

INFORMATION FOR YOU

About MECON Insurance

Mechanical and Construction Insurance Pty Ltd (MECON) A.B.N. 58 106 907 055 has established a professional insurance service to consumers who are exposed to risks of an engineering nature. MECON specialises in providing tailored insurance solutions for engineering risks including construction project activities, contractors Insured Plant operation and mechanical, electrical or electronic machinery operation. MECON offers a range of easily understood policies with extensions that are available to meet your requirements.

MECON has been founded on the principles of simplicity, integrity, service and innovation - all supported by experienced and knowledgeable staff.

If you would like any further information about MECON, please visit our website at www.mecon.com.au or contact our friendly customer service staff at customerservice@mecon.com.au or by phoning (02) 9252 1040.

Your Insurance Policy Information

Your insurance Policy is made up of:

- The terms contained on pages 4 to 14 inclusive.
- The Schedule.
- Any Endorsement or notice we give you in writing.
- Your submissions, whether verbal or in writing.

We have provided information in this document to assist you to manage the risks associated with the property and liability which may be insured by the Policy.

The information we have provided to you is for assistance and does not form a part of the Policy.

The risk management tips that appear below are provided to assist you to prevent loss or damage and are solely based upon our claims experience. The tips do not take into account your individual circumstances and are not based upon any safety research or risk management knowledge we possess, therefore you should not rely on these tips to manage your risk exposure. For risk management advice please contact Workcover or your risk management adviser.

Your risk management adviser may wish to use MECON's tips to assist them in advising you.

Protection of Your Interests

Over the years, a number of legislative and industry reforms have been introduced that protect the rights of consumers and assist them in their dealings with insurance companies. An example of some of the more important reforms are contained in the:

- Insurance Contracts Act 1984
- Privacy Act 1988
- Terrorism Insurance Act 2003

Please refer to pages 19 and 20 for further information.

Your Responsibilities

The Insurance Contracts Act requires:

- you to make certain disclosures, and
- both you and the insurer to act with the Utmost Good Faith in relation to, or under, the contract of insurance.

Please refer to page 19 for further information on your Duty of Disclosure and the principle of Utmost Good Faith.

Risk Management Tips

This is a brief outline of some of the risks that commonly give rise to claims under contractors plant policies. It is provided purely to assist you identify and manage some of the risks which may be associated with your plant and does not form a part of the policy. To reduce the risk of suffering injury, loss or damage you should:

Bodily Injury: Restrict access to your work area to relevant site staff only. Ensure walkways are kept clear of debris and similarly check pavements and roads immediately adjacent to the site at least before you leave each night. Ensure overhead power-lines are highlighted and all persons operating plant, which has the ability to contact the power-lines, are aware of power-line location. Do not let persons unlicensed, or inexperienced with your plant, operate it. If reversing or manoeuvring in areas where your visibility is in any way restricted, have another person (in a safe position) watch while you manoeuvre to ensure you put nobody in danger.

Ensure **all** incidents of injury on site are carefully recorded and detailed no matter how trivial they

may seem at the time. If you are not the principal or head contractor on a site, before you finally leave the site, ensure you check with the appropriate person on site as to whether you or your plant or employees may have been involved in any incidents of injury on the site. If possible, have them put their advice in writing for your records. Always keep details of the people who advised you and your discussion with them in this regard.

Environmental Nuisance: Monitor and control dust, noise and vibration within acceptable limits. If you receive complaints from surrounding properties, do not ignore them.

Fire: Ensure debris, soil and grease is regularly cleaned from chassis rails and engine bay, paying particular attention to areas around the exhaust manifold, turbo charger or fuel injectors - especially in drought conditions. Hydraulic hoses are sometimes positioned close to these areas and prone to spontaneous combustion. If hydraulic hoses can not be re-routed, ensure fire-proof insulation is used to screen hydraulic hoses and fuel or oil lines from heat sources. (Agricultural plant should be checked clear of debris build up in the engine bay and air-intakes every day and chains dragged to minimise static electricity build-up).

Ensure electrical insulation, particularly which isolates wiring passing through the chassis or metal panels, is in good condition.

Ensure all electrical wiring connections are periodically checked for tightness.

Keep automatic fire suppression systems or extinguishers in current test. If a fire suppression system activates, do not attempt to restart the plant. Locate the fault/reason and ensure it is fixed first.

Occupational Health & Safety: Understand the implications, and observe the requirements of, Occupational Health and Safety legislation in your State relevant to your business. An Act of Parliament governs your OH & S obligations and it applies to everyone in business. Refer to www.ascc.gov.au for further information.

Operating Plant: When operating plant, strictly adhere to all manufacturer's guidelines and instructions. Never use plant outside its design parameters. In situations where use of plant can create ground vibration, or excavating plant is removing ground support for surrounding structures, commission dilapidation or condition reports on nearby surrounding property.

Avoid using non-specialised plant in tidal areas or on marine sediments. If you cannot avoid this

risk, ensure adequate rafts or other suitable precautions against bogging have been employed. Never leave plant unattended in tidal areas or in excavations which could flood – always park them in an area not prone to flood or tidal movement.

Overturning:

General: Do not drive heavy plant too close to the edge of roadway embankments – even to let other traffic pass you. Observe all road authority safety recommendations.

Cranes: Never attempt to lift an item where its weight has not been accurately calculated. Avoid lifting items, particularly of large dimensions, in windy conditions. Plan every lift meticulously - including access, egress, avoidance of obstacles and structures which may restrict manoeuvrability. Where possible move any obstacles before you approach a lift, so your lifting and/or moving operation can be accomplished while you remain at the controls, thus avoiding any distractions or complications. Listen to, and act upon, safety warning devices. Be absolutely certain that outriggers are on safe, firm footings. Remember, competent operators do not let themselves be pressured in to making a lift if all conditions are not right and all risks have not been assessed and addressed.

Theft: If plant is to be left at a worksite when not in use, fit security devices such as lock-down plates to all openings (and to fuel and oil filler openings), alarm systems, immobilisers and/or tracking devices. Alert neighbouring property owners as to when you are likely to be removing the plant from the site and give them your contact details so they can report any suspicious activity around your plant. Park the plant in full view of passing traffic if possible. Where possible ensure plant is stored in a securely locked yard or building. Avoid leaving unattended plant on their transporters. Small mobile plant (mini-excavators, skid-steers, 'dingoes' etc) should, if possible, be removed from the worksite each day and parked in secure storage where direct access is restricted or difficult.

Underground Services: Always locate the exact position of underground services on a worksite. Some methods available include phoning Dial Before You Dig www.dialbeforeyoudig.com.au use of ultrasound, magnetic field detection, using an authority's plans, and potholing. Always use manual methods of digging to approach and locate services. Never approach or locate cables with mechanical excavators.

Hiring Plant (in or out): Ensure all paperwork is completed by hire company and hirer alike. Pay

particular attention to understanding insurance and indemnity clauses of the hire agreement – especially the scope of any ‘damage waiver’ (or similar clause releasing the hirer from responsibility for damage to plant) and also consider whether the indemnity clauses require new replacement value or market value. (Note that insurance policies generally do not provide new replacement value which is sometimes requested in hire agreements). Always know when a damage waiver does or does not apply and if it does, ensure that this is formally recorded. Always observe all formalities required by the hire agreement when returning an item. Most hire agreements will not provide road risk, or third party, liability to a hirer. A hirer needs to make insurance provision for this under a motor vehicle and/or public liability policy.

This space is intentionally blank

TABLE OF CONTENTS	PAGE
INFORMATION FOR YOU	1
About MECON Insurance	1
Your Insurance Policy Information	1
Protection of Your Interests	1
Your Responsibilities	1
Risk Management Tips	1
TABLE OF CONTENTS	3
THE POLICY	4
GLOSSARY OF TERMS USED	4
GENERAL INFORMATION	5
SECTION ONE - MATERIAL DAMAGE	5
Insurance Provided	5
How Premium Is Applied	6
Basis Upon Which Claims Are Paid	6
Section One Exclusions	6
SECTION TWO – ROAD RISK LIABILITY	7
Insurance Provided	7
Limit And Type Of Liability	7
How Premium Is Applied	8
Section Two Exclusions	8
SECTION THREE – PUBLIC LIABILITY	9
Insurance Provided	9
Limit And Type Of Liability	9
How Premium Is Applied	9
Section Three Exclusions	9
GENERAL EXCLUSIONS	12
GENERAL CONDITIONS	13
ENDORSEMENTS	15
IMPORTANT INFORMATION	19
Contacting Us	19
Disputes	19
Duty of Disclosure	19
Utmost Good Faith	19
Privacy	20
Terrorism	20
Cooling Off	20

CONTRACTORS PLANT POLICY

Section One – Material Damage; Section Two – Road Risk Liability; Section Three – Public Liability

GLOSSARY OF TERMS USED

(Please read the Glossary first. This will enable you to understand the Policy properly).

'Aircraft' means any craft intended to float in or travel through air or space.

'Business' means all business described in the Schedule. It includes incidental operations such as the occupation of premises; the operation of any canteen or other facility for the benefit of employees; internal first aid services; fire brigade services and the like.

'Deductible' is an amount deducted from an insured loss. The insurance only covers loss in excess of that amount. You have to bear the deductible amount.

(Note: If more than one Deductible could apply to the same loss under any one Policy Section, only the greatest of them will be deducted from that loss.)

'Employee' means any person engaged by you under a contract of service or apprenticeship. This includes both statutory and common law employees.

'Insured Event' means an event that causes any loss or damage insured against under Section One of this Policy.

'Insured Plant' means any plant and equipment shown in the Schedule to be insured under Section One of this Policy.

'Market Value' means the cost of replacing lost or damaged property with property of similar age, condition and capacity. This includes any necessary installation and commissioning costs.

'MECON' means Mechanical and Construction Insurance Pty Limited.

'Occurrence' means an event that you neither expect nor intend. It includes any continued or repeated exposure of people or property to conditions that are generally the same.

'Period of Insurance' means the current period for which the Policy is in force.

'Personal Injury' means:

- (a) bodily injury, death, sickness, disease, shock, fright, mental anguish or mental injury.

In Section Three of the Policy, 'Personal Injury' also includes:

- (b) false arrest, false detention, wrongful imprisonment, or malicious prosecution;
- (c) libel or slander;
- (d) wrongful entry or wrongful eviction or other invasion of privacy; or
- (e) assault committed by any of your Employees while engaged in the Business, but not if the assault was committed at your direction for any reason other than to avoid or reduce harm to people or property.

'Product' means anything that you have manufactured, grown, extracted, produced, processed, sold, supplied, distributed, repaired, serviced, treated, installed, assembled, erected or constructed in the course of the Business. This includes any packaging and containers. However, none of these things is deemed to be a Product until after it has left your physical custody and legal control.

'Property Loss' means physical loss of or damage to tangible property resulting from an Occurrence. It includes consequent loss of use of the property.

'Schedule' means the Schedule of Cover attaching to and forming part of this Policy.

'Territorial Limit' means the territorial limit shown as such in the Schedule.

'Vehicle' means any type of machine on wheels or on self-laid tracks made or intended to be propelled other than by manual or animal power and any trailer made or intended to be drawn by, or attached to, any such machine.

'Watercraft' means anything intended to float or travel on, through or under water.

'you' and its derivatives means you in your capacity as an insured entity under this Policy, and who is named as such in the Schedule.

Sections Two and Three of this Policy also insures the following parties as beneficiaries under this Policy.

- (a) any of your directors or Employees while acting within the scope of their duties as such.
- (b) the operator of any Insured Plant, but only where the operation is at your order or with your consent.
- (c) the principal party to any contract that you enter into, but only for its liability as principal

arising out of the contract work and to no greater extent than that required by the contract conditions.

- (d) any office bearer or member of any of the following organisations formed with your consent:
- (i) any canteen operated for the benefit of your Employees; and
 - (ii) any first aid or fire brigade service;
- but only while the office bearer or member is acting in their capacity as such.

Accordingly, 'you' also means any of the above where necessary to give effect to the insurance.

Each party insured under Section Three of this Policy will be insured as if a separate policy had been issued to each. Accordingly, each party will be insured for their liability to any other party. However, this does not increase any Limit of Indemnity. A Limit of Indemnity applies to all of the insured parties collectively. (This paragraph or its equivalent is known as a 'Cross Liability' clause.)

GENERAL INFORMATION

Headings

The headings of clauses in this Policy are for reference purposes only.

GST

If you are a Registered Business and the Australian Tax Office regulations permit MECON to settle any claims that you make, or are made against you:

- (a) exclusive of GST; or
- (b) where MECON can recover GST amounts included in such a settlement;

then all amounts insured and all Deductibles expressed in this Policy are exclusive of GST. In all other cases, the amounts insured are GST inclusive.

Basis of Agreement

If you have fulfilled your Duty of Disclosure and observed the principles of Utmost Good Faith, then, upon payment of the required Premium, MECON will insure you during the Period of Insurance in the manner and to the extent specified in the Policy.

SECTION ONE – MATERIAL DAMAGE

Insurance Provided

1.00 MECON will indemnify you for sudden and accidental physical loss of or damage to Insured Plant happening within the Territorial Limit during the Period of Insurance. Mecon will also indemnify you for consequent costs where specified.

Cover under this Section of the Policy is subject to all terms of this insurance in so far as they can apply. Except where stated to the contrary, MECON's liability will not exceed the sum insured on any Insured Plant or cost.

1.01 Sums Insured

Items 1.02 to 1.06 describe what each sum insured covers. Some of the clauses include special conditions applying to insurance under that Item.

1.02 Insured Plant Market Value

The sum insured on this Item covers the Insured Plant for loss up to its Market Value.

Average Clause: If the sum insured on any unit of Insured Plant is less than 90% of Market Value, you will have to bear a proportion of any loss arising from loss of or damage to that unit. Your proportion will be in the same ratio as the shortfall in the sum insured bears to 90% of the Market Value.

1.03 Expediting Costs

The sum insured on this Item covers the extra cost of expediting repair or replacement of lost or damaged Insured Plant. This applies to the cost of express delivery, overtime wages and airfreight. The airfreight must be by a licensed airline on a regular scheduled service. The cost of chartering an aircraft is not insured. Cover under this Item only applies where the loss or damage is insured under Item 1.02.

Unless a different sum insured appears in the Schedule for this Item, the sum insured will be limited to \$10,000 any one Insured Event.

1.04 Accessories and Tools

The sum insured on this Item covers accessories fitted to Insured Plant and tools supplied by its manufacturer; but only where their value is not included in the sum insured on Item 1.02. Cover under this Item only applies where the accessories and tools are lost or damaged in the

same Insured Event as gives rise to a claim under Item 1.02.

Unless a different sum insured appears in the Schedule for this Item, the sum insured will be limited to \$2,500 any one Insured Event.

1.05 Windscreen Replacement

The sum insured on this Item covers damage to the windscreen of any one unit of Insured Plant where there is no other damage to the same unit. The cover applies to only one such replacement for only one unit of Insured Plant during the Period of Insurance, but this is not subject to any Deductible.

The most MECON will pay under this Item for any one windscreen is \$1,000. Any other windscreen damage is included in the sum insured for Item 1.02 and is subject to the same terms as apply to any other damage.

Cover under this Item does not apply to Insured Plant used in the forestry or agricultural industries.

1.06 Removal and Recovery

The sum insured on this Item covers the cost of recovering any Insured Plant that has become immobilised, bogged or stranded without being lost or damaged. This includes the cost of moving the unit to the nearest place of safety. The cover does not apply where the sole cause of the event was a careless act or omission by the unit's operator. For the purpose of clause 1.00, the cost is otherwise deemed to be insured as a 'consequent cost'.

Unless a different sum insured appears in the Schedule for this Item, the sum insured will be limited to \$50,000 in the aggregate for the Period of Insurance.

How Premium Is Applied

2.00 MECON will apply a rate of premium to the sum insured on each unit of Insured Plant.

2.01 The premium under clause 2.00 also pays for cover under the other Items. Lowering their sums insured will not reduce the premium.

2.02 Additional premium will be payable for any optional endorsement that increases the amount of cover.

Basis Upon Which Claims Are Paid

3.00 Clauses 3.01 to 3.05 set out the basis on which claims will be settled.

3.01 If the cost of repairing a unit is less than its Market Value, the insured loss will be the necessary cost of repairing the unit to its pre-damage condition, less the Deductible. MECON will pay the lesser of this amount and the sum insured.

3.02 If the cost of repairs would be greater than the Market Value, the insured loss will be the Market Value less the Deductible. MECON will pay the lesser of this amount and the sum insured.

3.03 The most that MECON will pay under any of Items 1.03 to 1.06 is the insured cost less the Deductible (if it applies), but not more than the Item sum insured.

3.04 Claims made on any extension of this insurance will be settled on the basis specified in the relevant extension clause.

3.05 Where Insured Plant has been destroyed and you have been fully indemnified for the loss of its value, any remaining salvage value of that property will belong to MECON.

3.06 This insurance does not cover the cost of any modification or improvement made to Insured Plant during its reinstatement following damage.

Section One Exclusions

4.00 Cover under Section One is subject to the exclusions set out below.

4.01 Breakdown

This insurance does not cover the cost of repairing or replacing any part of Insured Plant made necessary by:

- (a) wear and tear or the effects of normal working, corrosion or erosion on that part; or
- (b) mechanical, electrical, or electronic breakdown or derangement of that part.

However, this does not apply to consequent loss or damage to any other part of the Insured Plant.

4.02 Design

This insurance does not cover damage resulting from any defect in the design of the Insured Plant.

4.03 Dry Hired Insured Plant

This insurance does not cover loss of or damage to any Insured Plant while it is hired out by you without an operator.

4.04 Financial Loss

This insurance does not cover consequential loss such as any penalty; any loss due to delay, lack

of performance or loss of contract; or any liquidated damages.

4.05 Lubrication

This insurance does not cover damage to Insured Plant caused by incorrect or deficient lubrication or coolant.

4.06 Multiple Crane Lift

This insurance does not cover damage to any crane while in use for a lifting operation in which a load is shared or rigged for sharing with any other crane.

4.07 Operation

This insurance does not cover loss of or damage happening to Insured Plant resulting from:

- (a) its use or preparation for use in any manner contrary to the manufacturer's instructions or guidelines;
- (b) its use in a manner or for a purpose other than that for which it was designed; or
- (c) it undergoing any form of test other than a test required by law.

4.08 Relinquished Custody

This insurance does not cover theft of any Insured Plant by:

- (a) anyone posing as a prospective purchaser; or
- (b) anyone to whom you have entrusted the Insured Plant under any form of hire purchase or lease agreement; or
- (c) anyone in whose debt the Insured Plant stands as security.

4.09 Safeguard

Where any unit of Insured Plant has been damaged, this insurance does not cover subsequent loss or damage resulting from your failure to adequately protect the unit.

4.10 Tidal Area

This insurance does not cover loss of or damage to Insured Plant which becomes bogged, stranded or immobilised within a tidal area nor any cost associated with recovering it. For the avoidance of doubt, "tidal area" is all of the area between high tide and low tide including the seaward side of low tide where the Insured Plant may be driven.

4.11 Tyres and Tracks

This insurance does not cover damage to any tyre or track caused by:

- (a) the application of brakes; or

- (b) any puncture, cut, rupture, or other damage occurring during use.

However, this does not apply where the damage is accompanied by other insured damage to the same unit of Insured Plant.

SECTION TWO – ROAD RISK LIABILITY

Insurance Provided

5.00 MECON will indemnify you for all sums that you become legally liable to pay as compensation for Personal Injury or Property Loss that:

- (a) happens within the Territorial Limit during the Period of Insurance; and**
- (b) results from an Occurrence in connection with the use of any unit of Insured Plant while on any public road, but only if the unit is registered for that use at the time of the Occurrence.**

Cover under this Section of the Policy is subject to all terms of this insurance in so far as they can apply.

MECON will also indemnify you for the following costs, but only if they are incurred by MECON or with MECON's consent, which will not be unreasonably withheld. Cover for these costs is in addition to the Limit of Liability specified in the Schedule.

5.01 Legal and other costs incurred in connection with any liability or allegation of liability to which this insurance applies.

5.02 The cost of your legal representation at any coroner's inquest held in connection with the Occurrence.

5.03 The cost of temporary repairs undertaken to prevent any immediate threat of Property Loss or Personal Injury.

Limit and Type of Liability

6.00 Except where stated to the contrary, MECON's liability under each of the following Items will not exceed the Limit of Indemnity specified in the Schedule for that Item.

6.01 Public Liability

The Limit of Indemnity under this Item is the most that MECON will pay in the aggregate for all costs and liability arising out of all Personal Injury or Property Loss during the Period of Insurance.

6.02 Removal of Debris

Despite anything to the contrary in clause 5.00, this insurance extends to cover your liability for the cost of demolishing and disposing of property where necessary following an Occurrence to which clause 5.00 applies.

If no Limit of Indemnity appears in the Schedule for this Item, the Limit of Indemnity is deemed to be \$50,000 any one Occurrence. This limit is included in, and not additional to, the Limit of Indemnity for Item 6.01.

How Premium Is Applied

7.00 The Premium is calculated by applying a premium to each unit of Insured Plant registered for use on public roads.

7.01 Additional premium will be payable for any optional endorsement that increases the amount of cover or extends the scope of cover.

Section Two Exclusions

8.00 Cover under Section Two is subject to the following exclusions.

8.01 Dangerous Goods

This insurance does not cover liability arising out of any Occurrence while the Insured Plant is being used to carry dangerous goods to which the Australian Code for the Transport of Dangerous Goods by Road or Rail applies. However, this exclusion will not apply where you have complied with that Code, in which case cover will be included in the indemnity under Item 6.01.

If no Limit of Indemnity appears in the Schedule for this cover, the Limit of Indemnity is deemed to be \$100,000 in the aggregate for the Period of Insurance. The limit is within, and not additional to, the Limit of Indemnity under Item 6.01.

8.02 Northern Territory

This insurance does not cover liability arising in connection with the use of any unit of Insured Plant that is registered in the Northern Territory of Australia.

8.03 Penalties and Damages

This insurance does not cover liability for any:

- (a) aggravated or exemplary damages; or
- (b) any fine; or
- (c) any liquidated damages or other penalty for which you are liable under the terms of any contract, warranty or agreement.

8.04 Personal Injury

- (a) This insurance does not cover liability that is covered in whole or in part by any compulsory insurance or accident compensation scheme. This exclusion also applies where such cover would be available but for your failure to meet a statutory requirement or to pursue a claim under that scheme.
- (b) This insurance does not cover liability for Personal Injury to anyone who, at the time of an Occurrence, was:
 - (i) the Insured Plant's designated operator; or
 - (ii) the Insured Plant's substitute operator; or
 - (iii) an Employee; or
 - (iv) your relative; or
 - (iv) someone who normally resides with you.

8.05 Property in Care, Custody or Control

This insurance does not cover liability arising out of loss or damage to:

- (a) your own property; or
- (b) third party property that was in your care, custody or control at the time of the Occurrence.

8.06 Railway Lines

This insurance does not cover liability arising out of Personal Injury or Property Loss occurring while the Insured Plant is on any railway line.

8.07 Trade Use

This insurance does not cover liability arising out of the use of Insured Plant for the purpose it was designed such as (but not limited to) excavating, digging, grading, scraping, drilling, lifting, pumping, spraying, loading and unloading and vacuuming. The Insured Plant is deemed to be used for Trade Use at all times other than while in use on a public road.

This space is intentionally blank

SECTION THREE – PUBLIC LIABILITY

Insurance Provided

9.00 MECON will indemnify you for all sums that you become legally liable to pay as compensation for Personal Injury or Property Loss that:

- (a) happens within the Territorial Limit during the Period of Insurance; and
- (b) results from an Occurrence in connection with the Business.

Cover under this Section of the Policy is subject to all terms of this insurance in so far as they can apply.

MECON will also indemnify you for the following costs, but only if they are incurred by MECON or with MECON's consent, which will not be unreasonably withheld. Cover on these costs is in addition to the Limit of Indemnity specified in the Schedule.

9.01 Legal and other costs incurred in connection with any liability or allegation of liability to which this insurance applies.

9.02 The cost of your legal representation at any coroner's inquest held in connection with the Occurrence.

9.03 The cost of temporary repairs undertaken to prevent any immediate threat of Property Loss or Personal Injury.

Limit and Type of Liability

10.00 Items 10.01 to 10.04 describe how the Limits of Indemnity will apply.

Except where stated to the contrary, MECON's liability under each Item will not exceed the Limit of Indemnity for that Item.

10.01 Public Liability

The Limit of Indemnity under this Item is the most that MECON will pay for all costs and liability arising out of an Occurrence. The limit is available in full for each Occurrence.

10.02 Products Liability

The Limit of Indemnity under this Item applies to your liability for Personal Injury or Property Loss caused by or arising out of your Products. It is the most that MECON will pay for the aggregate of liability and costs arising out of all Personal Injury and Property Loss during the Period of Insurance.

10.03 Vibration, Weakening or the Removal of Support

The Limit of Indemnity under this Item applies to liability for Personal Injury and Property Loss caused by vibration, or by the weakening or removal of any support. It is the most that MECON will pay for the aggregate of liability and costs arising out of all Personal Injury and Property Loss during the Period of Insurance.

10.04 Property in Care, Custody or Control

The Limit of Indemnity under this Item applies to liability for Property Loss to property that you do not own, but is in your care, custody or control. It is the most that MECON will pay for the aggregate of liability and costs arising out of all Personal Injury and Property Loss during the Period of Insurance.

How Premium Is Applied

11.00 Premium is calculated as follows:

11.01 At MECON's option, the premium for cover under Items 10.01 and 10.02 may be a fixed amount for each unit of Insured Plant.

Alternatively, the premium will be based on the turnover of the Business. In that case, a deposit premium will be calculated by applying the rate of premium to the estimated annual turnover of the Business. At the end of the Period of Insurance, you must declare the annual turnover actually earned from the Business. If this is greater than the estimated annual turnover, the premium will be adjusted on the difference. The additional premium will then be payable by you.

11.02 At MECON's option, the premium for cover under Items 10.03 and 10.04 will be either:

- (a) a fixed sum; or
- (b) calculated by applying a rate of premium to the Limits of Indemnity.

Section Three Exclusions

12.00 Cover under Section Three is subject to the following exclusions.

12.01 Contract or Agreement

This insurance does not cover:

- (a) liability for Property Loss arising out of your failure to arrange or maintain adequate insurance if this is required of you under any contract or agreement.
- (b) liability that you have assumed under any contract or agreement unless the liability would have attached in the absence of that contract or agreement.

- (c) any liability that would have been recoverable from another party but for your waiver or limitation of that liability.

12.02 Demolition

This insurance does not cover liability arising directly or indirectly out of demolition work on any structure over 10 metres high. This does not apply to internal demolition work on non-structural property.

If the Schedule says that demolition work is insured, the exclusion will not apply to that work to the extent that the Schedule says it is insured.

12.03 Explosives

This insurance does not cover liability arising directly or indirectly out of any blasting operation or the handling or use of explosives.

If the Schedule says that any of this work is insured, the exclusion will not apply to that work to the extent that the Schedule says it is insured.

12.04 Insured Plant

This insurance does not cover liability for damage to Insured Plant.

12.05 Libel and Slander This insurance does not cover liability arising out of libel or slander:

- (a) made before the beginning of the Period of Insurance; or
- (b) made by you or at your direction if you could have reasonably have known that it was false or unlawful.

12.06 Loss of Use

This insurance does not cover liability for loss of use of any property that has not been physically lost or damaged resulting from:

- (a) any delay in or lack of your performance of contract work; or
- (b) any design defect; or
- (c) your failure to comply with any contract specification.

12.07 Penalties and Damages

This insurance does not cover liability for any:

- (a) aggravated or exemplary damages; or
- (b) any fine; or
- (c) any liquidated damages or other penalty for which you are liable under the terms of any contract, warranty or agreement.

12.08 Personal Injury to Employees

- (a) This insurance does not cover liability for Personal Injury to any Employee arising directly or indirectly out of their employment in the Business.
- (b) This insurance does not cover any claim arising under worker's compensation legislation or under any industrial award or agreement or determination.
- (c) This insurance does not cover any claim that is also within the scope of compulsory workers' or workmen's compensation insurance, even if the compulsory insurance has not been taken out.

12.09 Pollution

This insurance does not cover:

- (a) liability arising directly or indirectly out of the discharge, dispersal, release or escape of any Pollutant; or
- (b) any cost incurred in removing, nullifying or cleaning up any Pollutant; or
- (c) any cost of preventing the escape of any Pollutant.

However, this does not apply where the discharge, dispersal, release or escape results from a sudden identifiable event:

- (d) that you neither expected nor intended; and
- (e) that took place in its entirety at a specific time and place.

'Pollutant' means any solid, liquid, gaseous or thermal irritant or contaminant, including but not limited to dust, smoke, vapour, soot, fumes, chemicals or waste. 'Waste' includes but is not limited to any material destined to be recycled, reconditioned or reclaimed.

12.10 Professional Advice

This insurance does not cover liability arising out of your giving or failing to give any professional advice for payment. Nor does it cover liability arising out of any error or omission in any such advice.

12.11 Property in Care, Custody or Control

This insurance does not cover liability arising out of Property Loss:

- (a) caused to any part of property by work that you have done on that part;
- (b) to any Vehicle or any contractor's plant or tool or equipment hired, leased or loaned to you;

- (c) to any property owned by any of your relatives or by anyone who normally resides with you.

12.12 Property Under Construction

This insurance does not cover liability for damage to any property under construction on a contract or work site where you are, or have been working and where damage results from work you have performed. For the avoidance of doubt, any structure that was permanently located on the contract or work site before any construction work was commenced on it is not considered to be property under construction.

12.13 Schedule Items

This insurance only applies to items with a Limit of Indemnity set against them in the Schedule. This applies to liability under each of the following headings:

Public Liability;
Products Liability;
Vibration, Weakening or the Removal of Support;
Property in Care, Custody or Control.

Items with no Limit of Indemnity set against them are excluded from cover, but the exclusion of cover headed 'Property in Care, Custody or Control' does not apply to buildings and other structures.

12.14 Specification, Formula or Design

This insurance does not cover liability arising directly or indirectly out of:

- (a) any design, plan, specification, formula or pattern that you provide for a fee; or
- (b) any error or omission associated with any such design, plan, specification, formula or pattern.

12.15 Specific Types of Work

This insurance does not cover liability arising directly or indirectly out of:

- (a) any excavation deeper than 10 metres;
- (b) any underground work, such as any tunnel, shaft or gallery;
- (c) work on any railway or tramline;
- (d) construction work on any canal, reservoir, dam or syphon;
- (e) construction work on any jetty, pier, wharf, marina, breakwater, and any other work in, on or over a permanent body of water;
- (f) directional boring of any hole greater than 50cm in diameter;
- (g) work in or around any airport or any aircraft landing area;

- (h) work in any oil, gas, chemical or petrochemical plant;

- (i) work on any project predominantly for the installation or removal of scaffolding or formwork.

If the Schedule says that any of this work is insured, the exclusion will not apply to that work to the extent that the Schedule says it is insured.

12.16 Underground Services

This insurance does not cover liability arising from damage to any underground pipe or cable unless you can show that:

- (a) you obtained written details or plans of its position from the appropriate authority; and
- (b) using that detail or plan, you took reasonable care to locate the position of the pipe or cable; and
- (c) you took reasonable care while working to avoid contact or impact with the pipe or cable.

Reasonable care includes, where possible, following relevant State guidelines on safe work practice in that State.

12.17 Vehicles

This insurance does not cover liability directly or indirectly arising out of the use of any Vehicle that is:

- (a) required by law to be registered for road use; or
- (b) required by law to be insured for third party bodily injury liability.

However, where the Vehicle is unregistered (or is registered but the third party bodily injury liability insurance has been effected but does not apply) and is, at the time of Occurrence:

- (c) on or within 100 metres of the site where it is, or has been, working;
- (d) within 100 metres of the place where it is normally stored;
- (e) crossing a road which divides a farm;

this exclusion will not apply.

12.18 Vibration, Weakening or the Removal of Support.

This insurance does not cover liability arising out of the vibration, weakening or the removal of support of any property unless:

- (a) the work that vibrated, weakened or removed the support was performed in strict

accordance with plans and specifications for the work which were not provided by you; and

- (b) the work was carried out at the direction of a suitably qualified engineer which was not an Employee of yours; and
- (c) before the work was started, a condition or dilapidation report was made on the affected property.

12.19 Watercraft or Aircraft

This insurance does not cover liability arising directly or indirectly out of the ownership, use or operation of:

- (a) any Watercraft exceeding 10 metres in length; or
- (b) any Aircraft.

GENERAL EXCLUSIONS

(Applicable to Sections One, Two and Three).

13.00 The following exclusions apply to cover under all sections of the Policy.

13.01 Alcohol and Drugs

This insurance does not cover any loss, damage, liability or cost caused by an Employee or operator who, at the time and place of the Insured Event or Occurrence:

- (a) was under the influence of any drug or intoxicating liquor;
- (b) had a percentage of alcohol or drug in their breath, blood or urine in excess of the percentage permitted by law; or
- (c) subsequently refused to provide a sample of breath, blood or urine for testing.

However, this exclusion will not apply to you (as distinct from the Employee or operator) if you did not know and could not reasonably have known, of these circumstances.

13.02 Asbestos

This insurance does not cover any loss, damage, liability or cost connected in any way with asbestos, or with any product or material containing asbestos.

13.03 Electronic Data

This insurance does not cover any loss, damage, liability or cost arising in connection with Electronic Data. However, this does not apply to cover under Section One where the loss is a direct consequence of loss or damage to Insured Plant.

'Electronic Data' means data that can be, or has been, distributed or stored by electronic, electrical or electro-mechanical equipment and includes programs, software and coded instructions for such equipment.

13.04 Fungus, Mildew and Mould

This insurance does not cover any loss, damage, liability or cost directly or indirectly connected with any type of biocontaminant, including but not limited to any kind of fungus and any substance produced by, emanating from, or arising out of any fungus.

13.05 Improper Use

This insurance does not cover any loss, damage, liability or cost incurred as a result of the Insured Plant being used for any:

- (a) illegal purpose with your knowledge and consent; or
- (b) race, trial, test, contest or preparation for any of them.

13.06 Internet Operations

This insurance does not cover any loss, damage, liability or cost directly or indirectly caused by or arising from your Internet Operations.

'Internet Operations' means any of the following:

- (a) the use of any electronic mail system by you or by anyone else at your order or with your consent; or
- (b) access through your network to the World Wide Web or a public Internet site by you or by anyone else at your order or with your consent; or
- (c) access to your internal company information and computing resources that is made available through the World Wide Web; or
- (d) the operation and maintenance of your web site.

This exclusion will not apply to liability arising out of any material reproduced on your web site that is already in print by a manufacturer in support of its products. However, the exclusion will apply to any other advice or information located on your website for the purpose of attracting customers.

13.07 Operator Licence

This insurance does not cover any loss, damage, liability or cost arising in connection with the operation of Insured Plant by an unlicensed operator where a licence is required by law.

13.08 Overloading

This insurance does not cover any loss, damage, liability or cost caused by or contributed to by:

- (a) overloading any unit of Insured Plant; or
- (b) having loaded, set up or configured it contrary to the manufacturer's design or contrary to the law.

13.09 Radioactive Contamination

This insurance does not cover any loss, damage, liability or cost directly or indirectly caused by, or contributed to by, or arising from:

- (a) ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion or fission of nuclear fuel; or
- (b) radio-active toxic explosive or other hazardous properties of any nuclear assembly or nuclear component thereof.

13.10 Requisition of Insured Plant

This insurance does not cover any loss, damage, liability or cost that results from lawful requisition, seizure or commandeering of Insured Plant by a public authority.

13.11 Terrorism

This insurance does not cover any loss, damage, liability or cost of any nature directly or indirectly caused by, resulting from or in connection with any act of Terrorism regardless of any other contributing cause or event.

For the purpose of this exclusion, 'Terrorism' means an act, including but not limited to the use or threat of force, or violence by any person or group of people, whether acting alone or on behalf of or in connection with any organisation or government which, from its nature or context, is committed for, or in connection with, political, religious, ideological, ethnic or similar purposes or reasons, including the intention to influence any government or put the public or any section of the public in fear.

This insurance also excludes any loss, damage, liability or cost of any nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to any act of Terrorism.

13.12 Underground Work

This insurance does not cover any loss, damage, liability or cost:

- (a) arising out of tunnelling or any other underground work;
- (b) arising out of any Insured Event happening to Insured Plant while it is underground.

This does not apply to open excavation, micro-tunnelling or directional boring up to 50 centimetres in diameter.

13.13 Unroadworthy Condition

This insurance does not cover any loss, damage, liability or cost arising out of the unsafe or unroadworthy condition of any Insured Plant. However, this will only apply if you knew or could reasonably be expected to have known of that condition.

13.14 War

This insurance does not cover any consequence of war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, or military or usurped power.

GENERAL CONDITIONS

14.00 These conditions must be complied with before you become entitled to any benefit under this Policy. If you fail to observe any of them and the failure increases MECON's exposure to any insured loss, MECON may reduce the amount of your claim or decline to pay it altogether.

14.01 Admission of Liability

This condition applies to insurance under Sections Two and Three. Unless you have obtained MECON's prior written consent, neither you nor any of your Employees may:

- (a) admit liability or guilt in connection with any Occurrence; or
- (b) do anything that might be seen as an admission of liability or guilt unless permissible in law; or
- (c) settle any third party claim, even though it may be within the amount of the Deductible.

14.02 Alteration of Risk

You must immediately advise MECON of any material alteration in the risks insured against. This includes any change in the facts disclosed to MECON in your application for this insurance. This insurance does not apply to liability arising in connection with any business that is not included in the Business described in the Schedule.

14.03 Cancellation

The Policy may be cancelled:

- (a) by you at any time by giving notice to MECON in writing. The cancellation will take effect from the date MECON receives your notice. You will be entitled to a pro rata refund of premium for any unused Period of Insurance, less 20% for MECON's costs.
- (b) by MECON in accordance with the provisions of the Insurance Contracts Act 1984 and its amendments. You are entitled to a pro rata refund of premium for any unused Period of Insurance.

14.04 Claim Conduct

If any loss, damage or allegation of liability occurs that may give rise to a claim under this Policy, you must:

- (a) inform MECON of this as soon as you can;
- (b) if required by MECON, provide such written documents and information as MECON may require and, if asked, include verification of particulars on oath;
- (c) take all steps within your power to minimise the extent of loss, damage or liability;
- (d) preserve any property affected and make it available for MECON or its representatives;
- (e) inform the Police if the loss or damage has been caused by any malicious act, theft or other crime;
- (f) forward to MECON every letter, writ, summons and process in relation to your claim as soon as you receive it;
- (g) advise MECON in writing as soon as you receive notice of any prosecution or inquest that involves you and is relevant to your claim;
- (h) provide any assistance that MECON may reasonably require.

14.05 Fraud

If you make a claim that is fraudulent in any way, or if you collude with anyone in making a claim, MECON will have the right to cancel this Policy and may seek legal recourse against you.

14.06 Inspection

You must allow MECON or its representative to inspect any Insured Plant and to audit any financial or other records relevant to this insurance at any reasonable time.

14.07 Reinstatement of Sums Insured and Limits of Indemnity

This condition applies to Section One only. Where a sum insured is reduced by payment of a claim, it will be automatically reinstated to its original amount. This will take effect from the time of the loss or damage. You may have to pay extra premium for the reinstatement at the original rate of premium.

14.08 Diligence

Without exception, you and your Employees must:

- (a) fully comply with manufacturer's instructions; and
- (b) fully comply with all legal requirements and relevant work place authority regulations regarding safety, and maintenance of

property, including but not limited to observance of the Occupational Health and Safety Act applicable in your state; and

- (c) ensure that any safety devices (including, but not limited to, load movement and overload indicators), where fitted or required to be fitted, are in place and fully operational at all times; and
- (d) take all reasonable steps to prevent incurring any loss, damage or liability; and
- (e) ensure that only suitably qualified operators are employed for the operation of Insured Plant and that suitably skilled workmen are employed to perform work.

14.09 Subrogation

If you have a right to recover your loss from any other party, then, on accepting liability under this Policy, MECON will be entitled to exercise that right in your name and to its own benefit. You must fully co-operate with MECON in exercising that right.

If MECON recovers an amount greater than the amount that MECON has paid in settlement of your claim plus related costs, MECON will pay the remaining balance to you.

This space is intentionally blank

ENDORSEMENTS

Each of these endorsements will only apply if the Schedule says it applies. The endorsement then forms part of the Policy. It overrides anything in the Policy to the contrary. All terms of the Policy otherwise remain in full effect.

Abandonment

Where loss or damage happens to any unit of Insured Plant while it is underground, and where you decide that it would be too dangerous to attempt recovery of the unit, you will not be insured against the loss or damage unless a mining consultant appointed by MECON agrees with your decision. If you dispute the mining consultant's advice, MECON will accept the advice of a competent statutory authority, such as the Department of Mines or a government-appointed representative for Occupational Health and Safety. Where all parties agree that abandonment of the unit is unavoidable, the loss will not be excluded from cover. However, the amount of the Deductible will be the greater of:

- (a) 25% of the amount of the loss, or 50% of the loss if the unit is remote controlled;
- (b) the Deductible shown in the Schedule.

This insurance does not cover the cost of any recovery attempt unless MECON has given its prior written consent to the operation.

If you have been fully indemnified for the value of any abandoned Insured Plant and any of it is later salvaged, the salvage belongs to MECON. You must advise MECON of any such salvage.

Acquisitions

If, during the Period of Insurance, you acquire any unit of plant that is of similar kind to the Insured Plant, then:

- (a) if the unit is valued at more than \$250,000, it will not be insured under this Policy unless you notify MECON and request cover.
- (b) if the unit is valued at no more than \$250,000, it will be insured under this Policy, but only if you notify MECON within 30 days of acquiring it.

Adjustable Premium (Section Three)

Despite anything to the contrary in Section Three of this Policy, the initial Premium for cover under items 10.01 and 10.02 is a deposit Premium. This is based upon the estimated total turnover of the Business during the Period of Insurance. At the end of that period, you must declare the actual turnover of Business.

The premium will then be adjusted at the same rate as applied to the initial premium. If the adjusted premium is greater than the initial premium, you must pay the difference. If the adjusted premium is less than the initial premium, MECON will refund the difference up to but not more than 25% of the initial premium.

Agreed Insured Plant Value

Despite anything to the contrary in Section One of this Policy, the basis of claim settlement under Item 3.02 will be Agreed Value instead of Market Value. The 'Agreed Value' of any unit will be the sum insured on that unit as shown in the Schedule. However, this will not be so unless the sum insured is the same as the value certified by a registered valuer. The valuer must be one who has been approved by MECON. Unless you supply MECON with the valuation certificate before the Period of Insurance begins, this endorsement will be void.

Appreciation of Insured Plant Value

Where, at the time of an Insured Event;

- (a) the Market Value of the lost or damaged unit of Insured Plant is greater than its sum insured; and
- (b) the sum insured is not less than 80% of that Market Value; then

the sum insured on that unit will be increased to that Market Value.

Damage to Goods Lifted

Where any unit of Insured Plant is lifting any object that does not belong to you, then, providing the unit is designed for such lifting - Section One of this Policy extends to indemnify you for accidental loss or damage happening to the object during the lifting operation. This does not apply to loss or damage resulting from any defect in the object (which includes its container) or due to its fragile nature.

MECON's liability under this endorsement for any one accident is limited to the sum insured shown for it in the Schedule.

Dry Hire

Exclusion 4.03 (Dry Hired Insured Plant) is deemed to be deleted, but only if you meet the following conditions:

- (a) You must ensure, as far as practicable, that the operator meets all the legal requirements for operating the hired unit, and that the hirer is aware of all statutory obligations applying

to the operation. You should keep a copy of any relevant licence, permit or ticket as proof of your compliance with this condition.

- (b) The hire must be subject to a written and fully completed hire agreement that has been drafted by you or on your behalf to protect your interests.
- (c) If the agreement will contain any clause that could release the hirer from liability for loss or damage, you must give MECON the opportunity to agree to its terms. If MECON does not agree to those terms, this insurance will not cover any loss that would, but for the agreement, have been recoverable from the hirer.

Where the agreement contains a release clause to which MECON has agreed, any loss that is consequently non-recoverable will be subject to the Damage Waiver Deductible shown in the Schedule. If no such Deductible is shown, a special Deductible will apply, being the greater of:

- (a) \$5,000; and
- (b) 2% of the sum insured on the hired unit.

Neither the hirer nor the operator of the hired Insured Plant is entitled to any indemnity under Sections Two or Three of this Policy.

Any obligation imposed on you by the terms of Section One of this insurance with the object of avoiding or minimising insured loss will apply equally to the hirer and its operator. Breach of such an obligation by the hirer or operator will have the same effect as if you had committed the breach.

Finance Gap

Where settlement of a claim under Section One, Item 3.02 is less than the amount you owe under a valid financial agreement, MECON will cover the difference up to but not more than 20% of the Market Value. This applies to any hire purchase, leasing or other financing agreement on the lost or damaged Insured Plant.

Financier's Interests

Where any other party has a financial interest in your Insured Plant, and that interest has been disclosed to MECON, MECON will indemnify that party under Section One, Item 3.02 of the Policy as if they were you, but only to the extent of their interest. Any balance remaining after the claim proceeds have been used to discharge your financial obligation to that party will be payable to you.

Fire Protection Compliance

Your Insured Plant must be fitted with either a fire suppression system or a demountable fire extinguisher.

If fire damage occurs to a unit fitted with a fire suppression system, you must produce written evidence of the system having been serviced within 12 months before the fire.

If fire damage occurs to a unit fitted with a demountable fire extinguisher you must show that the extinguisher:

- (a) has been serviced in accordance with its manufacturer's guidelines;
- (b) was designed to extinguish fuel and oil fires;
- (c) was permanently mounted in a position readily accessible to the operator;
- (d) was at least of 9kg capacity;
- (e) was used on the fire in the manner and to the extent that this was practicable.

Unless you can prove that the above have either been met or would not have affected the outcome of the fire, MECON may decline your claim for the damage or reduce the amount payable in proportion to the damage that would have been avoided had all requirements been met.

Hire Cost or Finance Payment

Hire Cost

Section One of this Policy extends to cover you for the cost of hiring a substitute for lost or damaged Insured Plant, but only if a claim is payable for the loss or damage. The cost will be covered for hire of up to the duration shown in the Schedule. If no duration is shown, the duration will be limited to three months. However, there is no cover on hire costs incurred during the first seven days after the Insured Event. The most that MECON will pay under this clause in the aggregate for the Period of Insurance is the amount shown in the Schedule or, if no such amount is shown, \$50,000.

Finance Payment

If hiring a substitute for lost or damaged Insured Plant is not practical, then, if you are making payments under a hire purchase, leasing or other finance agreement, Section One of this Policy extends to cover those payments. The amount payable will be the equivalent of the daily proportion of your actual Finance Payments from the time of the Insured Event to the time the lost or damaged Insured Plant is repaired or replaced. If the Insured Plant is not repaired or replaced

and your claim is settled in cash, the cover on Finance Payments will end when the claim for loss or damage is settled.

No payment will be made under this clause unless the period between the Insured Event and the completion of repairs or replacement or cash settlement is more than 14 days. You must comply with any request that MECON makes for the purpose of minimising the time it takes to carry out repairs or replacement. In any case, the cover on Finance Payments will end no later than six months after the Insured Event.

'Finance Payment' means the lesser of:

- (a) the amount shown as such in the Schedule; or
- (b) the actual finance payment due and paid by you for the period, less:
 - (i) any balloon or residual payments that fall due during the period; and
 - (ii) 10% of the amount claimed under this endorsement.

Hired-in Insured Plant

Section One of this Policy extends to cover units of plant hired in by you and for which you are responsible. However, this only applies to units whose Market Value does not exceed the amount shown for hired-in plant in the Schedule. If no such amount is shown, it is deemed to be \$50,000. This amount is also the most that MECON will pay in the aggregate for the Period of Insurance.

If Sections Two and Three (or either of them) are in effect, they will apply in the same manner and to the same extent as applies to other Insured Plant.

Multiple Crane Lift

Despite anything to the contrary in Policy exclusion 4.07, this insurance covers damage to Insured Plant comprising any crane while in use for a lifting operation in which a load is shared or rigged for sharing with any other crane. However:

- (a) the safe working load of each crane for the required jib length and operating radius must be:
 - (i) where two cranes are lifting, at least 20%;
 - (ii) where three cranes are lifting, at least 30%;
 - (iii) where more than three cranes are lifting, at least 50%;

more than the calculated share of the load to be handled by each crane during the lift.

The safe working load must nevertheless comply with relevant state regulations.

- (b) a competent person must supervise the lift and be in a position to give clear signals and to remain in constant radio communication with each crane operator during the entire lifting operation.
- (c) if any lift involves more than two cranes:
 - (i) the area in and around where the lift is taking place must be clear of anyone other than those directly involved in the lifting operation;
 - (ii) the lift must be overseen by a suitably accredited engineer;
 - (iii) the lift must be rehearsed; and
 - (iv) the Deductible will be applied in full to each crane.

Ongoing Hire Costs

If any Insured Plant that is hired in or out by you suffers loss or damage and the 'Hire Cost or Finance Payment' Endorsement is not in effect, Section One of this Policy extends to cover the hire costs incurred by you or owed to you while the hired Insured Plant is being repaired or replaced. However, this does not include hire costs for the first seven days after the Insured Event. The most that MECON will pay under this clause in the aggregate for the Period of Insurance is the amount shown for it in the Schedule. If no amount is shown, it is deemed to be \$50,000.

Spraying Operations

This insurance does not cover liability arising out of any kind of agricultural spray.

Underground Risks

General Exclusion 13.12 is deleted in full and replaced with the following:

13.12 Underground Risks

Sections Two and Three of this Policy do not cover any liability or cost arising out of tunnelling or any other underground work. This does not apply to open excavation, micro-tunnelling or directional boring up to 50 centimetres in diameter.

Unintentional Overload

Despite anything to the contrary in Policy exclusion 13.08 (Overloading), loss, damage liability or cost caused by or contributed to by overloading any unit of Insured Plant will not be excluded if the unit was operated by a licensed operator and:

- (a) you can prove that the overloading was not intentional and that actions taken by the operator and other Employees leading to the overloading were within acceptable industry practice; or
- (b) your records show that the operator had been trained in the use of the unit to a standard that is within acceptable industry practice; and
- (c) you were not the operator and you can prove that you were not aware of the operator's actions that led to the loss, damage, liability or cost.

Welding and Hot Work

This Policy does not cover loss or damage resulting directly or indirectly from heat-producing equipment such as welders, metal or masonry cutters or grinders unless the following precautions have been taken:

- (a) Where the operator's view is obstructed or impaired by any device, such as a visor or spark shield, another person must be standing-by to watch for incipient fire.
- (b) Adequate fire fighting equipment and extinguishing agents must be readily at hand, together with a sufficient number of workmen on site trained in their use.
- (c) Combustible materials must be located a safe distance away from the area where the equipment is being used. Any materials that cannot be moved must be protected by overlapping sheets of non-combustible material.
- (d) If practical, the area where the equipment is to be used must be damped
- (e) Any flammable gas-line in the vicinity of the operation must be disconnected and purged of gas.
- (f) Glass must be located a safe distance away from the area where the equipment is being used. Any glass that cannot be moved must be protected by overlapping sheets of non-combustible material.
- (g) About an hour after use of the equipment has ceased for the day, the area in the vicinity of the work, including floors above

and below, the other side of walls and ducts, voids and conduits, all must be examined.

World-Wide Travel

Where any of your Australian domiciled directors or Employees temporarily visits any place outside the Territorial Limit, the Territorial Limit for Section Two of the Policy will be extended to include that place. However, this only applies to liability arising out of Occurrences in connection with the Business.

Cover under this endorsement does not apply to Occurrences in the United States of America or Canada if you have any branch or subsidiary operation there.

Cover under this endorsement does not apply to liability arising out of:

- (a) any work performed in, on, or in connection with any Product;
- (b) the ownership, possession, control, maintenance or use of any Vehicle or Watercraft.

Where liability covered by this endorsement arises from any Occurrence in the United States of America or Canada, the Limit of Indemnity is the most that MECON will pay in the aggregate for the Period of Insurance.

For the purpose of this endorsement, the United States of America and Canada include any territory under their jurisdiction.

This space is intentionally blank

IMPORTANT INFORMATION

Contacting Us and Confirming Transactions

You can contact MECON by:

Telephone: (02) 9252 1040

E-mail: customerservice@mecon.com.au

By Post: PO Box R1789
Royal Exchange NSW 1225

If you need confirmation of any of the Policy details please contact MECON.

Disputes

If a situation arises where you feel MECON are not listening to you, or you are dissatisfied with our service and have a complaint, we want to know about it.

The first step

Please contact MECON's customer service staff. If you prefer, address the matter in writing to:

Customer Service
MECON Insurance Pty Ltd
PO Box R1789
Royal Exchange NSW 1225

The Customer Service team is trained to respond to your concerns efficiently and professionally. If they are not able to resolve the matter to your satisfaction, they will request that their Supervisor or Manager address your concern.

The Next Step

If your concern has not been resolved to your satisfaction by MECON's Customer Service personnel and you would like to take your complaint further please contact MECON's Managing Director. Depending upon the nature of the complaint, the Managing Director may direct the complaint to MECON's Dispute Committee or to an insurance company who is involved with your cover.

You will be notified of MECON's decision within fifteen working days of us receiving notice of the dispute.

If your Dispute is still not resolved to your satisfaction MECON will help you refer the matter to the appropriate forum to enable you to obtain an external review of our decision.

Duty of Disclosure

Before you enter into a contract of general insurance with an insurer, you have a duty, under the *Insurance Contracts Act 1984*, to disclose to the insurer every matter that you know, or could reasonably be expected to know, that is relevant to the insurer's decision whether to accept the risk of the insurance and, if so, on what terms. You have the same duty to disclose those matters to the insurer before you renew, extend, vary or reinstate a contract of general insurance. Your duty however does not require disclosure of the matter:

- That diminishes the risk to be undertaken by the insurer;
- That is of common knowledge;
- That your insurer knows or, in the ordinary course of his business, ought to know;
- As to which compliance with your duty is waived by the insurer.

Non-disclosure

If you fail to comply with your duty of disclosure, the insurer may be entitled to reduce its liability under the contract in respect of a claim or may cancel the contract.

If your non-disclosure is fraudulent, the insurer may also have the option of avoiding the contract from its beginning.

Utmost Good Faith

The law obligates all parties to a contract of insurance to act towards each other in 'utmost good faith'.

The result is that all material facts within the knowledge of the parties must be disclosed, otherwise the party to whom disclosure should have been made may avoid the contract.

The main implications from the duty of utmost good faith for an insured include the obligations to:

- Fulfil your duty of disclosure
- Make honest statements in the proposal form
- Fulfil the requests of the insurer

MECON are obliged to:

- settle claims quickly
- have a genuine reason to refuse claims
- disclose restrictions in the Policy.

Failure to act with the utmost good faith may prejudice any claim you have or the continuation of this contract of insurance.

Privacy

MECON use personal information you have provided to administer your insurance. MECON are committed to protecting your personal information in accordance with the National Privacy Principles. MECON's privacy policy can be viewed at www.mecon.com.au or a copy can be obtained by phoning: (02) 9252 1040. MECON will not share any of your personal information unless:

- The law requires
- MECON consider that your adviser (if you have one) needs the information, or if
- MECON or someone in a related company needs it to send you promotional material.

MECON will never sell your personal information. If you do not want to receive information on any of MECON's new products or services you can tell us on your proposal form or by e-mailing our privacy officer at customerservice@mecon.com.au. Alternatively just contact MECON anytime and let us know that you do not want to receive information on any of our new products or services.

If you think MECON's records are wrong or out of date, particularly your contact details, it is important that you contact us and we will correct them. You may reasonably access the personal information MECON hold about you. If you would like to do so, please contact MECON.

Terrorism Insurance Act 2003

The Commonwealth Government established the Australian Reinsurance Pool Corporation (ARPC) in response to increasing concerns over terrorism. The ARPC is a statutory corporation established under the *Terrorism Insurance Act 2003* to offer reinsurance for terrorism risk in Australia.

The *Terrorism Act 2003* renders terrorism exclusion clauses in eligible insurance contracts ineffective in relation to loss or liabilities arising from a declared terrorist incident affecting eligible property located in Australia. If the loss is as a result of a terrorist act then the Treasurer will be responsible for paying your claim in accordance with the Policy terms and conditions.

The requirements of the Act are compulsory and under the present terms of the scheme insurers are required to submit to ARPC a percentage of the premium you pay.

If you require further information on the scheme please contact MECON, your insurance adviser or the ARPC.

Cooling Off

You can return the Policy to us within 14 days of the commencement of your insurance. This date is documented on your Schedule. If we receive your written request to cancel the Policy within the 14 day period we will give you a full refund (less any taxes or duties payable that we are unable to have refunded).

You cannot return the Policy where, before the 14 day period ends, you have exercised or at any stage exercise, any of your rights or powers under the Policy (e.g. you have made a claim). After the cooling off period ends you continue to have cancellation rights under the Policy. These rights are set out on page 13 (item 14.03) of this document.

This space is intentionally blank