

# SMALL and MEDIUM ENTERPRISE INSURANCE POLICY PACK

Underwritten by Commercial Pacific Insurance Limited

April 2005

## SECTION (I) INTRODUCTION

Thank you for choosing to insure with Commercial Pacific Insurance Limited hereinafter referred to as "we", "us", "our" or "CPI" whereas, the policyholder hereinafter will be referred to as the "policyholder" or "you(r)".  
*(for more information of CPI see Section IX)*

This Policy Pack contains a series of separate policies, each covering separate insurable events and perils. Each policy has specific conditions, terms, limitations and exclusions attaching. But, there are also common conditions, terms, limitations and exclusions that apply to all the policies in this Policy Pack.

You should examine each policy you have selected within this Policy Pack to ensure the cover you require has been provided, because if a claim arises from, or is attributable to, circumstances excluded, or where terms and conditions of the cover have not been met, it may transpire that you receive no insurance cover at all.

CPI is primarily an insurer of small to medium sized enterprise/business ("SME") which have "**non-complex**" insurance requirements. This Policy Pack has been developed for those **non-complex** insurance risks such as but, not just limited to:-

<b>Shopkeepers &amp; Retailers</b>	<b>Trades</b>	<b>Hairdressing, Health &amp; Beauty Industry</b>
<b>Entertainers, Tutors &amp; Instructors</b>	<b>Domestic Maintenance &amp; Repair Industry</b>	<b>Office Based Enterprises</b>
<b>Cottage Industries</b>	<b>Consultants &amp; Professional Service Providers</b>	<b>Associations &amp; Events</b>

**Non-complex commercial** insurance risks of the above nature are usually, but not always, limited to those requiring;

- **Third Party Legal Liability** where the sum insured does not exceed **\$10,000,000**
- **Contents, Tools of Trade & Trading Stock** where the sum insured does not exceed **\$120,000** (\$5,000 tools of trade)
- **Business Interruption** where the sum insured does not exceed **\$75,000**

If you are left in any doubt whatsoever about the cover provided under a policy within this Policy Pack, and/or believe your insurance requirements might fall outside the aforementioned category, you should immediately take your concern to the insurance broker or agent who placed your insurance with us.

For your convenience, this Policy Pack is set out in ten (10) Sections as follows;

Introduction	Section (I)
Terms Precedent for Insurance Cover:-	Section (II)
Third Party Legal Liability Insurance Cover:-	Section (III)
Contents, Tools of Trade & Stock Cover (General):-	Section (IV)
Contents, Tools of Trade & Stock Cover (Fire):-	Section (V)
Business Interruption Cover:-	Section (VI)
Common Conditions & Definitions:-	Section (VII)
Your Duty of Disclosure and Utmost Good Faith:-	Section (VIII)
About us:-	Section (IX)
Dispute Resolution:-	Section (X)

## SECTION (II)

### TERMS PRECEDENT FOR COVER UNDER THIS POLICY PACK

To the extent and manner hereinafter described, we agree to insure your interests provided that;

- (a) **you** have complied with the terms and conditions described herein and any Endorsement(s) or Attachment(s);
- (b) **a** claim is not caused by, or does not arise from, circumstances excluded or as a result of terms and conditions not being met;
- (c) **we** have received the full premium & any applicable excess, charges or additional premium required by us;

The limit of our liability to you under any Policy with this Policy Pack shall;

- (d) **be** limited to no more than the sum insured for a particular loss;
- (e) **be** reduced following an insured loss by the amount paid by us for that loss, unless you have paid an additional premium required by us to reinstate the original sum(s) insured; (see "Reinstatement of Sums Insured" - Section (VII) page 13)
- (f) **apply** whether claims are singular or combined thus, an aggregate of combined claims from one (1) occurrence shall be limited to no more than the maximum sum insured, specified in the Policy Pack Schedule;
- (g) **where** we defend you from a claim(s), the incurred legal costs and expenses in doing so will be paid in addition to the sum insured however, in the event of combined claims, where more than one party makes a claim(s) upon you, we will only have to pay the proportion of legal costs and expenses incurred in relation to the cover afforded to you by the responding policy.

**Note:** Insurance provided by our firm is not subject to the Insurance Contracts Act 1984, however, our firm observes the provisions of the Act, except for matters concerning dispute resolution procedures, cooling off periods, renewal of contracts, cover cancellation, privacy and compliance code matters. For more information about us please refer to Section (IX) of this Policy Pack.

## SECTION (III)

### THIRD PARTY LEGAL LIABILITY POLICY

#### **COVER:**

Subject to the conditions, terms, limitations and exclusions of this Policy, we will at our option pay to you or on your behalf all sums up to the sum insured, *less your excess*, that you become legally liable to pay as compensation in respect of;

- (a) personal injury to customers and other similar categorised persons, and/or;
- (b) damage or loss to their property;

**provided that liability arose** under any of the Covered Events (1.to 6.) and provided that liability arose from circumstances in direct connection with your usual enterprise/business that is the subject of the insurance issued under this Policy Pack.

#### **COVERED EVENTS:**

##### **1. Professional Liability:**

Liability arising out of a breach of the duty of care owed in a professional capacity by you and/or persons for whose breaches of such duty you may be legally liable, **except for subcontractors working for or with you**, but, the cover includes;

- (a) **Hairdressers and Beauticians Treatment Risks**;- we will cover liability arising from or in connection with; hair cutting, colouring, tinting, dyeing, perming, treating, drying, extending, conditioning and bleaching and similar beauty treatments such as waxing, steam treatment, spray on tanning, eyebrow plucking and shaping, singular ear lobe piercing, vibrio massage, pedicure, manicuring and electrolysis provided that the instrument used has a maximum available power rating not exceeding one 1 ampereage, **but we do not cover any treatment which includes the breaking of, or abrasion of, skin.**
- (b) **Student to Student Liability**;- we will cover liability arising from occurrences during student instruction and/or participation such as during dance performances, other similar performances, exhibitions or related functions conducted by or under the auspices of our insured dancing school or similar tutorial organisation insured by us. In the event of any student being entitled to indemnity under any other policy of insurance, the indemnity granted herein will apply only in respect of an amount in excess of what is available under such other policy. **But we do not cover Yoga tuition.**

**2. Occupiers Liability:**

Liability arising out of your enterprise/business's occupancy of leased premises, at the situation, provided that;

- (a) liability arises from circumstances in direct connection with your usual enterprise/business that is the subject of the insurance issued under this Policy Pack;
- (b) liability is not assumed in agreement by you, where in the absence of such agreement you would not have been legally liable.

**3. The Trade Practices Act:**

Liability arising from claims for damages or compensation made against you under the terms of the Trades Practices Act 1974 (Commonwealth) or any other fair trading Acts enacted by the states or territories of the Commonwealth of Australia which arise from misleading or deceptive conduct which relates solely to the conduct of your professional duty (*not being deliberate or fraudulent conduct*) except in respect of any portion of such claims which are made pursuant to the penal or criminal provisions of those acts.

**4. Goods Supplied:- (products risks)** Liability arising from the nature, condition or quality of goods sold or otherwise supplied by you provided the goods were fit for the purpose for which they were intended.

**5. Customers Personal Effects:**

Liability arising from the loss or damage to your customer's personal effects while in your short term care, custody and control, (*but, not overnight*) provided you took reasonable precautions to safe guard their effects. The limit of this cover is **\$500** for any one item, and **\$5,000** in total aggregate for any one occurrence *but, we will not cover you for loss or damage to;*

- (a) **live birds**, animals, fish;
- (b) **cheques**, credit card sales vouchers, postal and money orders, unused postage and revenue stamps, franking machine contents, securities and other negotiable instruments, other than cash;
- (c) **jewellery**, fine art, paintings, works of art, antiques or curios;
- (d) **musical** instruments, compact discs, professional recording and/or amplifying equipment, stage prop's and/or stage lighting, costumes;
- (e) game/vending machines & their contents, mobile phones, computer software, laptop computers, computer accessories and palm pilots;
- (f) **watercraft**, motorised vehicles (registered or not), cherry pickers and similar devices, scaffolding, ride on mowers, trailers and other temporary or mobile structures;
- (g) **any** property not owned by your customer and/or any property consigned to you for any purpose.

**6. First Aid:-** Liability arising out of emergency first-aid given or made available by you in connection with a work related accident caused by you.

**POLICY EXCLUSIONS:**

The following listing of exclusions -1(a) -to- 2(r.18) apply to all policyholders insured under this Policy however, some industries require particular cover so, in order to assist members of the **Hairdressers, Health & Beauty Industry - Trades and Labour Industry - Entertainers Tutors and/or Instructors Industry** we have interspersed within the exclusion listing, notices to draw attention to particular exclusions that are of particular importance to their industries.

Unless an Endorsement or Waiver has been provided to cover a particular circumstance excluded or otherwise limited under this Policy, we shall not be liable for claims made upon you in respect of;

- (1) financial loss arising from or in connection with;
  - (a) **an** error or omission by you, negligent advice, design, valuation, calculation, non attendance of an arranged event, or as a result of a prescribed treatment;
  - (b) **organizational**, administrative, promotional, managerial or logistical matters;
  - (c) **the** unauthorised use of an eftpos machine or credit card processing device, cheques or similar negotiable instruments.
- (2) liability arising from or in connection with;
  - (d) **matters** not described in the "Covered Events" 1. to 6;
  - (e) **an** occurrence outside the "Period of Cover"; (see Definitions)
  - (f) **sub-contractors** working for and/or with you;
  - (g) **persons** or property, where there is no association with your usual enterprise/business;
  - (h) **your** family;

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The following (7) paragraphs are of particular interest to the **Hairdressing, Health & Beauty Industry** but, remember all exclusions apply to all policyholders.

- (i) **any** form of cosmetic surgery or any such like process, including implanting, injecting, tattooing and body piercing, *except for singular earlobe piercing*, or any other such like process, that involves the breaking or abrasion of skin;
- (j) **electrolysis** treatment where the instrument used has a maximum available power rating of more than one (1) amperage;
- (k) **the** sale of, and/or manufacture of, and/or use of, potions, medicines, oils, fragrances, soaps, incense, candles and/or fireworks;
- (l) **manipulation** of muscle, limbs, bone and/or skeletal adjustment by hand or apparatus, chiropractic and/or physiotherapy procedure but, *light massage not requiring deep tissue manipulation is covered*;
- (m) **service** performed upon a customer when knowing or suspecting the service was unsafe, whether or not the customer agreed to the service;
- (n) **service** performed upon a customer by a person not qualified to do so;
- (o) **a** solarium;

The following (6) paragraphs are of particular interest to the **Trades & Labour Industry** but, remember all exclusions apply to all policyholders.

- (p) **unless** you are a qualified Plumber, Gasfitter or Electrician;
  - (i) **welding** of metals and/or the braising and/or soldering of pipes intended for water or gas flow;
  - (ii) **work** performed in respect of gas fitting, gas supplies, gas pipes and/or gas utilities;
  - (iii) **work** performed in respect of electrical fitting, electrical supplies, electrical cabling and/or electrical utilities;
  - (iv) **work** performed in respect of buildings, dwellings, parts of dwellings and or commercial premises, to an extent which requires you to have a builder's license;
  - (v) **your** purposeful application of an open flame to any fixture or surface such as but, not limited to, a gas or oil fuelled device used for blistering and/or stripping paint, commonly known as a "blow torch" *however, use of an electrically operated heat gun is covered*;
- (q) **spray** painting any fixture or surface including exterior and/or interior walls, and roofs; (*Endorsements are usually available upon request, subject to guidelines*)
- (r) **damage** to land or property arising from or attributable to vibration, removal or weakening of support;
- (s) **tree lopping**, however, light pruning, trimming and/or cutting of branches of vegetation to a height not greater than three (3) metres from the immediate ground level below and which does not require your feet to leave the ground is covered;
- (t) **work** performed on the exterior of a building more than eight (8) meters from the immediate ground level below and/or work performed by you in excess of one (1) metre below the ground surface;
- (u) **windows, the scratching thereof** which is caused by the use of a razor or similar instrument;
- (v) **work** performed by you, or in connection with you, that has a contract value in excess of **twenty thousand dollars - \$20,000**.

The following (3) paragraphs are of particular interest to the **Entertainers ,Tutors and Instructors Industry** but, remember all exclusions apply to all policyholders.

- (w) **Yoga**,
- (x) **your** use of fire, or possession of firearms, fireworks, whips, guns, sharp instruments, mobile vehicles and/or cycles of any type or skateboards;
- (y) **your** use of animals and/or reptiles, other than rabbits, guinea pigs, and/or birds;
- (z) **noise** emanating from you, your equipment or from a member of your audience and/or a student including from their equipment;

Back to general exclusions, from here but, remember all exclusions apply to all policyholders.

- (a.1) **paedophilia**, sexual misconduct, sexually transmitted disease and/or Herpes and/or Hepatitis and/or inflections or infections of the HIV' virus;
- (b.2) **Creutzfeldt-Jacob** Disease which is the human variant of Bovine Spongiform Encephalopathy, commonly referred to as "BSE" and/or "mad cow disease";
- (c.3) **the** sale of, and/or manufacture of, and/or use of, alcohol, medication whether prescribed or not, and/or illicit drugs or similar substances;

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- (d.4) **agents** or persons working for or with you, including volunteers, demonstrators, observers, students and apprentices, and/or their property, whether or not such persons were in receipt of reward, if they were/are not qualified and/or adequately trained and/or supervised by you;
- (e.5) **faulty** workmanship, faulty design, wear, tear, fading, rust, corrosion, oxidation, exposure to light or gradual deterioration, scratching, tearing or marring;
- (f.6) **hot** water systems, boilers and/or economisers.
- (g.7) **mechanical** breakdown from a lack of repair, service or maintenance work to any part of your insured property or enterprise/business premises or the actual building structure where your enterprise/business is situated including its internal pipes, cables, external awnings and blinds;
- (h.8) **the** re-manufacture and/or fixing of second hand electrical goods;
- (i.9) **a** known defect or deficiency in any products sold or otherwise provided from your enterprise/business, or the cost of recalling and/or making such good;
- (j.10) **the** release of contaminants or pollutants, from your enterprise/business, unless the consequence of a sudden cause and was neither reasonably expected nor intended by you;
- (k.11) **ionising** radiations or contamination by radioactivity from any nuclear fuel or nuclear weapons material or from any nuclear waste from the combustion of nuclear fuel or, in connection with any mining, handling, processing, manufacture, sale, transportation, distribution, storage or use of asbestos or asbestos products;
- (l.12) **a** watercraft, motorised vehicles (registered or not), cherry pickers and similar devices, ride on mowers, trailers and other temporary or mobile structures;
- (m.13) **liability** arising in circumstances where you and/or we as your insurer, are prevented from subrogating your rights or otherwise recovering a loss, due to an agreement between yourself and any other party, such as but not limited to a "hold harmless agreement" or "waiver of rights";
- (n.14) **property** that is consigned to you for any purpose;
- (o.15) **matters** arising from or attributable to circumstances outside of Australia;
- (p.16) **warranty** claims for service and/or warranty claims on goods and/or warranty claims on performance;
- (q.17) **fraud**, non-disclosure, misdescription, or misrepresentation of any nature, or any attempt by you;
- (r.18) **matters** arising from or attributable to fines, penalties, punitive, exemplary or aggravated damages.

## SECTION (IV)

### CONTENTS, TOOLS OF TRADE & TRADING STOCK POLICIES - 1 to 7

Note: If you have chosen to insure your enterprise's/business's Contents, Tools of Trade and Trading Stock under this Section, all the described "Insured Perils" will be covered unless you have chosen not to take cover for a specific "Peril". Fire cover is NOT covered under this Section but, FIRE is covered under the next section, Section (V).

Subject to the conditions, terms, limitations and exclusions herein, we will indemnify you for loss and/or damage to your "Insured Property" caused by an "Insured Peril" for which you have chosen to insure against;

**Insured Property shall mean;-** your enterprise/business's furniture and fittings, tools of trade, related machinery and devices, general office equipment including computers and hardware accessories, cash registers, phones and facsimiles, and internal walls, windows, cash, and trading stock *(to a maximum 33% of the sum insured under this section)* but, unless otherwise specified as covered **does not include;**

- (a) **the** actual building structure where your enterprise/business is situated including its internal pipes, cables, external awnings and blinds;
- (b) **cheques**, credit card sales vouchers, postal and money orders, unused postage and revenue stamps, franking machine contents, securities and other negotiable instruments other than cash;
- (c) **gaming**, lottery and/or lotto tickets, public transportation tickets and/or passes, or cigarettes and/or cigars;
- (d) **musical** instruments, compact discs, professional recording and/or amplifying equipment, stage prop's and/or stage lighting, costumes;
- (e) **game/vending** machines & their contents, mobile phones, computer software, palm pilots and/or ipod devices;
- (f) **dishwashing** machines, commercial cooking equipment and/or deepfryers;
- (g) **jewellery**, fine art, paintings, works of art, antiques or curios;
- (h) **live birds**, animals, fish **except** for Pet Shops to which this exclusion does not apply;
- (i) **watercraft**, motorised vehicles (registered or not), cherry pickers and similar devices, scaffolding, ride on mowers, trailers and other temporary or mobile structures;
- (j) **your** personal property or any other property not owned by you, except for windows and landlord property for which you are responsible under a duly constituted and executed lease.

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## **INSURED PERILS - Policies 1 to 7.**

<b>Storm &amp; Tempest</b>	<b>(Policy 1.)</b>	<b>Impact</b>	<b>(Policy 2.)</b>
<b>Malicious Damage</b>	<b>(Policy 3.)</b>	<b>Explosion of Pressure Vessels</b>	<b>(Policy 4.)</b>
<b>Burglary, Theft, Larceny</b>	<b>(Policy 5.)</b>	<b>Refrigeration Motor Fusion</b>	<b>(Policy 6.)</b>
<b>Accidental Breakage incl' Glass</b>	<b>(Policy 7.)</b>		

Note: Loss and/or damage to insured property as a result of Fire is not covered under this Section.

1. **STORM and TEMPEST means** Storm, Wind, Rainwater, Earthquake, Snow, Sleet, Hail, Lightning, & Cyclone but, does not include damage or loss to insured property if caused by, or a result of;
  - (a) **steam** or condensation or oxidation;
  - (b) **erosion**, subsidence, landslide, mud-slide or any other earth movement, other than earthquake;
  - (c) **water** seeping or percolating from outside the enterprise/business premises and/or building in which your enterprise/business is situated;
  - (d) **structural** defects, faulty design, faulty workmanship, or lack of maintenance of any part of your enterprise/business premises and/or building in which your enterprise/business is situated;
  - (e) **construction** or renovation of your enterprise/business premises and/or building in which your enterprise/business is situated, unless it has been adequately and reasonably secured;
  - (f) **flood**, however for the purposes of this policy, this exclusion does not apply if loss occurs as a direct result of rainwater inundation only provided, the event which caused the rainwater inundation was not a prelude to inevitable flood which inevitably causes the same or additional loss. In this respect the loss is deemed to have occurred as a result of the definitive occurrence of flood thus, we will have no liability to you;
  - (g) **rainwater** due to insufficient drainage or guttering or poorly fitted and/or open windows or doors, or due to your lack of precaution to prevent rainwater from entering your enterprise/business premises;
- Note however**, if loss occurs due to Earthquake or Cyclone, an additional claim excess of \$5,000 will apply.
2. **IMPACT meaning** impact by;
  - (a) **vehicles** designed primarily for use on land;
  - (b) **television** or radio aerials or masts;
  - (c) **falling** trees or branches *but, excluding, damage or destruction resulting from the felling or lopping of trees;*
  - (d) **aircraft**, aircraft debris, space debris, rockets or satellites.
3. **MALICIOUS DAMAGE meaning** damage directly caused by malicious acts of persons, other than by;
  - (a) **persons** or employees who are, or were in your service;
  - (b) **persons** taking part in "Riots or Civil Commotions" or strikers or locked out workers or persons taking part in labour disturbances or malicious persons acting in connection with any political organisation;
  - (c) **you** or your family members or your friends.

**Note;** Malicious Damage to windows and neon signs is not covered unless the glass or perspex is actually broken through its entire thickness or is otherwise damaged to a degree that it would be reasonable to replace.

Special limits of cover for all glass windows, paynes and neon signs shall apply as follows;

  - (d) **all** glass windows and paynes will together be considered one item, and the aggregate of all glass breakage from any one occurrence shall be limited to this section's maximum limit of cover for any one item (\$2,500) with a further allowance of up to a maximum \$750 to re-signwrite broken glass;
  - (e) **neon** signs are covered only to a maximum of \$750 cover.
4. **EXPLOSION OF A PRESSURE VESSEL meaning** explosion but, excluding loss or damage to or from hot water systems, boilers, economisers.

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5. **BURGLARY, THEFT & LARCENY meaning** physical loss due to the unlawful removal of insured property and/or cash (cash to a max' \$2,000), or physical theft of such from a person in your service, which includes armed hold-up or larceny, to a maximum of \$10,000 for any one occurrence but, this policy does not cover;
- (a) **insured** property unless within the confines of your enterprise/business premises, except for cash to a maximum limit of \$2,000, which is covered while being transported directly to or from a bank, or while temporarily kept overnight at your home awaiting banking;
  - (b) **unexplained** loss, or unexplained inventory shortage or disappearance resulting from clerical or accounting errors, shortage in the supply or delivery of materials to or from you;
  - (c) **theft** of property by you, or members of your family;
  - (d) **theft** of money from the unauthorised use of an eftpos machine or credit card processing device and/or cheques or similar negotiable instruments;
  - (e) **loss** due to burglary unless, the burglar gained entry to your enterprise/business premises or vehicle, by actual forcible and violent means, to which the evidence of such act can be clearly seen;
  - (f) **cash** exceeding the sum of \$250.00 if stolen from the cash register and/or cash draw or box.

**Note, the maximum limit of cover for Larceny is \$500**

6. **REFRIGERATION MOTOR FUSION - (This policy does not cover Machinery Breakdown)**  
**meaning** the actual burning out of an electric refrigerator motor from the fusion of, or melting of the electrical components of the motor rendering it inoperable. However, the fusion must have been caused by circumstances other than by wear, tear or deterioration of electrical components, and/or the failure of any other mechanical component of the refrigerator's motor;

**Depreciation:-** Where the electric refrigeration motor is less than two (2) years of age from the date of original manufacture no depreciation shall apply ("new for old") however, where it is more than two (2) years of age, a depreciation equivalent to 15% for each year of age thereafter to a maximum of 90% shall apply. The depreciation shall be calculated against the replacement value of a new motor of similar type, size and quality to that of the fused motor.

**Maximum number of Refrigerator Motors:-** This policy covers a maximum three (3) electric refrigeration motors in your enterprise/business premises, unless we have agreed to provide cover for additional motors, and for which you have paid an extra premium.

**Maximum size of Refrigerator Motors:-** This policy covers electrical refrigeration motors up to, but not in excess of 1.8 kilowatts (2 1/2 horse power) unless otherwise agreed by us, and you have paid an additional premium.

**Note, a claim excess of \$500 will apply to claims under this policy.**

7. **ACCIDENTAL BREAKAGE - including Glass Breakage & Neon Signs:-**  
Applies only to the following property, provided a break extends through the entire thickness of such property or where such accidental damage has caused the property to become inoperable;
- (a) any fixed glass window or pane forming part of your business premises however unless otherwise agreed, all glass windows and panes will together be considered one item, and the aggregate of all glass breakage from any one occurrence shall be limited to this Policy Pack's maximum limit of cover for any one item (\$2,500) with a further allowance of up to a maximum \$750 to re-signwrite the replacement glass;
  - (b) telephones, facsimiles, computers (**but, not laptop computers**), videos, stereo systems, shower bases, basins, sinks, baths, lavatory pans, cisterns, mirrors, or any glass forming part of any item of furniture, but cooking surfaces are excluded;
  - (c) neon signs to a maximum \$750 cover,
  - (d) solarium perspex bases however, where the base is less than one (1) year of age from the date of original manufacture, no depreciation shall apply ("new for old") however, where it is more than one (1) year of age, a depreciation equivalent to 50% for each year of age thereafter to a maximum of 100% shall apply. Under no circumstances will we cover a perspex base older than three (3) years.

**Imperfect Condition:-** Accidental Breakage does not include property damaged or in imperfect condition at the time of breakage, or if such breakage occurs as a result faulty workmanship.

### **(FREE) - ADDITIONAL BENEFITS TO POLICIES:- 1 to 7.**

**INSURED PROPERTY IN A LOCKED MOTOR VEHICLE** - The cover for Burglary, Theft & Larceny (Policy 5.) shall extend to include, tools of trade and trading stock, up to a maximum of \$5,000 in aggregate for any one loss, if stolen or damaged while temporarily left in your locked motor vehicle. **Note however, this cover shall not apply if your vehicle was left overnight on the street at the time of loss.**

**KEYS AND LOCKS** - If a claim for Burglary, Theft or Larceny is agreed, and where there are reasonable grounds to believe that your enterprise/business's keys have been duplicated as a result of such act, we will pay up to an additional \$500 for the costs of replacing your locks and keys.

**REMOVAL OF DEBRIS** -If a claim for any policy exceeds \$2,000 we will in addition, pay the necessary reasonable costs of removal of debris from your premises, to an amount of \$5,000 or ten percent (10%) of the sum insured for Contents which ever is the greater.

**RELOCATION COSTS** – If the circumstances of an agreed claim causes the necessary relocation of your enterprise/business we will in addition pay the necessary incurred costs of relocation to an amount of \$5,000 or ten percent (10%) of the sum insured for Contents which ever is the greater.

**PROFESSIONAL FEES** - Where we have agreed to pay a claim, we will in addition, pay up to \$5,000 or ten percent (10%) of the sum insured for Contents which ever is the greater, for Architects' Fees, Surveyors' Fees, Consulting Engineers' Fees and Legal Fees that are necessarily incurred.

### **INDEMNITY AND LIMITATIONS for POLICIES 1 to 7.**

Important: Please be certain that you have insured your property for its actual value. If you have in fact under insured your property the "under-insurance" condition will have the effect of reducing the amount of a claim we are liable to pay. (refer "Under-Insurance" on page 13)

**INDEMNITY means** compensation for loss to Insured Property. The maximum limit of cover for trading stock is limited to a maximum of 33% of the sum insured under this section unless otherwise extended or limited by a specific policy or as otherwise specified below;

The maximum limit of cover for any one item of Insured Property is \$2,500, and/or \$2,000 for cash, unless otherwise specified in a policy or, if additional cover has been extended and is duly noted in the Policy Pack Schedule, *except for*;

- (a) Benches, cabinetry, flooring, partitioning and coolrooms, which have an automatic extended limit of cover to a maximum of \$7,500 each item *but, limited to the maximum sum insured under this Section (IV), whether such property together or singularly forms a claim – and - subject to any scheduled depreciation applying to any of the aforementioned property as specified in the following paragraphs (d)-(e)-(f)-(g)-(h)-(i), or elsewhere in this Policy Pack and/or endorsement thereto.*
- (b) Trading Stock (other than for Spoilage to Food & Consumables) is covered to 33% of the total sum insured for Policies 1. to 7. however, on the traditional days of Christmas Day - Boxing Day – New Years Day - Australia Day - Valentines Day - Mothers Day - Fathers Day - Good Friday, and for the 72 hours preceding each of those days, the trading stock limit will be temporarily increased to 50% but, the limit of \$2,500 for any one item will remain standard. This extended cover and limits of such shall be inclusive within but, not in addition to, the maximum limit of cover for trading stock under this Section, which is 33% of the Enterprise/business Contents sum insured.
- (c) Spoilage of Food & Consumables is covered to a maximum of \$10,000 however, on the traditional days of Christmas Day - Boxing Day - New Years Day - Australia Day - Valentines Day – Mothers Day - Fathers Day -Good Friday, and for the 72 hours preceding each of those days, the food & consumables limit of cover will be temporarily increased to \$15,000 but, the limit of \$2,500 for any one item will remain standard. This extended cover and limits of such shall be inclusive within but, not in addition to, the maximum limit of cover for trading stock under this Section, which is limited to 33% of the sum insured.

Spoilage and/or Deterioration means, the spoilage of food and/or consumables, whether refrigerated or not. The spoilage must be the immediate result of, or in immediate consequence of an Insured Peril under Section (IV) of this Policy Pack, and not be the result of gradual spoilage and/or deterioration due to other circumstances.

continued/.....



Where we are obligated to replace or repair insured property, we shall do so to a condition substantially the same as but, not better than the insured property's condition immediately prior to the occurrence giving rise to the claim. Alternatively, where we choose to pay for insured property the amount we shall have to pay shall be the equivalent of the actual cash value of the insured property, minus physical depreciation (fair wear and tear) and obsolescence, as specified in the following paragraphs;

- (d) Except for "Computers and/or their accessories", "Alarms", "Electric Tools of Trade", "Electric Refrigeration Motors", "Solarium Perspex Bases" and "Floor Covering"; where such insured property is less than three (3) years of age from the date of original manufacture no depreciation shall apply ("new for old") however, where the insured property is more than three (3) years of age, a depreciation equivalent to 10% for each year of age thereafter to a maximum of 50% shall apply;
- (e) "Computers and/or their accessories, and/or "Alarms" which are less than two (2) years of age from the date of original manufacture no depreciation shall apply ("new for old") however, where the items are more than two (2) years of age, a depreciation equivalent to 20% for each year of age thereafter to a maximum of 80% shall apply; Note: Computers and their accessories (keyboard, monitor, printer, scanner, modem) constitute one item.
- (f) "Electric Tools of Trade"; where the insured item(s) is less than one (1) year of age from the date of original manufacture no depreciation shall apply ("new for old") however, where the item is more than one (1) year of age, a depreciation equivalent to 30% for each year of age thereafter to a maximum of 90% shall apply;
- (g) "Floor Coverings of any type"; where the insured premises floor covering is less than one (1) year of age from the date of original manufacture and/or when the laying/installation of such occurred, whichever is the lesser, no depreciation shall apply ("new for old") however, where the floor covering is more than one (1) year of age, a depreciation equivalent to 25% for each year of age thereafter to a maximum of 75% shall apply;
- (h) Electric Refrigeration Motors - see Policy 6.
- (i) Solarium Perspex Bases - see Policy 7. "Accidental Breakage" sub-section (d).

Depreciation:- shall be calculated against the replacement value of a new item of property, of similar type, size and quality to that of the subject property.

#### **COMMON ADDITIONAL EXCLUSIONS TO POLICIES:- 1 to 7.**

**You are not insured for any loss to, or damage to, Insured Property, directly or indirectly caused by;**

- (a) **fire** or smoke;
- (b) **an** occurrence and/or circumstances not specifically the result of or caused by an Insured Peril;
- (c) consequential loss of any kind and/or loss arising from computer and software failure;
- (d) **sub-contractors** working for and/or with you;
- (e) **or** while, your enterprise/business premises were unoccupied and so remained for a period of more than thirty (30) consecutive days;
- (f) **vermin**, insects other organic growth, mildew, mould, contamination, smut or smoke from industrial operations or wet or dry rot or dampness of atmosphere or variation in atmospheric conditions;
- (g) **faulty** workmanship, faulty design, wear, tear, fading, rust, corrosion, oxidation, exposure to light or gradual deterioration, scratching, tearing or marring;
- (h) **mechanical** breakdown from a lack of repair, service or maintenance work to any part of your insured property or enterprise/business premises or the actual building structure where your enterprise/business is situated including its internal pipes, cables, external awnings and blinds;
- (i) **any** employee or person working for or with you, while under the influence of intoxicating liquor or any drug and/or if their actions are contrary to any law;
- (j) **war**, terrorism, act or foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power, or requisition or destruction of or damage to property by or under the order of any Government or Public or Local Authority;
- (k) **ionising** radiations or contamination by radioactivity from any nuclear fuel or nuclear weapons material or in connection with handling, storage or use of asbestos or asbestos products;
- (l) **fraud**, non disclosure, misdescription, or misrepresentation of any nature, or any attempt in thereof;

## SECTION (V)

### **FIRE COVER FOR CONTENTS, TOOLS OF TRADE & TRADING STOCK**

**COVER:**

This Policy covers the "Insured Property" that you have insured under Section (IV), for Fire Risks.

The sums insured for "Insured Property" under this Section shall be limited to the same sums you have elected to insure for under Section (IV). The sums insured under this Section shall be included within the sums insured under Section (IV) and not in addition to such.

Except for the exclusion of Fire, all the conditions, terms, additional benefits, limitations and exclusions described in Section (IV) of this Policy Pack shall apply to this section.

**DEFINITION: FIRE means** fire (and smoke) caused by any circumstance other than by or as a result of;

- (a) a process involving the purposeful application of heat by you or persons working with or for you *other than in circumstances not excluded*;
- (b) commercial cooking equipment which includes deepfryers.

## SECTION (VI)

### **STANDARD BUSINESS INTERRUPTION POLICY**

This Policy is only available if you have insured for all the policies in Sections (IV) & (V) of this Policy Pack.

This policy's cover takes effect from seven (7) days after the total cessation of your business, caused by an Insured Peril described in Section (IV) and/or Section (V) of this Policy Pack, and for which we have agreed to pay your claim. The amount you have selected to insure for, shall be the limit of our liability during the maximum period of cover available under this policy which is three (3) months.

The extent of cover under this policy is limited to the amount of your actual incurred loss in respect of;

- (a) necessarily incurred wages of permanent employees only **but, does NOT include**;
  - (i) employees who obtain alternative employment, elsewhere during the period of a claim unless on a part time or casual basis, under which circumstances we will only be liable for the difference in salary between their usual salary while working for you immediately prior to the claim and what they receive from their alternative employer during the period of the claim;
  - (ii) holiday pay or similar pay, loading or redundancy termination pay owing to an employee;
- (b) necessarily incurred rent less any rebate;
- (c) necessarily incurred leases of trade equipment but, does not include any loss arising from any excluded property, or property not otherwise covered or limited as described under the attaching policy of insurance.

**Important:** Please be certain that you have insured your commitment as described above, for the correct amounts. If you have in fact under insured your commitment the "under-insurance" condition will have the effect of reducing the amount of a claim we are liable to pay.

**An optional endorsement for an extended period of cover –and-  
loss of business profits might be available if requested.**

**SECTION (VII)**  
**COMMON POLICY PACK SECTION**  
**Common Terms & Conditions and Definitions**

**COMMON TERMS & CONDITIONS:- Part 1.**

Your compliance with the following terms & conditions is mandatory for cover under any Policy within this Policy Pack.

**ALTERATION OF RISK** - At all times during the period of this insurance, including renewal of such, you are required to inform us, in writing, of any changes in circumstances relating to your enterprise/business that this insurance covers, that differ from your initial application for insurance and proposal for cover, which formed the basis for our decision to insure you.

As well, if during the period of insurance you enter into agreement with another party, written or not, that somehow varies your's or our liability, you must inform us so that we can consider whether or not to vary your cover to include such changes however, unless we have agreed in writing to cover any changes and intum received any premium adjustment required, the changes will not be covered. Only we, not our agents, brokers or other intermediaries, have the authority to vary the cover and we shall have absolute discretion whether or not to alter your cover.

**ASSIGNMENT** - We must first agree before any interest in this Policy Pack can be transferred to anyone else.

**ANOTHER INSURED** (more than one insured) - Where the Insured is comprised of more than one party, this cover shall be deemed to have been issued on behalf of those parties and any information supplied to us or any omission or non-disclosure or misrepresentation will be deemed to have been provided to us, by all those parties.

**CANCELLATION** – This cover, or any policy herein, may be cancelled by either you or us at any time during the period of insurance. If you cancel the cover we will return to you, a pro-rata portion of the unexpired premium less the customary administration charge, stamp duty and or other statutory monies collected on your behalf. If we cancel the cover we will return to you, a pro-rata portion of the unexpired premium without deduction of the customary administration charge, stamp duty and or other statutory monies collected on your behalf. If we cancel the cover we shall give you a minimum of fourteen (14) days notice prior to cancellation.

**CLAIMS** - If we so desire, we shall be entitled to take over and conduct in your name, the defence or settlement of any claim. We shall have total discretion in the way and manner any proceedings are conducted, including conducting a defence or settlement of a claim and/or subrogation of a claim and you shall agree to provide us assistance as we require in the assessment of, the defence of, prosecution of, settlement of or subrogation of any claims.

If a claim occurs you must take immediate and reasonable steps to minimise the loss and to prevent further loss; and,

- (a) where required, notify authorities and promptly notify us of the occurrence;
- (b) not carry out repairs, unless imperative, until we have had the opportunity to examine the damage and authorised such repairs;
- (c) not without our written consent, make any admission, offer, promise or payment in connection with any occurrence or claim;
- (d) as soon as practicable provide to us, all information and assistance as we require.

Claims are administered in Australia by Practical Insurance Claims Administration Pty Ltd ("PICA"). However, we shall have sole authority to make all decisions in respect of claims administration and related matters, including in respect of disputes and the payment of claims. Contact details for PICA:-

**Postal:** GPO Box 3595 Sydney NSW 2000  
**Email:** admin@practicalclaims.com.au

**Directorate Head Office:** 130 Bourke St' East Sydney NSW 2011  
**Phone:** 1 800 227-473 - **Fax:** 1 800 802-956.

In respect of insurance claim matters only, and not any other matter, the following eminent Australian Legal firms have authority to accept service of suit on our behalf. If you are in another State please direct service to PICA.

For NSW/ACT/WA  
Ken Cush  
Ken Cush & Associates  
Level 3, AMP Building  
Canberra ACT 2601

VIC/SA/TAS  
Emily Daffy  
Herbert Geer Rundle  
Level 21, 385 Bourke St'  
Melbourne VIC 3000

QLD/NT  
Bob Luxton  
Phillips Fox  
Level 29, Waterfront Place  
Brisbane QLD 4000

**CUSTOMARY ADMINISTRATION CHARGE** – Upon commencement of cover, 33% of the annual premium will be deemed earned as a customary administration charge.

**CLAIM PREVENTION and PRECAUTIONS** - You must take all reasonable care to prevent injury, loss or damage and to maintain your property and enterprise/business premises in good order and where required, display warning signs. You shall also take all reasonable care to ensure your enterprise/business premises are secured when unattended. You must comply with all relevant Government Statutory obligations, laws and regulations whether State, Territorial or Federal – and as well;

- (a) **prevent** the manufacture, sale, supply or use of defective products;
- (b) **ensure** that products supplied and professional services provided by your employees, servants and agents, is done so in strict compliance with the manufacturer's specific directions for supply and use;
- (c) **ensure**, if required by law, that a legally qualified person is employed or contracted to your enterprise/business and if so, that such person conduct their duties in a meaningful way;
- (d) **ensure** that electrical outlets and electrical cords, ropes, wires, carpets, props', structures and similar things are covered and fastened and/or placed in a position so as not to cause a hazard to persons attending or walking directly by, your enterprise/business premises.
- (e) **comply** and ensure that your employees, servants and agents comply with all Statutory Obligations, By-Laws, Legislative Acts, including Health related Acts and/or Regulations, imposed by any Public Authority in respect of the safety of persons and/or property;
- (f) **make** sure that all work and services performed and/or provided are done so by persons competent to do so, and where required if necessary, qualified by an appropriate authority to do so;
- (g) **ensure** that your employees, servants and agents or persons working for or with you are adequately supervised.

**In respect of Cash:-** Cash exceeding the sum of \$250.00 must not be left unattended and/or over-night in a cash register and/or cash draw or box.

**In respect of Passwords and/or similar Security Codes:-** You must take adequate precaution to ensure that any password and/or similar security code that you use, or have access to, is not made known to others unnecessarily and that such password is not of a generic type as usually provided by organisations for the initial set up stage. You must ensure that the password and/or security code is reasonably unique and you must not keep a record of the password and/or security code in a place where it would easily be found such as stuck to the side of an eftpos device or, on a wall, or in an address book or in a cash register.

**In respect of Insured Property in a motor vehicle:-** You must not leave insured property in a motor vehicle that is not locked, or if not locked the vehicle must be within your sight. You must not leave insured property in a vehicle overnight on the street whether the vehicle is locked or not.

**COOLING OFF PERIOD** - Except in respect of a 14 day Cover Note issued at the commencement of cover, we do not offer a cooling off period except under special circumstances to which we will be reasonable in our consideration. If we were to agree to do so, your cover shall be treated as though it never existed thus, we will have no liability under a policy should a claim occur at a later date.

**OUR RIGHTS** - Our representatives and agents shall at all reasonable times have the right to inspect and examine enterprise/business records, in respect of confirming employee numbers for the liability insurance component, and risk assessment of the cover.

**OTHER INSURANCE** - Where other insurance, compensation, guarantees or manufacturers/overhaulers warranties are available in relation to a claim under a Policy within this Policy Pack, either in part or whole, whether claimed or not, shall to the equivalent amount take precedence over our liability for such proportion of our liability.

**PERSONAL PRIVACY** - Any personal information you give us will be treated in accordance with our internal privacy policy. The laws of Vanuatu may prevent the disclosure of certain information to third parties.

**POLICY RENEWAL** - We shall not automatically provide you with renewal terms. However, where the intermediary arranging your insurance requests renewal terms we may consider doing so.

**PREMIUM INSTALMENTS** - Payment of premium by instalment must be received within 7 days of the due date otherwise the cover will lapse. Where a claim is agreed, any premium instalment payments not yet paid or due may be deducted from the claim payment or otherwise requested to be paid prior to the claim payment being made.

Continued next page

**REINSTATEMENT OF SUMS INSURED** - Where we pay a claim to or for you, the amount of the claim automatically reduces the original sum(s) insured. For example, if your original sum insured is \$50,000 and we pay a claim of \$10,000, the ongoing sum insured for the remainder of the Period of Insurance will be reduced to \$40,000. However, we will automatically reinstate your original sum(s) insured provided that you pay the additional premium required by us to reinstate the sum(s) insured within 30 days of the date of our invoice. If you do not pay the extra premium under these terms the reduced sum(s) insured will apply and you shall have forfeited your option to have the sum(s) insured reinstated to the original sum(s) insured.

**SUBROGATION** - Where we have paid a claim or otherwise agreed to indemnify you, we may in your name, subrogate to your rights and remedies, the extent of our loss. You must co-operate with and do all things necessary to assist us in doing so. Note, in layman terms, to subrogate means to claim against other parties for your's and our loss. This may occur where the cause of loss is either in part or whole, attributable to another person's or entity's actions or negligence. Although your claim may have been paid, you will still have a duty to assist us in our actions to recover the loss including, legal costs and other charges. You may be entitled to join with us in claiming your out of pocket expenses not otherwise covered such as, claim excess, loss of no claim discounts, depreciation.

**UNDER-INSURANCE;-** (also means co-insurance)

**Property:-** You are required to insure your property for the property's actual value. Actual value is what the property is worth in market value terms. If it transpires that property is insured for less than 80% of actual value, our liability for any claim in relation to such will be reduced by the equivalent percentage;

**Commitment:-** Where you have insured for **Business Interruption**, you are required to insure your commitment to wages - rent and - necessary lease costs of trade equipment, for the correct amounts. The correct amount is the greater of either your actual or forecast costs for wages - rent and - necessary lease costs of trade equipment during the period of insurance cover.

If it transpires that your commitment is insured for less than 80% of the correct amount, our liability for any claim in relation to such will be reduced by the equivalent percentage; eg:-

$$\frac{\text{amount of insurance carried}}{\text{amount of insurance required}} = \% \quad -x- \quad \text{amount of claim} = \text{amount we are liable to pay}$$

$$\frac{\$ 75,000}{\$100,000} = 75\% \quad -x- \quad \$ 50,000 = \$ 37,500$$

By this example, the original claim amount of \$50,000 was reduced to \$37,500 due to the under-insurance. However, we will not enforce this "under-insurance" condition if the amount of insured loss or damage does not exceed five 5% of the sum insured for the policy to which a claim applies.

## **COMMON POLICY DEFINITIONS:- Part 2.**

Any word or expression, for which a specific meaning has been attached in any part this Policy Pack, shall bear that specific meaning whenever it may appear.

**ACCIDENT means** an unexpected, unforeseen event not under the control of, or intentionally brought about by, an insured that results in a loss. Multiple claims and/or losses arising from one event or accident shall be deemed as one claim, and in aggregate value shall not exceed the policy 's cover limits for one claim.

**EXCESS means** the first amount that you have to pay in relation to a claim. The excess is specified in the Policy schedule but, may be adjusted for any endorsement or variance of cover provided. The method of collection of the excess will be at our discretion. Where you owe premium to us by way of instalment, such amount owing may at our discretion be deducted from the cost of any claim/s together with any excess.

**EVENT means** the identifiable happening of something that causes an occurrence or accident and/or series of occurrences or accidents which gives rise to a claim.

**EXHIBIT means** an organised gathering such as a trade fair, seminar or similar gathering for exhibition purposes.

**EXHIBIT-STAND means** the actual physical benches, cabinetry, flooring, partitioning and panels used to display the insured's property, and includes the area specifically hired or leased to erect the exhibit stand.

**FAMILY means** your spouse, children and parents and such person/s permanently residing with you.

**FLOOD means** the inundation of normally dry land by water escaping, overflowing or released from the normal confines of any natural watercourse, waterway, creek, river or lake whether or not altered or modified, or of any reservoir, canal, dam, tidal water or the sea.

**INDEMNITY means** compensation for loss. Where we are obligated to replace or repair insured property, we shall be liable to do so, to condition substantially the same as but, not better than the insured property's condition immediately prior to the occurrence giving rise to the claim. Alternatively, where we choose to pay for insured property the amount we shall have to pay shall be to the equivalent to the actual cash value of the insured property, minus physical depreciation (fair wear and tear) and obsolescence.

**INSURED means** the policyholder being the entity(s) named in the schedule as the insured, such may be a company, partnership, trust, individual or syndicate of individuals *however, a sub-contractor who sub-contracts for the insured is not an insured and is not entitled to any cover under any Policy in this Policy Pack.*

**LOSS means** the amount of your actual financial loss.

**OCCURRENCE means** the happening of, and/or occurrence of, an event that results in a loss or series of losses. Multiple claims and/or losses arising from one occurrence or multiple occurrences from one event shall be deemed as one claim, and in aggregate value shall not exceed the responding section's cover limits for one claim.

**POLICY PACK SCHEDULE means** the Policy Pack schedule, Insurance Certificate, Revised Policy Schedule, Certificate of Currency, Endorsement and/or any Attachment to it.

**PERIOD OF INSURANCE means** the period of cover stated in the Policy Pack Schedule and will not exceed the period of 12 months unless otherwise agreed.

**QUALIFIED PERSON means** a person who is formally qualified to perform a service. For instance, an Electrician will hold certain qualifications in order to perform his/her job. However, where formal qualifications are not required by a person to perform a task but, are required by a manufacturer of a device or a supplier of a product to have undergone training and pass a test of competency in the use of such, then if a claim arises where a person wasn't qualified by such manufacturer or provider then that person shall not be regarded as a qualified person under the cover herein.

**RENEWAL OF INSURANCE means** renewing an existing insurance cover upon expiry.

**SITUATION means** the actual situation (location) where your enterprise/business premises is located. Where an insured has more than one (1) policy covering more than one (1) enterprise/business, each operating from different premises, each enterprise/business shall have its own locality situation.

**WARRANTY means** a guarantee of standard for a service, goods and/or performance with the promise to make good, repair or replace the matter warranted.

## **SECTION (VIII)**

### **YOUR DUTY OF DISCLOSURE and UTMOST GOOD FAITH**

Before you enter into a contract of insurance with an insurer, you have a duty, under the Insurance Contracts Act 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 for insurance and if so, on what terms. You have the same duty to disclose these matters to the insurer before you renew, extend, vary or reinstate a contract of insurance.

A contract of insurance is a contract based on the utmost good faith, requiring each party to act towards the other party with the utmost good faith. You must disclose to us, facts known to you which are material to our consideration of your insurance risk.

You must be fully frank and honest and not disguise or leave out information you know of, or suspect, that we rely on to base our decision whether or not to insure you. Leaving out pertinent information is misrepresenting your risk which could have the effect of voiding all your cover under this Policy. It does not matter whether or not the insurance risk is intentionally or unintentionally misrepresented, as either circumstance will void the insurance cover.

Your duty however does not require disclosure of any matter;

- that diminishes the risk to be undertaken by the insurer;
- that is of common knowledge; and
- that the insurer knows, or, in the ordinary course of its enterprise/business, ought to know;

If you fail to comply with your duty of disclosure, or misrepresent your insurance risk to us, we will be entitled to reduce our liability in respect of a claim or may cancel the contract. If your non-disclosure or similar act is fraudulent, we may also have the option of avoiding this insurance contract from its inception.

## SECTION (IX)

### ABOUT COMMERCIAL PACIFIC INSURANCE LIMITED

CPI is primarily an insurer of small to medium sized enterprise/business. ("SME")

CPI's primary reinsurers are;

- **Lloyds of London Underwriters and other large reputable Reinsurance Companies** lead CPI's reinsurance program for its Australian SME legal liability portfolio. Lloyds of London's reputation as a leading insurance provider is well known.
- **The Australian Reinsurance Pool Corporation**, an Australian Federal Government initiative provides reinsurance cover to CPI for acts of Terrorism insofar as such relates to property risks.

Reinsurance is the practice whereby one party, called the reinsurer, in consideration of a premium paid to it, agrees to indemnify another party, called the reinsured, for part or all of the liability assumed by the reinsured under a policy or policies of insurance that it has issued or contracts(s) of reinsurance it has written. The current contract of reinsurance ("treaty") held by CPI entitles it to reimbursement of certain sums it becomes liable to pay in respect of legal liability claims that exceed a certain sum. CPI relies upon reinsurance treaties to limit its maximum net loss from large single risks or risks in concentrated areas, and to increase its capacity to write insurance. Reinsurance does not relieve CPI from liability to its policyholders. If the reinsurer is unable to pay its share of losses under the reinsurance agreement, CPI must still honour all obligations under its insurance policies. Policyholders do not have a direct right of claim against the reinsurer. Reinsurance does not guarantee payment of claims.

CPI is not an Australian insurance company. CPI is an authorised exempt insurer registered in Vanuatu, authorised to insure risks outside Vanuatu only. Australian law provides a regime for insurance intermediaries to offer Australian insurance business to foreign insurers not authorised as an Australian registered insurer. The law provides a regime where a foreign unauthorised insurer can issue insurance to cover Australian insurance interests.

CPI does not solicit or accept insurance business directly from the public. CPI only accepts insurance business from professional insurance brokers and their agents who are registered and licensed in their home jurisdiction and who have in place appropriate professional indemnity insurance cover, which is also a condition precedent to the licensing requirements of Australian registered insurance brokers.

Insurance provided by CPI is not subject to the Insurance Contracts Act 1984, however, CPI observe the provisions of the Act', except for matters concerning dispute resolution procedures, cooling off periods, renewal of contracts, cover cancellation, privacy and compliance code matters all of which have alternate provisions for such set out in this Policy.

CPI is regulated by the Vanuatu Financial Services Commission ("VFSC") under the Vanuatu Insurance Act (CAP.82) insofar as it applies to exempt insurers. The Republic of Vanuatu's financial & insurance legislation and regulations are enforced by the VFSC'. Compliance monitoring of insurance companies is a priority for the VFSC'. CPI is not subject to the corporate or regulatory governance of Australian Laws.

CPI is required to maintain the capital and solvency requirements under the Insurance Act of Vanuatu (CAP. 82) and/or supervisory guidelines issued by the insurance regulator, insofar as such apply to an exempt insurer. CPI is not required to maintain the same capital and solvency requirements which apply to Australian authorised insurance companies. CPI is audited annually and reviewed quarterly by the VFSC'. CPI changed its name from Rural & General International Insurance Limited on 1 April 2005.

#### **Contact details:**

##### **Head Office Directorate**

Level 1 Anchor House  
Lini Highway  
Port Vila – Vanuatu  
Phone: C/-678 22 159  
Fax: C/- 678 22 276  
Eml: [cpi@vanuatu.com.vu](mailto:cpi@vanuatu.com.vu)

##### **Supervision:**

Insurance Commissioner  
Vanuatu Financial Services  
Companies House  
Port Vila - Vanuatu  
Phone: 678 22247  
Fax: 678 22242

##### **Accountants:**

PKF Chartered Accountants Ltd  
Level 1 PKF House  
Lini Highway  
Port Vila – Vanuatu  
Phone: 678 22 159  
Fax: 678 22 276



## **SECTION (X)**

### **DISPUTES RESOLUTION PROCEDURES**

The objective of our Dispute Resolution Procedures is to provide a fair and timely method of handling disputes without the necessity of other burdeness procedure or the need to immediately engage legal representation where a dispute arises between a policyholder and our firm. These procedures do not extend to dealing with claims made by others upon a policyholder.

We have retained Practical Insurance Claims Administration Pty Ltd ("PICA") to assist us administer disputes and/or complaints. Contact details for Practical Insurance Claims Administration Pty Ltd' can be found on page eleven (11) of this Policy Pack.

#### **The Key Points of these Dispute Resolution Procedures are:**

That we agree to be bound by the terms of the procedures provided;

- **the** monetary sum concerned is, or will most likely be, less than AUD\$50,000 inclusive of costs & charges;
- **no** legal proceedings have been filed, or are on foot, in relation to the subject dispute and/or complaint;
- **no** formal proceedings have been filed, or are on foot, with an industry recognised external complaint or review body or tribunal, other than those listed hereinafter, and provided that any decision made by them is lawful, and procedurally fair.

#### **Steps & Procedures:**

**Step 1 –** In the first instance, talk to the Insurance Broker and/or Agent who placed this insurance for you.

If the Insurance Broker and/or Agent is unable to resolve the matter to your satisfaction, your next step is to take the matter to PICA.

**Step 2 –** You can contact PICA by telephone, fax or email. Once you inform PICA of the details concerning your dispute and/or complaint they shall attempt, without delay, to resolve the matter.

If PICA is unable to resolve the matter to your satisfaction, within a period of three (3) working days from your notification, you can request that your dispute and/or complaint be referred to their Complaints Officer.

**Step 3 –** Complaints Officer:- ("CO")

- The CO is required to provide you with written reason(s) supporting our position and inturn, offer to you the opportunity to respond; (in writing)
- If you are not satisfied that the dispute has been administered by us on proper and fair grounds you should respond in writing to the CO stating your reason(s) why you hold that view, providing if available any evidence or material in support of your contention.
- The CO is required to reply to you, in writing, within seven (7) working days of receipt of your response. In the ordinary course of events the CO will attempt to make telephone contact with you at the earliest opportunity to discuss the dispute and/or complaint with the view to settling the matter.
- If the dispute and/or complaint remains unresolved you should immediately contact your local office of your home State's equivalent to a Government sponsored Small Claims Tribunal and/or Fair Trading Tribunal as listed hereafter. However, if you do so these Dispute Resolution Procedures will end immediately except insofar as the procedures set forth hereinafter in relation to having a dispute resolved by one of the following Government Tribunals.

## GOVERNMENT TRIBUNALS:

In most cases, Government Tribunals do not charge an application fee however, if there is an application fee, such fee will form part of our payment of compensation to you if the Tribunal finds against us. The advantages of using a Government Tribunal include;

- A conciliatory environment promoting settlement
- A consumer based protection agenda
- Helpful assistance to consumers (*policyholders*)
- Proper evidence examination
- No solicitors or legal fees on either side (*level playing field*)
- Binding decisions upon us (*to realistic limit*)
- Experienced and dedicated Referees
- Quick hearing times & Convenient locations

Ordinarily a Tribunal will not award costs against a party however, if the Tribunal makes a finding against us, we will compensate you for;

- a) **your** reasonable expenses incurred in bringing your dispute to a Tribunal, including application fees;
- b) **your** reasonable disbursement costs incurred in bringing your dispute to a Tribunal;
- c) **interest** on any monetary sum disputed in respect of a claim, calculated from four (4) weeks after receipt of the claim form at 10% per annum but, subject to the principles of a Cawlderbank offer;

The following is a list of Government operated Tribunals follows;

### New South Wales

NSW Department of Fair Trading  
Ph: (02) 9895 0111  
Fax: 1300 300 010  
[www.fairtrading.nsw.gov.au](http://www.fairtrading.nsw.gov.au)

### Victoria

Department of Consumer  
& Enterprise/business Affairs  
Ph: (03) 9627 6001  
Fax: (03) 9627 6007  
[www.consumer.vic.gov.au](http://www.consumer.vic.gov.au)

### Queensland

Office of Fair Trading  
Ph: (07) 3246 1500  
Fax: (07) 3220 0076  
[www.fairtrading.qld.gov.au](http://www.fairtrading.qld.gov.au)

### Australian Capital Territory

Office of Fair Trading  
Ph: (02) 6207 0400  
Fax: (02) 6207 0424  
[www.fairtrading.act.gov.au](http://www.fairtrading.act.gov.au)

### Northern Territory

Department of Industries & Business  
Development House  
Ph: (08) 8924 4280  
Fax: (08) 8924 4290  
[territory.enterprise/businesscentre@nt.gov.au](mailto:territory.enterprise/businesscentre@nt.gov.au)

### South Australia

Office of Consumer & Business Affairs  
Ph: (08) 8204 9777  
Fax: (08) 8204 9763  
[www.ocba.sa.gov.au](http://www.ocba.sa.gov.au)

### Western Australia

Department of Consumer  
& Employment Protection  
Ph: 1300 304 054  
[www.fairtrading.wa.gov.au](http://www.fairtrading.wa.gov.au)

### Tasmania

Department of Consumer Affairs  
& Fair Trading  
Ph: 1300 654 499  
Fax: (03) 6233 4882  
[www.justice.tas.gov.au/ca](http://www.justice.tas.gov.au/ca)

Note: The contact details for the above Tribunals are subject to change.

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**April 2005**

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