

AM&T

A Company of **Allianz** 



SHIP REPAIRERS LIABILITY INSURANCE

POLICY DOCUMENT
AUSTRALIAN MARKET

REST EASY. OUR KNOWLEDGE RUNS DEEP.

AM&T is a specialist in marine and transit insurance.

The team at AM&T specialise in the complex world of marine and transit insurance.

At AM&T, We provide specialist knowledge, superior service and support, all with the security of knowing Your Policy is backed by the global strength of Allianz.

The insurer is Allianz Australia Insurance Limited (Allianz)
AFS Licence No. 234708, ABN 15 000 122 850
GPO Box 9870 Melbourne VIC 3000.



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Introduction and important notices

Introduction

Welcome and thank You for choosing Our Ship Repairers' Liability Insurance.

This is an important document. You should read it carefully before making a decision to purchase this insurance.

It will help You to:

- decide whether this insurance will meet Your needs; and
- compare it with other products You may be considering.

Please note that any recommendation or opinion in this document is of a general nature only and does not take into account Your objectives, financial situation or needs.

The Policy consists of this document and any endorsement, specification, attachment or memoranda affixed (or intended to be affixed) to it and the Schedule. All of them should be read as if they were one document.

About AM&T and Allianz

The insurer is Allianz Australia Insurance Limited AFS Licence No. 234708 ABN 15 000 122 850.

Allianz is one of Australia's largest general insurers. We utilise years of local expertise, combined with global experience to offer a wide range of products and services to Our customers. As a member of the worldwide Allianz Group, We are committed to continuous improvement of Our products and services and strive to achieve this through knowledge transfer within the Group, dedicated technical research units, sharing new product developments and a wide range of risk management services globally.

In the Policy document We refer to Allianz Australia Limited as "We", "Us", "Our" and "Allianz".

AM&T (Allianz Marine & Transit Underwriting Agency Pty Limited ABN 98 155 554 279, AFS Representative No. 423910) is an Australian organisation specialising in Cargo, Commercial Hull and Marine Liability insurance. AM&T have been given a "binding" authority by Allianz to issue, vary and dispose of this insurance and settle claims as agents of Allianz as if they were Allianz the insurer.

Our contract with You

Where We agree to enter into a Policy with You it is a contract of insurance between Us and You (see the definition of "You" for details of who is covered by this term).

The Policy consists of:

- this document which sets out the standard terms of Your cover and its limitations;
- Your current Schedule issued by Us. The Schedule is a separate document, which shows the insurance details relevant to You. It may include additional terms, conditions and exclusions relevant to You that amend the standard terms of this document. Only those sections shown as covered in Your Schedule are insured; and
- any other change to the terms of the Policy otherwise advised by Us in writing (such as an endorsement) before You enter into the Policy. These written changes may vary or modify the above documents where required or permitted by law.

These are all important documents and should be carefully read together and kept in a safe place for future reference.

We reserve the right to change the terms of this insurance where permitted to do so by law.

Any new or replacement Schedule We may send You, detailing changes to Your insurance or the Period of Insurance, will become the current Schedule, which You should carefully read and retain.

Understanding Your Policy and its important terms and conditions

To properly understand the significant features, benefits and risks of this insurance You need to carefully read:

- the rest of this "Introduction and important notices" section – this sets out how You apply for cover, the basis on which We insure You, the duty of disclosure You need to comply with, Our privacy information, Our dispute resolution procedures and other important information;
- the "Words with special meaning" section – this sets out what We mean by certain words used in the Policy. These words begin with a capital letter throughout this document;
- the Cover section, including the standard covers and Optional covers;
- the "General exclusions" section – this sets out the general exclusions and limits that apply to cover and benefits;
- the "General conditions" and "Claims" sections – these set out certain general rights and obligations that You and We have;

- all of the documents that make up the Policy, including the Schedule and any endorsements or other written changes to the cover We issue You with before You enter into the policy or when required or permitted by law – these contain specific details relevant to You and can affect the cover.

Headings are provided for reference only and do not form part of Your Policy for interpretation purposes.

When You enter into the Policy You confirm and warrant that You have read or will read the Policy documents when provided to You.

Summary

Please note that this is a limited summary only and does not form part of the terms of the Policy. The cover is subject to terms, conditions, exclusions and limitations and any endorsements applying to the Policy that are not listed in the summary. You need to read the Policy (i.e. this document and any endorsement, specification, attachment or memoranda affixed (or intended to be affixed) to it and the Schedule) to properly understand the cover provided.

1. Cover summary

We will cover You during the Period of Insurance shown on the Schedule for amounts that You are legally liable to pay as Compensation for Damage to Watercraft in Your physical or legal control and/or certain Personal Injury which occurs during the Period of Insurance and in connection with Your Ship Repair Business (as defined).

We only cover those parties shown in the Schedule unless otherwise stated in the Policy as being a person or entity entitled to cover.

The maximum amount We will pay under the Policy for any one Occurrence and in the aggregate for all Occurrences will not exceed the Limit of Indemnity shown on the Schedule.

2. No Workers Compensation cover

This Policy does not provide cover for any liability under Workers Compensation Law. Such cover is compulsory for employers (except exempt employers) and You should arrange separate insurance.

3. Your obligation to comply with the Policy terms and conditions

You are required to comply with the terms and conditions of the Policy. Please remember that if You do not comply with any term or condition, We may (to the extent permitted by law) decline or reduce any claim payment and/or cancel Your Policy to the extent We are prejudiced by Your noncompliance.

If more than one person is insured under the Policy, a failure or wrongful action by one of those persons may adversely affect the rights of any other person insured under the Policy.

Applying for cover

When You apply by completing Our application process You need to provide the information We require to determine whether to issue a Policy and if so, on what terms, including (to the extent they are optional):

- the covers and benefits You want (including the business activities You wish to cover);
- the limits You want;
- the Period of Insurance You want;
- the Deductible that You agree to contribute for certain claims;
- whether any standard terms need to be varied (this may be by way of an endorsement).

Where We agree to issue a Policy, cover is provided on the basis:

- that You have paid or agreed to pay Us the premium for the cover provided;
- of the verbal and/or written information provided to Us by You which must have given in accordance with Your Duty of Disclosure.

If You fail to comply with Your Duty of Disclosure We may be entitled to reduce Our liability under the Policy in respect of a claim to the extent Our interests are prejudiced by Your noncompliance and/or We may cancel the Policy. If You have told Us something which is fraudulent, We also have the option of avoiding the Policy (i.e. treating it as if it never existed).

Your Duty of Disclosure and the consequences of nondisclosure, are provided under the heading 'Your Duty of Disclosure'.

Premium

Your premium – the base premium We charge is calculated based on a number of factors such as:

- the cover and benefits provided including the Limit of Indemnity;
- the services You provide, Your past loss history and the total gross receipts generated by Your business;
- Our obligation to pay relevant government taxes and charges. For example, We include an amount that covers any stamp duty and GST payable in relation to the Policy.

When You apply for this insurance, You will be advised of the total premium amount payable, when it needs to be paid and how it can be paid. This amount will be set out in the Schedule, which will be sent to You after the entry into the Policy. If You fail to pay We may reduce any claim payment by the amount of premium owing and/or cancel the Policy in accordance with the "Cancellation rights under the Policy" section.

How to make a claim

If You need to make a claim under the Policy, please refer to the Claims Section.

Cancellation rights under the Policy

- a) You or Your broker on Your behalf may cancel Your Policy at any time by notifying Us in writing.
- b) We have the right to cancel Your Policy where permitted by law.

1. Where the Insurance Contracts Act 1984 applies

The Insurance Contracts Act 1984 permits Us to cancel policies in a number of situations, including but not limited to:

- (i) where You failed to comply with Your duty of disclosure; or
- (ii) where You have made a misrepresentation to Us during negotiations prior to the issue of Your Policy; or
- (iii) where You failed to comply with a provision of Your Policy, including the term relating to payment of premium; or
- (iv) where You made a fraudulent claim under Your Policy or under some other contract of insurance that provides cover during the same period of time that Your Policy covers You.

2. Where the Marine Insurance Act 1909 applies

We may cancel this Policy in the event of non-payment of the Premium or for any other reason available at law by giving 30 days notice of cancellation.

3. Cancellation notice

If We decide to cancel Your Policy, We will give notice to You or Your agent in writing. Such cancellation will be effective from 4pm on the third business day after the day the notice is given to You or Your agent, unless it specifies a later date.

Note: A posted notice is deemed given to You at the time it would have been delivered in the ordinary course of the postal service.

4. Returns for cancellation

If You or We cancel Your Policy We may deduct from the refund amount:

- (i) a pro rata proportion of the premium for time on risk;
- (ii) any government taxes or duties We cannot recover.

You will not receive a refund of premium if You have already made a claim or if circumstances have arisen entitling You to make a claim.

5. Premium funders

If the premium has been funded by a premium funding company which holds a legal right over the Policy by virtue of a notice of assignment and/or irrevocable power of attorney, any refund calculated in accordance with Clause 4 above will be made to the premium funding company.

Contact for assistance or confirmation of cover

If You need to confirm any Policy transaction or clarify any of the information contained in this document or if You have any other queries, please contact Us via the details on the back cover.

Renewal procedure

Before Your Policy expires, We will advise You whether We intend to offer renewal and if so on what terms.

This document also applies for any subsequent Period of Insurance (renewal), unless We tell You otherwise.

It is important that You check the terms of any renewal before renewing to satisfy Yourself that the details are correct. In particular check the sum insured amounts to ensure the levels of cover are appropriate for You and to ensure that You are properly covered in the event of a major claim.

Please note that You need to comply with Your Duty of Disclosure before each renewal (see below).

Alteration to risk

Where the Insurance Contracts Act applies

It is important that You advise Us as soon as reasonably possible if You become aware of any changes to the facts or circumstances which existed when this insurance commenced that You know or ought reasonably to have known is relevant to Our decision to insure You and the terms on which We will insure You. If You do not, We may reduce or refuse Your claim to the extent We are prejudiced by Your delay in notifying Us. When We receive notification of a change We may decide to agree to the change and adjust the premium or terms of the Policy, or to cancel the Policy. Regardless of Our decision, We will inform You in writing and, where We have agreed to the changes, You must pay Us any additional premium We may propose. We may cancel Your Policy if there is a change and We can't reach an agreement with You on altered terms and conditions or premium; or We are no longer prepared to insure You because there has been a material change to the risk.

Where the Marine Insurance Act applies

You must give Us notice as soon as reasonably possible in writing if there is any material change in the circumstances or nature of the risks covered by this Policy that You know, or ought reasonably to have known, is relevant to Our decision to insure You and the terms on which We will insure You. If you do not, We may refuse or reduce a claim to the extent We are prejudiced by that non-disclosure. We may cancel Your Policy if there is a change and We can't reach an agreement with You on altered terms and conditions or premium; or We are no longer prepared to insure You because there has been a material change to the risk.

Your Duty of Disclosure

Before entering into a contract of general insurance with Us, You have a duty, under the Insurance Contracts Act 1984 and the Marine Insurance Act 1909 (as applicable) to disclose to Us every matter which:

- You know; or
- could reasonably be expected to know,

is relevant to Our decision whether and on what terms Your application for insurance is acceptable and to calculate how much premium is required for Your insurance.

You have the same duty to disclose those matters to Us before You renew, extend, vary or reinstate the Policy.

This duty of disclosure applies until the contract is entered into (or where relevant renewed, extended, varied or reinstated (Relevant Time)). If anything changes between the time You provide answers or make disclosure and the Relevant Time, You need to tell Us.

What You do not need to tell Us

You do not need to tell Us about any matter that:

- diminishes Our risk;
- is of common knowledge;
- We know or should know as an; or
- We tell You We do not need to know.

Who does the duty apply to?

The duty of disclosure applies to You and everyone that is an insured under the Policy. If You provide information for another insured, it is as if they provided it to Us.

What happens if the duty of disclosure is not complied with?

Where the Insurance Contracts Act applies

If the duty of disclosure is not complied with We may cancel the Policy and/or reduce the amount We pay if You make a claim to the extent Our interests are prejudiced by Your failure to comply with the duty of disclosure. If fraud is involved, We may treat the Policy as if it never existed, and pay nothing.

Where the Marine Insurance Act 1909 applies

Where the Marine Insurance Act 1909 applies, if You fail to comply with Your duty of disclosure, We may avoid the contract from its beginning.

Privacy notice

At Allianz, We give priority to protecting the privacy of Your personal information. We do this by handling personal information in a responsible manner and in accordance with the *Privacy Act 1988 (Cth)*.

How We collect Your personal information

We usually collect Your personal information from You or Your agents. We may also collect it from Our agents and service providers; other insurers and insurance reference bureaus; 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; law enforcement, dispute resolution, statutory and regulatory bodies; marketing lists and industry databases; and publicly available sources.

Why We collect Your personal information

We collect Your personal information to enable Us to provide Our products and services, including to process and settle claims; make offers of products and services provided by Us, Our related companies, brokers, intermediaries, business partners and others that We have an association with that may interest You; and conduct market or customer research to determine those products or services that may suit You. You can choose not to receive product or service offerings from Us (including product or service offerings from Us on behalf of Our brokers, intermediaries and/or Our business partners) or Our related companies by calling the Allianz Direct Marketing Privacy Service Line on 1300 360 529, EST 8am-6pm Monday to Friday, or going to Our website's Privacy section at www.allianz.com.au.

If You do not provide Your personal information We require, We may not be able to provide You with Our services, including settlement of claims.

Who We disclose Your personal information to

We may disclose Your personal information to others with whom We have business arrangements for the purposes listed in the paragraph above or to enable them to offer their products and services to You. These parties may include insurers, intermediaries, reinsurers, insurance reference bureaus, related companies, Our advisers, persons involved in claims, external claims data collectors and verifiers, parties that We have an insurance scheme in place with under which You purchased Your Policy (such as a financier or motor vehicle manufacturer and/or dealer). Disclosure may also be made to government, law enforcement, dispute resolution, statutory or regulatory bodies, or as required by law.

Disclosure overseas

Your personal information may be disclosed to other companies in the Allianz Group, business partners, reinsurers and service providers that may be located in Australia or overseas. The countries to which this information may be disclosed will vary from time to time, but may include Canada, Germany, New Zealand, United States of America and other countries in which the Allianz Group has a presence or engages subcontractors. We regularly review the security of Our systems used for sending personal information overseas. Any information disclosed may only be used for the purposes of collection detailed above and system administration.

Access to Your personal information and complaints

You may ask for access to the personal information We hold about You and seek correction by calling 1300 360 529 EST 8am-6pm, Monday to Friday. Our Privacy Policy contains details about how You may make a complaint about a breach of the privacy principles contained in the *Privacy Act 1988 (Cth)* and how We deal with complaints. Our Privacy Policy is available at www.allianz.com.au.

Telephone call recording

We may record incoming and/or outgoing telephone calls for training or verification purposes. Where We have recorded a telephone call, We can provide You with a copy at Your request, where it is reasonable to do so.

Your consent

By providing Us with personal information You and any other person You provide personal information for, consent to these uses and disclosures until You tell Us otherwise. If You wish to withdraw Your consent, including for things such as receiving information on products and offers by Us or persons We have an association with, please contact Us.

General Insurance Code of Practice

The General Insurance Code of Practice was developed by the Insurance Council of Australia to further raise standards of practice and service across the insurance industry.

The Code Governance Committee (CGC) is an independent body that monitors and enforces insurers' compliance with the Code.

You can obtain more information on the Code of Practice and how it assists You by contacting Us via Our website: amandtaustralia.com.au

For more information on the Code Governance Committee (CGC) go to <https://insurancecode.org.au/>

Dispute resolution process – helping You solve any problems

If you are dissatisfied with our service in any way, please contact us and we will attempt to resolve the matter in accordance with our internal dispute resolution procedures.

Here is what to do if a complaint or dispute arises

Regardless of whether the complaint or dispute involves Our staff, an agent, loss adjuster, assessor, investigator or the service We provide, simply contact Us on 13 2664 EST 8am-6pm, Monday to Friday, speak to one of Our call centre operators and provide them with the details of the issue concerning You. They will attempt to resolve the complaint or dispute; if they are unable to do so they will log it and refer it to the appropriate business unit for resolution.

Within Our organisation We have established a complaints and disputes resolution process. This is a free service. It is a system designed to log, track, escalate and monitor complaints received from clients and customers about Our services and products. A staff member involved in the complaints and disputes resolution process will write to You within 15 working days advising the outcome of the review and reasons for their decision. We do not consider a complaint or dispute to be resolved until a proposed resolution or solution has been communicated to You and You have accepted the resolution or solution.

If You are not satisfied with the outcome of this process

If we do not make a decision within the period that we tell you we will respond, we will tell you about your right to lodge a complaint with an external dispute resolution scheme.

If you are not happy with our response, you can refer your complaint to AFCA subject to its terms of reference. AFCA provides a free and independent dispute resolution service for consumers who have general insurance disputes falling within its terms.

AFCA's contact details are:

The Australian Financial Complaints Authority

Online: www.afca.org.au

Phone: 1800 931 678

Email: info@afca.org.au

Mail: GPO Box 3 Melbourne VIC 3001

For more information on how we handle complaints you can request a copy of our procedures via our website amandtaustralia.com.au

If this insurance has been issued through an insurance intermediary

If Your Policy has been issued through Our agent, or a broker who is acting under an agency arrangement such as a binder with Us, then they are acting as Our agent and not as Your agent.

If Your Policy has been arranged or issued by a broker, other than a broker acting under such an agency arrangement with Us, then the broker is acting as Your agent.

Where this Policy has been arranged through an intermediary a commission may be payable by Us to them for arranging the insurance.

Words with special meaning

Aircraft means any vessel, craft or device made or intended to fly or move in or through the atmosphere or space.

Business Premises means the land and buildings or parts of buildings, including car parks, yard, berths and facilities owned/occupied by You making up the facility where You perform Your Ship Repair Business at the Situation(s) noted in the Schedule.

Compensation means money payable by way of Damages by reason of a judgment ordered by a Court of competent jurisdiction, or by reason of any award of a competent arbitral tribunal, or by reason of any settlement of any claim negotiated with Our prior consent. If You do settle or negotiate a claim without Our prior consent, We may reduce or refuse Your claim to the extent We are prejudiced. Compensation does not include any punitive, exemplary, aggravated damages and any additional damages resulting from the multiplication of compensatory damages.

Damage(d) means physical loss, destruction or Damage.

Employees means any person employed by You or deemed to be employed by You or on Your behalf in any capacity pursuant to any law, but not including Subcontractors or the workers of Subcontractors.

Employment Practices means any wrongful or unfair dismissal, failure to promote, negligent reassignment, negligent disciplinary action, denial of natural justice, refusal to employ, demotion, negligent evaluation, harassment, invasion of privacy, defamation, misleading representation or advertising, sexual harassment or discrimination in respect of employment, or prospective employment, by You.

Deductible means either the amount of money specified in the Schedule or Policy that You must contribute as the first payment for each claim for which no payment will be made by Us where applicable. Any separate deductibles for specific covers listed in the Schedule will apply cumulatively. A deductible may be expressed as either a monetary amount or, in some instances, as a period of time.

Fungus/Fungi means any plants or organisms belonging to the major group Fungi, lacking chlorophyll and including Moulds, rusts, mildews, smuts and mushrooms.

Gross Earnings means the total charges (collected or uncollected) made by You in relation to Your Ship Repair Business during the Period of Insurance which are included in the revenue figures stated in Your annual profit and loss statement/statement of financial performance. No deduction shall be made from the Gross Earnings in respect of any sub-contracted work.

Hot Work means work involving the use of oxyacetylene torches, soldering, welding or oil tank cleaning equipment. Hot Work conducted on any Watercraft previously utilised to carry explosives, oil or other flammable liquids or gases or arising in connection with work on or near any fuel tank, fuel or pipe line, bunker space, machinery compartment or engine room is not covered unless You have requested the Optional Cover 2 Hot Work extension and have complied with the conditions of the extension as detailed on page 13.

Hovercraft means any vessel, craft or device made or intended to float on or in or travel on or through the atmosphere or water on a cushion of air provided by a downward blast.

Intentional or Reckless Conduct means either an act, or failure to act, where such act or omission is intended to cause loss or performed recklessly and with knowledge that such loss was likely.

Incidental Contracts means:

1. any written rental agreement or lease of real property which does not impose on You:
 - an obligation to insure such property; or
 - any liability regardless of fault;
2. any written contract with any public authority for the supply of water, electricity, fuel, gas, air, steam, waste disposal facilities, telecommunications, or other essential services/utilities except those contracts in connection with work done for such authorities or entities, but only to the extent of indemnifying any such authority in respect of liability arising out of Your Ship Repair Business;
3. any written contract made or entered into with any railway authority in connection with Your Ship Repair Business.

Limit of Indemnity means the amount stated in the Schedule. This is the maximum amount We will pay for any claim or claims arising from one Occurrence, provided that, for all legal liability directly or indirectly arising out of or in any way related to Your Products or Your Ship Repair Business, Our total aggregate liability during any one Period of Insurance will not exceed the Limit of Indemnity. The Limit of Indemnity is inclusive of and not additional to any applicable Deductible.

Mould means, any superficial growth produced on damp or decaying organic matter or on living organisms, and Fungi that produced Moulds.

Occurrence means any event resulting in Personal Injury or Property Damage neither expected nor intended by You. Any series of events consequent upon or attributable to one source or originating cause, including continuous or repeated exposure to substantially the same general conditions, which result in Personal Injury and/or Property Damage, are deemed to be one Occurrence.

Period of Insurance means the period commencing on the effective date and ending on the expiry date as shown in the Schedule.

Personal Injury means:

- death, bodily injury, sickness, disease, disability, shock, fright, loss of consortium, mental anguish and mental injury;
- assault and/or battery, not committed by You or at Your direction, unless committed for the purpose of preventing or eliminating danger to any person or property.

Under this Policy wording, Personal Injury does not include libel, slander, defamation of character or invasion of right of privacy, any breaches of Employment Practices legislation or any act or acts of sexual or physical molestation of or sexual interference by You.

Policy means this document, the Schedule and any endorsement, specification, attachment or memoranda affixed to it where specified before entry into the contract or issued where required or permitted by law and any other document that parties agree in writing will form part of the Policy.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including but not limited to smoke, vapour, soot, fumes, acids, alkalis, chemicals or waste. Waste includes material to be recycled, reconditioned or reclaimed.

Pollution means the discharge, dispersal, release or escape of smoke, vapours, soot, fumes, acids, alkalis, toxic chemicals, toxic liquids, toxic gasses, waste materials (includes materials to be recycled reconditioned or reclaimed) or other irritants, contaminants or Pollutants into or upon any property, land, the atmosphere or any water course or body of water (including ground water).

Premises Liability means Your legal liability arising from the ownership, tenancy or use of Your Business Premises (including buildings, outbuildings, structures, open spaces and car parks), or any other premises.

Principal's Liability means liability You have in respect of an Occurrence where You are performing Your Ship Repair Business as sub-contractor to another party (the "Principal").

Products means anything (after it has ceased to be in Your physical possession or under Your control) manufactured or deemed to have been manufactured, constructed, extracted, produced, processed, assembled, erected, installed, repaired, serviced, treated, sold, supplied (including services) or distributed by You, which forms part of the repair, installation, assembly or maintenance work carried out by You on Watercraft in the course of or arising from Your Ship Repair Business including any container other than a Vehicle used to package or contain Your Product(s), but excluding:

- second-hand or used parts;
- any item which does not form part of the repair, installation, assembly or maintenance work carried out by You on Watercraft or as provided under the Additional Benefit – Chandlery/Incidental Marine Sales – Product Liability, unless You have requested and We have agreed to provide the Optional cover for Other work and then to the extent of cover provided under the Optional Extension – Other work only.

Products Liability means Your legal liability to pay damages for an Occurrence caused by an unknown defect in Your Products.

Property Damage means:

- a) physical Damage to, physical loss of or physical destruction of tangible property, including any resultant loss of use; or
- b) loss of use of tangible property that has not been physically Damaged, physically lost or physically destroyed, provided such loss of use is caused by physical Damage to, physical loss of or physical destruction of other tangible property;

Proposal means the application form completed by You or on Your behalf or the quotation slip submitted on Your behalf in which You provided the information upon which We relied to enter into Your Policy.

Schedule means the most current Schedule to Your Policy that We give You which specifies details such as Policy number, Deductible(s) and Limits of Indemnity. It also includes any documents that We and You agree in writing will form part of the Schedule.

Ship Repair Business means, and is limited to, Your activities as a ship repairer which includes repair, installation, service and/or maintenance work carried out on Watercraft, including rigging, mast assembly and operation of travel lifts.

Ship Repair Business does not mean:

- the building, assembly and/or rebuilding, reconstruction, extension or conversion of Watercraft – other than as provided under the Additional Benefits – Boat Building and reconstruction/extension;
- towing or storage of Watercraft;
- drilling, blasting, core sampling, dredging and/or depositing of spoil, pile driving, cable or pipe laying, or professional oil spill response; or
- any other part of Your business that is not the activity of repairing, servicing and/or maintaining Watercraft;

unless We have specifically agreed in writing to accept and provide cover for such activities under one of the Additional Benefits on page 12 or Optional Covers noted on page 13 where the relevant Optional Cover is listed in the Schedule.

Situation(s) means the Situation(s) stated in the Schedule.

Spore(s) means any dormant or reproductive body produced by or arising or emanating out of any Fungus/ Fungi, Mould(s), mildew, plants, organisms or micro organisms.

Standard Terms and Conditions means the document setting out Your entire terms and conditions relating to the provision of Your Ship Repair Business and which limit, to the extent permitted by law, Your liability for loss or Damage.

Subcontractors means companies (and the employees of such companies), persons or a business who are not Your Employees that are engaged by You to perform work associated with Your Ship Repair Business.

Sub Limit means the relevant sub limit shown in the Policy for a particular item or Occurrence that We will not pay more than.

Territorial Limits means the geographical area of operations We have agreed to as specified in the Schedule. Unless otherwise provided, this is limited to Your Business Premises, the ship yard, or the port at which the work is being carried out at and Trial Trips.

Terrorism Terrorism, or an "act of terrorism" includes any act, or preparation for action, or threat of action designed to influence the government de jure or de facto of any nation or any political division thereof, or in pursuit of political, religious, ideological or similar purposes to intimidate the public or a section of the public of any nation by any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s) de jure or de facto, and which:

- a) involves violence against one or more persons; or
- b) involves Damage to property; or
- c) endangers life other than that of the person committing the action; or
- d) creates a risk to health or safety of the public or a section of the public; or
- e) is designed to interfere with or to disrupt an electronic system.

Trial Trip means a trial trip from the yard or port at which the repairs or maintenance were carried out which is within 200 kilometres from such yard or port.

Vehicle means any type of self powered machine that is designed to travel on wheels or on self-laid tracks (other than ship-lifters, marine travel lifts, jinkers, slipways, cradles or any other mobile ship-lifting device).

Watercraft means any vessel, craft or thing (other than a Hovercraft or submersible, fixed pontoons, berths or jetties) designed to float on or in or travel on or through water.

We, Us or Our, or the Insurer means Allianz Australia Insurance Limited AFS Licence No. 234708 A.B.N. 15 000 122 850 (Allianz) (the Insurer of Your Policy), through its agent AM&T (Allianz Marine and Transit Underwriting Agency Pty Limited).

Workers Compensation Law means any law relating to compensation for injury to workers or employees.

You, Your, Yours means:

- a) the insured shown in the Schedule;
- b) any subsidiary companies of the insured referred to in Clause a) above existing at the commencement date of the Period of Insurance as shown in the Schedule, whose place of incorporation is within Australia or its external territories;
- c) (i) any company acquired by, and whose operations are controlled and managed by, You or a company referred to in Clause b. above during the Period of Insurance as a result of consolidation, merger or purchase;
(ii) any subsidiary company that is incorporated by You, or by a company referred to in Clause b) above, during the Period of Insurance;

Provided that:

- (iii) any such acquisition or incorporation is notified to Us as soon as reasonably possible;
- (iv) the newly-acquired or incorporated company is incorporated within Australia or its external territories;
- d) (i) any director, executive officer, Employee or partner of You or a company referred to in Clauses b) or c) above, but only while acting within the scope of their duties in such capacity; and
(ii) any shareholder of a company referred to in Clauses a), b) or c) above, but only while acting within the scope of their capacity as shareholders of such company;
- e) any principal in respect of such principal's vicarious liability for the acts or omissions of the Insured shown in the Schedule or a company referred to in Clauses b. or c. above, in the performance of work for such principal, subject always to the extent of cover and Limit of Indemnity provided in the Policy.

Cover

In order to be sure that You are covered under this policy You should always contact Us for approval before You incur costs You wish to claim. If You do not, We will pay for expenses incurred up to the amount We would have authorised had You asked Us first.

Subject to the terms, conditions and exclusions contained in this Policy We will indemnify You, up to the Limit of Indemnity shown in the Schedule, for all amounts which You become legally liable to pay as Compensation (excluding punitive, exemplary, aggravated damages and any additional damages resulting from the multiplication of compensatory damages) by reason of Your legal liability for an Occurrence that arises during the Period of Insurance in the course of Your Ship Repair Business which results in:

- a) Loss of or Damage to:
 - (i) any Watercraft, including machinery and equipment which is in Your physical or legal control for the purpose of Your Ship Repair Business including:
 - Trial Trips, shifting and moving of the Watercraft within the limits of the port at which the work is being carried out;
 - items temporarily removed from the Watercraft including whilst in transit for the purposes of repairs;
 - (ii) any other third party Watercraft in the vicinity of Your Ship Repair Business or arising from Your navigation of a Watercraft referred to in Clause a)(i);
 - (iii) cargo, contents or other property on or discharged from any of the Watercraft referred to in Clauses a)(i) or (ii) above;
 - (iv) other third party property (excluding hired in equipment and Employee or visitor personal property except as provided for under the Additional benefits section);
- b) removal of wreck costs incurred by You in relation to Watercraft referred to in Clauses a)(i) and (ii) and following Damage to the Watercraft;
- c) Products Liability;
- d) Personal Injury but excluding:
 - any claim arising directly or indirectly under Workers Compensation Law or any other Statutory or Common Law liability in respect of loss of life, bodily injury to, or illness of any worker or other person employed in any capacity whatsoever by You, Your agents or Sub-Contractors when such loss of life, bodily injury or illness arises out of or in the course of the employment of such worker or other person;
 - Personal Injury directly or indirectly caused by asbestos or silica products.

We will also pay for third party Property Damage or Personal Injury arising from or in connection with incidental medical, nursing and first aid services, fire brigade and ambulance services provided by You at Your Business Premises including the services administered by Your Employees except where more specifically insured elsewhere and subject always to all terms, clauses, exclusions and conditions of this insurance.

We reserve the rights of subrogation against any Subcontractor except those specifically declared to Us and added to this Policy as an additional insured under the Optional Cover 5. Subcontractors below.

Standard Terms and Conditions

For repairs conducted to any commercially operated Watercraft, it is a condition of this cover that You incorporate Your Standard Terms and Conditions into the contract with the owner of the Watercraft or, their authorised representative, prior to commencing any repair, service and/or maintenance and obtain documentary evidence of their acceptance of the contract terms.

The Standard Terms and Conditions should limit, to the extent permissible by law, Your responsibility for loss or Damage to customer Watercraft, cargo, contents or other property on or discharged from the vessel.

It is a condition of this insurance that You provide Your Standard Terms and Conditions to Us both at the time We first accept this risk, and also whenever You make changes to the Standard Terms and Conditions You use.

If You fail to comply with the above, We may be entitled to reduce Our liability under the Policy in respect of a claim to the extent Our interests are prejudiced by Your noncompliance.

Principal's Liability

Where You are employed as a sub-contractor to another party (The "Principal") the cover provided under this Policy will indemnify You for amounts You are legally liable to pay in relation to Your Ship Repair Business as sub-contractor to the Principal for an Occurrence during the Period of Insurance in the course of the work You are engaged to perform.

Supplementary payments

Subject to the provisos below, in addition to the Limit of Indemnity, We will also make the following supplementary payments:

- a) all charges, expenses and legal costs incurred by Us and/or by You with Our prior written consent in the investigation, reporting, settlement or defence of any claim or suit for Compensation for which:
 - (i) You are entitled to cover under this Policy; or
 - (ii) You would be entitled to cover under this Policy if such claim or suit were to be sustained;

- b) all legal costs awarded or ordered or assessed against You in any such suit or claim and all interest on the judgment or settlement amount accruing after the entry of judgment against You until We have paid, tendered or deposited in court such part of the judgment as does not exceed the Limit of Indemnity;
- c) all expenses incurred by You for providing first aid to others for Personal Injury for which You are covered by this Policy (other than medical expenses prohibited by law);

Provided that:

- d) if a payment exceeding the Limit of Indemnity has or is required to be made to dispose of a claim, Our liability to make supplementary payments will be limited to such proportion of the supplementary payments as the Limit of Indemnity bears to the amount paid or required to be paid to dispose of the claim. Where the application of this Clause means that You are liable to repay supplementary payments to Us, We may set off the amount that You owe Us against any other entitlements You have under the Policy;
- e) supplementary payments in connection with claims made and/or actions instituted against You within the United States of America or Canada or claims and actions to which the laws of the United States of America or Canada apply will form part of the Limit of Indemnity and not be additional to it;
- f) if in settling or disposing of any claim covered under this Policy Compensation is payable in excess of the Limit of Indemnity, Our additional liability in respect of any costs incurred for a claim arising under one of the Additional Benefits listed on page 12 or Optional Covers listed on page 13 to which a Sub limit applies, will be limited to the same proportion of these costs as the Sub limit bears to the total Compensation payable to dispose of or settle the claim.

- b) subject to the provisions of the Insurance Contracts Act 1984 or Marine Insurance Act 1909, We have the right to recover or obtain contribution from any person against whom You may be able to claim and the right to take action in Your name;
- c) You and any other person entitled to benefit under this Policy must not hinder these rights and must take reasonable steps to give all such information and cooperation as We may reasonably require;
- d) You must not, in the absence of Our consent, make or accept any offer or payment, or in any other way admit liability, settle or attempt to settle any claim, or defend any claim. If you do, We may reduce or refuse Your claim to the extent We are prejudiced;
- e) We may at any time pay to You the appropriate Limit of Indemnity (after deducting from it any amounts already paid) or any lesser amount for which a claim or claims may be settled. In doing so We will relinquish the conduct of, and shall be under no further liability in connection with, such claim or claims except for costs and expenses incurred before We made such payment.

If You object to Our proposal to settle or compromise any claim and wish to contest or litigate the matter, then You may elect to do so by informing Us in writing. However, should You decide to do so, Our liability shall not exceed the amount for which, but for Your election, it could have been settled or compromised by Us, together with costs and expenses payable in accordance with the terms of this Policy and incurred up to the time of such election, always subject to the Deductible and Limit of Indemnity.

Deductible

You must bear the Deductible shown in the Schedule for this Policy for each Occurrence, including for any supplementary payments made.

Discharge of Liabilities/Claims Control Clause

We may, at any time having regard to Your interests and acting reasonably, be entitled (but not obliged) to control or take over the conduct of the investigation defence and settlement of any claim suit or proceeding against You which is or is likely to be the subject of indemnity under this insurance. In these circumstances:

- a) We shall have full discretion in the conduct, defence or settlement of any claim. This includes the right to instruct lawyers to provide advice as to Your liability and to represent You. We will act reasonably having regard to Your interests, and will keep You informed if You ask Us to;

Additional benefits

Berth occupiers liability

This Policy is extended to provide cover for Your legal liability arising from Your ownership, tenancy or use of a berth, jetty, pontoon and mooring in the course of Your Ship Repair Business.

Boat building and reconstruction/extension

The definition of Ship Repair Business is extended to include the construction (including reconstruction or extensions which entail a change in dimension, tonnage or type) of Watercraft with Contract values up to but not exceeding \$50,000 (unless a different limit is specified in the Schedule) provided such work does not constitute more than 20% of the total Gross Earnings of Your Ship Repair Business, unless otherwise agreed by Us in writing.

Chandlery/Incidental marine sales – Product Liability

This Policy is extended to cover Your legal liability for incidental chandlery/sales of marine Products not directly associated with Ship Repairs, providing such sales do not exceed 10% of Your total income and subject to a limit any one Occurrence of \$100,000 (unless otherwise agreed and listed in the Schedule).

Employee personal property

Where We have accepted a claim for Your legal liability to pay Compensation as a result of one of the circumstances listed under The Cover items a) to i) above, We will also indemnify You against legal liability for Damage to the personal property, tools and effects of any of Your directors, partners, proprietors, officers, executives or Employees following an Occurrence, up to a maximum of \$1,500 per Employee and \$10,000 in the aggregate any one Occurrence.

Hired in equipment used in Ship Repairing activities

Where You hire in equipment and machinery on a short term basis (not exceeding 60 days) for the purposes of Your Ship Repair Business, We will cover You where You are liable for loss or Damage to such equipment or machinery, provided loss or damage is not already insured by a policy entered into by a third party or by a policy required by law, following an Occurrence during the Period of Insurance, up to a maximum of \$100,000 per Occurrence.

Inspections and valuations – errors and omissions

This Policy is extended to cover Your legal liability for errors and omissions associated with Your provision of incidental Watercraft valuation or inspection services, subject to a limit of \$200,000 each and every loss or series of losses and in the aggregate caused by an Occurrence during the Period of Insurance, unless otherwise agreed and noted on the Schedule.

This cover benefit excludes:

- reports provided to clients prior to this Policy commencing;
- deliberate misrepresentations, errors or omissions made by You;
- reports prepared by unqualified or inexperienced staff members which have not been thoroughly checked and approved by a qualified senior inspector/valuer;
- reports which do not contain an approved disclaimer of liability noted and agreed by Us.

For the purposes of this Additional Benefit the term “incidental” shall mean making up no more than 10% of the total Gross Earnings of Your Ship Repair Business.

A Deductible of \$5,000 will apply to claims under this Additional Benefit unless a different Deductible is specified in the Schedule.

Rectification of faulty workmanship consequent upon Damage

Where You are required to perform or re-perform, in whole or part, work on any property which:

1. You had contracted to perform work or service on prior to the Occurrence causing Damage; and
2. the performance or re-performance of the work or service is made necessary by that same Occurrence causing the Damage;

in addition to any indemnity provided elsewhere in this Policy in respect of resultant Damage, Your Policy is extended to include:

3. the wholesale cost of parts; and
4. the net labour cost;

required to perform or re-perform the work.

The most We will pay under this Additional Benefit is \$25,000 for all Occurrences in the aggregate for any one Period of Insurance, unless otherwise specified in the Schedule.

Optional covers

Subject otherwise to all terms, clauses, exclusions and conditions of this insurance, in consideration of an additional premium, the following Optional covers are operative only when selected and specified in Your Schedule.

1. Detention

This Policy is extended to cover all amounts which You become legally liable to pay as Compensation (excluding punitive, exemplary, aggravated damages and any additional damages resulting from the multiplication of compensatory damages) for detention of any Watercraft as a consequence of Damage to such Watercraft resulting in a claim which is recoverable under Cover Clause A (i) or (ii) as outlined in this Policy. However, this extension shall not cover any legal liability for detention assumed under contract or otherwise that extends the liability imposed upon You by law in the absence of such contract.

2. Hot Work extension

This Policy is extended to cover Your legal liability for Hot Work conducted on any Watercraft previously utilised to carry explosives, oil or other flammable liquids or gases or arising in connection with Hot Work on or near any fuel tank, fuel pipe line, bunker space, machinery compartment or engine room provided You take reasonable steps to:

- comply with any rules, regulations and requirements of the port or governmental authorities at the place where the work is being carried out; and
- obtain a gas free certificate prior to the commencement of any Hot Work from a party approved by Us or the nearest Lloyd's Agent even if a gas free certificate is not required by the port or government authorities at the place where the work is being carried out.

3. Other work

The Policy is extended to cover other repair operations which do not come within the scope of Your Ship Repair Business including Damage to property in Your care, custody or control for the purpose of being worked upon including whilst in transit to or from Your Business Premises or to or from specialist repairers' or manufacturers' premises where the work done by these parties is organised by You. The Gross Earnings in respect of such operations shall be declared to Us and adjusted at the agreed rate.

4. Pollution liability

General exclusion C Types of claims 5. Pollution does not apply where this Optional Cover is taken

We will indemnify You against legal liability for Personal Injury or Property Damage incurred to third parties up to a limit of \$1,000,000 each and every loss or series of losses caused by Pollution as a result of an Occurrence which is identified as occurring at an instantaneous moment in time during the Period of Insurance, is accidental and neither expected nor intended by You, and is notified to Us as soon as reasonably possible.

Irrespective of the above, We will not provide cover for or in relation to:

- a) contractual or assumed liability;
- b) any loss of use or consequential loss. This means We don't cover You for anything not expressly described in the cover sections of this policy. Some examples of what We won't pay for include loss of use of third party property during clean-up operations and loss of contract;
- c) fines, penalties, punitive damages, exemplary damage, treble damages or any other damages resulting from the multiplication of compensatory damages;
- d) any site or location used in whole or in part for the handling, processing, treatment, storage, disposal or dumping of any waste materials or substances;
- e) the cost of evaluating and/or monitoring and/or controlling seepage and/or Pollution and/or contaminating substances;
- f) the cost of testing, monitoring, containment, treatment, detoxifying, removing, neutralising and/or nullifying and/or cleaning up seepage and/or Pollution and/or contaminating substances on property at any time owned and/or leased and/or rented by You and/or under Your control whether or not any of the foregoing are or should be performed by You or by others;
- g) the actual, alleged or threatened discharge, dispersal, release or escape of Pollutants caused by any of Your Products that have been discarded, dumped, abandoned or thrown away by You or others;
- h) radioactive material or asbestos.

5. Subcontractors

This Policy is extended to cover named Subcontractors and to waive any rights of subrogation against them in the event that they are the party found to be responsible for the Occurrence giving rise to the claim.

6. Towing Liability

This Policy is extended to provide cover for Your legal liability under contracts of customary towage for the purpose of entering or leaving port or manoeuvring within the port.

7. Travelling workmen

This Policy is extended to cover all amounts which You become legally liable to pay as Compensation (excluding punitive, exemplary, aggravated damages and any additional damages resulting from the multiplication of compensatory damages) when You or Your Employees are on board a Watercraft at sea or in any port or place other than Your Business Premises within the Commonwealth of Australia or such other geographical limits as are detailed in Your Schedule for the purpose of carrying out Your Ship Repair Business notwithstanding that You or Your Employees may be signed on as members of the vessel's crew.

General exclusions

A. Property exclusions

Your Policy does not cover any liability, costs or expenses directly or indirectly arising out of or in any way connected with:

1. Aircraft, Hovercraft

- the ownership, possession, maintenance, repair, operation or use by You or on Your behalf; or
- any of Your Products which are incorporated into the structure, machinery or controls;

of any Aircraft or Hovercraft;

2. Watercraft owned or operated by You

collision or navigational liability associated with any Watercraft owned or operated by You. Tower's liability is also excluded unless You have requested and We have agreed to provide the Optional Cover 6. Towing Liability (on page 13);

3. Underground or underwater services

underground or underwater services, cables or pipes of any kind;

4. Property in physical or legal control

Property Damage to:

- property owned by, used by, leased or rented to You, except as provided under the Additional Benefit – Hired in equipment used in Ship Repairing activities listed above; or
- property in Your physical or legal control other than property referred to under the Cover Clause A (i) to (iv) above.

5. Vehicles

the existence, maintenance, or use of:

- any licensed truck, automobile, or other mechanically propelled Vehicle;
- any unlicensed truck, automobile, or other mechanically propelled Vehicle on any public road or outside Your Business Premises or Situation.

B. Activity Exclusions

Your Policy does not cover any liability, costs or expenses directly or indirectly arising out of or in any way connected with:

1. Building and rebuilding, reconstruction or conversion

building or rebuilding, reconstruction or conversion of Watercraft except as provided under the Additional Benefit -Boat Building and reconstruction/extension on page 12 or unless otherwise agreed by Us in writing.

This exclusion shall not apply to:

- any new vessel or craft being worked upon by You where You are not the principal builder;
- any repairs or adjustments or maintenance or modifications carried out by You under Your maintenance or warranty work obligations.

2. Defamation, libel and slander

directly or indirectly arising out of, or in any way connected with, the publication or utterance of any libellous, slanderous, defamatory or disparaging material:

- made prior to the commencement of the Period of Insurance;
- made at Your direction or with Your authority and with knowledge of its falsity; or
- related to advertising, broadcasting, telecasting or publishing activities conducted by You or on Your behalf.

3. Divers

the activity of diving, whether for commercial or recreational purposes.

4. Premises Liability

Premises Liability except to the extent of the cover as provided under the Additional Benefit – Berth Occupiers Liability on page 12.

5. Oil or petrol tank Watercraft or Watercraft carrying explosives or other flammable liquids

an oil or petrol tank Watercraft or Watercraft previously engaged in carrying explosives or inflammable liquids or gasses or arising in connection with work:

- on or near any fuel tank or pipeline of an oil burning Watercraft;
- on or near any bunker space of any coal burning Watercraft;

unless the Optional Cover 2. Hot Work Extension on page 13 has been requested and We have agreed to provide this extension, in which case this exclusion will not apply.

6. Sports Participation

any Personal Injury to any person or Damage to the property of any person directly or indirectly arising out of or in any way connected with, the actual participation of such person in any sport, exercise or activity including, but not limited to, racing, competitive water sports and water skiing. Participation includes training or practice for, supervision or control of such activities.

7. Salvage operations

Your involvement in salvage operations.

8. Smoking

any Personal Injury directly or indirectly arising out of, or in any way connected with, the smoking, inhalation or ingestion of or exposure to:

- tobacco or other substances or their smoke; or
- any ingredient or additive present in any articles, items or goods which contain or include tobacco or other substances.

9. Watercraft in storage

in respect of or arising in connection with any Watercraft accepted by You solely to be stored.

10. Territorial limits

any Occurrence occurring or arising outside the Territorial limits stated in the Schedule unless specifically agreed to by Us in writing following Your notification.

C. Types of claim

Your Policy does not cover:

1. Consequential loss, loss of use and penalties

Payments under penalty clauses in any contract for services in respect of property referred to in Cover Clause A(i) or A(iii) or directly or indirectly arising out of or in any way connected with consequential loss or loss of use of any kind, including that resulting from

- loss of the use of tangible property (not having been physically Damaged or destroyed);
- delay or lack of performance by You or on Your behalf in relation to any contract or agreement;
- the failure of Your Products to meet the level of performance, quality, fitness or durability expressly or impliedly warranted or represented by You;
- loss of contract;
- depreciation in value of any undamaged property.

This exclusion will not apply to claims for detention, demurrage, loss of freight, loss of charter or loss of time where the Optional cover 1. Detention on page 13 is requested by You and agreed to by Us in writing in which case the cover specified by that will clause will apply.

2. Contractual liability

Liability assumed under any contract or agreement.

This exclusion does not apply:

- to liability that would have been implied by law in the absence of such contract or agreement;
- to liability assumed by You under a warranty of fitness or quality regarding Your Products;
- to liability assumed under Incidental Contracts; or
- where You have declared to Us written contracts or agreements and We have agreed to extend cover to include liability under the same and this is specified in the Schedule.

3. Employer's liability

Liability for Personal Injury to:

- any Employee if You are required by law to insure or otherwise fund, whether through self-insurance, statutory fund or other statutory scheme, all or part of any common law liability (whether limited or not) for such Personal Injury;
- any worker or other person employed in any capacity whatsoever by Your agents, contractors or Subcontractors; or
- Your Employees, agents, contractors and Subcontractors, day labour, supplied labour or any of their workers when such Personal injury arises out of or in the course of the employment of such worker or other persons imposed by:
- any Workers Compensation Law;
- the provisions of any industrial award or agreement or determination or any contract of employment or workplace agreement where such liability would not have been imposed in the absence of such industrial award, agreement or determination;
- any law relating to Employment Practices; or
- any statutory or common law liability in respect of Personal Injury of any worker or other person employed in any capacity whatsoever by You, Your agents, contractors or Subcontractors.

4. Penalties, liquidated damages, punitive, exemplary and/or aggravated damages

fines or penalties imposed by law or liquidated damages or punitive, exemplary and/or aggravated damages and any additional damages resulting from the multiplication of compensatory damages.

5. Pollution

Except as provided in the Optional covers 4. Pollution liability cover on page 13 where taken, liability directly or indirectly arising out of or in any way connected with:

- the actual, alleged or threatened discharge, dispersal, release or escape of Pollutants;
- the testing, monitoring, clean-up, removal, containment, treatment, detoxifying or neutralising of Pollutants, whether or not any of the foregoing are or should be performed by You or by others;
- the actual, alleged or threatened discharge, dispersal, release or escape of Pollutants caused by any of Your Products that have been discarded, dumped, abandoned or thrown away by others;

6. Product defect

Damage to Your Products if such Damage directly or indirectly arises out of or is in any way connected with:

- any defect in them or their harmful nature;
- their unsuitability for the purpose for which they were intended; or
- their inherent vice or inefficiency or ineffectiveness.

7. Product recall

directly or indirectly arising out of, or in any way connected with, the removal, withdrawal, recall, inspection, repair, reconditioning, replacement or loss of use of Your Products or any property of which Your Products form a part if they are withdrawn from the market or from use because of any known or suspected defect or deficiency in them.

8. Professional liability

directly or indirectly arising out of or in any way connected with the provision by You or any one on Your behalf to provide professional advice or any error or omission connected therewith, except as provided under the Additional benefit for Inspections and valuations – errors and omissions on page 12. This exclusion will not apply where professional advice or service is given without fee or charge.

9. Communicable disease exclusion

This insurance excludes coverage for:

- any loss, damage, liability, cost or expense directly arising from the transmission or alleged transmission of a communicable disease or from any fear or threat of a communicable disease;
- any liability, cost or expense to identify, clean up, detoxify, remove, monitor, or test for a communicable disease;

- any liability for or loss, cost or expense arising out of, any loss of revenue, loss of hire, business interruption, loss of market, delay or any indirect financial loss, howsoever described, as a result of a communicable disease or the fear or threat of a communicable disease. As used in this exclusion, a communicable disease means any disease, known or unknown, which can be transmitted by means of any substance or agent from any organism where;
 - (i) the substance or agent includes but is not limited to a virus, bacterium, parasite or other organism or any variation or mutation of any of the foregoing, whether deemed living or not; and
 - (ii) the method of transmission, whether direct or indirect, includes but is not limited to human touch or contact, airborne transmission, bodily fluid transmission, to or from or via any solid object or surface or liquid or gas; and
 - (iii) the disease, substance or agent may, acting alone or in conjunction with other comorbidities, conditions, genetic susceptibilities, or with the human immune system, cause death, illness or bodily harm or temporarily or permanently impair human physical or mental health or adversely affect the value of or safe use of property of any kind. All other terms, conditions and limitations of the insurance remain the same.

D. Perils exclusions

Your Policy does not cover any actual or alleged liability, costs or expenses directly or indirectly arising out of or in any way connected with:

1. Asbestos and silica

asbestos, silica products, silica fibres, silica dust, or any materials containing asbestos or silica in whatever form or quantity.

2. Assault and battery

assault and/or battery committed by You or at Your direction, but this exclusion will not apply when such assault and/or battery is committed for the purpose of preventing Personal Injury or Damage or eliminating danger to a person.

3. Your design errors, known faults or rectification of faults

- Your designs, specifications or formulas or any error or omission in respect of such design, specification or formula, other than where such work was not provided for remuneration (such as a fee or commission) whether mixed with remuneration for other services or not;
- Damage caused by faults or defects known to You or any Employee whose knowledge in law would be deemed to be Yours and which was not disclosed to Us at the time Your Policy was entered into;

- the rectification of faulty workmanship, other than to the extent of the cover provided under the Additional Benefits – Rectification of faulty workmanship consequent upon Damage on page 12;
- misrepresentation or misdescription of property for sale;
- the misalignment or misplacement of any piles or castings or the cost of abandonment of them for any reason.

4. Normal Losses

- wear and tear, lack of reasonable maintenance, gradual deterioration or erosion, change in temperature, mechanical or electrical breakdown or derangement of machinery or equipment, dryness, shrinkage, evaporation, loss of weight, contamination, change in colour, flavour, texture or finish, vermin or insects;
- Biological contaminant(s), toxins, substances, vapours, gas, or other emission or organic or inorganic body or substance created or produced by or emanating from them, or the cost clean-up, remediation, containment, removal or abatement of the above.
- Mould, Fungus/Fungi, spore(s), mildew(s), wet or dry rot, mushroom(s), yeast(s) corrosion, rust or dampness unless these are the direct result an Occurrence covered by this Policy for which You are legally responsible.

5. Deliberate Damage, lack of due care and Employee dishonesty

- intentional or reckless conduct by You or conduct occurring with Your or Your Employees' consent or arising from Your or Your Employees' failure to take reasonable precautions to prevent accidents which may give rise to a claim under this Policy;
- Your being involved in any illegal trade or venture;
- fraudulent or dishonest acts, fraudulent misappropriation, embezzlement and forgery by You or Your Employee(s) acting alone or in collusion with any other person(s);
- circumstances where You or Your Employees have waived or restricted Your rights of recourse against any person, unless previously agreed in writing by Us. We will not cover You to the extent that Your loss would have been recovered from that person but for the waiver or restriction or Your rights;
- You, Your managers, Your Employees or anyone for whom You are legally responsible being, with Your or Your managers' knowledge, under the influence of alcohol and/or drugs;
- Your failure to take reasonable steps to comply with all statutory or other obligations and regulations imposed by any authority relating to inspection and testing;

- any breach by You, or with Your consent, of any law, by-law, government, local government, statutory authority, or other legally constituted public body's regulation dealing with the storage of hazardous goods;
- the failure to store all resins, fibre glass, solvents, cellulose based materials and the like outside buildings in suitable metal or brick structures, except for the amount of such materials that is required inside buildings in the course of conducting Your Ship Repair Business activities for that day, in which case these materials shall be kept inside buildings in secure metal containers.

6. Wilful acts

any:

- dishonest, fraudulent, criminal, unlawful, or malicious act;
- wilful breach of any statute, contract or duty;
- conduct intended to cause loss, Damage or liability with reckless disregard for the consequences;

by You or any person acting with Your knowledge, consent or connivance.

7. Magnetism/ Damage to data media

the presence of magnetic flux, or any loss of magnetism (except caused by lightning) or loss of or Damage to data carrying media.

8. Radioactive contamination, chemical, biological, bio-chemical and electromagnetic weapons

- ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel;
- the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof;
- any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter;
- the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter. The exclusion in this sub-clause does not extend to radioactive isotopes, other than nuclear fuel, when such isotopes are being prepared, carried, stored, or used for commercial, agricultural, medical, scientific or other similar peaceful purposes; or
- any chemical, biological, bio-chemical, or electromagnetic weapon.

9. Terrorism

directly or indirectly caused by, contributed to by, resulting from or arising out of or in connection with any act of Terrorism, as defined herein, regardless of any other cause or Occurrence contributing concurrently or in any other sequence to the loss.

Your Policy also excludes and does not cover death, injury, illness, loss, Damage, cost or expense directly or indirectly caused by, contributed to by, resulting from, or arising out of or in connection with any action in controlling, preventing, suppressing, retaliating against, or responding to any act of Terrorism.

10. War

- war, civil war, revolution, rebellion, insurrection, or civil strife arising therefrom or any hostile act by or against a belligerent power;
- capture, seizure, arrest, restraint, or detention (barratry and piracy excepted) and the consequences thereof or any attempt thereat;
- derelict mines, torpedoes, bombs or other derelict weapons of war;
- destruction of or Damage to property by or under the order of any government or public or local authority.

11. Strike, lockout, labour disturbance

any strike, lockout, labour disturbance, riot, civil commotion or act of any person taking part in these, or from any act of any person acting maliciously.

12. Cyber

In no case shall this insurance cover loss damage liability or expense directly or indirectly caused by or contributed to by or arising from the use or operation, as a means for inflicting harm, of any computer, computer system, computer software programme, malicious code, computer virus or process or any other electronic system.

E. Failure to notify

Your Policy does not cover You for any actual or alleged liability, costs or expenses directly or indirectly arising out of or in any way connected with:

- a) any permanent or temporary alteration (which includes occupation, use and physical changes) to property situated at or brought onto Your Business Premises which increases the risk of loss, Damage or liability where You or Your Employees have failed to notify Us of any such alteration as soon as reasonably practicable;
- b) an Occurrence involving loss or Damage to third party Watercraft covered by this Policy unless discovered and reported to Us as soon as reasonably possible.

General conditions

These General conditions are applicable to Your Policy.

In order to be sure that You are covered under this Policy You should always contact Us for approval before You incur costs You wish to claim. If You do not, We will pay for expenses incurred up to the amount We would have authorised had You asked Us first.

If You do not comply with the General conditions (other than the cancellation condition), to the extent permitted by law, We may cancel Your Policy and/or reduce or refuse to pay a claim, to the extent We are prejudiced by Your noncompliance.

Actions of parties other than You

The acts or omissions of:

- a) a tenant of Yours; or
- b) the owner of or another tenant in the building You occupy;

which results in a breach of any provision of Your Policy will not affect Your entitlement to cover provided that:

- c) the act or omission was committed without Your prior knowledge; and
- d) You notify Us of the happening or existence of the act or omission as soon as reasonably possible after You become aware of it; and
- e) You pay any reasonable extra premium that We require in order to maintain cover that We may agree to provide for the increased risk as a result of the act or omission.

Assignment

No transfer of interest under this Policy or in any moneys which may be or may become payable under this Policy is to be binding on or recognised by Us unless a dated notice of such transfer of interest is signed by You, and by the party to whom the interest is being transferred to is provided to Us before the payment of any claim or return of premium being made under this Policy. Nothing in this condition is to be considered as an agreement by Us to a sale or transfer to a new entity. We will not unreasonably withhold Our permission.

Cross liability

Where the protection provided by Your Policy covers the interest of more than one party, any act or omission of an individual party will not prejudice the rights of the remaining parties, subject to:

- a) General exclusion D Perils exclusion 6. Wilful acts; and
- b) the remaining parties, as soon as reasonably possible after on becoming aware of any act or omission that increases the risk of loss, Damage or liability, giving notice in writing to Us and paying any reasonable extra

premium which We may require in order to maintain cover for the increased risk as a result of the act or omission, that We may agree to provide; and

- c) the Limits and Sub limits within the Policy applying as though this General condition did not apply.

Governing law and jurisdiction

Your Policy is governed by the laws of Australia. Any dispute relating to Your Policy shall be submitted to the exclusive jurisdiction of an Australian Court within the State or Territory in which Your Policy was issued.

GST notice

Your Policy has a GST provision in relation to Your premium and Our payment to You for claims. It may have an impact on how You determine the amount of insurance You need. Please read the Policy carefully. Seek professional advice if You have any queries about GST and Your insurance.

Sums Insured

All monetary limits in the Policy may be adjusted for GST in some circumstances (see below).

Claim settlements – Where We agree to pay

When We calculate the amount We will pay to You, We will have regard to the items below:

Acquisition of goods, services and repairs

- (i) Where You are liable to pay an amount for GST in respect of an acquisition relevant to Your claim (such as services to repair a Damaged item insured under Your Policy), We will pay the GST amount.

We will pay the GST amount in addition to the Limit of Indemnity or other limits shown in Your Policy or in the Schedule (unless We state GST is included in Sum insured or Limit of Indemnity).

If Your Limit of Indemnity is not sufficient to cover Your loss, We will only pay the GST amount that relates to Our settlement of Your claim.

We will reduce the GST amount We pay by the amount of any input tax credits to which You are or would be entitled.

Payment as compensation

- (ii) Where We make a payment under Your Policy as Compensation instead of payment for a relevant acquisition, We will reduce the amount of the payment by the amount of any input tax credit that You would have been entitled to had the payment been applied to a relevant acquisition.

Where the Policy insures business interruption, We will (where relevant) pay You on Your claim by reference to the GST exclusive amount of any supply made by Your Business that is relevant to Your claim.

Disclosure – Input tax credit entitlement

If You register, or are registered, for GST, You are required to tell Us Your entitlement to an input tax credit on Your premium. If You fail to disclose or understate Your entitlement, You may be liable for GST on a claim We may pay. Your Policy does not cover You for this GST liability, or for any fine, penalty or charge for which You may be liable.

Other Insurance/Non-contribution Clause

Where You are aware of insurance or insurances already effected, or which may be subsequently effected covering, whether in whole or in part, Your liability or exposures which are the subject matter of this Policy, You are required to notify Us and must take reasonable steps to provide Us with full information and all reasonable assistance in the recovery of Our rateable proportion of any claim payments We make.

Premium adjustment

The premium for this Policy has been calculated on the estimate of Gross Earnings (without deduction for any subcontracted work) given by You. You are required and agree to take reasonable steps to keep accurate records of all such figures and, on reasonable request, to provide Us with a copy of these records.

Following the expiry of the Period of Insurance You must provide, as soon as reasonably possible, such records as We may reasonably require to determine what the actual Gross Earnings figures were for the Period of Insurance.

The difference between the premium based on the actual figures at the end of the Period of Insurance and the premium calculated at inception will be paid by or allowed to You, as the case may be, but in any event a minimum retained premium equivalent to 75%, or as may otherwise be agreed, of the full premium based on the initial estimates will be retained by Us.

We agree to waive any adjustment of premium where the difference between the actual Gross Earnings and the estimate Gross Earnings given to Us by You is less than 10%, or where a deposit premium of \$5,000 or less was charged and the final adjusted premium based on actual figures supplied by You does not exceed \$5,000.

Prohibited cover or payments

Irrespective of any other provision of the Policy, We shall not be deemed to provide cover or be liable to pay any claim or provide any benefit (including a refund a premium) hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would contravene or otherwise expose Us to any penalty, sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of Australia, New Zealand, the European Union, United Kingdom or United States of America.

Reasonable care and maintenance

You must take all reasonable care:

- a) to prevent and/or minimise loss, Damage or liability;
- b) to maintain Your Ship Repair Business and ship yard/premises in sound condition, in particular to minimise or avoid loss, Damage or liability;
- c) to comply with all statutory obligations, by-laws, regulations, public authority requirements and safety requirements, including those relating to fire appliances and the use and storage of hazardous goods;
- d) To ensure that all welding and flame cutting complies with the most current Australian Standards, regulations and legislation regarding cutting and welding safety and its amendments (the Australian Standards are a detailed Code, designed to protect persons and property from injury by fire or explosion in the course of cutting, heating or welding operations) and, where required, obtain a gas free certificate and/or any other authorisation which is legally required;
- e) to comply with the manufacturer's recommendations for the use and maintenance of all equipment used;
- f) to only employ competent Employees, agents and contractors and ensure they meet the requirements specified in Clauses a) to e) above;
- g) take reasonable precautions to prevent the manufacture, sale or supply of defective Products;
- h) at Your expense, take reasonable action to trace, recall or modify any Products containing any defect or deficiency, which defect or deficiency You have knowledge of or have reason to suspect.

Inspections

We (or agents appointed by Us) have the right to inspect and examine, at any reasonable time and frequency, by mutual appointment, any property, Business Premises or Watercraft which is the subject of this insurance.

Claims

In order to be sure that You are covered under this Policy You should always contact Us for approval before You incur costs You wish to claim. If You do not, We will pay for expenses incurred up to the amount We would have authorised had You asked Us first.

A. As soon as reasonable possible after You become aware of anything happening which may result in a claim under Your Policy, You must take reasonable steps, at Your own expense to:

- (i) contact Us as soon as reasonably possible to advise how the loss, Damage or liability occurred;
- (ii) take all reasonable action to minimise any possible claim;
- (iii) as far as possible take all reasonable steps to preserve any Products, appliances, plant or other items which might prove necessary or useful as evidence until We have had an opportunity to inspect them. To ensure You are covered, please contact Us prior to any repairs or disposals;
- (iv) give Us all the information, proof and assistance We may reasonably require to prosecute, defend or settle Your claim, including details of any other insurance effected by You or on Your behalf;
- (v) as soon as reasonably possible send Us any claim, writ, summons, or full details of any relevant legal or other proceedings such as an impending prosecution or inquest that You receive or of which You become aware;
- (vi) at all times, give Us all the information and assistance We may reasonably require.

If You do not, We may reduce or deny Your claim to the extent We are prejudiced by Your delay.

B. You should not:

- (i) admit liability for, take any action which may be considered to be an admission of liability for, or offer or agree to settle, any claim without Our written consent. If You do, We may reduce or refuse Your claim to the extent We are prejudiced by Your admission, offer or agreement;
- (ii) authorise the repair or replacement of anything without Our agreement unless for safety reasons or to minimise or prevent further imminent loss, Damage, liability or injury. Please contact Us to confirm approval for these costs. If You do not, We may reduce or refuse Your claim to the extent We are prejudiced by Your non-compliance;

- (iii) release, agree not to sue on, waive or prejudice, any right of recovery against any third party who would be liable to compensate You with respect to that loss, Damage or liability otherwise We will not cover You to the extent that Your loss would have been recoverable from that person but for the agreement.

C. After You have advised Us of any loss, Damage or liability as set out in this General Condition:

- (i) You must take all reasonable steps to comply with all the terms of the General Conditions before We will meet any claim under Your Policy. We may reduce or refuse Your claim to the extent We are prejudiced by Your noncompliance;
- (ii) We have the right to recover from any person against whom You may be able to claim any money paid by Us and We will have full discretion in the conduct, settlement or defence of any claim in Your name. The amount recovered will be applied first to reducing the amount by which Your loss exceeds the Deductible applied. We will act reasonably having regard to Your interests, and will keep You informed if You ask Us to. Any balance remaining after You have been fully compensated for Your loss, up to the amount We have paid to You to settle Your claim (including Our legal fees and other costs for recovery), will be retained by Us;
- (iii) We may take over and conduct, in Your name, the defence or settlement of any claim and We will have full discretion in the conduct of any proceedings in connection with the claim. We will act reasonably having regard to Your interests, and will keep You informed if You ask Us to;
- (iv) We may pay You the Limit of Indemnity under the Policy (after deduction of any sum or sums already paid by Us) or any lesser amount for which a claim or claims under the Policy may reasonably be settled. After We have paid You, We will no longer be liable for the claim(s) (or future conduct of the claim(s)) except for costs and expenses incurred up until the time We pay You, that We previously agreed to pay.

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For all enquiries please call Your insurance intermediary

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AM&T (Allianz Marine and Transit Underwriting Agency Pty Limited)
AFS Representative No. 423910 ABN 98 155 554 279
as agents of the insurer Allianz Australia Insurance Limited
AFS Licence No. 234708 ABN 15 000 122 850
GPO Box 9870 Melbourne VIC 3000

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