

Machinery Breakdown Insurance Policy

Please read this policy in conjunction with the
Certificate of Insurance



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Ansvar Insurance – Insurance products with flexible solutions

Our history

Ansvar Insurance has been a trusted name in Australia since 1961. Owned by UK Insurance company, Ecclesiastical Insurance Office plc, we enjoy substantial financial backing and are proud to meet the rigorous regulatory requirements of an insurer serving Australians.

Why insure through Ansvar Insurance?

With almost 50 years of experience in Australia we understand what customers are seeking in their insurance company: a trusted, responsible and professional organisation where you are treated with respect and care and offered choice and flexibility. Offering value for money, personal service and a demonstrated commitment to community programs explains why we are the insurer of choice for our Australia wide customers.

Developing our young Australians

We are honoured to provide support to many community organisations throughout Australia. Each organisation provides valuable support to improve and enrich the lives of Australian youth so that they may contribute positively to the community in which they live. To find out more about our grants to Community Education Program please visit our website ansvar.com.au

Our insurance advantage

Ansvar Insurance is a specialist insurance company with a deep understanding of the issues confronting our customers.

We believe in offering more than just insurance. Our dedicated staff are committed to helping clients protect their assets by providing:

- specialist insurance advice in our core markets
- flexibility in underwriting
- independent, on-site, risk management inspections and expert advice to find solutions
- risk management seminars and advice on helping clients develop their risk management programs

Who is the insurer and how can we be contacted?

Ansvar Insurance Limited, ABN 21007 216 506, is the issuer of this insurance policy. The registered office of Ansvar Insurance is Level 18, 303 Collins Street, Melbourne, Victoria. The Ansvar Insurance Australian Financial Services Licence number is 237826.

You can contact us by:

- calling in person at any Ansvar Insurance office
- telephoning 1300 650 540
- facsimile on 03 9614 1545
- writing to any office of Ansvar Insurance
- email to insure@ansvar.com.au

Cooling off period

We will refund the entire premium you have paid for cover under this insurance policy if you cancel the policy within 21 days of its commencement. To do this, you must advise us in writing and return the insurance policy and certificate of insurance to your nearest Ansvar Insurance office.

You will **not** receive a refund if you have made a claim, or intend to make a claim, under the insurance policy.

Costs

The premium payable by you is shown in your Certificate of Insurance. The factors used to determine the premium payable under this policy include:

- the nature, age and location of the equipment insured;
- the construction, location and occupancy of the business premises;
- the maintenance arrangements in place and other loss minimization features;
- the extent of cover and any extensions required;
- the sums insured or limits of liability;
- the period of insurance (short-term/annual);
- the excess selected;
- past claims/incidents history.

The premium is payable either when the product is purchased or by direct bank debit when you elect to pay it monthly. If you elect to pay monthly there is an additional fee. A cancellation fee may apply if you cancel your insurance policy before expiry.

Premiums and fees are subject to Commonwealth and State taxes and levies which include the Goods and Services Tax and Stamp Duty, if applicable to your state. All are shown on your Certificate of Insurance

Code of Practice and Privacy Act

As a signatory to The General Insurance Code of Practice we are committed to raising standards of service to our customers. This voluntary code sets out the minimum standards we will uphold in the services we provide to you.

The Privacy Act sets out how we are to collect, use, disclose and protect your personal information. It also describes the circumstances for you to access and, if necessary correct your personal information.

Complaints

If you are not satisfied with our service we recommend that you use the complaints procedure set out below. The type of complaint could relate to the behaviour of or advice given by an Ansvar Insurance employee or authorised representative, a decision on a claim, the privacy of your personal information or any other matter relating to your insurance that is of concern to you. These procedures are available free of charge to you.

First, contact the employee or authorised representative with whom you have had contact to see if he or she can resolve the problem. If that is not possible, then contact the Regional Manager in your state. The Regional Manager will review the information and give you a response as quickly as possible; but no later than three working days from the date when the complaint is received.

If you are not satisfied with the response given by the Regional Manager, then please put your unresolved complaint in a letter and address it to:

The Secretary
Internal Dispute Resolution Committee
Ansvar Insurance Limited
303 Collins St, Melbourne VIC 3000

You can also telephone the Secretary with your complaint on (03) 9614 3535, fax it on (03) 9614 2740, or choose to email your complaint to the Secretary at insure@ansvar.com.au

The Secretary will refer your complaint to the Committee which comprises the CEO, Operations Manager and one of the non executive directors of Ansvar Insurance Limited, for a decision.

The Internal Dispute Resolution Committee has appropriate authority to deal with unresolved complaints. You will receive a response within seven (7) working days from the time the Internal Dispute Resolution Committee receives your unresolved complaint, or alternatively you will be asked for further information. If further information is required, you will receive a decision within seven (7) working days from the time Ansvar Insurance receives the additional information.

What if we don't resolve your problem?

Once the Internal Dispute Resolution Committee gives you an answer, we will provide you with information about external dispute resolution if that is available.

For many complaints that is the Financial Ombudsman Service (FOS). FOS provides a free and independent dispute resolution service for consumers which have general insurance disputes that are covered by its Terms of Reference. If you wish your dispute to be reviewed by FOS, you must refer your dispute to FOS within three calendar months of receiving the Internal Disputes Resolution Committee's decision. You can do this by contacting FOS at:

Financial Ombudsman Service
GPO Box 3, Melbourne VIC 3001
Ph: 1300 78 08 08 (National toll free)
Ph: (03) 9613 7366
Fax: (03) 9613 6399
Email: info@fos.org.au
Website: www.fos.org.au.

Alternatively, you may further pursue your unresolved complaint through a formal legal process such as the courts, mediation, or arbitration.

For privacy complaints you may approach the Federal Privacy Commissioner. A copy of the General Insurance Code of Practice and privacy principles can be obtained from our website ansvar.com.au or from one of our offices.

Important notices to Policyholders

It is important to read/retain the following documents and keep them in a safe and convenient place:

- this document
- your current Certificate of Insurance

Remember to regularly review your insurance policy, particularly at renewal to ensure your insurance policy provides the cover that you currently need.

Duty of disclosure

Before you enter into an insurance contract with us, you are required to tell us every matter that is known to you, being a matter that:

- you know to be relevant to the decision by us to accept the risk and if so, on what terms; or
- a reasonable person in the circumstances could be expected to know to be a matter so relevant.

If you have not disclosed all relevant information, or if you have misinterpreted the facts, then we may be entitled to cancel the policy, reduce the sum insured, or treat the policy as never having existed.

If you do not tell us all relevant matters we can reduce the amount we pay for any claim or cancel this insurance policy. If your non disclosure is fraudulent we can void the insurance policy from the beginning.

Goods and Services Tax (GST)

This insurance policy has provision for payment of Goods and Services Tax:

- by you in relation to premiums
- by us in relation to claims

The contract between you and Ansvar Insurance

When we have received your premium, we will insure you against the events described in this insurance policy. This insurance covers the equipment against any unforeseen and sudden breakdown at the location during the period of insurance shown in the certificate of insurance. Your insurance commences and concludes at 4.00pm local time on the dates shown.

Alteration of risk

You must notify us immediately of any material change in the risk and the nature of the risk and confirm such notification by providing full details in writing. You must at your own expense take such additional precautions to minimise the risk or any hazard to the equipment insured as are reasonable in all the circumstances and must comply with any reasonable directions or requirements from us to reduce the risk. We will adjust the scope of cover and/or premium accordingly, if necessary.

Insurance cover will cease for any insured item which has sustained damage and is allowed to operate without being repaired properly.

Automatic reinstatement of sum insured

Upon the happening of any loss or damage resulting in a claim under this policy, the sum insured will be reinstated automatically to its full stated amount and coverage, unless you advise us to the contrary.

In consideration of this reinstatement, we will charge you an additional premium calculated on the amount of the cover reinstated for the period from the date of reinstatement to the next renewal date.

Cancellation

You may cancel this insurance policy at any time by notifying us in writing. This may require you to pay a cancellation fee.

We can cancel this insurance policy in accordance with the Insurance Contracts Act 1984. We will be entitled to retain premium for the period during which the insurance policy has been in force.

In addition, if we settle your claim by paying the total sum insured, we have fulfilled our obligations under the contract. We will then cancel the insurance policy with no refund of any portion of the premium as we will have paid you in full for your loss.

Examination of books and records

We may examine your books and records of all equipment under this policy at any time during the period of insurance and up to 12 months after the policy expiration or resolution of all claims under the insurance policy.

Excess

Your financial contribution if you have a claim is known as the 'excess'. The excess amount that you will have to pay when you make a claim is shown in your policy schedule.

Interpretation

Clauses and other headings are for ease of reference only and will not be deemed to form any part of the context or affect the interpretation of this policy.

Words importing the singular number shall include the plural and vice versa.

Jurisdiction

This insurance policy shall be governed and construed in accordance with the laws of Australia. Any dispute shall be resolved in accordance with these laws.

Limit of liability

The limit of our liability is the total sum insured as shown in the certificate of insurance.

Monthly instalments

You may pay your premium by monthly instalments direct from a financial institution or from your credit card. However, if any monthly instalment is dishonoured by your financial institution this policy may not operate. We may refuse to pay a claim in whole or in part if, at the date of loss, any monthly instalment has remained unpaid for at least 14 days, unless we have agreed otherwise in writing.

If you have a total loss or we settle your claim by paying the full sum insured under any section of this policy, we will deduct outstanding instalments for that section from the amount we pay you.

Should the financial institution holding your account return or dishonour a direct debit payment due to lack of funds in your account, we will charge you for any direct or indirect costs which we incur arising from the payment being returned or dishonoured.

Other insurance

You must inform us of any other insurance which may also cover the equipment under this insurance policy.

Other interests

You must not transfer your interest or any entitlement under this policy without our written consent.

Our right of inspection

We have the right to inspect and examine any of the equipment covered by this policy at any reasonable time. You are required to provide us all details and information we may reasonably request.

Reasonable care and maintenance

You are required to:

1. take reasonable precautions to prevent loss or damage and maintain and safeguard the equipment insured under this policy;
2. comply with manufacturers operating instructions and recommended maintenance schedule and maintain the equipment in good working order;
3. comply with all statutory obligations, regulations and safety requirements imposed by any authority;
4. do all things reasonably practicable to minimise any interruption of or interference with your business to avoid or diminish any consequential loss, where such loss is covered by this policy.

Service of legal process

You may effect service of any legal process on us in connection with this policy by delivering that process by hand or by post to the address for service stated in the certificate of insurance and such service shall be deemed to be personal service upon us.

You may give any notice under this policy to us at any of our offices in Australia.

Subrogation

If we make any payment under this insurance policy, then to the extent of that payment, we may exercise any rights of recovery held by you or any other person. You must not do anything which reduces any such rights and must provide reasonable assistance to us in pursuing any such rights.

Definitions

In this insurance policy:

<i>basis of settlement</i>	means the method by which your claim is paid by us as stated in this insurance policy, or as otherwise specified in the certificate of insurance.
<i>breakdown</i>	means unforeseen, unexpected and sudden damage or disruption to equipment covered by this policy which renders such equipment unusable.
<i>equipment</i>	means the electrical and/or mechanical machinery including their interconnecting cabling and piping, boilers and pressure vessels and any other machinery or equipment shown in the certificate of insurance.
<i>excess</i>	means the amount shown in the certificate of insurance that you will have to pay when you make a claim under this insurance policy.
<i>geographical limits</i>	means anywhere in Australia or New Zealand and elsewhere if we have agreed to this in writing and this is shown in the certificate of insurance.
<i>location</i>	means the location/place where the equipment is kept and shown in the certificate of insurance.
<i>we, us, our</i>	means -Ansva Insurance Limited ABN 21 007 216 506.
<i>you, your</i>	means the person, corporation or legal entity insured under this policy and shown in the certificate of insurance.

Cover

You are covered in accordance with the basis of settlement if any of the equipment referred to in the certificate of insurance suffers breakdown at the location during the period of insurance.

The cover applies only after completion of commissioning of the equipment.

Deterioration of stock extension

If a sum insured is shown in the certificate of insurance for deterioration of stock, we will pay the cost of replacing frozen or refrigerated stock, other than obsolete stock, rendered inedible or unsaleable due to breakdown of equipment.

Basis of settlement

In the event of breakdown of equipment necessitating repair, the basis of settlement will, at our option, be the lesser of the following:

1. the cost of repairs, or
2. the replacement cost; or
3. the sum insured shown in the certificate of insurance.

Where the equipment is not able to be repaired because any replacement part(s) of the equipment cannot be purchased or manufactured, the basis of settlement will be the lesser of the following:

1. the pre breakdown market value of the equipment; or
2. the sum insured shown in the certificate of insurance.

Exclusions

We will not pay any claim for:

1. breakdown of:
 - a. research electro-medical and diagnostic equipment;
 - b. submersible pumps and bore pumps, including well casings, turbine pumps, or helical rotor pumps;
 - c. vehicles;
 - d. electronic equipment of any kind;
 - e. domestic equipment in residential homes, hand dryers, mobile or portable machinery, portable hand held tools, vacuum cleaners;
 - f. vending or amusement machines or any coin operated machine;
 - g. lawn maintenance equipment;
 - h. lifts and escalators, unless agreed to by us in writing;unless we have agreed to this in writing and shown in the certificate of insurance.
2. breakdown caused by:
 - a. fire, smoke, smut or soot;
 - b. lightning, or electrical spikes or electrical surges;
 - c. explosion (other than explosion of flue gas in boilers);
 - d. impact of vehicles or watercraft, aircraft or other aerial devices or articles dropped from

- any of these;
- e. earthquake, subterranean fire or volcanic eruption;
 - f. landslide, earth movement or subsidence;
 - g. the conduct of any person taking part in any riot, civil commotion, strike, lock-out, industrial dispute, conspiracy, or any person acting maliciously on behalf of or in connection with any political organization;
 - h. storm, tempest, windstorm, hurricane or cyclone, rainwater;
 - i. flood or inundation of normally dry land;
 - j. water escaping, discharging or leaking from any pipe, water system or vessel other than items or parts of equipment by this policy;
 - k. burglary, theft or any attempt thereat;
 - l. war, invasion, act of foreign enemy, hostilities (whether war is declared or not), civil war, rebellion, revolution, insurrection, mutiny, the use of any military or usurped power, confiscation, commandeering, requisition or damage by order of any government whether lawful or de facto or by any public authority;
 - m. fraudulent, criminal, malicious or dishonest acts, or any wilful act, omission or recklessness on your part or by any of your employees;
 - n. acts of terrorism – refer to your current certificate of insurance;
 - o. any act of the power supplier, including withholding, restricting or load shedding the supply of electricity;
 - p. the machinery being subjected to tests involving abnormal stresses or arising out of machinery being overloaded, or being subjected to any other testing or experimentation;
 - q. failure to comply with statutes, regulations, or other statutory requirements relating to safeguarding or operation of the machinery or equipment;
 - r. shrinkage, inherent defects, natural deterioration or natural putrefaction;
 - s. improper storage or stowage, collapse of packing material, deviations from designers specifications or instructions;
 - t. moths, termites or other insects, vermin, rust, scale, corrosion or oxidation, mildew, mould, contamination or pollution, wet or dry rot, change of colour, texture or finish, dampness, light, variations in or extremes of temperature, evaporation, inherent vice, inherent defect, latent defect, loss of weight, atmospheric or climatic conditions;
 - u. wear and tear, gradual deterioration, fading, scratching or marring, chipping or denting, developing flaws, normal upkeep or maintenance;
 - v. ionization or contamination by radioactivity from any nuclear fuel, waste, or from the combustion of nuclear fuel (including any self-sustaining process of nuclear fission), nuclear weapons material;
 - w. worn or spent belts, ropes, chains, tyres, filters, refrigerant dryers, fuses, electric heating elements, electrical contacts, thermostats, thermostatic expansion valves, jointing, gland packing, seals, dies, moulds, exchangeable tools, engraved cylinders, crushing surfaces, cutting blades, refractory materials, glass and porcelain components, ceramics, refractories, felts, sieves, fabrics, lubricants, fuel, catalysts and all operating media.
3. costs associated with:
- a. recharging of refrigeration or air-conditioning equipment, unless necessary as part of the repair following breakdown of equipment by this policy;
 - b. converting refrigeration and/or air-conditioning units from the use of C.F.C. (chlorofluorocarbon) refrigerant gas to any other type of refrigerant gas;
 - c. alterations, additions, improvements or overhauls;
 - d. preventative maintenance work;
 - e. temporary repairs unless those temporary repairs form part of the final repairs and do not increase the final repair costs;
 - f. repairing or replacing any equipment, if the manufacturer, supplier, agent or any other

person is responsible under the terms of a maintenance agreement;

4. in addition, we will not pay for:
 - a. consequential loss of any kind;
 - b. breakdown of any equipment which happens outside the geographical limits;
 - c. penalties for delay or detention;
 - d. deterioration of stock which is the result of breakdown not covered by this policy.

Claims procedures

Your responsibility when making a claim

Following an event giving rise to a claim, it is your responsibility to advise Ansvar Insurance by telephone or in person as soon as is reasonably practicable after the event and promptly provide any information we request.

Where required a claim form will be sent to you when you advise us of the claim. Please complete and return this form promptly.

You must preserve the damaged equipment and make this available for inspection by us, if we request this.

After an event which gives rise to a claim under this policy we may take possession of damaged property and deal with it in a reasonable manner. If we do not take possession of the damaged property, you may not abandon it to us.

We will not make any payment under this policy unless you have produced all accounts, invoices, receipts and other documentation to substantiate your loss.

Any letters, notices, or legal documents you receive which relate to the event are to be forwarded to Ansvar Insurance immediately.

Fraudulent claims

As a protection for all insurance policy holders we will take legal action against any person who makes a fraudulent claim.

If a fraudulent claim is made we will not pay it and we will take action to recover any moneys already disbursed in respect of the claim. We will also cancel the insurance policy.

Ansvar Insurance

1300 650 540

ansvar.com.au

Victoria

AD GPO Box 1655
Melbourne 3001
FX +61 3 9614 1545

South Australia

AD PO Box 630
Fullarton 5063
FX +61 8 8338 1920

New South Wales

AD PO Box 1410
Parramatta 2124
FX +61 2 9687 9564

Western Australia

AD PO Box 840
West Perth 6872
FX +61 8 9324 2013

Queensland

AD GPO Box 747
Brisbane 4001
FX +61 7 3221 6721

Tasmania

AD PO Box 330
Launceston 7250
FX +61 3 9614 1545

EM insure@ansvar.com.au

Ansvar Insurance Ltd.

ABN 21 007 216 506 AFSL 237826

Member of the Ecclesiastical Insurance Group

