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# Machinery Policy

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## IMPORTANT INFORMATION ABOUT THE POLICY

**Thank you for choosing the Lumley Insurance "Machinery" Policy. Please read the Policy carefully to find out your rights and duties and what is or is not insured. If you want to know anything about the insurance or want to change it, please contact your broker or us.**

**Before you enter into a contract of general insurance with an insurer, you have a duty at law to disclose to the insurer anything that you could reasonably be expected to know is relevant to the insurer's decision whether to accept the risk of 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 matter:**

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

**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.**

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## THE AGREEMENT

After you have paid the premium, we will insure you against Loss and legal liability (as set out in the Policy) which occurs at the Location specified in the Schedule during the Period of Insurance once the Machinery is ready for commercial operation, or (if new) once the Machinery has successfully completed its testing and commissioning.

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## DEFINITIONS

**"Accident"** means an event that you did not expect or intend.

**"Boiler", "Pressure Vessel" or "Piping"** means the permanent structure of the boiler or pressure vessel or piping specified in the Schedule which is subject to internal steam, gas or fluid pressure (including vacuum) and all direct attachments connected to the permanent structure.

**"Excess"** means the amount (which excludes GST) specified in the Schedule and elsewhere in the Policy which you must contribute to each and every claim.

**"GST"** means Goods and Services Tax.

**GST Note:** All amounts insured by this Policy exclude GST.

Any claim settlements, up to the total of all amounts insured, will exclude GST. However, if there is a shortfall between the GST component of your claim and the amount of input tax credit you are entitled to, we will pay this shortfall in addition to the claim settlement.

We will not be liable to pay any GST, or any fine, penalty or charge that you are liable for arising out of your misrepresentation of, or failure to disclose, your proper input tax credit entitlement in the settlement of any claim or premium relating to the Policy.

**"Location"** means the location specified in the Schedule.

**"Loss"** means sudden physical loss or damage caused by Accident which necessitates repair, replacement or restoration.

**"Machinery"** means the machinery specified in the Schedule.

**"Period of Insurance"** means the period specified in the most recent Schedule or the subsequent period for which the Policy has been renewed. A new Period of Insurance begins each time the Policy is renewed.

**"Policy"** means this document, the Schedule, the endorsements and any other notice we give you in writing.

**"Schedule"** means the attachment which forms part of the Policy and specifies the Policy number and other details of the insurance.

**"we", "us", "our"** means Wesfarmers General Insurance Limited, ABN 24 000 036 279, trading as Lumley Insurance.

**"you", "your"** means anyone insured under the Policy.

**Note:** Any words appearing in the singular can also apply in the plural and vice versa.

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## **EXTENSIONS**

**Each extension is subject to the terms of the Policy in so far as they can apply.**

### **Reinstatement of Sums Insured**

In the event of Loss to the Machinery for which a claim is payable under the Policy, the amount of insurance used in making good the Loss will be automatically reinstated from the date of the Loss. You may have to pay premium (at the initially agreed rate) on the amount reinstated.

### **Expediting Expenses**

Within the sum insured, specified in the Schedule, we will insure additional costs for overtime, nightwork, work on public holidays, express freight and air freight (by a recognised scheduled flight) up to 50% of the amount otherwise payable for the Loss.

### **Machinery Relocation**

The Machinery is insured for Loss arising from its transit to another position at the Location.

### **Additional Machinery Purchased**

We will insure all additional machinery you purchase for a period not exceeding 30 days from the date of purchase provided:

- (a) within that 30 days, you request us to add such machinery to the Schedule, and
- (b) the value of the machinery does not exceed 25% of the total sum insured or \$250,000, whichever is the lesser amount.

### **Loss of Contents**

We will insure contents undergoing direct processing in any Machine for the contents' replacement cost up to \$2,500 should such contents be lost, damaged or spoiled as a result of insured loss or damage to the Machinery (this extension does not include spoilage of refrigerated goods).

### **Refrigerant Gas**

We will insure the replacement of refrigerant gas up to \$1,000 any one loss (or as otherwise specified in the Schedule) providing the refrigerant gas is lost as a result of insured loss or damage to refrigeration Machinery.

### **Hire Costs**

In the event of insured loss or damage to the Machinery necessitating the hire of an alternative machine whilst repair or replacement is being undertaken, we will insure the cost of hiring that alternative machine up to \$2,500.

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## EXCLUSIONS

### The Policy does not insure:

1.
  - (a) exchangeable parts of all kinds, such as drills, crushers, patterns for casting, knives, saw blades, stones, stamps, fuses;
  - (b) conveyor belts, sieves, hoses, rubber, textile and plastic linings, bands, brushes, electrical contacts, heating elements, tyres, ropes, chains, belts, seals, parts made of glass, porcelain or ceramics;
  - (c) foundation blocks, brick lining of furnaces, ovens and containers, firing grids, burner nozzles;
  - (d) fuels, filters, operating media (which does not include refrigerant gas), oils, lubricants;
  - (e) catalysts, chemicals, contact agents;
  - (f) expendable protection devices;

unless damaged as a direct result of Loss to other parts of the Machinery.

2. Loss of that part of a Machine which is corroded, eroded, fatigued, worn out or wasted away through ordinary use or working.

3. Loss caused by:

- (a) rust, mud, boiler scale or other deposits, continuous chemical or atmospheric influence, gradually developing flaws, cracks, distortion or breakage of copper piping used in refrigeration systems;
- (b) test, intentional overloading or experiments involving the imposition of abnormal conditions;
- (c) fire, explosion (other than boiler explosion), lightning, whether direct or indirect, extinguishing of fire, subsequent demolition, dismantling and clearance of debris;
- (d) earthquake, seaquake, tsunami, subsidence, landslide, rockfall, flood, inundation, water damage, hurricane, typhoon, cyclone, volcanic eruption, lightning;
- (e) theft, or attempted theft;
- (f) any faults or defects existing at the time of commencement of this insurance within your knowledge;

4. Loss for which the manufacturer or supplier of the property is responsible either by law or under contractual obligations;

5. consequential loss, damage or liability of any nature, other than as specified in the Policy.

6. Loss, cost or expense of any nature directly or indirectly caused by, resulting from or in connection with any of the following regardless of any other contributing cause or event:

- (a) war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or
- (b) nuclear reaction, nuclear radiation or radioactive contamination; or

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**EXCLUSIONS** (continued)

- (c) any act of Terrorism.  
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 and/or to put the public or any section of the public in fear; or
- (d) riot, strike or lockout.

The Policy also excludes Loss, cost or expense of any nature directly 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.

- 7. Loss directly or indirectly caused by, arising out of, or aggravated by your business being wound up or carried on by a receiver or permanently discontinued.

All insurance under the Policy will cease from that time.

- 8. prototype Machinery.
- 9. any amount claimed for an item which exceeds the most appropriate Sum Insured specified in the Schedule (or elsewhere in the Policy).
- 10. Loss caused by:
  - (a) the corruption or destruction of data, coding programme or software; or
  - (b) the unavailability of data and malfunction of hardware, software and embedded chips; or
  - (c) any business interruption losses resulting therefrom;

provided that this exclusion shall not apply where such Loss occurs as a direct result of insured physical loss or damage which is otherwise insured by the Policy.

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## **GENERAL CONDITIONS**

### **Cancellation**

You may cancel the Policy at any time by giving us written notice. We will calculate a premium at our customary short term rates, deduct it from the premium that you have paid, and refund the balance to you. We will not refund any premium in respect of any Machinery for which we have paid a total loss claim.

We may cancel the Policy, but only in accordance with the provisions of the Insurance Contracts Act 1984.

### **Sums Insured**

Unless the Schedule specifies a sum insured on an "any one loss" basis, the sums insured specified in the Schedule must not be less than 90% of the value of the insured items to which the sum insured applies (or ought to apply if 100% insurance is to be obtained).

If at the time of Loss, such item is insured for less than 90% of its market value at the time of Accident or Loss, the cost of repairing, replacing or indemnifying the item will be limited to the same proportion of the cost as the sum insured bears to 90% of the item's market or insurance value immediately before Loss occurred.

### **Alteration of Risk**

You must notify us immediately of any proposed alterations or modifications to the Machinery and of any proposed departure from the working conditions which prevailed when the Policy was commenced. If any such modification or alteration increases the risk of Loss (without our written consent) then in the event of Loss, we may reduce or refuse to pay the claim.

### **Diligence**

You must:

- (a) take all reasonable steps to protect the Machinery;
- (b) fully comply with manufacturer's instructions and all legal requirements regarding safety, installation and maintenance of the Machinery;
- (c) ensure that any safety devices, where fitted or required, are in place and fully operational at all times.

If you do not comply with this condition, then in the event of Loss, we may reduce, or refuse to pay, the claim.

### **Examination**

You must allow our representative to examine the Machinery at any reasonable time. If any new facts of nature likely to increase the risk are observed, you must, at our request, restore the risk to an acceptable level within the least possible time.

### **Subrogation**

- (a) Where we have a right to recover any payments made, or to be made, under the Policy from any person, you must fully co-operate with us in any legal proceedings available to us.
- (b) If we make any recovery as a result of such action, you may only recover from us any amount by which the amount recovered by us exceeded the amount we paid you in relation to the Loss.

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**GENERAL CONDITIONS**

(continued)

**Fraud**

If you make a claim which is fraudulent in any way, or you collude with anyone in order to make a claim, we are entitled to cancel the Policy from inception and seek legal recourse.

**Policy-Contribution**

If a Loss is also insured by any other policy or policies, the Insurance Contracts Act 1984 will apply to any contribution by the Policy.

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**CLAIMS CONDITIONS**

**1** Upon the happening of any event which might give rise to Loss, you must:

- (a) notify us immediately by telephone or facsimile and on a claim form giving an indication of the nature and extent of the event;
- (b) take all reasonable steps within your power to prevent further loss or damage;
- (c) supply, at your cost, all such proof, information and other evidence with respect to the claim as we may reasonably require;
- (d) preserve the parts affected and make them available for inspection by us or our representative;
- (e) ensure that no repairs are undertaken or physical evidence of any Loss removed without our consent first being obtained.

If you do not comply with this condition, then in the event of Loss, we may reduce, or refuse to pay, the claim.

**2** When Loss occurs, you may appoint a licensed repairer of your choice, but:

- (a) you must make the Machine available for our inspection;
- (b) we reserve the right to invite, accept, adjust or decline estimates, or to arrange at our expense for the removal of the Machine to other repairers for quotation purposes.

**3.** In respect of Loss, you must:

- (a) allow us to have the sole conduct of all negotiations and proceedings;
- (b) assist and cooperate with us in all matters arising out of Loss as we may reasonably require, including recovery of costs from anyone responsible for Loss or liability;
- (c) notify us of any other insurance that wholly or partly covers the same Loss or liability.

**4.** In the event of Loss, the bases of settlement under the Policy will be:

- (a) in the case of damage which can be repaired, the cost of repairs necessary to restore the property insured to its condition immediately before the occurrence of the damage, less salvage.
- (b) in the case of a total loss to Machines, other than refrigeration compressors/air-conditioning units, the value of the property insured immediately before the occurrence of the loss, less salvage;

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## CLAIMS CONDITIONS

- (c) in the case of total loss of refrigeration compressors/air-conditioning units, the installed replacement cost reduced by 10% per annum beginning one year after the Machine's manufacture date and subject to a maximum reduction of 80% of the installed replacement cost.

however, only to the extent to which you had to bear the costs claimed and to the extent to which they are included and specified in the Schedule.

Any Loss which can be repaired may be repaired, but if the cost of repairing any Loss equals or exceeds the value of the property insured immediately before the occurrence of the damage, the settlement will be made on the basis provided for under 4(b) or, in the case of refrigeration compressors/air-conditioning units, 4(c) above.

We will bear the cost of any provisional repairs if such repairs constitute part of the final repairs and do not increase the total repair costs.

The cost of any alterations, modifications, additions and/or improvements are not recoverable under the Policy.

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## IMPORTANT INFORMATION

### Privacy

Lumley Insurance respects your privacy and complies with the Privacy Act and the National Privacy Principles. A copy of our Privacy Statement is available at any of our offices.

### Cooling Off

If you are not completely satisfied with the Policy you may cancel it by notifying us in writing within 21 days of insurance having commenced. You will receive a refund of the amount you have paid unless something has occurred for which a claim may become payable under the Policy.

### Confirming Transactions

You may contact us or your adviser, in writing (which is always required if you are advising cancellation) or by phone, to confirm any transaction under the Policy. Any transaction will be documented by us as quickly as possible.

### Code of Practice

A self-regulatory Code of Practice exists for the general insurance industry, designed to raise overall standards. Lumley Insurance has adopted the Code, details of which can be obtained from your adviser or any of our offices.

### Complaints - Internal and External Complaints Procedure

If you do not agree with any decision we make in relation to your insurance, please write to us stating what you disagree with and why.

We will then either resolve or attempt to resolve your complaint immediately or refer the matter to our Internal Dispute Resolution Committee (IDRC).

If you are not satisfied with a claim decision by the IDRC, the matter may be referred to an independent alternate dispute resolution body, "Financial Ombudsman Service" provided it falls within their jurisdiction.