



## INSURANCE POLICY Policy Declarations

<b>Insured Financier</b>	Medfin Australia Pty Limited ABN 89 070 811 148, Australian Credit License Number 391697 and, National Australian Bank Limited ABN 12 004 044 937, Australian Credit License Number 230686
<b>Mailing Address</b>	9/201 Pacific Highway, St Leonards NSW 2065
<b>Insurance Manager</b>	Protecsure Pty Ltd, ABN 26 094 997 163, AFSL 238815
<b>Mailing Address</b>	2/171 Clarence Street, Sydney NSW 2000
<b>Company</b>	AIG Australia Limited ABN 93 004 727 753 AFS Licence No. 381686 (AIG)
<b>Mailing Address</b>	Level 19, 2 Park Street, Sydney NSW 2000
<b>Term</b>	At 12:01 AM Standard Time on Until 12:01 AM Standard Time on
<b>Limits of Coverage</b>	WE will not be liable for more than the following: A. <u>\$750,000.00</u> for any Loss to equipment covered by any individual finance agreement reported under this Policy; and B. <u>\$7,500,000.00</u> for any Loss to all equipment covered under this Policy in any one Occurrence, regardless of the number of covered finance agreements or Policy coverages involved in such Occurrence.
<b>Minimum Loss Amount/No Deductible</b>	WE will not pay for any Loss to Covered Equipment, if the amount of Loss is two hundred dollars (\$200) or less, except during the contract works (as provided in Section 6g on page 7 of this policy) period when a minimum of \$750 applies. However, WE will pay the amount of the Loss if the amount of the Loss exceeds two hundred dollars (\$200) (or \$750 for contract works) up to the applicable Limits of Coverage as shown in the Policy Declarations. This Policy does not have a deductible.

**PLEASE NOTE:** Throughout this Policy the words “YOU,” “YOUR” and “YOURS” refer to the Insured Financier shown above in the Policy Declarations. The words “WE,” “US” and “OUR” refer to the Company providing this insurance. The words “YOUR LESSEES,” “ITS” and “THEIR” refer to entities or persons having care, custody or control of Covered Equipment. YOUR LESSEES are not and cannot be added as a Loss Payee, Insured or Additional Insured under this Policy. Other words and phrases that are capitalized have special meaning, as defined in this Policy or the Definitions.

**IN WITNESS WHEREOF,** the company has caused this Policy and Declarations to be signed by its authorised officers.

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**FORM # 76280 (6/00)**

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## YOUR DUTY OF DISCLOSURE

Section 21 of the Insurance Contracts Act 1984 provides that before you enter into a contract of general insurance with an insurer, you have a duty to disclose to the insurer every matter that you know, or could reasonably be expected to know, is relevant to the insurer's decision whether to accept the risk of the insurance and, if so, upon 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. However, your duty of disclosure does not require you to disclose matters:

- a) that diminish the risk to be undertaken by the insurer;
- b) that are of common knowledge;
- c) that your insurer knows or, in the ordinary course of its business, ought to know;
- d) as to which compliance with your duty is waived by the insurer.

This duty of disclosure continues after the proposal form has been completed up until the Policy Period commences.

### Consequences of Non-Disclosure

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.

## CODE OF PRACTICE

AIG is a signatory to the General Insurance Code of Practice. This aims to raise the standards of practice and service in the insurance industry, improve the way that claims and complaints are handled and help people better understand how general insurance works. Information brochures on the Code are available upon request.

## PRIVACY CONSENT AND DISCLOSURE

AIG has adopted the National Privacy Principles. The National Privacy Principles applies to any personal information collected by AIG.

### Purpose of Collection

AIG collects information necessary to underwrite and administer your insurance cover, to maintain and to improve customer service. You have a duty under the Insurance Contracts Act to disclose certain information. Failure to comply with your Duty of Disclosure or to provide certain information may result in AIG either declining cover, cancelling your insurance cover or reducing the level of cover.

In the course of administering your Policy we may disclose your information to:

- (a) Another member of the AIG Insurance group of companies either in Australia or overseas;
- (b) Contractors or third party providers providing services related to the administration of your Policy;
- (c) Banks and financial institutions for the purpose of processing your Application and obtaining Policy payments;
- (d) In the event of a claim, assessors, third party administrators, emergency providers, and medical providers.

We will only disclose your personal information to these parties for the primary purpose for which it was collected. In some circumstances AIG is entitled to disclose your personal information to third parties without your authorisation such as law enforcement agencies or government authorities.

### Access to your Information

You may gain access to your personal information by submitting a written request to AIG.

In some circumstances, AIG may not permit access to your personal information. Circumstances where access may be denied include where it would compromise the privacy of other individuals, or where it would be unlawful.

AIG has also established an internal dispute resolution process for handling customer complaints and an access and correction procedure. Both procedures are generally free of charge however we reserve the right to charge for access requests in limited circumstances.

If you feel you have a complaint about AIG's Information Privacy Principles, require assistance in lodging a privacy complaint or you wish to gain access to the information, you may write to The Privacy Manager, AIG Australia Limited, Level 19, 2 Park Street, Sydney NSW 2000, or e-mail [australia.privacy.manager@aig.com](mailto:australia.privacy.manager@aig.com). Your complaint will be reviewed and you will be provided with a written response. If it cannot be resolved, your complaint will be referred to AIG's Internal Disputes Resolution Committee who will respond within 15 working days. In either case the matter will be reviewed by a person or persons with appropriate authority to deal with the complaint.

Should your complaint not be resolved by AIG's internal dispute resolution process, you may take your complaint to the Privacy Commissioner for review of the determination.

## SECTION I WHAT WE AGREE TO INSURE

### 1. What Causes of Loss are covered

WE will pay YOU for direct physical loss to Covered Equipment, which occurs during the term shown in the Policy Declarations, from any external Cause of Loss, except where otherwise provided in this Policy.

### 2. Where the Covered Equipment must be located

WE will pay for Loss to Covered Equipment resulting from covered Causes of Loss only while the Covered Equipment is located within Australia (including its territories).

### 3. When coverage begins

Coverage for the Covered Equipment contained in the finance agreements reported under this Policy will begin:

- a. for finance agreements effective on or after the effective date of this Policy, at 12:01 AM Standard Time, at the location of the Covered Equipment, on the date the Covered Equipment is delivered to YOUR LESSEE, or on the date that the finance agreement is executed by YOUR LESSEE, whichever date is later, **provided** that YOU report such finance agreement to YOUR Insurance Manager via electronic transfer within sixty (60) days after coverage begins; or
- b. for finance agreements effective on or after the effective date of this Policy and reported to YOUR Insurance Manager via electronic transfer sixty-one (61) days or more after coverage would otherwise begin under (a) above, at 12:01 AM Standard Time, at the location of the Covered Equipment, on the date YOU reported such finance agreement; or
- c. for finance agreements effective before the effective date of this Policy, at 12:01 AM Standard TIME at the location of the Covered Equipment, on the date YOU report, via data electronic, such finance agreement to YOUR Insurance Manager, **provided** that such report date is on or after the effective date of this Policy. Otherwise, coverage for such finance agreements will be effective on the effective date of this Policy.
- d. for finance agreements that YOU had previously reported in accordance with the provisions of Subparagraphs (a), (b) or (c) herein above, but which had been cancelled in accordance with the provisions of Section III herein because of the existence of other specific insurance on the Covered Equipment contained in such finance agreements, at 12:01 AM Standard Time, at the location of the Covered Equipment, on the date such other specific insurance expires or is cancelled.

### 4. When coverage ends

All coverage under this Policy shall end on the earliest of the following:

- a. at 12:01 AM Standard Time, at the location of the Covered Equipment, on the termination of each reported finance agreement containing Covered Equipment; or
- b. at 12:01 AM Standard Time, at the location of the Covered Equipment, on the date that coverage is individually cancelled as described in Section III of this Policy; or
- c. at the time and date and at the location of the Covered Equipment, when YOU repossess or accept surrender of the Covered Equipment; or
- d. at the time and date when YOUR interest in the Covered Equipment ends:

except in relation to contract works (as provided in Section 6g on page 6 of this policy), the cover ceases at the earlier of the following:

- Twelve months after the date of commencement of the contract works
- At the completion date of the contract works
- At the conversion of the contract works Draw Down Facility to another form of Finance Agreement

Should the contract works extend beyond twelve months, we may be able to extend the contract works period subject to acceptance by AIG.

## 5. What is Covered Equipment

Except for equipment which WE exclude elsewhere in this Policy, Covered Equipment is that property which is financed by YOU (directly as originator or indirectly as assignee or successor of the originator) under individual finance agreements (each schedule under a master finance agreement constitutes an individual finance agreement) to third parties who are YOUR LESSEES, provided YOU have reported the finance agreements containing such equipment to YOUR Insurance Manager as in accordance with the provisions described in Section II, Paragraph I herein. YOUR LESSEE is not, and cannot be, a Loss Payee, Insured, or Additional Insured under this Policy.

## 6. What equipment is not covered

WE will not pay for Loss to any of the following:

- a. equipment which is waterborne. **Provided**, however, that WE will pay for Loss to Covered Equipment while it is on ferries operated in connection with railroads or on public ferries operating on scheduled routes.
- b. aircraft or watercraft, including their motors, equipment and accessories.
- c. automobiles, trucks, trailers, semi-trailers or any self-propelled vehicles or machines primarily designed and licensed for road use. **Provided**, however, that trailers or semi-trailers will be included for an additional premium as Covered Equipment if they are included on the same finance agreement with other items of Covered Equipment and are to be primarily used for the purpose of providing mobility to such other Covered Equipment.
- d. equipment used in mining, logging, lumbering or oil or gas explorations or processing. **Provided**, however, that WE will pay for Loss to Covered Equipment, located and used in enclosed buildings, whose use is incidental to activities in these industries.
- e. underground equipment or equipment while located underground. **Provided**, however, that WE will pay for Loss to Covered Equipment located in enclosed buildings that are located below ground level, but which are not completely underground.
- f. equipment illegally acquired, kept, stored or transported or equipment seized or confiscated for breach of any law or by order of any public authority.
- g. Financed equipment, including property undergoing construction, erection, alteration or addition (contract works) when the value of the works exceeds \$750,000 unless a higher amount is agreed to in writing by AIG.

## 7. How WE define the Occurrence of certain covered Causes of Loss

In the event of any of the Causes of Loss listed below, the following definitions will apply to the terms "**Loss**," "**any one Loss**" or "**any one Occurrence**":

- a. Windstorm: the total of all Losses resulting in whole or in part from a windstorm, tornado, cyclone, hurricane or hailstorm which takes place during one atmospheric disturbance over a continuous period of seventy-two (72) hours.
- b. Flood: the total of all Losses resulting, in whole or in part, from flood waters during one continuous period of one hundred sixty eight (168) hours and within one river basin. Flood means (1) waves, (2) the rising, overflowing or breaking of boundaries of lakes, ponds, reservoirs, rivers, harbors, streams and/or similar bodies of water or (3) spray from any of these - all whether driven by wind or not.
- c. Lightning: the total of all losses resulting, in whole or in part, from lightning in the course of one atmospheric disturbance during one continuous period of twenty-four (24) hours.

## 8. What Causes of Loss are not covered

WE will not pay for Loss to Covered Equipment if it is caused, in whole or in part, by any of the following Causes of Loss:

- a. loss of market, delay in transit, obsolescence, business interruption or any other consequential or indirect Cause of Loss.

- b. internal Causes Of Loss, including but not limited to:
- (1) moths, rodents, vermin, termites or other insects, inherent vice, gradual deterioration, latent defect or wear and tear;
  - (2) mechanical or electrical breakdown, including rupture or bursting caused by centrifugal force;
  - (3) error, omission or deficiency in material design, specifications or workmanship;
  - (4) processing operations of computer equipment;
  - (5) any other internal Cause of Loss resulting from a failure to perform preventive, regular or corrective maintenance.
- c. dampness or dryness of atmosphere, wet or dry rot, freezing, heat, evaporation, marring, scratching, rust or corrosion, contamination, change in color or finish.
- d. shortage or disappearance of equipment that is discovered on the taking inventory.
- e. dishonest, fraudulent or criminal acts by YOU, YOUR LESSEES or any of YOUR or YOUR LESSEE'S partners, shareholders, directors, trustees or authorized representatives: (1) whether acting alone or in collusion with others, or (2) whether or not occurring during the hours of employment. Such dishonest, fraudulent or criminal acts include, but are not limited to:
- (1) Misappropriation: Misappropriation is herein defined as the use of Covered Equipment for a purpose other than for which it is intended or legally required to be used;
  - (2) Conversion: Conversion is herein defined as when YOUR LESSEE, or YOUR LESSEE'S partners, shareholders, directors, trustees or authorized representatives, transfers, or attempts to transfer, ownership of the Covered Equipment to its' or their benefit;
  - (3) "Skip": Skip is herein defined as when both YOUR LESSEE, or YOUR LESSEE'S partners, shareholders, directors, trustees, and the Covered Equipment has disappeared. This exclusion does not apply to YOUR or YOUR LESSEES' employees, provided they are not also YOUR or YOUR LESSEES' partners, shareholders, directors, trustees.
- f. Abandonment: Abandonment is herein defined as when YOUR LESSEE, or YOUR LESSEES' partners, shareholders, directors, trustees, relinquishes, surrenders, deserts or gives up Covered Equipment.
- g. Theft or vandalism and malicious mischief to pay telephones, vending machines, vending apparatus or coin or currency operated apparatus and any device attached to or controlled by them, while located outside of an enclosed building, whether attached to a building or not.
- h. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or financed for YOU or YOUR LESSEES, or operated under YOUR or YOUR LESSEES' control. **Provided**, however, that if Loss by fire or combustion explosion results, WE will pay for that resulting Loss. **Provided further**, that WE will also pay for Loss caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
- i. Military and government action, including, but not limited to:
- (1) War, including undeclared or civil war; or
  - (2) warlike action by a military force, including action in hindering or defending against an actual or expected attack by any government, sovereign or other authority using military personnel or other agents; or
  - (3) Insurrection, rebellion, revolution, *usurped* power, terrorism or action taken by governmental authority in hindering, combating or defending against the occurrence of the same, seizure or destruction under quarantine, or customs regulations, confiscation by order of any government or public authority. or risk of contraband or illegal transportation or trade.
- j. nuclear reaction, radiation or radioactive contamination however caused. **Provided**, however, that if Loss by fire results, WE will pay for the resulting Loss.
- k. the release, discharge or dispersal of Contaminants or Pollutants on, under or above the surface of

Covered Equipment. **Provided**, however, that WE will pay for Loss resulting from smoke or soot generated by a fire or from water, fire suppression system chemicals or other nontoxic and non hazardous substances which are harmful to the Covered Equipment but not to the general environment or human life.

- I. the weight of the load imposed on a machine exceeding the capacity for which such machine was designed.
  
- m. (1) WE will not pay for Loss to Covered Equipment directly or indirectly caused by, consisting of, or arising from, the failure of any computer, data processing equipment or media microchip, operating systems, microprocessors (computer chip), integrated circuit or similar device, or any computer software, whether YOUR property or not and whether occurring before, during or after the year 2000 that results from the inability to:
  - (a) Correctly recognize any date as its true calendar date; or
  - (b) Capture, save, retain and/or correctly manipulate, interpret or process data or information or command or instruction as a result of treating any date otherwise than as its true calendar date; or
  - (c) Capture, save, retain or correctly process any data as a result of the operation of any command which has been programmed into any computer software, being a command which causes the loss of data or the inability to capture, save, retain or correctly process such data on any date.
  
- (2) WE will not pay for the repair or modification of any part of an electronic data processing system or its related equipment, to correct deficiencies or features of logic or operation.
  
- (3) WE will not pay for Loss to Covered Equipment arising from the failure, inadequacy, or malfunction of any advice, consultation, design evaluation, inspection installation, maintenance, repair or supervision done by YOU or for YOU or by or for others to determine, rectify or test, any potential or actual failure, malfunction or inadequacy described in (1) above.

Such Loss to Covered Equipment described in (1), (2), or (3) above is excluded regardless of any other Cause of Loss that contributed concurrently or in any other sequence.

**Provided**, however, that the forgoing provisions of Subsections 8(a) through 8(m) notwithstanding, if there is resultant Loss, under circumstances involving a Causes of Loss described in Subsections 8(a) through 8(m), caused by a subsequent Cause of Loss, not otherwise excluded herein, WE will pay for such resultant Loss.

- n. WE will not pay for Loss to Covered Equipment directly or indirectly caused by, consisting of, or arising from,
  - (1) any functioning or malfunctioning of the internet or similar facility, or of any intranet or private network or similar facility,
  - (2) any corruption, destruction, distortion, erasure or other loss or damage to data, software, or any kind of programming or instruction set,
  - (3) loss of use or functionality whether partial or entire of data, coding, program, software, any computer or computer system or other device dependent upon any microchip or embedded logic, and any ensuing inability or failure of the Insured to conduct business.

This Exclusion shall not exclude subsequent damage or Consequential loss, not otherwise excluded, which itself results from a Defined Peril. Defined Peril shall mean: Fire, Lightning, Earthquake, Explosion, Falling Aircraft, Flood, Smoke, Vehicle Impact, Windstorm or Tempest. Such Damage or Consequential loss described in 1, 2, or 3 above is excluded regardless of any other cause that contributed concurrently or in any other sequence.

- o. Notwithstanding any provision to the contrary within this insurance or any endorsement thereto it is agreed that this insurance excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss;
  - (1) war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or
  - (2) any act of terrorism.

For the purpose of this exclusion an act of terrorism means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This exclusion also excludes loss, damage, cost or expense of whatsoever 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 (1) and/or (2) above.

If the Underwriters allege that by reason of this exclusion, any loss, damage, cost or expense is not covered by this insurance the burden of proving the contrary shall be upon the Assured. In the event any portion of this endorsement is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

- p. Physical loss, destruction or damage occasioned by or happening through:  
(1) Fire. This is covered under the Financed Equipment Fire Insurance Policy (MEDEQUFIR1\_3\_2011)

## **9. Liability claims are not covered**

WE will not pay for any claims YOU or YOUR LESSEES may become legally liable to pay because of bodily injury or property damage suffered by third parties.

## **10. When Loss caused by civil authority is covered**

Loss to Covered Equipment caused by fire is covered if the Covered Equipment is damaged or destroyed by any civil authority at the time of a fire in an effort to prevent the spread of the fire.

# **SECTION II HOW COVERAGE STARTS**

## **1. When and how YOU must report finance agreements eligible for coverage**

YOU must report to YOUR Insurance Manager, at least once per month via electronic transfer, all finance agreements for which coverage may be sought under this Policy.

## **2. When and how WE will confirm coverage**

YOUR Insurance Manager, on OUR behalf, will confirm coverage on the equipment financed by YOU at least once per month via electronic transfer.

## **3. What is YOUR duty to pay premium**

The amount of premium YOU will pay to US for this Policy will be determined by the premium rates applied by US for the various types of Covered Equipment. YOU must pay full insurance premium for Covered Equipment for the initial 12 month period of each finance agreement within ten (10) days after YOUR Insurance Manager confirms coverage on the Covered Equipment. If YOU do not pay the full premium for the initial 12 months for the Covered Equipment in the time required, WE or YOUR Insurance Manager will send YOU ten (10) days' notice that YOUR coverage will be cancelled. If YOU do not pay the outstanding premium during that 10-day period, coverage for those finance agreements for which premiums have not been paid will be cancelled. If WE receive the premium within the 10-day period, WE will not cancel YOUR coverage.

Following the initial 12 month period of each contract, YOUR Insurance Manager will issue invoices for successive 12 month periods (or part thereof during the final year of the contract) of each finance agreement. YOU must pay these subsequent insurance premiums within ten (10) days of invoice. If YOU do not pay the full premium for subsequent periods in the time required, WE or YOUR Insurance Manager will send YOU ten (10) days' notice that YOUR coverage will be cancelled. If YOU do not pay the outstanding premium during that 10-day period, coverage for those finance agreements for which premiums have not been paid will be cancelled. If WE receive the premium within the 10-day period, WE will not cancel YOUR coverage.

#### 4. When WE may adjust the premium

WE have the right to change the premium rates for various types of equipment covered under this Policy once during each Policy year. If WE do change the rates, WE must give YOU ninety (90) days' notice. A change of premium rates will become effective only for finance agreements effective ninety (90) days after WE have given OUR notice to YOU. Coverage on Covered Equipment effective before a change of premium rates becomes effective will not have premiums changed during the remaining period of coverage for such Covered Equipment.

#### 5. How WE add Loss Payees to this Policy

You may notify YOUR Insurance Manager or US of any other loss payee other than YOU. WE will name each Loss Payee on an endorsement to the Policy. YOUR LESSEE is not and cannot be added as a Loss Payee, Insured or Additional Insured under this Policy.

### SECTION III HOW COVERAGE MAY BE VOIDED OR CANCELLED

#### 1. What happens if YOUR LESSEE has other coverage

If YOUR Insurance Manager is notified:

- a. before a Loss and within six months of the date coverage begins under this Policy, that there is other specific insurance on individual Covered Equipment that meets YOUR finance agreement property insurance requirements, as determined by YOU, then (i) OUR coverage on individual Covered Equipment will be cancelled flat, if such other coverage became effective within ninety (90) days of the date that OUR coverage became effective, and all related premiums will be refunded to YOU or (ii) OUR coverage will be cancelled if such other coverage became effective ninety (90) days or more after OUR coverage became effective, such cancellation shall be effective at the same time such other coverage became effective, and the full term premium less any element of premium collected by YOU from YOUR LESSEES shall be refunded to YOU.
- b. before a loss and six months or more after the date coverage begins under this Policy, that there is other specific insurance on the individual Covered Equipment that meets all the property insurance requirements in YOUR finance agreement, as determined by YOU, OUR coverage will be cancelled as of the later of (i) a date ninety (90) days prior to such discovery or other notification or (ii) the effective date of such other insurance; and in either case all related unearned premiums will be refunded to YOU, such unearned premium to be calculated on the basis of the full term premium less the amount of any element of insurance premium that has fallen due to be paid by YOUR LESSEE up until the date of notification of the cancellation.
- c. that at the time of a loss, there is other specific insurance on the individual Covered Equipment, OUR coverage will pay first for the Loss to the extent WE provide coverage under this Policy. We will not pay more than the Limits of Coverage under this Policy.
- d. after payment for a Loss, that there is other specific insurance on the individual Covered Equipment which meets YOUR finance agreement property insurance requirements, as determined by YOU, then subsections (a.) and (b.) above, as the case may be, shall apply, except that there shall be no refund of premium with respect to any period prior to 12:01 A.M. Standard Time, at the location of the Covered Equipment, on the day the loss occurred.
- e. notwithstanding the provisions of this clause, in the event that other specific insurance on individual Covered Equipment that meets your finance agreement property insurance requirements is cancelled or not renewed by YOUR LESSEE, coverage under this Policy will be extended to you for such individual Covered Equipment from the date of cancellation or non-renewal of the other specific insurance, as if such coverage had been timely requested. In the event of such automatic extension of coverage, the details shall be reported to YOUR Insurance Manager along with your next return in accordance with the provisions of paragraph 1 of Section II and the premium that YOU shall then pay will be calculated from the effective date of coverage, and the coverage shall not be invalidated by the provisions of paragraph 3 of Section II.

## **2. How YOU may cancel this Policy**

YOU may cancel this Policy by delivering or mailing to YOUR Insurance Manager written notice of when the cancellation will be effective. It may not be effective less than ninety (90) days after the date of such notice. If YOU cancel the Policy in this way, coverage on Covered Equipment issued prior to the effective date of cancellation of this Policy will remain in effect until individually cancelled as provided in Paragraph 1 of this Section III above, or until the due date of the next insurance premium instalment.

## **3. How WE will compute earned premium when coverage on individual Covered Equipment is cancelled**

Any unearned premium resulting from any cancellation, other than as provided for in Paragraph 1 of this Section III above, or early ending of coverage on individual Covered Equipment will be returned to YOU. The premium earned will be based on the full term premium less the amount of any element of insurance premium that has fallen due to be paid by YOUR LESSEE up until the date of notification of the cancellation.

## **4. How misrepresentation and fraud void Coverage**

Coverage under this Policy is void if YOU or YOUR LESSEE, at any time, commit a fraud against US or intentionally conceal or misrepresent or falsely swear any statement concerning any material fact about this Policy, the Covered Equipment, the circumstances of a Loss, or YOUR or YOUR LESSEE'S interest in the Covered Equipment.

# **SECTION IV WHAT EXTENT OF LOSS WE INSURE AGAINST**

## **1. How WE will value the Loss payment for Covered Equipment at the time of a Loss**

Should Covered Equipment be involved in a Loss, WE will pay YOU the value of the Covered Equipment as follows:

- a. the amount actually spent in repairing the Covered Equipment, when repairable, or replacing any part of the Covered Equipment; or
- b. the Replacement Cost of the Covered Equipment, when the Covered Equipment is not repairable and is replaced under the same finance agreement with similar kind and quality equipment; or
- c. the Stipulated Loss Value of the Covered Equipment at the time of the Loss, if the Covered Equipment is not repairable or is totally destroyed or lost and YOU choose not to replace the Covered Equipment under the finance agreement with YOUR LESSEE,

but never more than the Limits of Coverage under this Policy.

## **2. What WE will pay for each Loss**

WE will not pay for any Loss to Covered Equipment in any one Occurrence, if the amount of Loss is two hundred dollars (\$200) or less. WE will pay the total amount of the Loss if the amount of the Loss exceeds two hundred dollars (\$200), except during the contract works (as provided in Section 6g on page 6 of this policy) period when a minimum of \$750 applies up to the applicable Limits of Coverage as shown in the Policy Declarations. If one Occurrence involves coverage on more than one finance agreement containing Covered Equipment, this Paragraph 2 of Section IV will be applied to each finance agreement containing Covered Equipment separately.

## **3. What is the Loss settlement with a pair, set or parts**

Subject to Section IV, Paragraph 1(a), (b) and (c), in the event of Loss to any part of a pair or set, WE will either:

- a. repair or replace any part to restore the pair or set to its value before the Loss; or
- b. pay the difference between the value of the pair or set before and after the Loss.

Subject to Section IV, Paragraph 1(a), (b) and (c), in case of Loss to any part of Covered Equipment consisting of several parts when complete, WE will pay, on a prorata basis, only for the value of the part involved in the Loss, unless the other parts of the Covered Equipment are rendered unusable by the Loss to the particular part involved in the Loss, in which case, WE will pay YOU for the aggregate value of the Covered Equipment consisting of all of the several parts which have been rendered unusable.

#### **4. YOU have automatic coverage due to inadvertence in reporting by YOUR Insurance Manager**

In the event that insurance on any financed equipment eligible for coverage under this Policy is not requested or is cancelled by YOUR Insurance Manager due to inadvertence on the part of YOUR Insurance Manager, coverage under this Policy will be extended to YOU for such equipment as if such coverage had been timely requested, in accordance with the terms and conditions of this Policy, by YOUR Insurance Manager.

In the event of such automatic extension of coverage, YOU shall pay premium from the effective date of coverage. Coverage on all financed equipment eligible for coverage under this Paragraph 4 of Section IV shall be effective from the date the specific Covered Equipment would have been covered under this Policy or the date other specific insurance ceased to provide the coverage required under the finance agreement, whichever date is later.

### **SECTION V WHAT DUTIES YOU AND WE HAVE AFTER A LOSS OCCURS**

#### **1. What is YOUR duty to protect individual Covered Equipment after a Loss occurs**

When a Loss occurs, YOU and YOUR LESSEE must make every reasonable effort to protect Covered Equipment from further Loss. If YOU and YOUR LESSEE intentionally neglect to do so, WE will not pay YOU for any Loss resulting from YOUR neglect. Any expenses resulting from YOUR efforts to protect Covered Equipment from further Loss shall be paid to YOU by US.

#### **2. What is YOUR duty after a Loss occurs**

As soon as practicable, YOU must give or cause to be given to YOUR Insurance Manager notice of any Loss to Covered Equipment that may result in a claim under this Policy. YOU must cause to be given to YOUR Insurance Manager, within ninety (90) days following demand thereof by YOUR Insurance Manager or US, a recorded or written statement of Loss from YOUR LESSEE, which shall include an accurate description of the Covered Equipment involved and how, when and where the Loss occurred. YOU or YOUR LESSEE also must cause to be given to YOUR Insurance Manager or US other supporting documents to prove the Loss, such as police, fire or repair company reports. YOU further agree to provide YOUR Insurance Manager or US with any documentation that YOU may have that may assist in adjusting the claim or proving the Loss, including an equipment invoice showing the original cost of the Covered Equipment and the finance agreement relating to such Covered Equipment. In the event that any documentation supplied by YOU or YOUR LESSEE is deemed by YOUR Insurance Manager or US as insufficient, YOUR Insurance Manager or WE shall advise YOU within five (5) days of receipt of the same in order that additional documentation may be supplied. If YOU or YOUR LESSEE do not cause to be given to YOUR Insurance Manager or US the required documentation cited above within ninety (90) days, WE will not pay YOU for the Loss under this Policy.

#### **3. What YOU may be asked to do by Your Insurance Manager or US after a Loss occurs**

YOU agree to cooperate with YOUR Insurance Manager and US in settling a claim for Loss. YOU also agree to attend, at OUR request, hearings or trials, help US to secure and give evidence and participate in legal suits. WE will reimburse YOU for YOUR expenses incurred in performing such activities. YOU further agree to be questioned under oath about any matter relating to this insurance or a claim for Loss and to sign any written answers given by YOU. YOU agree that YOUR Insurance Manager or OUR authorized representative has the right to inspect YOUR books and records relating to this Policy and that such inspection may take place at any reasonable time while this Policy is in effect and for twelve (12) months after coverage ends.

#### **4. When WE will pay YOU for a covered Loss**

WE will pay YOU for Loss to Covered Equipment within thirty (30) days after YOUR Insurance Manager or US receives the required documentation set forth in Paragraph 2 of this Section V above from YOU.

## **5. What happens to the Limits of Coverage after a claim is paid**

Any Loss paid under this Policy shall not reduce the Limits of Coverage shown in the Policy Declarations.

## **6. How YOU agree to transfer rights of recovery against others to US**

If YOU or any Loss Payee have rights to recover damages from a third party, other than YOUR LESSEE, for a Loss for which WE made payment under this Policy, those rights are transferred to US to the extent of OUR payment. YOU or the Loss Payee must do everything necessary to secure OUR rights and must do nothing before or after a Loss to impair them.

## **7. WE have no rights of recovery against YOUR LESSEE**

If YOU have rights to recover damages from YOUR LESSEE for a Loss for which WE made payment under this Policy, WE have no such rights to recover from YOUR LESSEE to the extent of OUR payment or to any extent. WE waive any rights of subrogation against YOUR LESSEE.

## **8. YOU may not abandon individual Covered Equipment**

YOU or YOUR LESSEE may not abandon Covered Equipment in order to claim a loss.

## **9. Who receives the benefit of recovery or salvage**

If YOU, YOUR LESSEE or WE recover any Covered Equipment after WE make payment for a Loss to that Covered Equipment, the benefit of the recovery shall be OURS up to the amount of OUR payment. The salvage value of any recovered Covered Equipment on which WE have paid a claim is also OURS to the extent of OUR Loss payment.

## **10. How YOU and WE settle OUR disagreements**

If agreement cannot be reached on the amount of YOUR Loss, the following steps may be taken within sixty (60) days from the time YOUR Insurance Manager or WE receive all YOUR supporting documents:

- a. YOU or WE may request an appraisal of the Loss.
- b. Within thirty (30) days of one of us requesting an appraisal, each of us will select a competent and disinterested appraiser.
- c. Within five (5) days of selecting our appraisers, YOU and WE will decide on a reasonable place and time for the appraisal.
- d. The appraisers will select an umpire. If the appraisers cannot reach agreement on an umpire within fifteen (15) days, an umpire will be selected by a judge in the state in which the appraisal is to be held.
- e. The appraisers will appraise the Loss and submit their opinion to the umpire. A written award agreed upon by two of the three will determine the amount of Loss.

YOU will pay YOUR appraiser, and WE will pay OURS. YOU will share equally with US in the expenses of the appraisal and the umpire. YOUR or OUR consent to appraisal does not mean that YOU or WE have waived any rights under this Policy.

## **SECTION VI WHAT OTHER TERMS AND CONDITIONS APPLY**

### **1. What records YOU must keep**

YOU must keep records of all finance transactions with YOUR LESSEES and records of all equipment covered by this Policy. These records must be available for inspection by YOUR Insurance Manager or OUR authorized representative at all reasonable times.

## 2. YOU may not transfer YOUR Policy rights without OUR consent

YOUR interests, rights and duties under this Policy may not be transferred without OUR prior written consent.

## 3. How this Policy may be changed

This Policy's terms and conditions may be amended or waived only by endorsement issued by US and agreed upon by YOU and US, and made a part of this Policy.

## 4. How the Insurance Contracts Act may affect this Policy

Any terms and conditions of this Policy which are invalid, illegal or unenforceable as a result of the operation of the Insurance Contracts Act shall be ineffective only to the extent of the invalidity, illegality or unenforceability, without invalidating the remainder of such term or condition or the remaining terms and conditions of this Policy.

## 5. Currency

Unless otherwise specified, all references in this Policy to "\$" shall mean Australian currency.

## 6. Goods and Services Tax

The premium charged for this policy will include an amount on account of GST.

The Insured must inform the Insurer of the extent to which it is entitled to an input tax credit for the premium each time that a claim is made under this policy. No payment will be made to the Insured for any GST liability that may acquire on the settlement of a claim if the Insured has not informed the Insurer of its entitlement or correct entitlement to an input tax credit.

Despite the other provisions of this insurance (including provisions in the wordings, any schedules and any endorsements), the Insurer's liability will be calculated taking into account:

- (a) any input tax credit to which the Insured is entitled for any acquisition relevant to a claim, or to which the Insured would have been entitled were the Insured to have made a relevant acquisition: and
- (b) (also for claims for Business Interruption only) the GST exclusive amount of any supply made by the Insured's business which is relevant to the Insured's claim.

If the sum insured or policy limit is not sufficient to cover the Insured's loss, the Insurer will only pay GST (less any relevant input tax credit) that relates to the Insurer's proportion of the Insured's loss. The Insurer will pay the GST amount in addition to the sum Insured or policy limit.

"GST", "input tax credit", "acquisition" and "supply" have the meaning given in the A New Tax System (Goods and Services Tax ) Act 1999.

## DEFINITIONS

1. **Cause of Loss:** means any Occurrence that causes Loss or damage to Covered Equipment.
2. **Contaminants or Pollutants:** means fumes, acids, alkalis, toxic chemicals, liquids or gases, waste material, asbestos or any other substance which poses a hazard to human life or the environment.
3. **Finance Agreement** means a lease, hire purchase, chattel mortgage or draw down facility agreement entered into between YOU and YOUR LESSEE
4. **Insurance Contracts Act:** means the Insurance Contracts Act 1984 (Clth.) as amended or modified from time to time or any other legislation enacted in substitution or replacement thereof.
5. **Loss:** means Theft, damage or destruction of Covered Equipment.
6. **Occurrence:** means any accident, Loss or disaster, or series of accidents, losses or disasters, arising out of one event

7. **Replacement Cost:** means the cost to replace individual Covered Equipment with similar kind and quality equipment at the time of the Loss, with no deduction for depreciation, but in no event shall this amount ever exceed the Limits of Coverage under this Policy.
8. **Stipulated Loss Value:** means the value of individual Covered Equipment as set forth in schedules of concluding payments, outstanding balances, net payoff amounts or such other amortized schedules of payments in the related finance agreements or such values as are agreed to by YOU and US, but in no event shall this amount ever exceed the Limits of Coverage under this Policy.
9. **Theft:** means burglary (which is the use of force or violence to break into or out of premises which are not open, and illegally taking away individual Covered Equipment), robbery (which is forcibly taking individual Covered Equipment by violence or fear or threat of violence to a person) or any other illegal taking of individual Covered Equipment.
10. **YOUR LESSEE:** means a person, corporation, company or other legal entity who has entered into a written finance agreement with YOU, directly as originator or indirectly as assignee or successor of the originator, for the financing of Covered Equipment under their care, custody or control, or any assignee, successor or sub LESSEE of the foregoing. YOUR LESSEE is not and cannot be added as a Loss Payee, Insured or Additional Insured under this Policy.

**IN WITNESS WHEREOF**, the company has caused this Policy and Declarations to be signed by its authorised officers.