct and that the Backup is complete and useable.

Sums Insured - Average

The sums insured specified in the Schedule must not be less than 90% of the Replacement Cost of the Item to which the sum insured applies (or ought to apply if 100% insurance is to be obtained.) If at the time of Loss, an Item is found to have a sum insured less than 90% of the cost of repairing or replacing the Item, settlement will be limited to the same proportion of the cost as the sum insured bears to 90% of the Replacement Cost. Nothing contained in this clause shall increase the sum insured specified in the Schedule.

EXCLUSIONS - Specific to Section 1, Hardware and Software

1. The Policy does not insure Loss arising from:
 - (a) fair wear and tear, including scratching, marking, or cosmetic damage to external surfaces.
 - (b) gradual deterioration, including rust, corrosion, or other ongoing effects caused by environmental conditions.
 - (c) defects or design faults known to you before taking out or renewing insurance under the Policy.
 - (d) an Item being submersed in the ocean or inland waters.
2. The Policy does not insure Loss to software downloaded by electronic means for which a Backup is not in your possession unless the software was pre-loaded into the Item at the time you purchased the hardware and is available from the original supplier at no more than the cost of the Media, or you can prove purchase of the software, but licence conditions prevent you from making Backups.
3. The Policy does not insure valves, tubes, x-ray tubes or bulbs unless they are damaged as a result of Loss to another part of an Item.

This exclusion does not apply to display screens in or attached to personal or office computers.
4. The Policy does not insure burglary, theft (or attempted theft) of an Item unless such burglary or theft can be proven by you to be consequent upon violent and forcible entry of securely locked premises, vehicle or container containing the Item.

SECTION 2 - DATA RESTORATION

This section of the Policy only applies if an amount is specified for Section 2 in the Schedule.

We will insure you for the cost of restoring data, for which you can prove you have a legitimate right to use, following Loss under Section 1, or in the event that data is:

- (a) corrupted by power interruption; or
- (b) by failure of the external telecommunications network, whilst the data is loaded into a hardware system.

We will pay the costs necessary to restore or re-key such data as charged at normal market rates by a competent external person.

Where such restoring or re-keying is carried out by you, we will pay you the same amount as we would have paid a competent external person in terms of both hours necessary and cost.

CONDITIONS - Specific to Section 2, Data Restoration

Failure to observe this condition may result in us reducing or refusing to pay a claim.

Backup

You must have a regular and scheduled Backup system in operation. Backups are to be carried out at least once a week (but more often if it is prudent to do so in your circumstances), unless no changes have been made to the data since the last Backup. Such Backup must be periodically tested (i.e. at least once every two months or sooner if substantial software modifications have been made) to verify the Backup procedure is correct and that the Backup is correct and useable.

EXCLUSION - Specific to Section 2, Data Restoration

1. The Policy does not insure Loss of the actual or perceived value of the data to you, or any consequential loss whatsoever except as expressly insured by the Policy.

Note: The Policy only insures the cost of restoring the data.

SECTION 3 - INCREASED COST OF WORKING

This section of the Policy only applies if an amount is specified for Section 3 in the Schedule.

ADDITIONAL DEFINITIONS - Specific to Section 3

"Business" means your business specified in the Schedule and carried out at the Location.

"Indemnity Period" means the period during which the results of your Business are affected as a consequence of Loss - beginning at the time Loss occurs and ending not later than the duration specified in the Schedule.

"Time Excess" means that period during which Increased Cost of Working is not insured; beginning at the time Loss to an Item occurs and continuing for the duration specified in the Schedule.

THE INSURANCE

Following loss or damage insured under Section 1 of the Policy, we will pay: the Increased Cost of Working reasonably and necessarily incurred for:

- (a) the use of alternative electronic processing system facilities, and/or;
- (b) the use of manual methods of performing the function;

of any Item which has suffered such loss or damage, in order to maintain normal Business operation during the Period of Indemnity, less any sum saved during the Indemnity Period in respect of charges and expenses of the Business which cease or are reduced as a consequence of loss or damage to the Item.

Should the Item which has suffered loss or damage be made functional within the Indemnity Period, we will only pay the same proportion of the Increased Cost of Working Sum Insured as the period of interruption caused by Loss to the Item bears to the Indemnity period.

ADDITIONAL EXCLUSION

Section 3 does not insure the cost of reinstating data.

GENERAL EXCLUSIONS (Applicable to All Sections)

- 1** The Policy does not insure Loss arising from:
- (a) unlawful, mischievous, or wilfully negligent acts carried out by you or by another with your knowledge.
 - (b) interference or tampering by another party carried out remotely by electronic means.
 - (c) consequential loss of any description other than as stated in the Policy and specified in the Schedule.
 - (d)
 - (i) the corruption or destruction of data, coding program or software and/or
 - (ii) the unavailability of data and malfunction of hardware, software and embedded chips and/or
 - (iii) any business interruption losses resulting therefrom.

Provided that this exclusion shall not apply where loss or damage occurs as a direct result of Loss which is otherwise insured by the Policy.

- 2** death, injury, illness, loss, damage, cost or expense of any nature directly or indirectly caused by, resulting from or in connection with any of the following regardless of any other contributing cause or event:

- (a) war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, riot, strike, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or
- (b) any act of Terrorism.
For the purpose of this exclusion, Terrorism means an act including but not limited to the use or threat of force or violence by any person or group of people, whether acting alone or on behalf of or in connection with any organisation or government which from its nature or context is committed for, or in connection with, political, religious, ideological, ethnic or similar purposes or reasons, including the intention to influence any government and/or to put the public or any section of the public in fear; or
- (c) nuclear reaction, nuclear radiation or radioactive contamination.

The Policy also excludes death, injury, illness, loss, damage, cost or expense of any nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to any act of Terrorism.

- 3.** The Policy does not insure Loss directly or indirectly caused by, arising out of, or aggravated by your business being wound up or carried on by a receiver or permanently discontinued.
All insurance under the Policy will cease from that time.

GENERAL CONDITIONS (Applicable to All Sections)

Failure to observe these conditions may result in us reducing or refusing to pay a claim.

Cancellation

You may cancel the Policy at any time by giving us written notice. We will calculate a premium at our customary short term rates, deduct it from the premium that you have paid, and refund the balance to you. We will not refund any premium in respect of an Item for which we have paid a total loss claim.

We may cancel the Policy, but only in accordance with the provisions of the Insurance Contracts Act 1984.

Examination

You must allow our representative to examine an Item at any reasonable time. If any new facts of a nature likely to increase the risk are observed, you must, at our request, restore the risk to an acceptable level within the least possible time.

Subrogation

- (a) Where we have a right to recover any payments made, or to be made, under the Policy from any person, you must fully co-operate with us in any legal proceedings available to us.
- (b) If we make any recovery as a result of such action, you may only recover from us any amount by which the amount recovered by us exceeded the amount we paid you in relation to the Loss.

Fraud

If you make a claim which is fraudulent in any way, or you collude with anyone in order to make a claim, we are entitled to cancel the Policy and seek legal recourse.

Policy-Contribution

If a Loss is insured by any other policy or policies the Insurance Contracts Act 1984 will apply to any contribution by the Policy.

Claims

- 1** Upon the happening of any event which might give rise to Loss, you must:
 - (a) notify us immediately by telephone or facsimile and on a claim form giving an indication of the nature and extent of the event;
 - (b) take all reasonable steps within your power to prevent further loss or damage;
 - (c) supply, at your cost, all such proof, information and other evidence with respect to the claim as we may reasonably require;
 - (d) preserve the parts affected and make them available for inspection by us or our representative;
 - (e) ensure that physical evidence of any Loss is not removed without our consent first being obtained.
- 2** When Loss occurs, you may appoint a qualified commercial repairer of your choice, but:
 - (a) you must make the Item available for our inspection;
 - (b) we reserve the right to invite, accept, adjust or decline estimates, or to arrange at our expense for the removal of the Item to other repairers for quotation purposes.

GENERAL CONDITIONS (Applicable to All Sections) (continued)

3. In respect of Loss or Business Interruption you must:
- (a) allow us to have the sole conduct of all negotiations and proceedings;
 - (b) assist and cooperate with us in all matters arising out of Loss or Business Interruption as we may reasonably require, including recovery of costs from anyone responsible for Loss or Business Interruption;
 - (c) notify us of any other insurance that wholly or partly covers the same Loss or Business Interruption.
4. In the event of Loss, We will bear the cost of any provisional repairs if such repairs constitute part of the final repairs and do not increase the total repair costs.
- The cost of any alterations, modifications, additions and/or improvements are not recoverable under the Policy.

IMPORTANT INFORMATION

Complaints - Internal and External Complaints Procedure

If you do not agree with any decision we make in relation to your insurance, please write to us stating what you disagree with and why.

We will then either resolve or attempt to resolve your complaint immediately or refer the matter to our Internal Dispute Resolution Committee (IDRC).

If you are not satisfied with a claim decision by the IDRC, the matter may be referred to an independent alternate dispute resolution body, the "Financial Ombudsman Service" provided it falls within their jurisdiction.

Cooling Off

If you are not completely satisfied with the Policy you may cancel it by notifying us in writing within 21 days of insurance having commenced. You will receive a refund of the amount you have paid unless something has occurred for which a claim may become payable under the Policy.

Confirming Transactions

You may contact us or your adviser, in writing (which is always required if you are advising cancellation) or by phone, to confirm any transaction under the Policy. Any transaction will be documented by us as quickly as possible.

Code of Practice

A self-regulatory Code of Practice exists for the general insurance industry, designed to raise overall standards. Lumley Insurance has adopted the Code, details of which can be obtained from your adviser or any of our offices.

Privacy

Lumley Insurance respects your privacy and complies with the Privacy Act and the National Privacy Principles. A copy of our Privacy Statement is available at any of our offices.