

Policy Wording



Civil Liability Insurance Policy



Bring on tomorrow



Policy Number: >

Policy Schedule

Civil Liability Insurance Policy

ITEMS

Policyholder	>
Policyholder's Main Address	Address Line 1 > Address Line 2 > State > PostCode >
Policy Period	From: > To: > 4:00 P.M. at the Policyholder's Main Address
Limit of Liability (Any one Claim)	\$
Limit of Liability (Aggregate)	\$
Retention (Each and Every Claim)	\$
Retroactive Date	>
Continuity Date	>
Premium	\$
GST	\$
Stamp Duty	\$
Total	\$
Insurer & Address	AIG Australia Limited ABN 93 004 727 753 AFSL 381686
Claims Notice	Financial Lines Claims Manager AIG Level 19, 2 Park Street, Sydney, NSW, 2000, Australia T: 1300 030 886, F: 1300 634 940

Signed For And On Behalf Of The Insurer

Signature:

Date of Policy Issuance:



Policy Wording

Civil Liability Insurance Policy

Table of Contents

Covers	6	Bodily Injury/Property Damage	12
Civil Liability	6	Claims Settlement Authority	12
Misleading or Deceptive Conduct	6	Contractual Liability/Performance Guarantees	12
Intellectual Property	6	Costs Assessment	13
Defamation	6	Financial Advice	13
Lost Documents	6	Infrastructure	13
Fraud/Dishonesty	6	Insolvency	13
Defence	6	Intentional Acts	13
Standard Extensions	6	Misdeeds	13
BusinessGuard Advisory Panel	6	Patent/Trade Secret	13
Court Attendance	6	Pollution	13
Extended Reporting Period	7	Prior Claims/ Circumstances	13
Findings and Awards by Dispute Resolution Bodies	7	Proposal form signing	13
Joint Ventures	7	Trade Debts	13
Non Avoidance Clause	7	USA/Canada	13
Previous Business Name	7	US Sanctions	13
Property Cover for Lost Documents	8	War/Terrorism	14
Quasi Judicial Costs	8	Confidential Information	14
Vicarious Liability	8	Consequential Loss	14
Optional Extensions	8	Director/Principal/Partner Dishonesty	14
Authorised Representatives	8	Dual Controls	14
Employment Practice Liability	9	Extortion or Kidnap & Ransom	14
Fidelity	9	Geographical Limits	14
Definitions	9	Loss Establishment Costs	14
“Bodily Injury”	9	Loss Sustained After Knowledge	14
“Claim”	9	Profit & Loss or Inventory Computation	14
“Continuity Date”	9	Claims	15
“Damages”	9	Notification of Claims	15
“Defence Costs”	9	Related Claims	15
“Direct Financial Loss”	10	Related Dishonest Acts	15
“Discovered” or “Discovers” or “Discovery”	10	Continuity	15
“Dishonest Acts”	10	Defence/Settlement	15
“Documents”	10	Insurer’s Consent	16
“Employee”	10	Loss Mitigation	16
“Fraud/Dishonesty”	10	Insured’s Consent	16
“Infringement”	10	Cooperation	16
“Insured”	10	Fraudulent Claims	16
“Insurer”	11	Fraud/Dishonesty of Principals, Partners and Directors	16
“Limit of Liability”	11	Allocation	16
“Loss”	11	Allocation Disputes	17
“Misleading or Deceptive Conduct”	11	Policy Purchase	17
“Money”	11	Administration	17
“Policy Period”	11	Limit and Retention	18
“Policyholder”	11	Limit of Liability	18
“Pollutants”	11	Retention	18
“Premium”	11	General Provisions	18
“Professional Services”	11	Assignment	18
“Property Damage”	11	Cancellation	18
“Retention”	11	By Policyholder :	18
“Retroactive Date”	11	By Insurer :	18
“Sanctioned “Country”	11	Insolvency	18
“Securities”	11	Plurals, Headings and Titles	18
“Subsidiary”	12	Scope and Governing Law	18
“Third Party”	12	Subrogation	19
“Trade Secret”	12	Validity	19
“Wrongful Act”	12		
Exclusions			
Anti-Competitive Conduct	12		



Privacy Notice

This notice sets out how AIG Australia Limited (AIG) collects, uses and discloses personal information about:

- you, if an individual; and
- other individuals you provide information about.

Further information about our Privacy Policy is available at www.aig.com.au or by contacting us at australia.privacy.manager@aig.com or on 1300 030 886.

How we collect your personal information

AIG usually collects personal information from you or your agents.

AIG may also collect personal information from:

- Our agents and service providers;
- other insurers;
- people who are involved in a claim or assist us in investigating or processing claims, including third parties claiming under your policy, witnesses and medical practitioners;
- third parties who may be arranging insurance cover for a group that you are a part of;
- providers of marketing lists and industry databases; and
- publically available sources.

Why we collect your personal information

AIG collects information necessary to:

- underwrite and administer your insurance cover;
- maintain and improve customer service; and
- advise you of our and other products and services that may interest you.

You have a legal obligation under the Insurance Contracts Act 1984 to disclose certain information. Failure to disclose information required may result in AIG declining cover, cancelling your insurance cover or reducing the level of cover, or declining claims.

To whom we disclose your personal information

In the course of underwriting and administering your policy we may disclose your information to:

- entities to which AIG is related, reinsurers, contractors or third party providers providing services related to the administration of your policy;
- banks and financial institutions for policy payments;
- assessors, third party administrators, emergency providers, retailers, medical providers, travel carriers, in the event of a claim;
- other entities to enable them to offer their products or services to you; and
- government, law enforcement, dispute resolution, statutory or regulatory bodies, or as required by law.

AIG is likely to disclose information to some of these entities located overseas, including in the following countries: United States of America, United Kingdom, Singapore, Malaysia, the Philippines, India, Hong Kong, New Zealand as well as any country in which you have a claim and such other countries as may be notified in our Privacy Policy from time to time.



You may request not to receive direct marketing communications from AIG.

Access to your personal information

Our Privacy Policy contains information about how you may access and seek correction of personal information we hold about you. In summary, you may gain access to your personal information by submitting a written request to AIG.

In some circumstances permitted under the Privacy Act 1988, AIG may not permit access to your personal information. Circumstances where access may be denied include where it would have an unreasonable impact on the privacy of other individuals, or where it would be unlawful.

Complaints

Our Privacy Policy also contains information about how you may complain about a breach of the applicable privacy principles and how we will deal with such a complaint.

Consent

If applicable, your application includes a consent that you and any other individuals you provide information about consent to the collection, use and disclosure of personal information as set out in this notice.



In consideration of the payment of the **Premium** and subject to all the provisions of this policy, the **Insurer** agrees as follows.

Covers

All cover under this policy is afforded solely with respect to **Claims** first made against an **Insured** during the **Policy Period** and reported to the **Insurer** as required by this policy.

<i>Civil Liability</i>	The Insurer will pay on behalf of any Insured all Damages resulting from any Claim for any civil liability of the Insured .
<i>Misleading or Deceptive Conduct</i>	The Insurer will pay on behalf of any Insured all Damages resulting from any Claim for any Misleading or Deceptive Conduct of the Insured .
<i>Intellectual Property</i>	The Insurer will pay on behalf of any Insured all Damages resulting from any Claim for any Infringement .
<i>Defamation</i>	The Insurer will pay on behalf of any Insured all Damages resulting from any Claim for libel or slander committed by an Insured .
<i>Lost Documents</i>	The Insurer will pay on behalf of any Insured all Damages resulting from any Claim for the destruction, damage to, loss, erasure or mislaying of Documents by an Insured .
<i>Fraud/Dishonesty</i>	The Insurer will pay on behalf of any Insured , who is not the actual perpetrator, all Damages resulting from any Claim for Fraud/Dishonesty of any: <ul style="list-style-type: none">(i) Employee; or(ii) any natural person who is or has been a principal, partner or director of the Policyholder or any Subsidiary.
<i>Defence</i>	The Insurer has the right to defend any Claim which this policy may respond to under its Covers or Extensions. The Insurer shall pay Defence Costs incurred in defending such Claim .

The **Insurer** is under no obligation to pay **Loss**, unless the **Wrongful Act**: (i) first takes place on or after the **Retroactive Date**; and (ii) is committed solely in the performance of or failure to perform **Professional Services**.

Standard Extensions

<i>BusinessGuard Advisory Panel</i>	During the Policy Period the Policyholder is entitled to free advice, not involving a significant time commitment on the part of the member firm, from the BusinessGuard Advisory Panel which relates to matters which are relevant to the cover provided under this policy. The Insurer consents to the appointment of any member firm, in the absence of a conflict of interest, to act on behalf of the Insureds in respect of any Claim notified to the Insurer, provided the Insurer accepts the notification under the policy and subject always to the "Claims" Conditions. The Insureds may access the services of the <i>BusinessGuard Advisory Panel</i> by contacting the firms listed as such at www.aig.com.au
<i>Court Attendance</i>	For any person described in (i) and (ii) below who actually attends court as a witness in connection with a Claim notified under and covered by this policy, Defence Costs will include the following rates per day on which attendance in court has been required: <ul style="list-style-type: none">(i) for any principal, partner, or director Insured \$500(ii) for any Employee or Authorised Representative \$250 No Retention shall apply to this Extension.



Standard Extensions (continued)

*Extended Reporting
Period*

If the **Insurer** cancels or does not renew this policy, other than for non payment of **Premium** or any other breach of the terms of this policy by an **Insured**, the **Policyholder** shall have the right to a period of 30 days following the date of cancellation or expiry in which to give notice of any covered **Claim** first made against the **Insured**. That extended reporting period shall not apply if this policy or its cover has been replaced.

*Findings and Awards
by Dispute Resolution
Bodies*

“**Damages**” includes any amount that an **Insured** is legally liable to pay to a **Third Party** in respect of findings or awards by an ASIC approved external dispute resolution body, subject to the limitations of “**Loss**”.

The retention for any **Damages** payable under this extension shall apply to each and every finding or award by an external dispute resolution body.

Joint Ventures

The **Insurer** will pay on behalf of any **Insured** all **Damages** resulting from any **Claim** for any civil liability of the **Insured** in connection with any association or joint venture of which the **Insured** forms part; provided, however that the **Insurer** shall only be liable for the proportion of any **Damages** that represents the **Insured’s** liability in such association or joint venture. No cover is provided to any associate or joint venture partner of the **Insured**.

*Non Avoidance
Clause*

For **Professional Services** provided in the capacity of an insurance broker only, and notwithstanding Section 28 of the *Insurance Contracts Act 1984* and the “Fraudulent Claims” Condition, if the **Insured** fails to comply with its duty of disclosure or makes a misrepresentation to the **Insurer** (whether the failure or misrepresentation was fraudulent or not) before this policy was entered into, the **Insurer** shall not avoid this policy by reason of that non-disclosure or misrepresentation; however, any **Claim** that is the subject of non-disclosure or misrepresentation will be subject to a **Sublimit of Liability** in the aggregate of either \$1,000,000 or 15% of the **Insured’s** gross written premium for insurance broking business for the twelve months immediately preceding the **Policy Period**, whichever is the greater amount.

*Previous Business
Name*

“**Insured**” is extended to include any entity which previously traded as the **Policyholder** under a different business name.



Standard Extensions (continued)

Property Cover for Lost Documents

With respect to a **Third Party's Documents**:

- (i) for which an **Insured** is legally responsible, and
- (ii) that, during the **Policy Period**, have been destroyed, damaged, lost, distorted, erased or mislaid solely in the performance or non-performance of **Professional Services**.

Damages shall also include costs and expenses reasonably incurred by the **Insured** in replacing or restoring such **Documents** provided that:

- (a) such loss or damage is sustained while the **Documents** are either:
 - (1) in transit; or
 - (2) in the custody of the **Insured** or of any person to whom the **Insured** has entrusted them;
- (b) where the lost or mislaid **Documents** have been the subject of a diligent search by or on behalf of the **Insured**;
- (c) the amount of any **Claim** for such costs and expenses shall be supported by evidence of expenditure that shall be subject to written approval by a competent person to be nominated by **Insurer** with the consent of the **Insured**; and
- (d) the **Insurer** shall not be liable for any **Claim** arising out of the wear, tear and/or gradual deterioration, moth and vermin, or other matters beyond the **Insured's** control.

A separate retention of \$1,000 instead of the **Retention** will apply to each **Claim** covered under this Extension.

Quasi Judicial Costs

"Defence Costs" is extended to include any reasonable fees, costs and expenses incurred by or on behalf of the **Insured** in the investigation, defence, settlement or appeal of any complaint against the **Insured** by any statutory or professional body which has jurisdiction to inquire or adjudicate in any such matter.

Vicarious Liability

The **Insurer** will pay on behalf of any **Insured** all **Damages** resulting from any **Claim** for any civil liability of an agent or consultant acting on the **Policyholder's** behalf and for whom an **Insured** is legally liable.

Optional Extensions

Authorised Representatives

"Insured" includes any:

- (i) past or present **Authorised Representative** of the **Policyholder** or a **Subsidiary**; and
- (ii) natural person or entity who becomes an **Authorised Representative** of the **Policyholder** or a **Subsidiary** during the **Policy Period**, provided that within 30 days of the natural person or entity becoming an **Authorised Representative** the **Policyholder** has:
 - (a) provided the **Insurer** with an approved supplementary proposal form which has been satisfactorily completed by the new **Authorised Representative**; and
 - (b) provided the **Insurer** with any other information requested in respect of the new **Authorised Representative**; and

Optional Extensions (continued)

<p><i>Employment Practice Liability</i></p>	<p>(c) agreed to any amendments to the terms, Condition or Exclusions of this policy as required by the Insurer; and</p> <p>where any natural person or entity operates as an Authorised Representative of the Policyholder and any other licensee, the Authorised Representative will only be covered under this Extension for Professional Services provided on behalf of the Policyholder.</p> <p>The Insurer will pay on behalf of any Insured all Damages resulting from any liability from a Claim against:</p> <ul style="list-style-type: none"> (i) the Policyholder or any Subsidiary; or (ii) any natural person, who is or has been a principal, partner or director of the Policyholder or any Subsidiary; or (iii) any Employee; <p>by an Employee or prospective Employee of the Policyholder or any Subsidiary based upon any civil liability in connection with the recruitment, employment of or the termination of such Employee or, decision not to employ the prospective Employee, including, but not limited to, any employment-related retaliation or harassment.</p>
<p><i>Fidelity</i></p>	<p>The Insurer shall pay the Policyholder or any Subsidiary for its Direct Financial Loss due to Dishonest Acts committed after the Continuity Date which are Discovered during the Policy Period and reported to the Insurer as required by this policy.</p>

Definitions

<p>“Australian Financial Services Licence”</p>	<p>means a licence issued by the Australian Securities and Investments Commission covering the provision of the Insured’s Professional Services.</p>
<p>“Authorised Representative”</p>	<p>means any natural person or entity that is authorized in writing to provide advice or services on behalf of an Australian Financial Services Licence holder in accordance with Part 7.6 Division 5 of the <i>Corporations Act 2001</i>.</p>
<p>“Bodily Injury”</p>	<p>means physical injury, sickness, disease or death; and if arising out of the foregoing, nervous shock, emotional distress, mental anguish or mental injury.</p>
<p>“Claim”</p>	<p>means any:</p> <ul style="list-style-type: none"> (i) written demand; or (ii) civil or administrative proceedings; <p>that seeks Damages as a result of Wrongful Acts.</p>
<p>“Continuity Date”</p>	<p>means the date specified as such in the Schedule.</p>
<p>“Damages”</p>	<p>means any amount that an Insured shall be legally liable to pay to a Third Party in respect of judgments rendered against an Insured, or for settlements which conform with the consent requirements set out in the “Claims Conditions”, subject to the limitations of the “Loss”.</p>
<p>“Defence Costs”</p>	<p>means reasonable fees, costs and expenses incurred by or on behalf of the Insured in the investigation, defence, adjustment, settlement or appeal of any Claim. “Defence Costs” shall not mean any internal or overhead expenses of any Insured or the costs of any Insured’s time.</p>

Definitions (continued)

<p>“Direct Financial Loss”</p>	<p>means direct financial loss caused by the loss of Money or Securities owned by the Policyholder or any Subsidiary.</p> <p>“Direct Financial Loss” does not include: (i) wages, salaries or other remuneration or benefits paid by the Policyholder or any Subsidiary to its Employees, partners, principals or directors; (ii) complete or partial non-payment or default under any credit arrangement; or (iii) any costs, fees or other expenses incurred by the Insured in prosecuting or defending any demand, claim or legal proceeding resulting from a Direct Financial Loss which is covered under this policy.</p>
<p>“Discovered” or “Discovers” or “Discovery”</p>	<p>means when any of the Policyholder’s, or a Subsidiary’s partners, principals, directors, officers, departmental seniors, senior managers or equivalent (who are not in collusion with an Employee who has or is attempting to commit a Dishonest Act) first becomes aware of any facts which would cause a reasonable person to assume that a Direct Financial Loss which may be covered under this policy has been or is likely to be incurred, even though the exact amount or details of the Direct Financial Loss are not known at the time the person first became aware of such facts. The first Discovery constitutes Discovery by each and every Insured.</p>
<p>“Dishonest Acts”</p>	<p>means any fraudulent or dishonest acts committed by an Employee (acting alone or in collusion with others) with the principal intent to cause the Policyholder or any Subsidiary to sustain a Direct Financial Loss and results in the Employee making an improper financial gain for themselves or for any other individual or entity intended by the Employee to receive such gain.</p>
<p>“Documents”</p>	<p>means all documents of any nature whatsoever including computer record and electronic or digitised data; but does not include any currency, negotiable instruments or records thereof.</p>
<p>“Employee”</p>	<p>means any natural person who is or has been expressly engaged as an employee under a contract of employment with</p> <ul style="list-style-type: none"> (i) the Policyholder or any Subsidiary. (ii) any corporate Authorised Representative of the Policyholder. <p>“Employee” shall not mean any: (i) principal, partner or director; or (ii) temporary contract labour, self-employed person or labour-only sub-contractor.</p>
<p>“Fraud/Dishonesty”</p>	<p>means fraudulent or dishonest conduct:</p> <ul style="list-style-type: none"> (i) not condoned, expressly or implicitly, by; and (ii) that results in liability to; <p>the Policyholder or any Subsidiary.</p>
<p>“Infringement”</p>	<p>means an infringement of any intellectual property right of any Third Party, other than patents and Trade Secrets.</p>
<p>“Insured”</p>	<p>means:</p> <ul style="list-style-type: none"> (i) the Policyholder or any Subsidiary; (ii) any natural person, who is or has been a principal, partner or director of the Policyholder or any Subsidiary; (iii) any Employee; and (iv) any natural person or entity other than an Authorised Representative, being a temporary contract labour, self-employed persons, labour-only sub-contractors, solely under contract with, and under the direction and direct supervision of the Policyholder or any Subsidiary;

Definitions (continued)

	but only when providing Professional Services in the foregoing capacities. “Insured” also includes any estate or legal representatives of any Insured described in (ii) and (iii) of this definition with respect to the Insured’s provision of Professional Services in any such capacity.
“Insurer”	means the entity specified as such in the Schedule.
“Limit of Liability”	means the amount specified as such in the Schedule.
“Loss”	means Damages and Defence Costs . “Loss” shall not mean and this policy shall not cover any: <ul style="list-style-type: none"> (i) taxes payable by the Insured; (ii) non-compensatory damages, including punitive, multiple, exemplary or liquidated damages; (iii) restitutionary relief; (iv) fines or penalties; (v) the costs and expenses of complying with any order for, grant of or agreement to provide injunctive or other non-monetary relief; (vi) employment related compensation or benefits, overhead, charges or expenses of any Insured; or (vii) any matters which may be deemed uninsurable under the law governing this policy or the jurisdiction in which a Claim is brought.
“Misleading or Deceptive Conduct”	means any actual or alleged misleading or deceptive conduct at law or under the <i>Corporations Act 2001</i> (Cth), <i>Australian Securities and Investments Commission Act 2001</i> (Cth), <i>Trade Practices Act 1974</i> (Cth) or any similar provisions in the States’ Fair Trading Acts.
“Money”	means local or foreign currency, coins, bank notes, cheques, travellers cheques, registered cheques, postal orders, money orders and bullion.
“Policy Period”	means the period of time specified in the Schedule unless the policy is cancelled in which event the Policy Period will end on the effective date of the cancellation.
“Policyholder”	means the entity or natural person specified as such in the Schedule.
“Pollutants”	means, but is not limited to, any solid, liquid, biological, radiological, gaseous or thermal irritant or contaminant whether occurring naturally or otherwise, including asbestos, smoke, vapour, soot, fibres, mould, spores, fungus, germs, fumes, acids, alkalis, nuclear or radioactive material of any sort, chemicals or waste. “Waste” includes, but is not limited to, material to be recycled, reconditioned or reclaimed.
“Premium”	means the amount specified as such in the Schedule and any premium adjustment reflected in an endorsement to this policy.
“Professional Services”	means acting in the capacity of a general insurance broker and/or a life insurance broker. “Professional Services” also means the provision of advice and services in respect of health insurance and premium funding.
“Property Damage”	means damage to or loss of or destruction of tangible property or loss of use thereof.
“Retention”	means the amount specified as such in the Schedule.
“Retroactive Date”	means the date specified as such in the Schedule.
“Sanctioned Country”	means Cuba, Burma (Myanmar), Sudan, Iran, Iraq, Syria and North Korea.
“Securities”	means any negotiable or non-negotiable instruments or contracts representing Money or other property including but not limited to shares, preference shares, stocks, debentures, warrants, options, bonds, promissory notes or other equity or debt security.



Definitions (continued)

“Subsidiary”	means companies in which the Policyholder either directly, or indirectly through one or more of its Subsidiaries ; (i) controls the composition of the board of directors; (ii) controls more than half of the voting power; or (iii) holds more than half of the issued share capital. For any Subsidiary or any Insured thereof, cover under this policy shall only apply to Wrongful Acts committed while such company is a Subsidiary of the Policyholder .
“Third Party”	means any entity or natural person; provided, however, Third Party does not mean: (i) any Insured ; (ii) any other entity or natural person having a financial interest or executive role in the operation of the Policyholder or any Subsidiary or Authorised Representative . However, for the purposes of the “Employment Practice Liability” Optional Extension only, Third Party means “an Employee or prospective Employee of the Policyholder or any Subsidiary .”
“Trade Secret”	means information that derives independent economic value, actual or potential, from not being generally known and not being readily ascertainable through proper means by other persons who can obtain economic advantage from its disclosure or use.
“Wrongful Act”	means (a) any breach of duty, act, error, misstatement, breach of confidentiality or omission; (b) any Misleading or Deceptive Conduct of the Insured ; (c) any Infringement ; (d) libel or slander committed by an Insured ; (e) any destruction, damage to, loss, erasure or mislaying of Documents by an Insured ; or (f) Fraud/Dishonesty .

Exclusions

This policy shall not cover **Loss** in connection with any **Claim**:

<i>Anti-Competitive Conduct</i>	arising out of, based upon or attributable to any actual or alleged restrictive trade practices, restraint of trade or unfair competition.
<i>Bodily Injury/Property Damage</i>	arising out of, based upon or attributable to Bodily Injury or Property Damage unless arising from: (i) an actual or alleged failure to achieve the legally required standard of care, diligence and expertise in performing Professional Services ; or (ii) an allegation of emotional distress under the “Employment Practice Liability” Optional Extension or the “Defamation” Cover.
<i>Claims Settlement Authority</i>	This policy does not provide cover for Loss in connection with any Claim arising out of, based upon or attributable to any actual or alleged breach by any Insured of a claims settlement authority provided by any insurance company or mutual fund.
<i>Contractual Liability/Performance Guarantees</i>	arising out of, based upon or attributable to any: (i) liability assumed or accepted by an Insured under any contract or agreement, other than with an Employee in the case of the “Employment Practice liability” Optional Extension, or except to the extent such liability would have attached to the Insured in the absence of such contract or agreement; or (ii) guarantee or warranty;



Exclusions (continued)

<i>Costs Assessment</i>	arising out of, based upon or attributable to any failure by any Insured or other party acting for the Insured to make an accurate pre-assessment of the cost of performing Professional Services .
<i>Financial Advice</i>	This policy does not provide cover for Loss in connection with any Claim arising out of, based upon or attributable to the provision of any financial or investment advice.
<i>Infrastructure</i>	arising out of, based upon or attributable to: (i) mechanical failure; (ii) electrical failure, including any electrical power interruption, surge, brown out or black out; or (iii) telecommunications or satellite systems failure.
<i>Insolvency</i>	arising out of, based upon or attributable to the insolvency, administration or receivership of the Insured .
<i>Insurer Insolvency and Management</i>	This policy does not provide cover for Loss in connection with any Claim arising out of, based upon or attributable to the management or administration of any insurance company or mutual fund, and/or the insolvency of any insurance company or mutual fund.
<i>Intentional Acts</i>	arising out of, based upon or attributable to any intentional act by an Insured .
<i>Misdeeds</i>	arising out of, based upon or attributable to any act which a court, official tribunal or arbitrator finds, or which an Insured admits, to be a criminal, dishonest or fraudulent act; and in such event, the Insurer shall be reimbursed for all Loss paid in connection with such Claim ; provided, however, that this exclusion shall not apply to the "Fraud/Dishonesty" Cover or the "Fidelity" Optional Extension.
<i>Patent/Trade Secret</i>	arising out of, based upon or attributable to the breach of licenses concerning, infringement of or misappropriation of patents or Trade Secrets .
<i>Pollution</i>	arising out of, based upon or attributable to: (i) the actual, alleged or threatened presence, discharge, dispersal, release, migration or escape of Pollutants ; or (ii) any direction, request or effort to: (a) test for, monitor, clean up, remove, contain, treat, detoxify or neutralise Pollutants ; or (b) respond to or assess the effects of Pollutants .
<i>Prior Claims/ Circumstances</i>	(i) made prior to or pending at the inception of this policy; or (ii) arising out of, based upon or attributable to any circumstance that, as of the inception of this policy, may reasonably have been expected by any Insured to give rise to a Claim .
<i>Proposal form signing</i>	This policy does not provide cover for Loss in connection with any Claim in circumstances where any Insured has signed a proposal or application form for insurance for or on behalf of a Third Party .
<i>Trade Debts</i>	arising out of, based upon or attributable to any: (i) trading debt incurred by an Insured ; or (ii) guarantee given by an Insured for a debt.
<i>USA/Canada</i>	made or pending within; or to enforce a judgment obtained in, the United States of America, Canada or any of their territories or possessions.
<i>US Sanctions</i>	arising in, out of, based upon, attributable to or otherwise in connection with any Sanctioned Country .



Exclusions (continued)

War/Terrorism arising out of, based upon or attributable to any war (declared or otherwise), terrorism, warlike, military, terrorist or guerrilla activity, sabotage, force of arms, hostilities (declared or undeclared), rebellion, revolution, civil disorder, insurrection, usurped power, confiscation, nationalisation or destruction of or damage to property by or under the order of, any governmental, public or local authority or any other political or terrorist organisation.

For the “Fidelity” Optional Extension only, this policy shall not cover:

Confidential Information **Direct Financial Loss** arising out of, based upon, attributable to or in any way connected with the accessing and dissemination of, any confidential information including, but not limited to, trade secrets, computer programs, customer information, patents, trademarks, copyrights or processing methods.

Consequential Loss any indirect or consequential loss of any nature, including but not limited to any loss of income such as interest and dividends not realised by the **Policyholder** or any **Subsidiary** or any other person or organisation, resulting from a **Direct Financial Loss** which is covered under this policy.

Director/Principal/Partner Dishonesty **Direct Financial Loss** arising out of, based upon, attributable to or in any way connected with any fraudulent or dishonest activities involving collusion or complicity of a partner, principal or director of the **Policyholder** or any **Subsidiary**.

Dual Controls **Direct Financial Loss** or make any payment in connection with any **Dishonest Acts** arising out of, based upon or attributable to the **Insured’s** failing to ensure that at least one principal, partner or director and one authorised signatory sign any cheques or funds transfer instructions.

Extortion or Kidnap & Ransom **Direct Financial Loss** arising out of, based upon, attributable to or in any way with connected with any extortion or kidnap and ransom.

Geographical Limits **Direct Financial Loss** arising out of, based upon, attributable to or in any way connected with any **Dishonest Acts** outside of Australia or New Zealand.

Loss Establishment Costs fees, costs or other expenses incurred by the **Insured** in establishing the existence or amount of any **Direct Financial Loss** covered under this policy.

Loss Sustained After Knowledge **Direct Financial Loss** arising out of, based upon, attributable to or in any way connected with any **Employee** from the time the **Policyholder’s**, or a **Subsidiary’s** partners, principals, directors, officers, departmental seniors, senior managers or equivalent (who are not in collusion with such **Employee** for the purpose of committing a **Dishonest Act**) had actual knowledge that the **Employee** had committed or was suspected of having committed a **Dishonest Act**.

Profit & Loss or Inventory Computation **Direct Financial Loss** the proof of which is dependent solely upon:
(i) a profit and loss computation; or
(ii) a comparison of inventory records with an actual physical count.
If, however, an **Employee** is identified as having caused or is suspected of having caused a **Direct Financial Loss**, then inventory records and actual physical count of inventory can be submitted as partial evidence in support of proof of the **Direct Financial Loss** as required by the “Notification” Claims Condition.



Claims

Notification of Claims

The **Insured** shall, as a condition precedent to the obligations of the **Insurer** under this policy, give written notice to the **Insurer** of any **Claim** first made against the **Insured** or **Direct Financial Loss** as soon as practicable and during the **Policy Period**. All notifications must be in writing or by facsimile, and addressed as required in the "Claims Notice" Item on the Schedule.

If the **Insured** notifies a **Direct Financial Loss** to the **Insurer**, the **Insured** must also, as soon as practicable, provide the **Insurer** with:

- (a) affirmative proof of the **Direct Financial Loss**; and
- (b) all requested information and documents and co-operation in all matters pertaining to the **Direct Financial Loss**.

Related Claims

If notice of a **Claim** against an **Insured** is given to the **Insurer** pursuant to the terms and conditions of this policy, then:

- (i) any subsequent **Claim** alleging, arising out of, based upon or attributable to the facts alleged in that previously notified **Claim**; and
- (ii) any subsequent **Claim** alleging any **Wrongful Act** which is the same as or related to any **Wrongful Act** alleged in that previously notified **Claim**, shall be considered made against the **Insured** and reported to the **Insurer** at the time notice was first given.

Any **Claim** or **Claims** arising out of, based upon or attributable to:

- (i) the same cause; or
 - (ii) a single **Wrongful Act**; or
 - (iii) a series of continuous, repeated or related **Wrongful Acts**;
- shall be considered a single **Claim** for the purposes of this policy.

Related Dishonest Acts

Any **Direct Financial Loss** resulting from a series of continuous, repeated or related **Dishonest Acts** shall be considered a single **Direct Financial Loss**.

Continuity

In the absence of fraudulent non-disclosure, where a **Claim** that would otherwise be covered by this policy is excluded by the "Prior Claims/Circumstances" Exclusion part (ii), then cover is provided under this policy for that **Claim**, provided always that:

- (i) the **Insured** first became aware of the facts that might give rise to the **Claim** after the **Continuity Date**; and
- (ii) the cover shall be in accordance with the provisions of the policy in force when the **Insured** first became so aware.

Defence/Settlement

The **Insurer** does not assume any duty to defend, and the **Insured** shall defend and contest any **Claim** made against them unless the **Insurer**, in its sole and absolute discretion, elects in writing to take over and conduct the defence and settlement of any **Claim**. If the **Insurer** does not so elect, it shall be entitled, but not required, to participate fully in such defence and the negotiation of any settlement that involves or appears reasonably likely to involve the **Insurer**. The **Insurer** has the right at any time after notification of a **Claim** to make a payment to the **Insured** of the unpaid balance of the **Limit of Liability**, and upon making such payment, all obligations of the **Insurer** to the **Insured** under this policy, including, if any, those relating to defence, shall cease.



Claims (continued)

Insurer's Consent

As a condition precedent to cover under this policy, no **Insured** shall admit or assume any liability, enter into any settlement agreement, consent to any judgment, or incur any **Defence Costs** without the prior written consent of the **Insurer**. Only those settlements, judgments and **Defence Costs** consented to by the **Insurer**, and judgments resulting from **Claims** defended in accordance with this policy, shall be recoverable as **Loss** under this policy. The **Insurer's** consent shall not be unreasonably withheld, provided that the **Insurer** shall be entitled to exercise all of its rights under the policy.

Loss Mitigation

As soon as the **Insured Discovers** a **Direct Financial Loss** involving an identified **Employee**, the **Insured** must immediately take all necessary steps to prevent any additional **Direct Financial Loss** being caused by the same identified **Employee**. Any further **Direct Financial Loss** caused by the same **Employee** after the date of **Discovery** will not be covered by this policy.

Insured's Consent

The **Insurer** may make any settlement of any **Claim** it deems expedient with respect to any **Insured**, subject to such **Insured's** written consent. If any **Insured** withholds consent to such settlement, the **Insurer's** liability for all **Loss** on account of such **Claim** shall not exceed the amount for which the **Insurer** could have settled such **Claim**, plus **Defence Costs** incurred as of the date such settlement was proposed in writing by the **Insurer**, less coinsurance (if any) and the applicable **Retention**.

Cooperation

The **Insured** will at their own cost:

- (i) render all reasonable assistance to the **Insurer** and co-operate in the defence of any **Claim** and the assertion of indemnification and contribution rights;
- (ii) use due diligence and do and concur in doing all things reasonably practicable to avoid or diminish any **Loss** under this policy;
- (iii) give such information and assistance to the **Insurer** as the **Insurer** may reasonably require to enable it to investigate any **Loss** or determine the **Insurer's** liability under this policy.

Fraudulent Claims

If any **Insured** shall give notice or claim cover for any **Loss** under this policy knowing such notice or claim to be false or fraudulent as regards amounts or otherwise, such **Loss** shall be excluded from cover under the policy, and the **Insurer** shall have the rights to cancel the policy, as allowed by the *Insurance Contracts Act 1984* (Cth).

Fraud/Dishonesty of Principals, Partners and Directors

In the case of any **Claim** for **Fraud/Dishonesty** of any principal, partner or director of the **Policyholder** or any **Subsidiary**, the "Fraud/Dishonesty" Cover only applies in circumstances where:

- (i) at least one principal, partner or director and one authorised signatory signed any cheques or funds transfer instructions; and
- (ii) the **Policyholder's** bank accounts were not reconciled by any person who had the authority to operate those bank accounts.

Allocation

Where any **Loss** is incurred in respect of any **Claim** which arises from both covered matters and matters not covered by this policy, the **Insurer's** liability under this policy is limited to the proportion of the **Loss** which represents a fair and equitable allocation between each **Insured** and the **Insurer**, taking into account the relative legal and financial exposures attributable to covered matters and matters not covered under this policy.

Where the **Insurer's** liability under this policy is limited under this clause, the **Insured** and the **Insurer** must use their best endeavours to agree upon the allocation to be adopted by them as the fair and equitable allocation.



Claims (continued)

Allocation Disputes

If the parties are unable to agree, then the fair and equitable allocation is to be determined by a Senior Lawyer (to be mutually agreed upon by the **Policyholder** and the **Insurer**, or in the absence of agreement, to be appointed by the President of the Law Society, or equivalent organisation, in the jurisdiction in which the **Loss** was incurred).

The Senior Lawyer is to determine the fair and equitable allocation as an expert, not as an arbitrator. The **Policyholder** (or its designee) and the **Insurer** may make submissions to the Senior Lawyer. The Senior Lawyer is to take account of the parties' submissions, but the Senior Lawyer is not to be fettered by such submissions and is to determine the fair and equitable allocation in accordance with his or her own judgement and opinion. The Senior Lawyer's determination shall be final and binding. The costs of the Senior Lawyer's determination are to be borne by the **Insurer**.

For so long as the proportion of **Defence Costs** to be paid under the policy remains unagreed and undetermined, the **Insurer** shall pay the proportion of the **Defence Costs** which it considers represents a fair and equitable allocation. The fair and equitable allocation finally agreed or determined shall be applied retrospectively to any **Defence Costs** incurred prior to agreement or determination.

Purchase and Administration

Policy Purchase

In granting cover to the **Insured**, the **Insurer** has relied upon the material statements and particulars in the proposal together with its attachments and other information supplied. If the **Insurer** becomes entitled to avoid this policy from inception or from the time of any variation in cover, the **Insurer** may at its discretion maintain this policy in full force but exclude the consequences of and any **Claim** relating to any matter which ought to have been disclosed before inception or any variation in cover.

Administration

The **Policyholder** has acted and shall act on behalf of each and every

Insured with respect to:

- (i) negotiating terms and conditions of, binding and amending cover;
- (ii) exercising rights of **Insureds**;
- (iii) notices;
- (iv) **Premiums**;
- (v) endorsements;
- (vi) dispute resolution;
- (vii) claims management and consent to defence/settlement; and
- (viii) payments to any **Insured**.



Limit and Retention

Limit of Liability

The total amount payable by the **Insurer** for a single **Claim** (as specified in the "Related Claims" Condition), including **Defence Costs**, shall not exceed the **Limit of Liability (Any one Claim)**. The total amount payable by the **Insurer** under this policy for all **Claims** or **Losses** shall not exceed the **Limit of Liability (Aggregate)**. **Sublimits of Liability**, Extensions and **Defence Costs** are part of that amount and are not payable in addition to the **Limit of Liability (Aggregate)**. The **Limit of Liability (Any one Claim)** and the **Limit of Liability (Aggregate)** for the period provided in the "Extended Reporting Period" Extension are part of, and not in addition to, the **Limit of Liability (Any one Claim)** and the **Limit of Liability (Aggregate)** for the **Policy Period**. The inclusion of more than one **Insured** under this policy does not operate to increase the total amount payable by the **Insurer** under this policy.

Retention

The **Insurer** shall only pay for the amount of any **Loss** or **Direct Financial Loss** which is in excess of the **Retention**. For the avoidance of doubt, the **Retention** also applies to **Defence Costs**. The **Retention** is to be borne by the **Insured** and shall remain uninsured. A single **Retention** shall apply to **Loss** arising from all **Claims** alleging the same **Wrongful Act** or **Direct Financial Loss** arising from the same **Dishonest Acts**.

General Provisions

Assignment

This policy and any rights under or in respect of it cannot be assigned without the prior written consent of the **Insurer**.

Cancellation By Policyholder:

This policy may be cancelled by the **Policyholder** at any time only by written prior notice of at least 14 days to the **Insurer**. In such case, if no **Claim** has been made and no circumstance has been notified prior to such cancellation; the **Insurer** shall retain the pro-rata proportion of the **Premium**. Otherwise, **Premium** shall not be returnable and shall be deemed fully earned at cancellation.

By Insurer:

This policy may be cancelled by the **Insurer** only as prescribed by the *Insurance Contracts Act 1984* (Cth). In such case, the **Insurer** shall be entitled to a pro-rata proportion of the **Premium**. Payment or tender of any unearned **Premium** by the **Insurer** shall not be a condition precedent to the effectiveness of cancellation, but such payment shall be made as soon as practicable.

Insolvency

Insolvency, receivership, bankruptcy of any **Insured** shall not relieve the **Insurer** of any of its obligations hereunder.

Plurals, Headings and Titles

The descriptions in the headings and titles of this policy are solely for reference and convenience and do not lend any meaning to this contract. Words and expressions in the singular shall include the plural and vice versa. In this policy, words in **bold** typeface have special meaning and are defined. Words that are not specifically defined in this policy have the meaning normally attributed to them.

Scope and Governing Law

Where legally permissible and subject to the "U.S.A./Canada" and "US Sanctions" Exclusions, this policy shall apply to any **Claim** made against any **Insured** anywhere in the world. Any interpretation of this policy relating to its construction, validity or operation shall be made in accordance with the laws of Australia and in accordance with the English text as it appears in this policy.



General Provisions (continued)

Subrogation

If any payment is to be made under this policy in respect of a **Claim**, the **Insurer** shall be subrogated to all rights of recovery of the **Insured** whether or not payment has in fact been made and whether or not the **Insured** has been fully compensated for its actual loss. The **Insurer** shall be entitled to pursue and enforce such rights in the name of the **Insured**, who shall provide the **Insurer** with all reasonable assistance and co-operation in doing so, including the execution of any necessary instruments and papers. The **Insured** shall do nothing to prejudice these rights. Any amount recovered in excess of the **Insurer's** total payment shall be restored to the **Insured** less the cost to the **Insurer** of such recovery. The **Insurer** agrees not to exercise any such rights of recovery against any **Employee** unless the **Claim** is brought about or contributed to by serious or willful misconduct of the **Employee** in the course of or arising out of the employment. In its sole discretion, the **Insurer** may, in writing, waive any of its rights set forth in this Subrogation Clause.

Validity

This policy is not binding upon the **Insurer** unless it is countersigned on the Schedule by an authorised representative of the **Insurer** or its general agent.

Head Office

Sydney

Level 19, 2 Park Street Sydney NSW 2000
GPO Box 9933 Sydney NSW 2001

Melbourne

GPO Box 9933 Melbourne VIC 3001

Brisbane

GPO Box 9933 Brisbane QLD 4001

Perth

GPO Box 9933 Perth WA 6848

Australia wide

T 1300 030 886
F 1300 634 940

International

T +61 3 9522 4000
F +61 3 9522 4645

www.aig.com.au



Bring on tomorrow