

Changes to your Industrial Special Risks Policy

EFFECTIVE JUNE 2023

Summary of changes to your ISR Policy wording

This document outlines a brief description of how the newer version of Your policy wording has changed from the older version.

We have upgraded and redesigned the insurance cover protecting Your property risks, known as Your Industrial Special Risks (ISR) policy.

This general information about changes to Your ISR policy will help You to understand Your insurance cover. While it is helpful to have a summary of the key points, it is important to read the new policy wording in conjunction with Your Policy Schedule so You understand the cover available to You under the new wording. For any questions please direct them to Your Insurance Broker in the first instance.

New layout

The new policy wording has been redesigned to incorporate all previous endorsements and memoranda into the body of the wording to provide clarity and make the document easier to read.

Key Improvements to Your cover

Definitions Applicable to All Sections

- For easy reference, We have introduced a definitions section in the front of the policy wording.

Basis of Settlement (Section 1)

- New Basis of Settlement xiv. for religious artefacts and scrolls.

Memoranda to Section 1

- Inserted memorandum for environmental upgrade following loss. This allows You to choose to repair a Damaged building with materials or equipment that are more energy efficient and environmentally friendly. This memorandum is subject to limits.

Property exclusions

- Property Exclusion 14. Property included in construction projects is now covered for contracts where the total value of the works does not exceed 10% of the Limit of Liability or \$2,000,000, whichever is the lesser. Previously, the monetary limit for such construction projects was \$500,000.

Conditions applicable to all sections

- Condition 2 Alteration
Sub-clause c) – unoccupancy period increased up to a maximum of sixty (60) days.

Key reductions, removals or clarifications of Your cover

Definitions Applicable to All Sections

- Inserted definition for Computer Crime.
- Inserted definition for Cyber Attack.
- Amended definition for Debris. Inserted clause b) clarifies that We will not cover liability for third party property damage or removal relating to Pollution or Contamination.
- Amended definition for Flood to provide greater clarity.
- Inserted definition for Green Standards.
- Amended definition for Landscaping. We now exclude vines, growing crops or pastures.
- Amended definition for Money. Collections of stamps or coins, or any kind of crypto currency are now excluded.

Summary of changes to your ISR Policy wording (continued)

- Amended definition for Property Insured. The term Property Insured excludes premises not owned or leased by You but temporarily occupied by You without any contractual liability for insurance thereof.
- Inserted a definition for Storm

Basis of Settlement (Section 1)

- Basis of Settlement i. On buildings, machinery, plant and all other property and contents (other than those specified below):
 - Last paragraph – valuation prepared by an Approved Valuer – such valuation must be based upon full reinstatement or replacement value.
- Basis of Settlement vii. On documents, manuscripts, Securities, deeds, specifications, plans, drawings, designs, business books, and other records of every description other than Data or Electronic Data:
 - Amended by deleting the terms 'computer systems records' and 'computer software' as such property is included within the definitions of Data and Electronic Data. We have updated this Basis of Settlement vii. to make it clear that it is specifically referencing paper records.
- New Basis of Settlement viii. for Data or Electronic Data.

Memoranda to Section 1

- Inserted memorandum for Indemnity Value. We now establish indemnity value concerning loss, destruction of or damage to building(s) by considering the value of the land and building(s) before and after such loss, destruction or damage.

Section 1 (Memoranda)/Section 2 Business Interruption

- Relief is granted by the reduction of any average, underinsurance or co-insurance clause or memorandum contained in the Policy to an 85% factor and qualifying any such clause or memorandum to a 5% loss threshold related to Declared Values. We no longer allow a 10% loss threshold.

Basis of Settlement (Section 2)

- The following new preamble has been inserted: 'We will only indemnify You if You identify the Items Insured You want and provide Declared Values particular to them'.
- Item No. 1 – Loss of Gross Profit. The underinsurance proviso now treats Annual Turnover in accordance with its own definition.
- Item No. 1 – Loss of Gross Profit. We have clarified that deletion of the underinsurance proviso will be allowed, provided the Declared Value for Gross Profit is in accordance with a professionally audited value. For full details refer to Your new Policy.
- Item No. 3 – Pay-Roll. The underinsurance proviso now treats Annual Turnover in accordance with its own definition.
- Item No. 3 – Pay-Roll. We have clarified that deletion of the underinsurance proviso will be allowed, provided the Declared Value for Insured Pay-Roll is in accordance with a professionally audited value. For full details refer to Your new Policy.

Definitions (Section 2)

- Inserted definition for Annual Turnover.
- Inserted definition for Items Insured.

Memoranda to Section 2

- Rent payable. We have clarified that insurance under this memorandum can only be claimed for further rent payable beyond that recoverable under clause a) of Item No. 1. For full details refer to Your new Policy.
- Public utilities. We have deleted the wording 'or indirectly' from this memorandum. By deleting the wording 'or indirectly', We are clarifying that there must be a proper direct link between the Damage to a supply undertaking referred to in this memorandum and the interruption of or interference with Your Business.
- Denial of access to specified suppliers' or customers' premises. This memorandum has been deleted.
- Suppliers and/or customers of specified customers. This memorandum has been deleted.
- Infectious or contagious diseases; vermin, pests or defective sanitary arrangements; food or drink poisoning; murder, suicide. Monetary limits set out therein are amended by deleting the wording '\$100,000 or' from the final paragraph.
- Computer. For the avoidance of doubt, 'Electronic Data', 'Computer Systems, Data' and/or 'Computer Crime/Cyber Attack' exclusions supersede the Computer memorandum if the said memorandum is in conflict with one or more of the aforementioned exclusions.

Property exclusions

- Property Exclusion 13 has been amended by limiting the most We will pay on any claim for gates, fences, retaining walls, exterior awnings and blinds, shade cloths and shade sails to the Sub-Limit of Liability stated in the Schedule.
- Property Exclusion 19 is added. We now exclude cover for off-premises overhead transmission and distribution lines and their supporting structures. However, We have clarified in Property Exclusion 19 the limited circumstances in which We cover the said overhead transmission and distribution lines and their supporting structures. For full details refer to Your new Policy.

Summary of changes to your ISR Policy wording (continued)

Perils exclusions

- Perils Exclusion 2 b) iii. is added. We have clarified that anything nuclear or radioactive referred to in Perils Exclusion 2 also includes biological weapons or substances or contamination resulting therefrom.
- Perils Exclusion 3 a) Flood is added. Flood is no longer automatically covered. We will consider and treat Flood cover as an insurance in its own right. You can apply to add Flood. However, the provision of Flood cover is always subject to Our underwriting criteria. (Note: this is a major change to existing cover).
- Perils Exclusion 4 a) has been amended by deleting the wording 'disease,' and replacing it with the wording 'germs, disease, virus, bacteria or other contagion.'
- Perils Exclusion 8 is added. We have clarified that We do not pay for any loss resulting from interruption of or interference with Your Business directly in consequence of failure or interruption of a supply undertaking referred to in this exclusion; but not if it is directly caused by a peril not otherwise excluded.
- Perils Exclusion 11 is added. We have clarified that We do not insure You against loss, Damage, cost or expense occasioned by or happening through voluntary parting with any Property Insured by You or anyone else to whom such Property Insured is entrusted if induced to do so by any fraudulent scheme, trick, device or false pretence.
- Perils Exclusion 12 is added. We will not cover loss, destruction or damage caused by bushfire, Flood (if cover is provided) or storm within 72 hours of the commencement date of the Policy or any endorsement thereto.

General exclusions

- 'Vermin or pests, toxic substances' exclusion is added. For full details refer to Your new Policy.
- 'Sanctions' exclusion is added. This means that We will not be liable to pay an insurance claim under Your Policy if doing so is prohibited under United Nations resolutions or the trade or economic sanctions, laws or regulations of Australia, New Zealand, United States of America, European Union or United Kingdom.
- 'Computer Crime, Cyber Attack' exclusion is added. Up until now, 'cyber' has been listed as an exclusion in Perils Exclusion 7. This has been clarified in the new Policy with anything cyber or cyber-related now consolidated and forming an exclusion found under the heading 'General exclusions'. For full details please see 'Computer Crime, Cyber Attack' additional exclusion within 'General exclusions'. You should read this exclusion in conjunction with the definitions of 'Computer Crime' and 'Cyber Attack' found under 'Definitions Applicable to All Sections'.

Optional covers

You can apply to add Optional covers. These Optional covers are not available independently and the provision of these Optional covers is always subject to our underwriting criteria.

All Optional covers that are applicable to You will be shown on Your Policy Schedule.

We have clarified that the following insurances are part of Optional covers:

- Golf clubs – amended definition and Basis of Settlement for 'landscaping'
- Changes in a temperature controlled environment
- Fusion
- Machinery breakdown (physical Damage and expediting expenses)
- EDP breakdown
- General property cover – Australia
- Property in transit – Australia

Machinery breakdown (physical Damage and expediting expenses)

- We no longer provide cover for any vehicle or mobile equipment in any circumstances.

EDP breakdown

- For the avoidance of doubt, 'Electronic Data', 'Computer Systems, Data' and/or 'Computer Crime/Cyber Attack' exclusions supersede the EDP breakdown Optional cover if the said EDP breakdown Optional cover is in conflict with one or more of the aforementioned exclusions.

Key benefits removed or reduced

- Collections (stamps and coins) and all crypto currency is now specifically excluded from cover.
- The average/underinsurance provision is amended to 85% / 5%
- A Sanctions Exclusion has been incorporated into the policy.
- For all new situations that are included on a policy there is now a 72-hour exclusion for Flood and Bushfire/Wildfire.
- Flood is now not automatically Included. as a standard It is excluded. we may agree to provide some cover in some situations.

Summary of changes to your ISR Policy wording (continued)

Please note that this summary of key changes is not part of Your insurance contract with Us and does not take Your personal circumstances into account. For full terms and conditions, limits, and exclusions and to see if the insurance continues to meet Your needs, please read the new policy wording, Your Policy Schedule and any other documents that We tell You form part of the contract with Us.



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