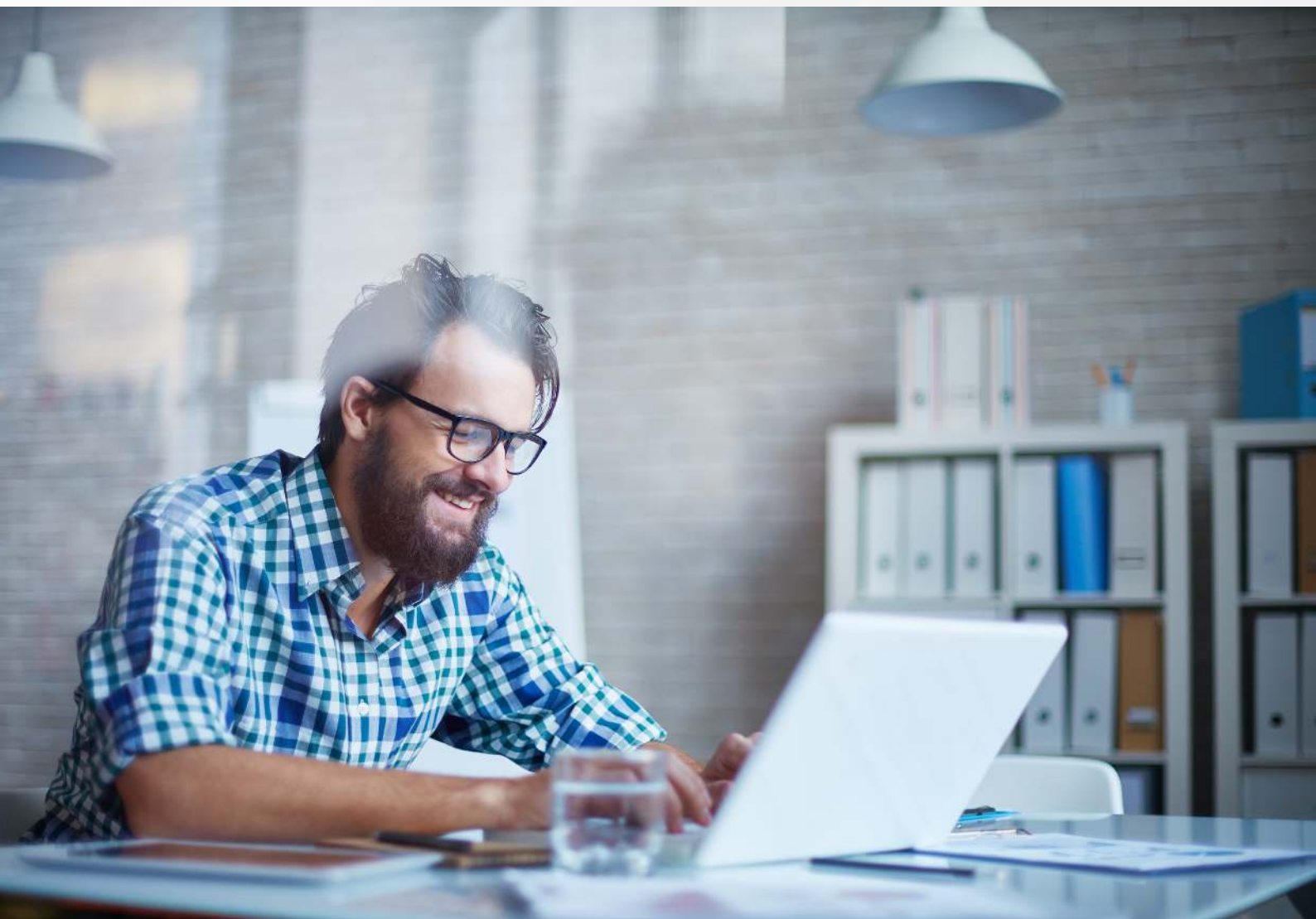




## Cyber Insurance Policy Wording



# Cyber Insurance Policy Wording

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Edmund Insurance Pty Ltd  
ABN 65 619 424 958  
Street Address: Suite 21, 65 James Street, Fortitude Valley, QLD 4006  
Postal Address: GPO Box 1246, Brisbane, Qld 4001  
Telephone: 1300 833368  
Email: info@edmundinsurance.com.au  
Website: www.edmundinsurance.com.au

## Edmund Insurance PTY LTD

### Cyber Insurance Policy Wording

## Important Notices

### UNDERSTANDING THE POLICY

You should read the entire **Policy** carefully, including all definitions and exclusions to ensure that the **Policy** meets your requirements and that you understand your obligations under this **Policy**.

The **Policy** includes this wording, the **Schedule** and any Endorsements attaching to it. These documents shall be read together as one contract.

### DISCOVERY & CLAIMS MADE INSURANCE

This is a **Discovery** and claims made and notified **Policy**. Cover is only provided for:

- Loss sustained prior to the expiry of the **Policy Period** and notified as soon as reasonably practicable during the **Policy Period** or any applicable **Extended Policy Period**; or
- Claims first made against the **Insured** during the **Policy Period** and notified to the **Insurer** during the **Policy Period** or any applicable **Extended Reporting Period**.

This **Policy** does not provide cover in relation to:

- any claim made against you prior to the commencement of the **Policy Period**;
- any claim arising out of any fact you are aware of prior to the commencement of the **Policy Period**;
- any claim or fact that might give rise to a claim, and which was noted in your application for cover;
- any claim or fact that might give rise to a claim, reported or which can be reported to an insurer under any insurance **policy** entered into before the commencement of the **Policy Period**;
- any claim made against you after the expiry of the **Policy Period**; or
- matters arising under the **Policy** that occurred prior to the **Retroactive Date** specified in the **Policy**.

However, under Section 40(3) of the *Insurance Contracts Act 1984 (Cth)*, where the **Insured** gave written notice to the **Insurer** of facts that might give rise to a Claim against the **Insured** as soon as was reasonably practicable after the **Insured** became aware of those facts but during the **Policy Period**, the **Insurer** is not relieved of liability under the **Policy** in respect of the Claim, when made, by reason only that it was made after the expiration of the **Policy Period**.

It is also important to make proper and timely disclosure (see **Duty of Disclosure**) so that cover under any **policy** is not jeopardized due to non-disclosure.

### DUTY OF DISCLOSURE

Under the *Insurance Contracts Act 1984 (Cth)*, before you enter into a contract of insurance you have a duty to tell the **Insurer** anything that you know, or could reasonably be expected to know may affect the **Insurer's** decision to insure you and on what terms. You have this duty until the **Insurer** agrees to insure you. You have the same duty before you renew, extend, vary or reinstate an insurance contract.

The duty of disclosure applies to every person to be covered under the insurance.

You do not need to tell the **Insurer** anything:

- that reduces the risk the **Insurer** insures for you;
- that is of common knowledge;
- that the **Insurer** knows or, in the ordinary course of business, ought to know; or
- in respect of which the **Insurer** has waived the duty of disclosure.

**Non-disclosure:** If you do not tell the **Insurer** anything you are required to, the **Insurer** may cancel your contract or reduce the amount that will be paid if you make a claim, or both. If your failure to tell the **Insurer** is fraudulent, the **Insurer** may refuse to pay a claim and treat the contract as if it never existed.

### RETROACTIVE LIABILITY

The **Policy** may be limited by a **Retroactive Date** stated in the **Schedule**. The **Policy** does not provide cover in relation to any matter arising under the **Policy** that occurs before the commencement of the **Policy Period**, unless retroactive liability cover is extended by the **Insurer**.

### ABOUT THE AGENT - EDMUND INSURANCE PTY LTD (“EDMUND”)

**Edmund** (ABN 65 619 424 958) acts under a binding authority agreement to bind cover and issue this **Policy** together with certain claims authority. And when doing so **Edmund** acts as an Agent for the **Insurer** and not for the **Insured**.

**Edmund** is a Corporate Authorised Representative (AR Number 1259810) of Bellrock Broking Pty Limited (“Bellrock”) ABN 68 122 809 830. Bellrock holds an Australian Financial Services Licence (AFSL Number 310545).

**Edmund’s** contact details:

Suite 21, 65 James Street,  
FORTITUDE VALLEY, QLD 4006.

GPO Box 1246, BRISBANE QLD 4001.

Phone: 1300 833 368

Email: [info@edmundinsurance.com.au](mailto:info@edmundinsurance.com.au)

Web: [www.edmundinsurance.com.au](http://www.edmundinsurance.com.au)

## ABOUT THE INSURER - MUNICH RE SYNDICATE AT LLOYD’S (“INSURER”)

Munich Re Syndicate has been operating as a Syndicate at Lloyd’s since 1977. **Edmund** is an approved Coverholder for Lloyd’s, and therefore acts as an Agent for the **Insurer** as explained above.

Lloyd’s Australia is the representative office of Lloyd’s.  
Contact details:

Lloyd’s General Representative in Australia,  
Lloyd’s Australia Limited,

Level 9, 1 O’Connell St, SYDNEY NSW 2000.

Phone: (02) 8298 0700

Fax: (02) 8298 0788

Email: [idraustralia@lloyds.com](mailto:idraustralia@lloyds.com)

## PRIVACY

**Edmund** and the **Insurer** (referred to as “we” in this notice) are committed to safeguarding the privacy of your personal information and compliance with the Australian Privacy Principles under the Privacy Act 1988 (Cth) (“the Act”). We, and any other party acting on our behalf, only collect personal information from or about you for the purpose of assessing your application for insurance and administering your insurance policy, including managing and administering any claim. Without the personal information we require, we would not be able to offer, issue, or administer insurance or process a claim, or you may breach your Duty of Disclosure.

We will use your personal information in accordance with the Act for the above-mentioned purposes. We remind you that the **Insurer** is located overseas in the United Kingdom. We may also disclose your personal information to third party service providers for those purposes or as permitted by law. Such service providers may be located in Australia or overseas. We make all reasonable efforts to ensure that our contracts with overseas parties impose appropriate obligations on them to ensure the security of personal information and that such information is only used for the above-mentioned purposes.

If you seek information on another person’s behalf, you must provide **Edmund** with written authorization from that person. As permitted under the Act, in certain circumstances, we reserve the right to refuse access to any information.

To obtain details of the personal information we hold about you; if you want to correct or update that personal information; or if you have a complaint about a breach of your privacy, please refer to **Edmund’s** Privacy Policy at <http://www.edmundinsurance.com.au> or email our Privacy Officer at [info@edmundinsurance.com.au](mailto:info@edmundinsurance.com.au).

By providing us with your personal information, you consent to its collection and use as outlined in our Privacy Policy and during the online application process and as above.

## COMPLAINTS RESOLUTION

We follow the procedures set out below for the fair handling of complaints in relation to this **Policy**. Our complaints handling is free of charge to you.

In the first instance, if you have a complaint you can contact us by email, mail or phone: Edmund Insurance Pty Ltd, Suite 21, 65 James Street, FORTITUDE VALLEY, QLD 4006. GPO Box 1246, BRISBANE Qld 4001. Phone: 1300 833 368. E-mail: [info@edmundinsurance.com.au](mailto:info@edmundinsurance.com.au).

We will acknowledge receipt of your complaint within 5 business days. We will respond in writing to your complaint within 15 business days with reasons for our decision, provided we have all necessary information and have completed any investigation required.

Where further information, assessment or investigation is required, we will agree to reasonable alternative timeframes with you. We will only ask for and take into account relevant information to consider your complaint. You will also be kept informed of the progress of your complaint at least every 10 business days unless we agree otherwise.

We will provide you with the information we have relied on in assessing your complaint within 10 business days, if you have requested that information. Where we identify or you tell us about an error or mistake in handling your complaint we will immediately initiate action to correct it.

In the unlikely event that we are unable to resolve the matter or you are not satisfied with the way we dealt with your complaint, you should contact Lloyd’s Australia Limited, Level 9, 1 O’Connell St SYDNEY NSW 2000 Phone: (02) 8298 0783 Fax: (02) 8298 0788 Email: [idraustralia@lloyds.com](mailto:idraustralia@lloyds.com).

When you lodge your dispute with Lloyd's, they will ask you for the necessary information and documentation and will advise you whether your matter will be handled by Lloyd's Australia or the Lloyd's Complaints team in the UK, or what other avenues are available to you:

- Where your complaint is eligible for referral to the Financial Ombudsman Service Australia (FOSA) or Australian Financial Complaints Authority (AFCA), your complaint will generally be reviewed by a person at Lloyd's Australia with appropriate authority to deal with your dispute.
- Where your complaint is not eligible for referral to FOSA or AFCA, Lloyd's Australia will refer your complaint to the Lloyd's Complaints team in the UK if it falls within the jurisdiction of the UK Financial Ombudsman Service. They will review your complaint and liaise directly with you.
- For all other matters you will be advised of what other avenues may be available to you.

Your complaint will be acknowledged in writing within 5 business days and you will be kept informed of the progress at least every 10 business days. You will receive a written response to your complaint within 15 business days, provided Lloyd's has received all necessary information and has completed any investigation required.

## EXTERNAL DISPUTE RESOLUTION

If your complaint is not resolved in a manner satisfactory to you or we do not resolve your complaint within 45 calendar days of receiving it at Stage 1, you may refer the matter to FOSA or AFCA as follows:

### *For complaints lodged on or before 31 October 2018*

You may refer the matter to FOSA. FOSA can be contacted by post GPO Box 3, Melbourne VIC 3001, phone 1800 367 287 or email [info@fos.org.au](mailto:info@fos.org.au). More information can be found on their website [www.fos.org.au](http://www.fos.org.au)

### *For complaints lodged on or after 1 November 2018*

You may refer the matter to AFCA. AFCA can be contacted by post GPO Box 3, Melbourne VIC 3001, phone 1800 931 678 or email [info@afca.org.au](mailto:info@afca.org.au). More information can be found on their website [www.afca.org.au](http://www.afca.org.au)

FOSA and AFCA are independent bodies that operate nationally in Australia and aim to resolve disputes between you and your insurer. FOSA and AFCA provide fair and independent financial services complaint resolution that is free to consumers. Your dispute must be referred to FOSA or AFCA within 2 years of the date of our final decision. Determinations made by FOSA and AFCA are binding upon us.

Customers not eligible for referral to FOSA or AFCA, may be eligible for referral to the UK Financial Ombudsman Service. Such referral must occur within 6 months of the final decision by the Complaints team at Lloyd's. Further details will be provided with their final decision to you.

## GENERAL INSURANCE CODE OF PRACTICE

**Edmund** and Lloyd's Australia Limited have adopted the General Insurance Code of Practice which commits insurers to high standards of service. You can find information about the Code and download a copy from <http://codeofpractice.com.au>.

## ELECTRONIC DELIVERY OF POLICY DOCUMENTS

**Edmund** will forward your **Policy** Documents to you by email as agreed.

In consideration of the payment of the **Premium**, and, in reliance upon the disclosures made in the **Proposal**, the **Insurer** will provide insurance on the terms set out in this **Policy**.

## Section 1 - Cyber Insurance Covers

The **Insurer** will indemnify the **Insured** under the following Covers only with respect to:

- a. **Claim**; or
- b. **Cyber Threat of Extortion**, first made against the **Insured**,
- c. actual, suspected or alleged **Cyber Breach** first **Discovered**,

and notified during the **Policy Period** or **Extended Reporting Period** (if applicable).

### *Cover 1: Third Party Liability*

The **Insurer** will pay to or on behalf of the **Insured** all **Damages** which the **Insured** becomes legally liable to pay, directly arising out of a **Claim**.

### *Cover 2: Defence Costs*

The **Insurer** will pay **Defence Costs** on behalf of the **Insured**, incurred to investigate, defend, settle or appeal a **Claim**.

### *Cover 3: Event Recovery Costs*

The **Insurer** will pay to or on behalf of the **Insured** all **Event Recovery Costs** incurred by the **Insured** in response to an actual, suspected or alleged **Cyber Breach**; or a **Cyber Threat of Extortion**.

### *Cover 4: Business Interruption Loss*

The **Insurer** will pay the **Insured** for any **Business Interruption Loss** that the **Insured** incurs, subject to the **Business Recovery Period** and the **Waiting Period**.

### *Cover 5: Cyber Threat of Extortion Response Costs*

The **Insurer** will reimburse the **Insured** or any **Subsidiary** for any **Extortion Expenses** and **Extortion Payments** incurred by the **Insured** or any **Subsidiary** that directly result from a **Cyber Threat of Extortion**.

### *Cover 6: Emergency and Expert Response Costs*

The **Insurer** will pay to or on behalf of the **Insured** for **Event Recovery Costs** incurred by the **Insured** without the **Insurer's** prior consent, but which were charged by the **Edmund's Emergency Response Unit** for services provided under this **Policy** as a result of an actual, suspected or alleged **Cyber Breach** or **Cyber Threat of Extortion**.

### *Cover 7: OPTIONAL COVERS*

Any Optional Cover is only provided if so indicated on the **Schedule** and is subject to all other terms and conditions of this **Policy**, unless otherwise stated herein. The applicable **Sub-Limit of Liability** and **Deductible** are specified in the **Schedule** against the relevant Optional Cover.

### *Optional Cover for Social Engineering Fraud Loss*

The **Insurer** will pay the **Insured** or any **Subsidiary** for **Social Engineering Fraud Loss** suffered by the **Insured** or any **Subsidiary** as the direct result of **Social Engineering Fraud**.



## Section 2 - Definitions

**Acts of Terrorism** means any act, including but not limited to the use, or threat of, force by any person or group, whether acting alone or in connection with any organization, committed for political, religious, ideological or similar purposes including the intention to influence any government or to put the public in fear.

**Bodily Injury** means physical injury, sickness, disease or death of any person; and where resulting from the before mentioned, mental anguish, mental injury or illness, emotional distress or shock.

**Business** means the primary activities of the **Insured's** business specified in the **Schedule**.

**Business Interruption** means interruption, suspension or deterioration of the **Insured's Business** in an actual and measurable way as a direct consequence of a **Cyber Breach** or **Cyber Threat of Extortion**.

**Business Interruption Loss** means:

- a. The **Insured's Reduction of Net Income**
- b. costs incurred by the **Insured** to:
  - i. avoid or mitigate effects of a **Business Interruption** and preserve evidence to substantiate any loss;
  - ii. determine the nature of the cause and to substantiate the loss; and
- c. necessary additional expenses incurred by the **Insured** during the **Business Recovery Period** to continue normal **Business** operations as a direct consequence of the **Business Interruption**, subject to the **Sub-Limit of Liability** as stated in the **Schedule**.

**Business Interruption Loss** does not include any:

- i. consequential loss or damage;
- ii. contractual penalties or liquidated damages;
- iii. liability to a **Third Party**;
- iv. legal costs;
- v. costs to alter, replace or make improvements to the **Insured Network** to a level beyond that which existed immediately prior to sustaining the **Business Interruption Loss**;
- vi. costs to correct any deficiencies in the **Insured Network** or to identify or remediate **Software** errors or vulnerabilities.

**Business Recovery Period** means the period, limited to 120 days of cover under this **Policy**, following the expiration of the **Waiting Period** until the time that the **Net Income** of the **Insured** returns to that which would have been earned were it not for the **Business Interruption**.

**Claim** means:

- a. a written demand seeking legal remedy;
- b. a notice of pending action or civil, criminal, administrative, regulatory or arbitral proceedings against the **Insured** seeking legal remedy, compliance or other remedy;
- c. any **Regulatory Proceeding**;
- d. any action, investigation, inquiry or audit by a **Data Protection Authority** into the **Insured's** procedures for data collection, data processing or delegation of data processing to a **Third Party**, but excludes any such action that is industry-wide and not specific to the **Insured**, or directly or indirectly related to a **Cyber Breach**; or
- e. **Media Liability Claim**.

**Claim** does not include **Employment Claim**.

**Commercial Information** means the **Insured's** or any **Third Party's** business secrets, professional information, or other information not available to the general public, and for which the **Insured** is legally responsible; excluding **Personal Information**.

**Cyber Breach** means

- a. unintentional transmission of **Malware** from the **Insured Network** which causes harm to a **Third Party**;
- b. intentional, reckless or deliberate acts upon or use of the **Insured Network** to:
  - i. transmit **Malware**; or
  - ii. steal, damage, corrupt, copy, misuse, or destroy **Personal Information** or **Commercial Information**;

by an **Employee** of the **Insured** acting independently and without the knowledge or connivance of the **Insured's Executive**;

- c. unintentional loss, corruption, or disclosure of **Personal Information** or **Commercial Information** by the **Insured** or a **Third Party** for whom the **Insured** is legally responsible;
- d. **Pharming** or **Phishing** or the use of any other electronic communication to impersonate the **Insured**, its products or services to solicit **Personal Information** or **Commercial Information** from a customer, **Supplier** or client of the **Insured** under false pretenses, or failing to prevent such communication, provided that such cover is only available where such acts occur through, via or on the **Insured Network**.
- e. unintentional failure to comply with law or regulations requiring disposal of a **Third Party's** or **Employee's** **Personal Information** or **Commercial Information**;
- f. involvement of the **Insured Network** in a **Denial of Service** attack directed against a **Third Party**;

- g. unauthorized use of or access to the **Insured Network** resulting in:
  - i. a **Denial of Service** suffered by the **Insured**;
  - ii. disclosure of **Personal Information** and **Commercial Information**;
  - iii. loss or corruption of Digital Assets;
- h. improper or wrongful denial of access to an authorized **Third Party to Personal Information** or **Commercial Information**.
- i. fraudulent and intentional misleading of the **Insured**, through misrepresentation of a material fact which is relied upon by the **Insured**, believing it to be genuine.

The definition of **Cyber Breach** in i. above applies only in relation to cover afforded by Optional Cover for **Social Engineering Fraud Loss**, and subject to that Optional Cover being selected by the Insured and specified by the **Insurer** as covered in the **Schedule**.

**Cyber Terrorism** means a premeditated actual or threatened attack against the **Insured Network** or **Digital Assets** with the aim to cause harm or destruction for a political, religious or ideological cause. **Cyber Terrorism** does not include military action or activities in support of any **War**.

**Cyber Threat of Extortion** means a credible threat or connected series of threats made by a **Third Party** and directed at the **Insured** to disclose **Personal Information** and **Commercial Information**, to restrict, hinder or harm access to, and use of, the **Insured Network** or **Digital Assets** for the purpose of demanding money, securities or other tangible or intangible property of value from the **Insured**. The **Cyber Threat of Extortion** is deemed made when the **Insured's Executive** first Discovered the credible threat.

**Damages** means an award, monetary judgment, or settlement that the **Insured** is legally liable to pay to a **Third Party** and which conforms to the consent requirements set out in this **Policy**. **Damages** do not include:

- a. defence costs;
- b. non-compensatory damages, including punitive, multiple, exemplary or liquidated damages;
- c. taxes, sanctions;
- d. fines or penalties, unless imposed pursuant to privacy regulations or resulting from a **Regulatory Proceeding**;
- e. the cost to comply with any injunctive or other non-monetary relief;
- f. any amount which constitutes loss of fees, profits, charges, commissions, royalties or other compensation paid to the **Insured**;

- g. any matters which are uninsurable under the law pursuant to which this **Policy** is construed.

**Data** means any electronic or non-electronic forms of information (other than **Software**) held by the **Insured**, or on behalf of the **Insured** by a **Third Party**.

**Data Protection Authority** means any public or governmental body authorized to investigate prosecute; enforce applicable laws related to the collection, processing or storage of **Data**.

**Deductible** means the amounts stated as such in the **Schedule**, and further described within Section 4 Claims Conditions in this **Policy**.

**Defence Costs** means reasonable costs, expenses, charges and fees incurred by or on behalf of the **Insured**, subject to the **Insurer's** prior written consent, in the investigation, defence, settlement or appeal of any **Claim**. **Defence Costs** do not include salaries, wages, overhead, benefit expenses or internal charges associated with the **Insured**.

**Denial of Service** means a malicious attack or unauthorized or unexpected interference designed to restrict or prevent legitimate access to a computer network.

**Digital Assets** mean **Software** and **Data** in the **Insured Network**, but does not mean **Hardware**.

**Digital Media Content** means digital or audio media including promotional and advertising material that is published, broadcast including on the internet, distributed or transmitted in digital or electronic form by or on behalf of the **Insured**. **Digital Media Content** does not include any products or services appearing in **Digital Media Content**; or any **Software** other than to the extent that it displays digital content.

**Discovered** means discovered or reasonably discoverable by the **Insured's Executive**. **Discovery** has a corresponding meaning.

**Domiciled** means:

- a. holding an Australian Company Number (ACN) issued pursuant to the Corporations Act(Comm) 2001; and
- b. conducting business operations from within the territory of Australia but such operations may include the activities of employees in other territories provided that those activities are undertaken solely for the **Insured** or **Subsidiary**.

**Edmund** means Edmund Insurance Pty Ltd, agent of the **Insurer** with authority to bind cover and issue this **Policy**. See Important Notices for more information.

**Edmund's Emergency Response Unit** means the party or the parties specified in the **Schedule** as such.

**Employee** means an individual who provides services for, on behalf of, or at the direction of the **Insured** under a contract of service and whom the **Insured** has the direct right to control, excluding any partner or director of the **Insured**.



**Employment Claim** means a **Claim** alleging breach of employment contract or breach of any employment related law or regulation of any kind.

**Event Recovery Costs** means:

- a. fees charged by the **Edmund's Emergency Response Unit** for services provided as a result of an actual, suspected or alleged **Cyber Breach** or **Cyber Threat of Extortion**.
- b. reasonable and necessary costs incurred by the **Insured** and with the **Insurer's** prior written consent:
  - i. for provision of forensic services by a **Third Party** to investigate the source, extent or cause of the failure of the **Insured Network** or to prevent the **Cyber Breach** or **Cyber Threat of Extortion**;
  - ii. to determine if the **Insured** is obliged to notify natural persons or legal entities;
  - iii. to notify natural persons or legal entities whether or not required by any applicable **Privacy Breach Laws**;
  - iv. to determine indemnification obligations under any written contract with respect to a **Cyber Breach** or **Media Liability** by a **Service Provider**;
  - v. to procure credit monitoring services, call centre services, and identification theft insurance for the affected parties as a result of a **Cyber Breach** for a period of 12 months or as required by any legislation;
  - vi. for provision of legal representation in relation to the investigation, adjustment and defence of a **Regulatory Proceeding**;
  - vii. arising from the engagement of public relations, crisis management, or legal firms to recover its reputation or public image to the extent that it was damaged as a direct result of a **Cyber Breach** or **Cyber Threat of Extortion**;
  - viii. to preserve critical evidence of criminal or malicious wrongdoings;
  - ix. the re-collection, restoration, or replacement of **Digital Assets** including the reasonable costs to determine if such event recovery action is possible. In the event that such recovery action is not possible, the **Insurer** will limit payment to the cost of such determination only.

**Event Recovery Costs** do not include:

- any costs to alter, replace or make improvements to a level beyond that which existed immediately prior to the **Cyber Breach** or **Cyber Threat of Extortion**;
- any expense to remediate any deficiency that gave rise to the **Cyber Breach** or **Cyber Threat of Extortion**;
- any salaries, wages, overhead or internal charges associated with the **Insured**, other than the cost of **Employee** working time in **Event Recovery Cost** ix;
- any diminution in the market or economic value of **Digital Assets**;
- any expense incurred to identify or remediate **Software**

errors or vulnerabilities;

- any consequential loss or damage.

**Expert** means any person with a high degree of skill in or knowledge of a certain subject, including but not limited to IT specialists, lawyers, consultants or auditors.

**Extended Reporting Period** means if the **Insurer** cancels or does not renew this **Policy**, other than for non-payment of **Premium** or any other breach of the terms of this **Policy**, the **Insured** will have the right to a 60 day period following the date of cancellation or expiry in which to give notice to the **Insurer** of any covered **Claim** first made against the **Insured** during the **Policy Period**. This extended period shall not apply if this **Policy** or its cover has been replaced. The **Extended Reporting Period** shall not in any way increase the **Limit of Liability** or any **Sub-Limit of Liability** of this **Policy**.

**Extortion Expenses** means the reasonable and necessary expenses incurred by the **Insured**, with the **Insurer's** prior written consent, which are directly attributable to a **Cyber Threat of Extortion** including, but not limited to, the costs to investigate the cause of, and to terminate, the **Cyber Threat of Extortion**.

**Extortion Payments** means money to be paid, with the **Insurer's** prior written consent, to a **Third Party** whom the **Insured** reasonably believes is responsible for the **Cyber Threat of Extortion** and in response to the **Cyber Threat of Extortion** for the purpose of terminating the **Cyber Threat of Extortion**. Such **Extortion Payments** will only be paid by the **Insurer** if they do not exceed the amount of reduced financial position calculated under **Business Interruption Loss Cover** which the **Insurer** reasonably believes would have been incurred had such **Extortion Payments** not been made.

**Hardware** means the physical components of a computer system.

**Insurer** means **Munich Re Syndicate at Lloyd's**.

**Insured** means:

- a. the **Domiciled** entity listed in the **Schedule** as the **Insured** and any **Subsidiary**;
- b. any past or present officer, director, trustee, **Employee** of the **Insured** or any **Subsidiary** acting in their capacity as such;
- c. any past or present partner or principal of the **Insured** or any **Subsidiary** which is a partnership, limited liability partnership or limited liability company acting in their capacity as such;
- d. any independent contractor, other than a **Service Provider**, under contract with and under the direction and direct supervision of the **Insured** or any **Subsidiary**.
- e. any estates or legal representatives of any **Insured** in b. and c. above.

**Insured's Executive** means any one or more: Board Member, Director, Chief Executive Officer, Chief Financial Officer, Chief Information Officer, Chief Information Security Officer, Legal Counsel, or any other person within the **Insured** who has equivalent role functionality.

**Insured Network** means an interconnected electronic, wireless, or similar system (including **Hardware, Software and Data**) used to process, store or transfer **Digital Assets** and that is:

- a. leased, operated, controlled, or owned by the **Insured**; or
- b. operated by a **Service Provider** on behalf of the **Insured**.

**Limit of Liability** means the total amount payable by the **Insurer** under the **Policy**. Payments under the **Policy** shall not exceed the **Limit of Liability**. **Sub-Limits of Liability** and **Defence Costs** are part of that amount and are not payable in addition to the **Limit of Liability**.

**Macquarie Pacific Funding** means Macquarie Pacific Funding which is a business name of Macquarie Premium Funding Pty Ltd, who has entered into an agreement with **Edmund** to provide a monthly direct debit facility for payment of **Premium**.

**Malware** means any code or unauthorized software designed to infiltrate, damage or disrupt any system or network; corrupt or erase **Data**; or circumvent network security.

**Media Liability** means any actual, suspected or alleged act, error, misstatement, misleading statement or omission by an **Insured** in connection with the collection, creation, release, printing, broadcasting or distribution of any material that results in:

- a. defamation, product disparagement, trade libel, infliction of emotional distress;
- b. infringement of copyright, domain name or other intellectual property rights (excluding patents and trade secrets), passing off, plagiarism or unauthorized reproduction or distribution of digital media; or
- c. invasion of or interference with the right to privacy or publicity, public disclosure of private facts, intrusion of privacy, or invasion of privacy including infliction of emotional distress or mental anguish in connection with the before mentioned,

arising out of **Digital Media Content**.

**Media Liability Claim** means:

- a. written demand seeking legal remedy;
- b. notice of pending action or civil, criminal, administrative, regulatory or arbitral proceedings against the **Insured** seeking legal remedy, compliance or other remedy;

directly or indirectly related to **Media Liability**.

**Monthly Premium** means the Total Amount Payable stated as such in the **Schedule** plus an Insurance instalment processing fee, that is paid by the **Insured** through monthly instalments to **Macquarie Pacific Funding** using their direct debit facility.

**Net Income** means the total of income less expenses (before tax), excluding the components of other comprehensive income.

**Personal Information** means any information from which a living individual may be uniquely and reliably identified or any other non-public personal information as defined in **Privacy Laws**. **Personal Information** does not include information lawfully available to the general public for any reason, including information from foreign or local government records.

**Pharming** means fraudulent practice of directing Internet users to a bogus website that mimics the appearance of a legitimate one, in order to obtain information such as passwords, account numbers, etc.

**Phishing** means fraudulent practice of sending emails purporting to be from reputable companies in order to induce individuals to reveal information, such as passwords and credit card numbers.

**Policy** means the Policy Wording, the **Schedule**, and any Endorsements attaching to it. These documents shall be read together as one contract.

**Policy Period** means the time specified in the **Schedule**, subject to any prior termination or endorsement to alter the period.

**Pollutant** means any substance exhibiting any hazardous characteristics as defined by or identified on a list of hazardous substances issued under legislation, regulations or by an environmental protection authority. **Pollutant** also means contamination of any kind, including but not limited to:

- a. any solid, liquid, gaseous or thermal irritants or contaminants;
- b. smoke, vapour, fumes, chemicals, waste;
- c. asbestos or asbestos products, dioxins or polychlorinated chemicals;
- d. noise;
- e. fungus, mould, mildew;
- f. electric or magnetic or electromagnetic field, ionizing radiation;
- g. contamination by radioactivity from nuclear fuel, or nuclear waste from combustion of nuclear fuel or any other hazardous substances or properties related to or associated with nuclear fuel, waste or assembly.

**Premium** means the amount stated as such in the **Schedule** which the **Insured** pays to the **Insurer**.

**Privacy Breach Laws** means any statute or regulation that requires notification to any natural person or legal entity that has or may have had their **Personal Information** lost or accessed by or disclosed to an unauthorized party.

**Privacy Laws** means any statute or regulation that requires the protection of **Personal Information**.

**Professional Services** means acts or services requiring application of professional judgment to specialized knowledge and skill which the **Insured** provides to a **Third Party** for a fee or other consideration.

**Property Damage** means physical damage to tangible property, including all resulting loss of use of that property, or loss of use of tangible property that has not been physically injured. Tangible property does not include **Digital Assets, Personal Information** or **Commercial Information**.

**Proposal** means the **Insured's** application for insurance and attachments including declaration and any other underwriting information provided by the Insured or by others on behalf of the **Insured**, submitted to the **Insurer** in connection with this **Policy**. **Proposal** extends to any declaration or documentation at renewal or endorsement.

**Reduction of Net Income** means the amount by which the **Insured's Net Income** falls short of that which could have been reasonably projected as earned for the **Business Recovery Period** but for the **Business Interruption**, taking into account the **Net Income** earned in the previous twelve months, as agreed between the **Insured** and the **Insurer** or as determined by a member of the Institute of Chartered Accountants appointed by agreement or in default of agreement by the President of the Institute.

**Regulatory Proceeding** means any proceeding, demand, suit, investigation or formal enquiry for information from or by a **Data Protection Authority** alleging a breach of **Privacy Laws** or Payment Card Industry Data Security Standards.

**Retroactive Date** means the date stated in the **Schedule**.

**Schedule** means the **Schedule**, signed and dated by the **Insurer** or **Edmund**, attaching to and forming part of this **Policy**, including any subsequent **Schedule** to replace the original **Schedule**.

**Service Provider** means a business that is not owned, operated, or controlled by the **Insured**; but a written contract exists between the two parties for the **Service Provider** to provide services to the **Insured**, including but not limited to:

- a. maintaining or controlling, hosting or facilitating computer systems and websites;
- b. human resources, administration, marketing, or other outsourced services.

**Social Engineering Fraud** means the fraudulent and intentional misleading of the **Insured**, through misrepresentation of a material fact by the use of a fraudulent electronic, written or telephonic instruction which is relied upon by the **Insured**, believing it to be genuine.

**Social Engineering Fraud Loss** means direct loss resulting from the **Insured** having paid or transferred any property, money or securities as the direct result of **Social Engineering Fraud** committed by a person purporting to be a client, **Supplier**, or the **Insured**. **Social Engineering Fraud Loss** does not include any amounts reimbursed to the **Insured** by any financial institution or otherwise recovered by the **Insured**.

**Software** means programmes and other operating information used by a computer. **Software** does not include **Data**.

**Sub-Limit of Liability** means the amount stated in the **Schedule** as such.

**Subsidiary** means any companies **Domiciled** in Australia in which the **Insured**, directly or indirectly:

- a. controls the composition of the board of directors;
- b. controls more than half of the voting power; or
- c. holds more than half of the issued share capital.

Cover under this **Policy** shall only apply to any **Subsidiary** while such entity is, or was, a **Subsidiary** of the **Insured**.

**Supplier** means any person or entity that has provided goods or services to the **Insured** under a pre-existing written agreement.

**Third Party** means any entity or person, but does not mean:

- a. any **Insured** or any **Employee** of the **Insured**;
- b. any other entity or person having a financial interest or executive role in the operation of the **Insured**.;
- c. The **Insurer** or an **Employee** of the **Insurer**.

**Waiting Period** means the period of time specified in the **Schedule** that must elapse from when the **Business Interruption** is first **Discovered** until **Cover 4: Business Interruption Loss commences**.

**War** means any state of hostile conflict (whether declared or not) that is carried on by force of arms violence to resolve a matter of dispute between two or more states or nations, including acts of war such as invasion, insurrection, revolution or military coup.

## Section 3 - General Exclusions

The **Insurer** shall not be liable to provide any benefit or service or make any payment under this **Policy** arising out of, based upon or attributable to:

1. any **Bodily Injury** or **Property Damage**; however, this Exclusion shall not apply to any:
  - a. **Claim** for mental anguish, mental injury or illness, emotional distress or shock directly arising out of actual or alleged **Cyber Breach** or **Cyber Threat of Extortion**; or
  - b. **Digital Assets, Personal Information** or **Commercial Information** damaged or lost as a result of **Property Damage** to **Hardware** directly arising out of actual or alleged **Cyber Breach** or **Cyber Threat of Extortion**.
2. any fact or circumstance known to the **Insured** prior to the **Policy Period**.
3. any **Claim** or **Cyber Threat of Extortion** made against the **Insured**, or **Cyber Breach** first **Discovered** prior to the **Policy Period**.
4. any legal proceedings commenced in any **Jurisdiction** excluded on the **Schedule**, including the enforcement of any judgment or award, brought or made pursuant to the laws, even if only to a limited extent, of the United States of America, or any of its territories or protectorates.
5. any guarantee or warranty.
6. any contractual liability, obligation, or breach of contract, including any liability of others assumed by the **Insured**, except to the extent that such liability would have attached to the **Insured** in the absence of such contract or agreement.
7. Conduct:
  - a. any intentional, dishonest, criminal, or fraudulent act or conduct, other than by an **Employee** of the **Insured** acting independently and without the knowledge or connivance of the **Insured's Executive**;
  - b. any **Insured** gaining financial advantage that such **Insured** is not legally entitled to receive;
 

provided that this Exclusion shall apply only where it is established by an admission of an **Insured**, or by final non-appealable determination or judgment that such act or conduct did occur.
8. any breach of competition laws regulating monopolisation, price fixing, price discrimination, predatory pricing, restraint of trade or similar conduct.
9. any breach of an employment contract, policy or procedure, any employment-related law or regulation or discrimination of any kind.
10. the rendering or failure to render **Professional Services**.
11. any actual or alleged infringement of or misappropriation of patents or trade secrets.
12. Funds:
  - a. any financial trading or personal loss or debt of the **Insured**;
  - b. any theft of money or securities from an **Insured**, or the transfer or loss of money, property or securities from or to an **Insured's** account or any other account, without limitation, which is under the control of the **Insured**. This Funds Exclusion b. does not apply to the Optional Cover **Social Engineering Fraud Loss** if such Optional Cover has been selected and specified on the **Schedule** as covered.
13. any bankruptcy, liquidation or insolvency of the **Insured** or any other person, including a **Service Provider**.
14. any mechanical or electrical failure, interruption or outage including any electrical power interruption or surge, brownout, blackout, short circuit, or power fluctuation, or outage to gas, water, telephone, satellites, telecommunications, the internet or any component including **Hardware** or **Software** or any other infrastructure not under the control of the **Insured**.
15. any wear and tear or gradual deterioration of, or the failure to maintain, the **Insured Network**.
16. any fire, smoke, explosion, lightning, wind, water, flood, earthquake, volcanic eruption, tidal wave, landslide, hail, or any other like event.
17. the provision of any benefit, service or payment under the **Policy** that would be in violation of any sanction, prohibition or restriction under United Nations resolutions or the trade economic sanctions, laws or regulations of Australia, the European Union, United Kingdom or United States of America.
18. any actual, alleged or threatened presence, discharge, dispersal, release, disposal or escape of **Pollutants**.
19. any strike, riot, civil commotion, **War** or **Acts of Terrorism**, provided that this Exclusion will not apply to **Cyber Terrorism**.
20. any seizure, confiscation, requisition, destruction or damaging of the **Insured Network** either by application of any customs or quarantine rule or by order of any government or any civil or military authority.
21. any use of illegal or unlicensed Software.
22. any fault, defect, error or omission in design, plan, specification, material or workmanship of or on the **Insured Network**.
23. any **Software** (including programming) errors.
24. any product recall.
25. any cryptocurrency such as Bitcoin, unless used as payment in a **Cyber Threat of Extortion**.
26. Any value of **Digital Assets**.



## Section 4 - Claims Conditions

### ADHERENCE TO TERMS AND CONDITIONS

The **Insurer's** liability shall be contingent on the **Insured's** due observance and fulfilment of the terms and conditions of this **Policy**, and on the truth of its statements in the **Proposal** and in the **Schedule**.

### INSURER'S CONSENT

The **Insured** shall not settle, make any admission, offer to pay or assume any obligation in respect to any **Claim**, or incur any costs in relation to any **Claim**, actual, alleged or suspected **Cyber Breach** or **Cyber Threat of Extortion** without the prior written consent of the **Insurer** (other than provided for under **Cover 6 - Emergency and Expert Response Costs**).

### NOTIFICATION

The **Insured** shall give the **Insurer** notice in writing of any **Claim** which is made during the **Policy Period** or **Extended Reporting Period** if applicable. Written notification and all information shall be addressed as required under **Claim Notices** specified in the **Schedule**.

The **Insured** shall notify **Edmund's Emergency Response Unit** of any actual, alleged or suspected **Cyber Breach** or **Cyber Threat of Extortion**. Such notification provided to **Edmund's Emergency Response Unit**, and as prescribed in the **Schedule**, will be deemed notification to the **Insurer**.

Such notice shall be provided by the **Insured** as soon as practicable after the **Insured's Executive** has become aware of such **Claim, Cyber Breach** or **Cyber Threat of Extortion** and shall include information, and any documentation indicating the nature and extent of the matter being notified.

The **Insured** shall also:

- a. take all reasonable and necessary measures to minimize loss or damage;
- b. do and permit to be done all such things as may be practicable to establish the cause and extent of the loss or damage;
- c. preserve the **Insured Network** and any items affected and put them at the disposal of the **Insurer** or **Edmund's Emergency Response Unit**, or others as appointed by the **Insurer**, for inspection for as long as they deem necessary;
- d. furnish any information and documentary evidence that the **Insurer** may require;

- e. comply with all relevant statutory requirements including but not limited to the provision of statutory notices and furthermore it is the **Insured's** sole responsibility to do so; and
- f. cooperate at all times with the **Insurer** and **Edmund's Emergency Response Unit**, or others as appointed by the **Insurer**, in respects of any indemnity, liability, and the assertion and granting of subrogation or any contribution rights within this **Policy**.

### DEDUCTIBLES

The **Insurer** shall only be liable for any amount arising under the **Policy** in excess of the applicable **Deductible**. The **Deductible** shall remain uninsured and shall be borne by the **Insured**.

If more than one Cover responds to a matter arising under the **Policy** only one **Deductible** shall be paid by the **Insured** except where a Cover and the Optional Cover for **Social Engineering Fraud Loss** both respond to a matter arising under the **Policy**, in which case the **Deductible for Social Engineering Fraud Loss Cover** shall be paid in addition to the one **Deductible**.

In the event that the **Insurer** has directly indemnified any **Third Party**, the **Insured** shall immediately reimburse the **Insurer** for the amount of the applicable **Deductible**.

### MULTIPLE COVERS

Any loss covered under this **Policy** that falls within more than one Cover shall only be subject to one limit, being the higher of the applicable limits. Where loss or any amount claimed under the **Policy** falls under more than one Cover the **Insurer** may, in its absolute discretion, allocate amounts under the applicable covers. Such allocation will not increase the **Limit of Liability** or the applicable **Sub-Limit of Liability**.

### MULTIPLE INSURED

The inclusion of more than one **Insured** under this **Policy** shall not operate to increase the total amount payable by the **Insurer** under this **Policy**.

### RELATED CLAIMS

All **Claims, Cyber Breaches** or **Cyber Threats of Extortion** arising out of the same, or series of continuous, repeated and related acts shall be deemed a single **Claim, Cyber Breach** or **Cyber Threat of Extortion**. All such **Claims, Cyber Breaches** or **Cyber Threats of Extortion** shall be deemed to be first made as of the date the first of such **Claim** or **Cyber Threat of Extortion** was made against the **Insured**, or **Cyber Breach** first **Discovered**, and furthermore shall be subject to a single **Deductible** (except where **Optional Cover for Social Engineering Fraud** applies) and the **Limit of Liability** or the applicable **Sub-Limit of Liability**.



## CONTINUITY

In the absence of fraudulent non-disclosure or fraudulent misrepresentation, where a **Claim** that would otherwise be covered by this **Policy** is excluded by **General Exclusion 2** relating to prior facts or circumstances, the **Insurer** shall provide cover under this **Policy** for that **Claim** provided that:

- a. the Insured first became aware, prior to the **Policy Period**, of the facts or circumstances that might give rise to a **Claim**;
- b. the **Insured** had not notified the **Insurer** of such facts or circumstances, prior to the **Policy Period**;
- c. the **Claim** is dealt with in accordance with the **Policy** under which the **Claim**, or circumstance, could and should have been notified but only where such earlier **Policy** affords no broader cover in respect of the **Claim** than the provisions of this **Policy**; and
- d. if the **Insurer** is the **insurer** on risk for the **Policy** in (c). above, the **Insured** agrees to claim on this **Policy** only and to make no claim on such earlier **Policy**.

## DEFENCE AND SETTLEMENT

Notwithstanding the **Insurer's Consent - Claims Condition**, the **Insurer** does not assume any duty to defend, and the **Insured** must defend and contest any **Claim** made against them unless the **Insurer** elects in writing to take over and conduct the defence and settlement of any **Claim**. The **Insurer** shall have full discretion in the handling and resolution of any **Claim** and has the right to defend any **Claim** which the **Policy** may respond to under its Covers.

Subject to the **Insured** complying with the **Notification - Claims Condition**, the **Insurer** agrees to advance any covered Defence Costs which the **Insurer** deems fair and proper. The **Insurer** reserves the right to recover such advances if and to the extent the **Insured** is later determined not to be entitled to such payment.

The **Insurer** has the right any time after receiving notification of a **Claim** to make a payment to the Insured of the unpaid balance of the **Limit of Liability**, and upon making such payment, all of the **Insurer's** obligations to the **Insured** under this **Policy**, including any relating to defence, shall cease.

The **Insurer** may make any settlement it deems expedient, subject to the **Insured's** written consent. If the **Insured** withholds consent, the **Insurer's** liability in respect to the **Claim** shall not exceed the amount for which the **Insurer** could have settled such **Claim**, plus **Defence Costs** incurred as of the date such settlement was proposed by the **Insurer**, less the applicable **Deductible**.

## ALLOCATION

The **Insurer's** liability under this **Policy** is limited to the proportion of **Damages** and **Defence Costs** and other costs covered under this **Policy**, which is a fair and equitable allocation between covered and non-covered matters, or any covered and non-covered parties. The relative legal and financial exposures shall be taken into account and where the **Insurer's** liability is limited under this clause, the **Insured** and **Insurer** must use their best endeavours to agree upon the allocation to be adopted.

If an allocation cannot be agreed upon, then the allocation is to be determined by a senior lawyer (to be mutually agreed upon by the **Insured** and the **Insurer**, or in the absence of agreement, to be appointed by the President of the Law Society, or equivalent organization). The senior lawyer will consider the parties' written submissions to help form an expert judgement or opinion in the determination of the fair and equitable allocation. The senior lawyer's determination will be final and binding. Costs for such determination are to be borne by the **Insurer**.

Pending the senior lawyer's determination, the **Insurer** shall pay the proportion of the **Defence Costs** which it considers represents a fair and equitable allocation. The allocation finally agreed or determined shall be applied retrospectively to any **Defence Costs** incurred prior to agreement or determination.

## SUBROGATION AND RECOVERIES

If any payment is to be made under this **Policy** in respect of a **Claim**, the **Insurer** shall become entitled to assume all rights of recovery of the **Insured** against any party whether or not payment has been made and whether or not the **Insured** has been fully compensated for its loss. The **Insurer** shall be entitled to pursue and enforce such rights in the name of the Insured. The **Insured** shall do nothing to prejudice these rights. The **Insured** must, at its own cost, assist the **Insurer** by providing information as the **Insurer** reasonably requires to exercise rights of recovery or any subrogation including but not limited to the provision of executed documentation and the giving of evidence.

The **Insurer** agrees to waive its rights of recovery against any **Employee** unless the **Claim** is brought about or contributed to by serious or willful misconduct of the **Employee** in the course of or arising out of the employment. The **Insurer**, in its sole discretion and in writing, may waive any of its Subrogation rights.

All recoveries obtained after any payment under this **Policy**, less the actual cost of recovery will be applied and distributed as follows: firstly to satisfy the **Insured's** liability for amounts which would have otherwise been paid under this **Policy** but for being in excess of the applicable **Limit of Liability**; secondly to reimburse the **Insurer** for any amounts paid by the **Insurer**; and thirdly to the **Insured** to satisfy any **Deductible** incurred by the **Insured**.

## Section 5 - General Conditions

### CONFIDENTIALITY

The **Insured** will make reasonable efforts not to disclose the existence of this **Policy** to any **Third Party**, excepting in such cases where the **Insured** is required to do so under contract with a **Third Party** subject to a confidentiality clause; or for the purpose of obtaining professional advice or by law.

### ASSIGNMENT OR ALTERATION

Any change in, or assignment of interest under this **Policy** can only be effected by the **Insurer's** written endorsement attaching to and forming part of this **Policy**.

### AUTHORISATION

The **Insured's Executive** shall act as agent on behalf of each of the **Insured** with respect to all matters under this **Policy** including but not limited to giving and receiving all correspondence; sending or receiving notice of cancellation; payment of **Premium**; receipt and acceptance of any endorsements to this **Policy** and the exercising or declining of any rights to any applicable **Extended Reporting Period**. Notwithstanding the foregoing any **Insured** may notify any matter arising under the **Policy**.

### INTERPRETATION

Words in bold text have the meaning as defined in **Section 2 - Definitions**. Words in the singular include references to the plural and vice versa. Words that are not specifically defined in this **Policy** have the meaning ordinarily attributed to them. Titles and headings are merely for reference or descriptive purposes and will not limit, expand, or otherwise affect the policy provisions to which they relate.

### VALIDITY

This **Policy** is not binding upon the **Insurer** unless it is countersigned on the **Schedule** by an authorized representative of the **Insurer**. In the event that any provision or portion of this **Policy** is found to be invalid or unenforceable, the remainder of this **Policy** will be valid and fully effective.

### OTHER INSURANCE

To the extent that it is permitted by the *Insurance Contracts Act (Cth)* 1984, cover under this **Policy** shall apply as excess over any other valid, available, or collectible insurance, including any deductible thereof.

### GOODS AND SERVICES TAX

When the **Insurer** makes a payment to the **Insured** or on behalf of the **Insured** for the acquisition of goods, services or supplies, the **Insurer** will reduce the amount of payment by the amount of any input tax credit ("**ITC**") that the **Insured** is, or will be, or would have been entitled under a New Tax System (Goods & Services Tax) Act 1999 (Cth) ("**GST Act**"), in relation to the acquisition, whether or not that acquisition is actually made.

When the **Insurer** makes a payment to the **Insured** or on behalf of the **Insured**, which forms compensation instead of payment for acquisition of goods, services or supplies, the **Insurer** will reduce the amount of the payment by the amount of any **ITC** that the **Insured** is, or will be or would have been entitled to under the **GST Act** had the payment been applied to acquire such goods, services or supplies.

### GOVERNING LAW

It is agreed that in the event of any dispute relating to the construction, validity, interpretation or any meaning of the terms, conditions and provisions of this **Policy**, that such disputes shall be governed by the law applicable in the Commonwealth of Australia.

### SERVICE OF SUIT

Any summons, notice or process to be served upon the **Insurer** may be served upon Edmund Insurance Pty Ltd which has authority to accept service and to enter an appearance on behalf of the **Insurer**.

### CANCELLATION AND PAYMENT OF PREMIUM

The **Insured** may cancel this **Policy** on 30 days notice to the **Insurer**.

The **Insurer** may cancel this **Policy** only as prescribed by the *Insurance Contracts Act 1984 (Cth)* and the terms and conditions of this **Policy**.

The **Premium** shall be fully earned on inception of the **Policy** and no refund of the **Premium** shall be provided regardless of the cancellation date, unless such refund is required by the *Insurance Contracts Act 1984 (Cth)* or otherwise applies under the terms and conditions of this **Policy**.

The **Insured** has the option to pay the **Premium** either annually through one lump sum payment or by monthly instalments, by using a direct debit arrangement provided by **Macquarie Pacific Funding**.

If the **Insured** chooses to pay the **Monthly Premium** using the direct debit arrangement, the **Insured** acknowledges and agrees:

- a. **Macquarie Pacific Funding** operates monthly installment facility and an Insurance instalment processing fee is included in the **Monthly Premium**.
- b. **Macquarie Pacific Funding** will deduct the **Monthly Premium** from the **Insured's** nominated bank account (supplied at the time of application or subsequently advised to **Macquarie Pacific Funding**).
- c. The direct debit facility is an instalment contract under the *Insurance Contracts Act 1984* (Cth).

For the purpose of making payment of the **Monthly Premium** under this **Policy**, payment is due on the due date. A payment received after that date is overdue and may not be credited to the **Insured's** account until the next day on which **Macquarie Pacific Funding** or **Edmund** are open for business. If on the 30th day after the **Monthly Premium** was due, the **Insured** has failed to pay the outstanding **Monthly Premium** to **Macquarie Pacific Funding**, then **Edmund** acting on behalf of the Insurer, will immediately cancel this **Policy**.

If the **Insured** defaults and fails to pay the **Monthly Premium** by the due date, **Edmund** acting on behalf of the Insurer, will:

- a. Issue a default notice advising the **Insured** to pay the **Monthly Premium** within 30 days of the due date, otherwise the **Policy** will be cancelled.
- b. Not pay a claim made by the **Insured** under the **Policy** which occurs whilst the first **Monthly Premium** remains unpaid, unless the **Insured** pays the first **Monthly Premium** within 14 days of the due date.

If the **Insured** makes a claim under the **Policy** for an insured event that occurs whilst the **Monthly Premium** remains unpaid, except where the **Insurer** can refuse to pay the **Claim** entirely (as stated above), the **Insurer** will deduct the **Monthly Premium** from any claim paid to the **Insured** and pay the **Monthly Premium** to **Macquarie Pacific Funding**. Payment of a claim does not affect the **Insurer's** rights to cancel the **Policy** in accordance with the *Insurance Contracts Act 1984* (Cth).

## SEVERABILITY AND INNOCENT PARTIES

The **Insurer** has relied on the statements and declarations within the **Proposal**. When determining indemnity under this **Policy** by the necessary reference to each section of this **Policy**, the **Insurer** agrees that wrongful acts, statements, conduct, and knowledge of any **Insured** shall not be imputed to any other **Insured** other than that of the **Insured's Executive** which shall be imputed to the **Insured**

and its **Subsidiaries**.

## MATERIAL CHANGES

The **Insured** shall notify the **Insurer** as soon as possible and within 30 days of any material change in risk of which it is aware or ought reasonably to be aware; and the **Insured** shall take or cause to be taken at its own expense any additional precautions that may be necessary to prevent loss or damage therefrom. The **Insurer** shall not be liable for any loss or damage resulting from a material change in risk unless the **Insurer** has agreed to that material change in risk in which case the **Insurer** is entitled to revise the scope of cover and **Premium**.

## MERGER AND ACQUISITIONS

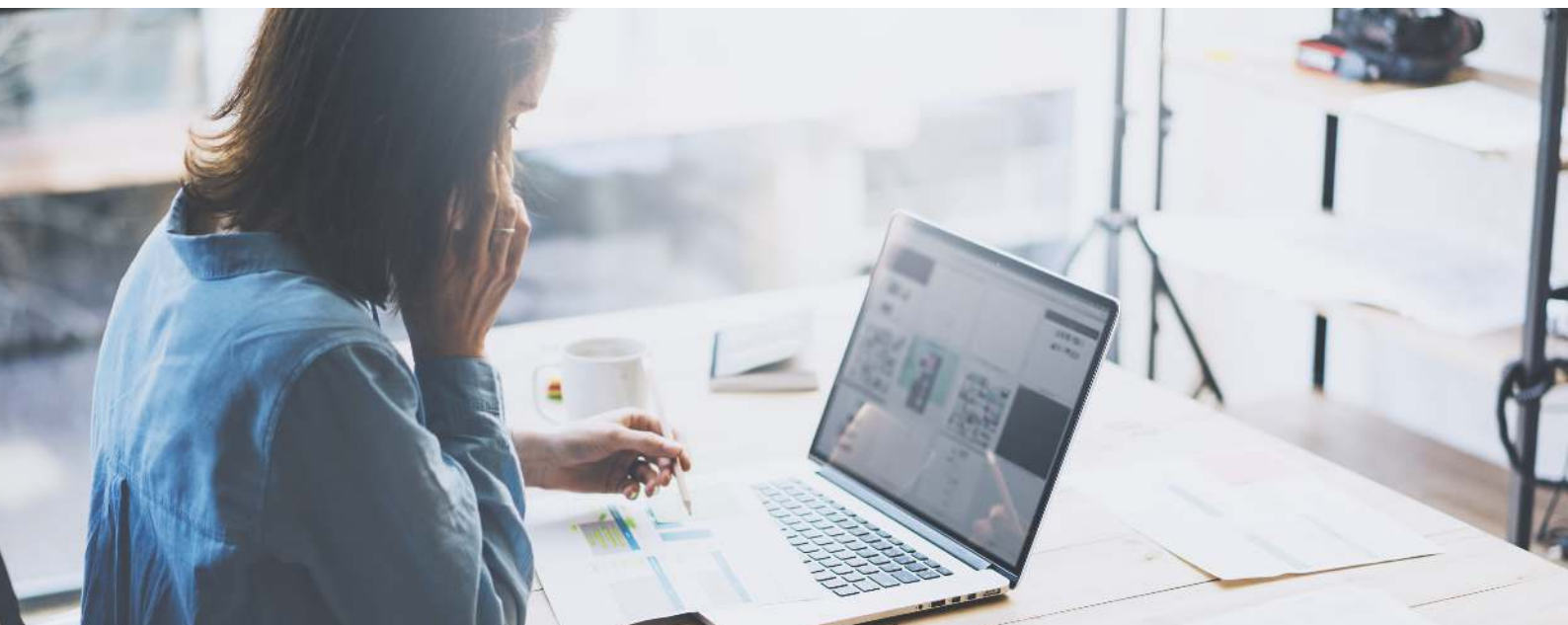
If during the **Policy Period** the **Insured** acquires another entity whose revenues are more than 25% of the **Insured's** total annual revenues as set out in the most recent audited financial statements, there shall be no cover under this **Policy** for any loss related to the acquired entity unless the **Insured** gives the **Insurer** written notice at least 30 days prior to the acquisition, obtains the **Insurer's** prior written consent to extend cover to such additional entities, and agrees to pay any additional **Premium** required by the **Insurer** for doing so. Cover for any acquired entity shall not be available unless specifically set out in an endorsement to this **Policy**.

If during the **Policy Period** there is a change of control in any of the **Insured** entities as defined in 50AA of the Corporations Act 2001 (Cth), then, in respect to such entity, this **Policy** shall immediately cease to afford any cover for any kind of loss subsequently **Discovered**.

If during the **Policy Period** any entity ceases to be a **Subsidiary**, then coverage for such former **Subsidiary** under this **Policy** shall only be available, subject to all other terms and conditions of this **Policy**, for any matters arising under the **Policy** which occurred or allegedly occurred prior to the date it ceased to be a **Subsidiary**.

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