



ZURICH

Because life changes.

AllGuard Business Insurance

Fire Section - Gold

Introduction

This Cover Section forms part of Your Policy and must be read together with the General Conditions and Limitations of Cover, the Schedule, the Proposal and any Endorsements.

This Cover Section only forms part of Your Policy when FIRE SECTION - GOLD is shown in the Schedule and is limited to the Period of Insurance indicated.

Definitions

The following definitions shall apply to words used in this Cover Section and Endorsements that apply to this Cover Section.

BREAKDOWN

Breakdown means the actual breaking, seizing, deformation or melting of any part of the Property while it is in use that is caused by mechanical, electrical or electronic defect that results in sudden and total loss of operation that requires repair or replacement before the Property can resume normal operation.

CATEGORY AND CATEGORIES

Category means the category into which Property can be designated from the following:

1. Building(s);
2. Plant / Machinery & All Contents excluding Stock;
3. Stock;
4. Plant & Machinery;
5. All Contents;
6. Tenant's Leasehold Improvements; or
7. Specified Items;

where Specified Items are any items of Property that are specified in the Schedule.

Provided that when Property is being designated to these categories We agree to accept the designation used by You in Your records.

Categories shall have a corresponding meaning to Category.

DAMAGE or DAMAGED

Damage means accidental physical damage, destruction or loss.

Damaged has a corresponding meaning to Damage.

DAMAGED VALUE

Damaged Value means the value of the Property that is Damaged after the Damage has occurred. This value must take account of the Pre Damage Value and any real reduction in value of the Property following the Damage.

DECLARED VALUE

Declared Value means the individual Declared Insurance Value shown in the Schedule that applies to each specific Category of Property at a specific Premises.

DEPRECIATION FACTOR

Depreciation Factor means the number calculated by dividing the Pre Damage Value of any item by its Replacement Cost.

EXCLUDED PROPERTY

Excluded Property means the following items unless they are shown in the Schedule as being covered:

1. furs, jewellery, gold, silver, platinum, pearls, diamonds, sapphires, rubies and other precious stones unless these items are Stock and Stock is shown in the Schedule as being insured;
2. Money;
3. glass unless such glass is directly Damaged by:
 - (a) fire, lighting, explosion, impact, storm and tempest or earthquake;
 - (b) riot, civil commotion, persons taking part in industrial disputes; or
 - (c) persons acting maliciously, other than where such glass is cracked or broken through its entire thickness;
4. property in transit outside of the Premises other than Property that is covered by Extension of Cover C 1. Restricted Transit;
5. aircraft, locomotives, rolling stock, watercraft whilst in water;
6. motor vehicles including but not limited to motor cycles, caravans and trailers;

7. animals, other than animals contained within a Building and owned as Stock if Damaged by fire, lightning, explosion, impact, storm and tempest;
8. bridges, docks, jetties, piers, roadways, tunnels and wharfs;
9. canals, dams, reservoirs other than tanks and their contents;
10. standing timber, growing crops, plants, land including top soil and fill, landscaping, gardens and pastures;

provided that when the cost of Reinstatement of Damage to a Building exceeds fifty percent (50%) of the Replacement cost of the Building, landscaping, plants and gardens are not excluded Property when they are used to restore landscaping and gardens to a condition similar to that immediately prior to the Damage;

11. property being constructed, built, erected, altered or dismantled, including all associated materials or supplies;
provided that this does not apply to:
 - (a) such property if the total cost of this work is less than \$250,000 and it is also less than twenty percent (20%) of the Limit of Liability for the Premises concerned; and
 - (b) that portion of the Building or part of any Property that is not directly affected by such work;
12. mining property and any equipment located beneath the surface of the ground;
provided that this exclusion does not apply to underground services connected to a Building;
13. any pressure vessels (including any boilers) that are legally required to be tested, inspected or certified when the Damage is directly caused by explosion or implosion of such pressure vessels; and
14. landlords fixtures and fittings unless these are included as part of the Declared Value for Buildings.

FLOOD

Flood means the covering of normally dry land with:

1. water released or that has escaped from the normal confines of:
 - (a) any watercourse whether natural or altered;
 - (b) any lake whether natural or altered; or
 - (c) any reservoir, canal or dam; or

2. water that cannot enter any watercourse, lake reservoir, canal or dam because of:
 - (a) water already contained within these normal confines; or
 - (b) water that has already been released or has escaped from any of these normal confines.

LIMIT OF LIABILITY

Limit of Liability means the amount shown in the Schedule as the Limit of Liability for a specific Premises. Provided that this is the maximum amount that We will pay for all Damage that arises out of any one source or original cause at a specific Premises unless it is specifically stated in this Cover Section that payments are made in addition to this amount.

MONEY

Money means coins, bank notes or negotiable instruments such as but not limited to cheques, stamps, vouchers and tickets.

POLLUTION OR CONTAMINATION

Pollution or Contamination means the discharge, dispersal, release, escape of any type of pollutant or contaminant into or upon property, land, atmosphere or any water course or body of water including but not limited to ground water.

PRE DAMAGE VALUE

Pre Damage Value means the value of the Property that is Damaged immediately before the Damage has occurred. This value must take account of wear and tear, maintenance, construction, general condition and the anticipated future useful life of the Property.

PROPERTY

Property means any tangible property both real or personal of every kind and description belonging to You or that You are responsible for.

Provided that this does not include;

1. personal Property of directors, partners and employees, that is not on the Premises; and
2. items defined as Excluded Property.

REINSTATEMENT

Reinstatement means to restore that part of the Property that is Damaged so that the function, output and construction are similar to that part of the Property when it was new, by repairing it or at Our option replacing that part of the Property with similar new property.

REPLACEMENT COST

Replacement Cost means the cost to replace property with new property that has similar function, output and construction to that of the original property when it was new. This shall include all charges, fees and costs such as but not limited to architects, engineers and other consultants fees necessarily incurred when replacing this property.

Cover

We will pay up to the Limit of Liability in accordance with the Basis of Settlement for Property that is Damaged at a Premises during the Period of Insurance.

Basis of Settlement

When Property is Damaged during the Period of Insurance the following basis of settlement will apply at each Premises:

1. (a) **Business Records**
for Damage to business books, plans, computer records, patterns, and other business records, We will pay the cost of re-creating the documents that are Damaged; and
- (b) **All Other Property that is Damaged**
for all other Property that is Damaged We will pay for the cost of Reinstatement.
2. **Rebuilding at Another Location**
Following Damage to a Building that is insured by this Cover Section You have the option of rebuilding at the location where the Damage happened or at any other location in Australia.

Provided that:

- (a) We will not pay more than the cost that would have been incurred if Reinstatement of the Building that is Damaged had taken place at the location where the Damage happened; and
- (b) if the actual cost of rebuilding is less than the cost of Reinstatement at the location where the Damage happened then Our payment is limited to the actual cost of rebuilding.

Limitations of Cover

1. **Categories of Property**
We will only pay for Property at a specific Premises that can be correctly designated to one of the Categories of Property shown in the Schedule for that Premises.
2. **Declared Insurance Values**
For a specific Category of Property We will only pay up to the Declared Value shown in the Schedule for that Category of Property.

3. Limit of Liability

- (a) We will not pay more than the Limit of Liability that applies to the specific Premises where the Damage happens.
- (b) The Limit of Liability for a specific Premises will be reduced by any payment made or due to be made by Us following Damage covered by this Cover Section at that Premises.

4. Delay in Reinstatement or Recreation

If Reinstatement is unreasonably delayed by You, We will only pay the lesser of:

- (a) the cost of Reinstatement or recreation of documents that would have been incurred had the Reinstatement or Recreation taken place immediately after the Damage; or
- (b) the actual cost of Reinstatement or recreation of documents following such unreasonable delay.

5. Cash Settlement

If You request a cash settlement or if Reinstatement is not carried out,

We will only pay the lesser of:

- (a) an amount calculated by applying the Depreciation Factor to the cost of Reinstatement; or
- (b) the Pre Damage Value less the Damaged Value.

6. Directors and Employees Property

Cover for Damage to the personal property of directors, partners and employees of Your Business that is on the Premises is limited to a maximum of \$3,000 any one person or \$15,000 in the aggregate for any one loss.

7. Under-Insurance

For each specific Category of Property at a specific Premises if the Declared Value at the start of the Period of Insurance is less than eighty percent (80%) of the Replacement Cost of all Property located at that Premises that can be designated to that Category then, when there is a claim, for Property that can be designated to that Category which exceeds five percent (5%) of that Declared Value, We will pay that proportion of the cost of Reinstatement that the Declared Value bears to eighty percent (80%) of the Replacement Cost of all Property at that Premises that can be designated to that Category.

Provided that any additional costs incurred when You comply with the requirements of any lawful authority (as described in EXTENSION OF COVER - A1 EXTRA COST OF REINSTATEMENT) will be omitted from the calculation of the Replacement Cost.

8. Excess

You are liable for the Excess for each and every event that results in Damage.

9. Exclusions

Cover is further limited by the Exclusions that follow.

Exclusions

1. We will not pay for Property while it is undergoing any process where Damage results from it being processed.

2. We will not pay for any Damage to Property awaiting or undergoing demolition, and this Exclusion shall apply to all contents, fittings, plant and machinery associated with such Property.

3. We will not pay for Damage caused by or arising from:

- (a) theft, other than physical damage to Property at the Premises during theft or any attempted theft;
- (b) any legal liability that You have other than the legal liability that is covered within the Demolition and Debris Removal clause 3.(c)(ii) that forms part of the extensions of cover that are shown under the Heading EXTENSION OF COVER - A;
- (c) the incorrect siting of Buildings as a result of error in design or specification, faulty workmanship or non-compliance with the requirements of any lawful authority;
- (d) demolition ordered by any lawful authority as a result of failure by You to comply with any lawful requirement;
- (e) any unexplained shortage or inventory shortage or disappearance of Property;
- (f) Pollution or Contamination of Property, except when caused directly by fire, lightning, explosion, impact by aircraft or other aerial devices or articles dropped from them, riot, civil commotion, persons taking part in an industrial dispute, persons acting maliciously, earthquake, storm, the bursting, overflowing and discharging of water tanks, apparatus or pipes, sprinkler leakage or impact by any road vehicle or animal;
- (g) Flood;

(h) storm, rainwater, wind, hail or snow;

provided that this Exclusion is limited to Damage to retaining walls or to Property in the open caused by storm, rainwater, wind, hail or snow, unless such Property forms part of a permanent structure designed to function without the protection of walls or roof;

(i) the action of the sea or high water;

unless caused by or arising from a direct consequence of an earthquake or seismological disturbance; or

(j) erosion, landslide, mudslide, rockslide, subsidence, settling, seepage, shrinkage or expansion of earth, vibration or earth other movement;

unless caused by or arising from a direct consequence of an earthquake, subterranean fire or volcanic eruption.

4. We will not pay for consequential loss of any kind.

5. We will not pay for Damage caused directly by or arising directly from:

- (a) Breakdown;
- (b) gradually operating causes such as but not limited to wear and tear, mildew, corrosion, disease, oxidation, fading, tree roots, evaporation, change in flavour, colour, temperature or texture;
- (c) vermin, insects, termites;
- (d) latent defect, inherent defects, faulty workmanship, faulty material, structural defects or faulty design;
- (e) faults or defects known to You or any employee whose knowledge in law would be deemed to be Your knowledge and not disclosed to Us at the time this insurance was arranged, extended varied or renewed;
- (f) the cessation of work whether total or partial or cessation, interruption or retarding of any process or operation as a result of any industrial dispute;
- (g) fraud or dishonesty by You or Your directors, partners, employees, officers or any other persons who have an interest in the Property;
- (h) deliberate and unauthorised corruption, amendment or erasure of data by You or Your directors, partners, employees, officers or any other person who has an interest in the Property whether acting alone or in collusion with any other person;

- (i) the gaining of unauthorised access to Your computer via any communication system that is used by Your computer system by any person other than You or Your directors, partners, employees, officers or any other person who has an interest in the Property;
- (j) the operation or presence of any computer program that alters or erases data or programs in a manner that is undesired by You;
- (k) computer virus, being an executable program or computer code segment that is self replicating, requires a host program or executable disc segment in which it can be contained, and which destroys or alters the host program or other computer code or data, causing undesired program or computer system operation;
- (l) explosion or implosion of any pressure vessels (including any boilers) that are legally required to be tested, inspected or certified;
- (m) scratching, denting, chipping or defacing except when caused directly by fire, lightning, explosion, impact by any road vehicle or animal, aircraft or other aerial devices or articles dropped from them, riot, civil commotion, persons taking part in an industrial dispute, persons acting maliciously, earthquake, storm, the bursting, overflowing or discharge of water tanks, apparatus or pipes, or sprinkler leakage.

Provided that We will pay for any Damage to Property that is not otherwise excluded that results from Damage caused directly by or arising directly from any of these causes.

Extension of Cover - A

When Damage to Property at a specific Premises is covered by this Cover Section, then provided that We do not pay more in the aggregate than the Limit of Liability shown for that Premises, We will pay for the following costs that are incurred as a result of that Damage:

1. Extra Cost of Reinstatement

- (a) The additional costs incurred by You in complying with the requirements of any lawful authority that are imposed after the Damage but limited to costs directly relating to that portion of the Building actually Damaged; or

- (b) If the cost of Reinstatement of the Damaged Building is more than fifty percent (50%) of the Replacement Cost of the whole Building, then We will pay the additional costs incurred by You in complying with the requirement of any lawful authority that are imposed after the Damage for both the Damaged and undamaged portion of the Building.

Provided that We will not pay for any costs that would have been incurred when complying with the requirements of any lawful authority that applied to the Property or Premises prior to the Damage.

2. Temporary Repairs

The cost of temporary repairs to Property that is Damaged, including but not limited to, the cost of dismantling, shoring up, propping and underpinning Property.

3. Demolition and Debris Removal

Up to \$100,000 for the reasonable costs incurred by You for:

- (a) the demolition and removal of Property that is Damaged;
- (b) the demolition of any property that is necessary to allow Reinstatement of Property that has been Damaged; and
- (c) the cleaning up, removing, storing and disposing of Damaged Property at or from:
 - (i) the Premises; and
 - (ii) any other location that You are legally required to remove debris from or clean up, provided that You do not own Property at this other location and Your liability did not result from an agreement made after the start of the Period of Insurance unless this liability would have existed anyway.

Provided that We will not pay more than twenty percent (20%) of the Limit of Liability for the Premises where the Damage happened.

4. Fees and Costs

Fees and costs such as, but not limited to, architects, engineers and other consultants' fees necessarily incurred in Reinstatement of Property that is Damaged.

5. Loss of Land Value

Up to \$100,000 for the reduction in land value that results from the requirements of any legal authority that does not allow rebuilding or only allows partial rebuilding at the Premises.

Provided that:

- (a) this shall be calculated by subtracting the land value after rebuilding or after We have agreed that rebuilding is not possible from the land value before the Damage; and
- (b) We will not pay more than ten percent (10%) of the Limit of Liability for the Premises where the Damage happened.

6. Floor Space Ratio or Index

When the cost of rebuilding a Building that is Damaged, costs more than fifty percent (50%) of the Replacement Cost of the entire Building, and rebuilding is only permissible subject to a reduced floor space to land area ratio or index, then We will also pay the cost of rebuilding that would have been incurred had a reduced floor space ratio or index not been applicable, less the actual incurred cost of rebuilding in accordance with the reduced floor space ratio or index, including the additional costs incurred to meet the requirements of any lawful authority as described in EXTENSION OF COVER - A1 - EXTRA COST OF REINSTATEMENT.

7. Undamaged Foundations

When a Building that is Damaged has to be rebuilt at a location other than the Premises because the requirements of any lawful authority prevents the Reinstatement of the Building at the Premises, and

that Building's foundations are not Damaged to such an extent that prevents them from being reused, then

We shall allow in the actual rebuilding costs, an amount for foundations that is equal to the value of the Damaged Building's foundations at the Premises.

Provided that:

- (a) We will not pay more than the actual cost of foundations necessary to support the new Building at the new location; and
- (b) If the resale value of the land at the Premises with such foundations is greater than the land value of the Premises without such foundations, then

We will deduct the difference between these values from the amount otherwise payable by this Extension of Cover.

Extension of Cover - B

Following Damage covered by this Cover Section to Property at a specific Premises, We will pay in addition to the Limit of Liability for that Premises, the following costs that result from the cause of that Damage:

1. Fire Fighting Costs

The cost of refilling fire fighting appliances and any additional cost incurred by You in putting out a fire that causes Damage.

Provided that the wages of any full time members of a works fire brigade are not covered by this Extension of Cover and this Extension of Cover is limited to \$25,000 during the Period of Insurance.

2. Exploratory Costs

The reasonable cost incurred by You to find the source of a leak when liquids have caused Damage to Property.

Provided that this Extension of Cover is limited to \$25,000 during the Period of Insurance.

3. Temporary Protection and Watchmen

The costs reasonably incurred by You to protect the Property including the cost of temporary repairs and the hiring of watchmen.

Provided that this Extension of Cover is limited to \$25,000 during the Period of Insurance.

4. Capital Additions

Reasonable costs incurred by You of up to \$100,000 in the aggregate during the Period of Insurance for the Reinstatement of:

- (a) alterations to Buildings; and
- (b) other capital additions; that have been made at a specific Premises during the Period of Insurance.

Provided that this Extension of Cover does not apply to:

- (a) Property that cannot be correctly designated to a Category that has a Declared Value shown in the Schedule for that Premises;
- (b) Property that can be Categorised as Stock; and
- (c) costs that during the Period of Insurance are in the aggregate greater than twenty percent (20%) of the Limit of Liability for that Premises.

5. Discharge of Mortgage Cost

We will pay the legal costs associated with the discharge of a mortgage or mortgages on Buildings following settlement of a claim on a total loss basis.

Provided that this Extension of Cover is limited to \$25,000 during the Period of Insurance.

Extension of Cover - C

1. Restricted Transit

We will cover each Category of Property shown in the Schedule for Damage during transit within Australia that is caused by fire, explosion, wind, earthquake and malicious persons.

Provided that the most We will pay under this additional cover is the lesser of \$25,000 or ten percent (10%) of the Declared Value for that Category of Property.

2. New Premises - Temporary Cover

We will temporarily extend the cover provided by this Cover Section to Property at any premises that is used by Your Business for the first time during the Period of Insurance.

Provided that:

- (a) this temporary cover is limited to a period of 14 consecutive days from the day that You first use the new premises;
- (b) this temporary cover is not available to property that cannot be correctly designated to one of the Categories of Property that has a Declared Value shown in the Schedule;
- (c) this temporary cover is only available to property that is of a similar type to that insured by this Cover Section;
- (d) for each specific Category of Property shown in the Schedule this temporary cover is limited to fifty percent (50%) of the Declared Value for that Category, or if more than one Premises is shown in the Schedule, then this fifty percent (50%) limitation will apply to the lowest Declared Value that applies to a specific Category of Property;
- (e) the new premises has Buildings, fire protection and security features that are similar to those at one of the Premises (shown in the Schedule); and
- (f) You provide Us with full details of the new premises within 14 days of You first using the new premises.

3. Automatic Reinstatement

At each Premises, when the Limit of Liability is reduced following Damage covered by this Cover Section, We will automatically increase this reduced limit to its value immediately before the Damage,

provided that You pay or agree to pay the additional premium that We require.

4. Disposal of Salvage

We will not sell or dispose of any salvage without giving You the opportunity to retain it at its salvage value, but this Extension does not allow You to abandon property to Us.

5. Other Parties/Waiver of Subrogation

We automatically extend cover to include all other parties that have an insurable interest in the Property including lessors, financiers, trustees, mortgagees, owners and others who are specifically noted in Your records; and

We waive any rights and remedies or relief that We are entitled to by way of subrogation against any of these parties.

6. Stock Seasonal or Festive Increase

The Limit of Liability for Stock is increased by thirty percent (30%) for losses occurring during the days specified in the Schedule under the heading Seasonal or Festive Increase, up to a maximum number of 110 days, or

If no days are specified, the thirty percent (30%) increase for Stock will apply to:

- (a) the 60 days immediately before Christmas Day and 10 days immediately thereafter; and
- (b) the 30 days immediately before the Easter Sunday and 10 days immediately thereafter.

Provided that this Extension of Coverage will not extend the insurance beyond the Period of Insurance noted in the Policy Schedule.

7. Temporary Removal to other Premises

We will extend the cover provided by this Cover Section to Property while it is temporarily removed from a Premises (shown in the Schedule) to some other premises in Australia.

Provided that:

- (a) this extension of cover is not provided to Property in transit;
- (b) this Extension of Cover is only available to Property that can be correctly designated to a Category that has a Declared Value shown for the Premises at which this Property is normally located;
- (c) the most We will pay under this additional cover is the lesser of \$100,000 or ten percent (10%) of the Declared Value that applies to this Property at the Premises at which the Property is normally located; and
- (d) the premises that Property has been temporarily removed to has Buildings, fire protection and security features, that are similar to the Premises shown in the Schedule.

8. Minimisation of Damage

We will pay for the reasonable cost of removing Property from the Premises, and any Damage resulting from the removal, if the Premises are threatened by fire or any other perils insured by this Cover Section of Your Policy,

provided that the purpose of the removal was to prevent or minimise Damage.

Optional Extensions of Cover

If shown in the Schedule the following extensions shall apply:

1. Transit - Fire / Collision / Overturning

When Transit is shown in the Schedule We will provide cover for Damage to Property in a vehicle owned by You or operated by You while in transit within Australia that is caused by fire, collision or overturning of this vehicle.

Provided that this Extension of Cover is limited to the amount shown in the Schedule for Transit.

2. Flood

When Flood is shown in the Schedule the Exclusion for Damage by Flood 3.(g) is deleted.

Special Condition

SPRINKLER / ALARM INSTALLATIONS

If You are responsible for any:

- (a) fire sprinkler equipment; or
- (b) fire or smoke detection equipment;

located at the Premises, then We will not pay for any Damage caused by fire at the Premises unless all such equipment that you are responsible for is maintained in good condition and is working effectively at all times.

Provided that this Special Condition will not apply when the disconnection or interruption of:

- (i) such equipment;
- (ii) the power supply to such equipment;
- (iii) the water supply to such equipment;

is caused by normal maintenance activities that result in a disconnection or interruption that lasts for less than 48 consecutive hours; or is caused by other circumstances that are beyond Your control.