

BusinessGuard™

*PrivateEdge®
Management Liability Insurance*

AIG® **AIG Australia**

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Schedule

Policy Number: _____

ITEMS	
Policyholder	
Policyholder's Main Address	Address Line 1 _____ Address Line 2 _____ State _____ PostCode _____
Policy Period	From: _____ To: _____ 4:00 P.M. at the Policyholder's Main Address
Limit of Liability (Aggregate)	\$ _____
Special Excess Limit (for Non-Executive Directors)	Separate excess aggregate limit for each Non-Executive Director: \$1,000,000 subject to a total aggregate limit equivalent to the Limit of Liability for all Non-Executive Directors.
Sublimits of Liability:	
Fidelity	\$ _____
Crisis Loss	\$50,000
OH&S	\$500,000 – for "Company Liability" Cover only
Pecuniary Penalties	\$250,000
Pollution	\$500,000 – for "Reimbursement" Cover only
Publicity	\$25,000
Retention (Each and Every)	
Claim	\$ _____ ; or
Direct Financial Loss	\$ _____ in the case of Employment Liability
Continuity Date	
Premium	\$ _____
Stamp Duty plus GST	\$ _____
Total	\$ _____

Words in **bold** typeface have special meaning—see the Schedule and Definitions Section. Please read this policy carefully and review its cover with your insurance agent or broker.

Insurer & Address	American Home Assurance Company ABN 67 007 483 267 AFSL 230903, trading as AIG Australia (Incorporated with limited liability in the USA) A Member of American International Group, Inc.
Claims Notice	Financial Lines Claims Manager American Home Assurance Company Level 11, 220 George Street, Sydney, NSW, 2000, Australia Telephone: (612) 9240 1711 Facsimile: (612) 9240 1722

SIGNED FOR AND ON BEHALF OF THE INSURER

Signature: _____

DATE of Policy Issuance: _____

PrivateEdge[®]

MANAGEMENT LIABILITY WITH COMPANY, EMPLOYMENT, INVESTIGATION & CRISIS COVER

In consideration of the payment of the **Premium** and in reliance upon the **Submission**, the **Insurer** and **Policyholder** agree as follows.

Covers

Cover under this policy is afforded solely with respect to any: (i) **Claim** first made against an **Insured** during the **Policy Period**; or (ii) **Direct Financial Loss Discovered** during the **Policy Period**; that is reported to the **Insurer** during the **Policy Period** as required by this policy.

<i>Insured Persons</i>	The Insurer shall pay the unindemnified Loss of any Insured Person due to a Claim for any Management Liability .
<i>Special Excess Limit (for Non-Executive Directors)</i>	The Insurer shall pay the unindemnified Loss of any Non-Executive Director of the Policyholder , up to the Special Excess Limit , due to a Claim for any Management Liability when: (i) the Limit of Liability ; and (ii) all other indemnification for Loss available to such Non-Executive Director has been exhausted.
<i>Reimbursement</i>	The Insurer shall pay a Company to the extent it has indemnified Loss of any Insured Person due to a Claim for Management Liability .
<i>Company Liability</i>	The Insurer shall pay the Loss of any Company due to a Claim made against the Company for any Management Liability .
<i>Fidelity</i>	The Insurer shall pay a Company its Direct Financial Loss due to Dishonest Acts committed after the Continuity Date , or the date from which the Company has maintained uninterrupted fidelity insurance (or equivalent cover).

Extensions

<i>Bilateral Discovery Period</i>	If this policy is neither renewed nor replaced with similar cover at the expiry of the Policy Period , the Policyholder shall be entitled to a Discovery Period of: (i) 30 days, granted automatically with no additional premium payable; or (ii) (a) 12 months in the case of any Claims ; and (b) 30 days in the case of any Direct Financial Loss , upon payment of an additional premium of 100% of the annual premium in effect immediately prior to the expiry of the Policy Period .
<i>Controlling Shareholder</i>	Where a Wrongful Act is alleged to have been committed by an Insured Person both as an Executive of a Company and as a controlling shareholder, such Wrongful Act shall, for this policy, be considered committed solely in that Executive capacity.
<i>Crisis Loss</i>	The Insurer shall pay a Company for Crisis Loss from a Crisis Event during the Policy Period .
<i>Defence Cost Advancement</i>	The Insurer shall advance covered Defence Costs within a reasonable time after the Insurer's receipt of invoices detailing same.
<i>Discovery Period for Retired Insured Persons</i>	If this policy is neither renewed nor replaced with similar cover at the expiry of the Policy Period , any Executive who retires after the Continuity Date and prior to the expiry of the Policy Period or any Transaction shall be entitled to an 84 month Discovery Period at no additional premium.
<i>Fraud Investigator's Costs</i>	The Insurer will pay on behalf of the Insured the reasonable and necessary fees and expenses of a Fraud Investigator retained by the Insured to investigate, prove and report a Direct Financial Loss covered under this policy. The cover provided under this Extension is not subject to a Retention and will be paid in addition to the Limit of Liability .

Extensions (continued)

<i>Heirs, Estates and Legal Representatives</i>	Any Claim made against any estate, heir or legal representative of an Insured Person for Management Liability of that Insured Person , shall be covered as if made against that Insured Person .
<i>Investigation Costs</i>	Cover is extended to, and the term " Loss " includes Investigation Costs . Investigation Costs are payable regardless of any Management Liability .
<i>New Companies</i>	Upon the Policyholder obtaining the capacity to determine the outcome of decisions about the financial and operating policies of a privately-held corporation after the inception of the Policy Period , then the term " Subsidiary " will be extended to include that corporation while privately-held. This extension is only available if, at the time of obtaining that right, the corporation has revenues no larger than the Policyholder's .
<i>OH&S Defence/ Investigation Costs</i>	The "Bodily Injury & Property Damage" Exclusion shall not apply to Defence Costs or Investigation Costs payable for any Claim brought against an Insured in the jurisdictions of Australia or New Zealand in connection with an Occupational Health and Safety law or regulation.
<i>Pecuniary Penalties</i>	" Loss " includes pecuniary penalties awarded against an Executive of any Company in and under the laws of the jurisdictions of Australia or New Zealand, provided that the Insurer is not legally prohibited from paying the pecuniary penalties.
<i>Pollution Defence/ Investigation Costs</i>	The "Pollution" Exclusion shall not apply to Defence Costs or Investigation Costs which are payable for any Claim brought against an Insured Person in connection with any actual or alleged discharge, dispersal, release or escape of Pollutants .
<i>PrivateEdge Advisory Panel</i>	During the Policy Period the Insured is entitled to free advice, not involving a significant time commitment on the part of the member firm, from the <i>PrivateEdge Advisory Panel</i> which relates to matters which are relevant to the cover provided under this policy. The Insurer consents to the appointment of any member firm to act on behalf of the Insureds in respect of any Claim notified to the Insurer , provided the Insurer accepts the notification under the policy and subject always to the "Claims" Conditions and to the Insurer agreeing that the member firm's rates and other terms of engagement are reasonable. The Insureds may access the services of the <i>PrivateEdge Advisory Panel</i> by contacting the firms listed as such at www.aig.com.au .
<i>Publicity</i>	Cover is extended to, and the term " Loss " shall include, the reasonable and necessary fees, costs and expenses incurred by or with the prior written consent of the Insurer by or on behalf of an Insured Person in the design and implementation of a publicity campaign to prevent or mitigate damage to the reputation of any Executive of any Company arising from a covered or potentially covered Claim against that Executive .
<i>Spouses</i>	Any Claim made against an Insured Person's spouse for Management Liability of that Insured Person , shall be covered as if made against that Insured Person .
<i>Superannuation Trustees</i>	The term " Executive " is expressly extended to include any fiduciary capacity of such Executive owed to any employee benefits plan, pension plan or superannuation fund of any Company .

Definitions

"Claim"	means any: (i) written complaint, proceeding or arbitration seeking damages or non-monetary relief; (ii) criminal charge; and (iii) official, written notice or other demand in connection with an Investigation .
"Company"	means the Policyholder and any Subsidiary .
"Crisis Event"	means any of the following unforeseen events where, in the reasonable opinion of the chief executive officer (or equivalent) of the Policyholder , the event has the potential to cause an imminent decrease of greater than 30% of the total consolidated annual revenues of the Company if left unmanaged: <ul style="list-style-type: none"> (i) the sudden, unexpected death or disability of any Executive; (ii) loss of a major customer, contract or credit facility; (iii) Employee workplace violence; (iv) the first apparent unauthorized intrusion into any Company's computer facilities; (v) a recall or boycott of any product; (vi) a man-made disaster; (vii) any criminal or fraud Investigation. <p>"Crisis Event" does not include an event that affects a Company's industry in general; rather than a Company, specifically.</p>
"Crisis Loss"	means the reasonable and necessary fees, costs and expenses paid by a Company for external crisis management services provided in response to a Crisis Event within the first 30 days after the event.
"Defence Costs"	means reasonable and necessary fees, costs and expenses incurred by or with the prior written consent of the Insurer in the defence, investigation (by or on behalf of any Insured), adjustment, settlement or appeal of any Claim against an Insured for any Management Liability .
"Direct Financial Loss"	means direct financial loss caused by the loss of Money , Securities or other property: <ul style="list-style-type: none"> (i) owned by the Company; or (ii) in the care, custody or control of the Company and for which the Company is legally liable. <p>Direct Financial Loss does not include: (i) wages, salaries or other remuneration or benefits paid by the Company to its Employees and Executives; (ii) complete or partial non-payment or default under any credit arrangement; or (iii) any costs, fees or other expenses incurred by the Insured in prosecuting or defending any demand, claim or legal proceeding resulting from a Direct Financial Loss which is covered under this policy.</p>
"Discovered" or "Discovers" or "Discovery"	means when any Executive (who is not in collusion with an Employee who has or is attempting to commit a Dishonest Act) first becomes aware of any facts which would cause a reasonable person to assume that a Direct Financial Loss which may be covered under this policy has been or is likely to be incurred, even though the exact amount or details of the Direct Financial Loss are not known at the time the Executive first became aware of such facts.
"Discovery Period"	means a period immediately following expiry of the Policy Period during which time written notice may be given to the Insurer of any: <ul style="list-style-type: none"> (i) Claim: (a) in connection with an Investigation (other than a Claim for Management Liability); or (b) for any Management Liability arising prior to the expiry of the Policy Period; or (ii) Direct Financial Loss Discovered either prior to or within 30 days of the expiry of the Policy Period.
"Dishonest Acts"	means any fraudulent or dishonest acts committed by an Employee (acting alone or in collusion with others) with the principle intent to cause the Company to sustain a Direct Financial Loss and results in the Employee making an improper financial gain for themselves or for any other individual or organisation intended by the Employee to receive such gain.

Definitions (continued)

"Employee"	means either: <ul style="list-style-type: none"> (i) any natural person who is a past, present or future full-time, part-time, seasonal or temporary employee; or (ii) in the case of "Fidelity" Cover only, a natural person who is a full-time, part-time, seasonal or temporary employee at the time of Discovery; who are not Executives , auditors, consultants, independent contractors, secondees or agents.
"Employment Liability"	means any liability from a Claim against any Company , or any Executive or Employee of any Company by an Employee or prospective Employee of that Company based upon any Wrongful Act in connection with the recruitment, employment of or the termination of such Employee or, decision not to employ the prospective Employee , including, but not limited to, any employment-related retaliation or harassment.
"Executive"	means any natural person who is a past, present or future: <ul style="list-style-type: none"> (i) duly elected or appointed director or trustee (other than a trustee of an insolvent entity); (ii) executive officer or senior manager; or (iii) any other person with duties equivalent to those of the positions listed in (i) or (ii) above.
"Executive Liability"	means liability: (i) for any Wrongful Act of any Executive or any Employee of any Company ; or (ii) arising solely from an Insured Person's status as an Executive or Employee of a Company .
"Fraud Investigator"	means an appropriate fraud investigator who has no conflict of interest, nominated by the Insureds and approved in writing by the Insurer , to establish proof of Direct Financial Loss .
"Insured"	means a Company or Insured Person .
"Insured Person"	means any Executive or any Employee of any Company and any Outside Director .
"Investigation"	means any investigation, examination or inquiry by any regulator, government authority or official trade body into the affairs of a Company or conduct of an Insured Person as an Executive or Employee of a Company or an Outside Director .
"Investigation Costs"	means the reasonable and necessary fees, costs and expenses incurred by or with the prior written consent of the Insurer by or on behalf of an Insured Person in preparing for and attending any Investigation . In the case of the "OH&S Defence Costs" Extension only, " Investigation Costs " may be incurred by or on behalf of an Insured .
"Loss"	means: <ul style="list-style-type: none"> (i) compensatory damages (including, but not limited to, any order by an Australian or New Zealand court to pay compensation for damage resulting from a contravention of Australian or New Zealand legislation); and (ii) legal costs and expenses of a plaintiff; that any Insured is legally obligated to pay under the terms of: (a) a judgment entered against any Insured ; or (b) a settlement negotiated by or pre-approved in writing by the Insurer . "Loss" includes Defence Costs and Crisis Loss . "Loss" does not include: (a) fines or penalties, other than those covered by the "Pecuniary Penalties" Extension or any compensation order under (i) above; (b) taxes; (c) employment-related compensation or benefits; (d) internal or overhead expenses of any Insured Person or any Company ; (e) the cost of complying with non-monetary damages or relief; or (f) matters which may be deemed uninsurable under applicable law.

Definitions (continued)

"Management Liability"	means: <ul style="list-style-type: none"> (i) in the case of any Insured Person, any: <ul style="list-style-type: none"> (a) Executive Liability; (b) Outside Director Liability; and (c) Employment Liability; and (ii) in the case of any Company, any: <ul style="list-style-type: none"> (a) liability for any Wrongful Act of the Company; and (b) Employment Liability.
"Money"	means local or foreign currency, coins, bank notes, cheques, travellers cheques, registered cheques, postal orders, money orders and bullion.
"Non-Executive Director"	means any natural person who is a past, present or future duly elected or appointed director of the Policyholder and who, at the time of any Wrongful Act or Investigation ; <ul style="list-style-type: none"> (i) does not hold any other Executive or Employee capacity for any Company; and (ii) does not receive compensation, either directly or indirectly, from any Company for services rendered as a consultant or in any capacity, other than as a duly elected or appointed non-executive director of the Policyholder.
"Outside Entity"	means any (i) not-for-profit entity; (ii) privately-held corporation; or (iii) any entity listed as an Outside Entity in an endorsement attached to this policy.
"Outside Director"	means any Employee or Executive of any Company who is or was acting at the specific written request or direction of a Company as an Executive of an Outside Entity .
"Outside Director Liability"	means liability: (i) for any Wrongful Act of any Outside Director ; or (ii) arising solely from an Insured Person's status as an Outside Director .
"Pollutant"	means any solid, liquid, gaseous, biological, radiological or thermal irritant, toxic or hazardous substance, or contaminant, including, but not limited to, asbestos, lead, smoke, vapour, dust, fibres, mould, spores, fungi, germs, soot, fumes, acids, alkalis, chemicals and waste. Such waste includes, but is not limited to, materials to be recycled, reconditioned or reclaimed and nuclear materials.
"Securities"	means any negotiable or non-negotiable instruments or contracts representing Money or other property including but not limited to shares, preference shares, stocks, debentures, warrants, options, bonds, promissory notes or other equity or debt security.
"Submission"	means the declarations and statements which are contained in or constitute the proposal form together with its attachments and the other information submitted to the Insurer .
"Subsidiary"	means any privately-held entity, other than a partnership or joint venture over which, either prior to or at the inception of the Policy Period , the Policyholder has the capacity to determine the outcome of decisions about that entity's financial and operating policies.
"Transaction"	means the event of: <ul style="list-style-type: none"> (i) the Policyholder consolidating with, merging with or into or selling all or substantially all of its assets to any other person or entity or group of persons and/or entities acting in concert; (ii) any person or entity or group of persons or entities acting in concert acquiring the capacity to determine the outcome of decisions about the Policyholder's financial and operating policies; or (iii) the receivership, bankruptcy, liquidation, administration or legally recognised insolvency of the Policyholder.
"Wrongful Act"	means any actual or alleged wrongful act, error or omission by any: <ul style="list-style-type: none"> (i) Executive of a Company; (ii) Employee of a Company; or (iii) Company.

Exclusions

This policy shall not cover **Loss** or make any payment in connection with any **Claim** arising out of, based upon or attributable to any:

<i>Conduct</i>	(i) improper use of position or information to gain any profit or advantage or cause any detriment to the Company ; (ii) remuneration illegally paid to or received by an Insured ; or (iii) criminal, dishonest, fraudulent, wilful or malicious act, error or omission, or any intentional or knowing violation of law; but only if: (a) the foregoing have been established by any judgment, award or other finding by a court, tribunal or arbitrator; or (b) such Insured admits in writing to (i), (ii) or (iii) above; In the case of "Fidelity" Cover only, this exclusion does not apply.
<i>Contractual Liability</i>	actual or alleged liability of any Company to anyone other than an Employee of a Company assumed under any contract;
<i>Intangible Rights</i>	actual or alleged liability of any Company in connection with intellectual property or privacy rights, or trade secrets;
<i>Known Facts/ Circumstances USA or Canada</i>	actual or alleged fact or circumstance that, prior to the Continuity Date , may reasonably have been expected by an Insured to give rise to a Claim ; acts or omissions committed or allegedly committed within Canada or the United States of America, or any legal action or litigation brought within Canada or the United States of America, its states, localities, territories or possessions or under any laws thereof;
<i>Superannuation Funds</i>	actual or alleged violation of any responsibilities, obligations or duties protecting or regulating any employee pension plans, employee welfare plans, employee retirement savings plans, employee profit sharing or employee benefits programme; provided, however, that this exclusion shall not apply to the cover afforded by the "Superannuation Trustees" Extension;
<i>Pollution</i>	(i) actual, alleged or threatened presence, discharge, dispersal, release, migration or escape of Pollutants , or (ii) direction or request to, or effort by the Insured or any other person or organization to: (a) test for, monitor, clean up, remove, contain, treat, detoxify or neutralise Pollutants , or (b) respond to or assess the effects of Pollutants ;
<i>Prior Claims/ Circumstances</i>	as of the policy inception, prior or pending Claim or circumstance reported under any policy of which this policy is a renewal or replacement, or the same, continuous, repeated or related facts as those alleged in such prior or pending Claim or such circumstance;
<i>Professional Services</i>	actual or alleged professional services of any Company ; or
<i>Public Securities</i>	actual or alleged sale, purchase, offer to sell or offer to purchase any listed or otherwise public securities representing a debt or equity interest in any Company .

In addition, this policy shall not cover **Loss** or make any payment in connection with any **Claim**:

<i>Anticompetitive Practices</i>	for any violation by any Company of any law applicable to: business competition, unfair trade practices or tortious interference with any business or contractual relationships;
<i>Benefits</i>	for any workers' compensation, disability benefits, redundancy or unemployment benefits or compensation, unemployment insurance benefit, retirement benefits, social security benefits or any similar obligation; provided, however, that this exclusion shall not apply to the cover afforded by the "Superannuation Trustees" Extension;
<i>Bodily Injury & Property Damage</i>	for bodily injury, sickness, disease, or death of any person, damage to, destruction of or loss of use of any property, or infliction of emotional distress; provided, however, that this exclusion shall not apply to Claims alleging emotional distress caused by a Wrongful Act in connection with Employment Liability or defamation;

Exclusions (continued)

<i>Company v. Insured</i>	brought by or on behalf of any Company ; provided, however, that this exclusion shall not apply to: (i) Defence Costs ; (ii) any shareholder derivative action brought or maintained on behalf of any Company without the solicitation or participation of any Insured ; or (iii) any Claim brought or maintained by a liquidator, receiver or administrative receiver derivatively on behalf of any Company without the solicitation or participation of any Insured ; or
<i>Major Shareholders</i>	brought against any Insured by, at the instigation of, or on behalf of, any past or present shareholder who had or has direct or indirect ownership of, or control over, 15% or more of the voting share capital of: (i) any Company ; or (ii) in the case of an Outside Director , any Outside Entity .

In the case of each exclusion set out above, other than the "Major Shareholders" Exclusion, "**Company**" includes any **Outside Entity**.

For the "Fidelity" Cover only, this policy shall not cover:

<i>Confidential Information</i>	Direct Financial Loss arising out of, based upon, attributable to or in any way connected with the accessing and dissemination of, any confidential information including, but not limited to, trade secrets, computer programs, customer information, patents, trademarks, copyrights or processing methods;
<i>Consequential Loss</i>	any indirect or consequential loss of any nature, including but not limited to any loss of income such as interest and dividends not realised by any Company or any other person or organisation, resulting from a Direct Financial Loss which is covered under this policy;
<i>Director Dishonesty</i>	Direct Financial Loss arising out of, based upon, attributable to or in any way connected with any fraudulent or dishonest activities involving collusion or complicity of an Executive (part (i) of the Definition only);
<i>Extortion or Kidnap & Ransom</i>	Direct Financial Loss arising out of, based upon, attributable to or in any way with connected with any extortion or kidnap and ransom;
<i>Geographical Limits</i>	Direct Financial Loss arising out of, based upon, attributable to or in any way connected with any Dishonest Acts outside of Australia or New Zealand;
<i>Loss Sustained After Knowledge</i>	Direct Financial Loss arising out of, based upon, attributable to or in any way connected with any Employee from the time any Executive (who is not in collusion with such Employee for the purpose of committing a Dishonest Act) had actual knowledge that the Employee had committed or was suspected of having committed a Dishonest Act ;
<i>Prior or Subsequent Discovery</i>	Direct Financial Loss which is Discovered : (i) prior to the commencement of the Policy Period ; or (ii) after 30 days following the expiry of the Policy Period ;
<i>Profit & Loss or Inventory Computation</i>	Direct Financial Loss the proof of which is dependent solely upon: (i) a profit and loss computation; or (ii) a comparison of inventory records with an actual physical count. If, however, an Employee is identified as having caused or is suspected of having caused a Direct Financial Loss , then inventory records and actual physical count of inventory can be submitted as partial evidence in support of proof of the Direct Financial Loss as required by the "Notification" Claims Condition; or
<i>Shareholder Dishonesty</i>	Direct Financial Loss arising out of, based upon, attributable to or in any way connected with any fraudulent or dishonest acts committed by any shareholder who at the time of committing such acts had direct or indirect ownership of or control over more than 5% of the voting share capital of any Company .

Claims

Notification

Cover under this policy is afforded solely with respect to any:

- (i) **Claim** or **Direct Financial Loss** that is reported to the **Insurer** during the **Policy Period** or any **Discovery Period**; and
- (ii) **Crisis Event** that is reported to the **Insurer** during the **Policy Period**.

All notifications must be made as soon as practicable and must be addressed as required in the "Claims Notice" Item in the Schedule and reference the **Policy Number**.

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

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

Defence Costs Advancement

The **Insurer** may not refuse to advance **Defence Costs** by reason only that the **Insurer** considers that conduct referred to in paragraphs (i), (ii) or (iii) of the "Conduct" Exclusion has occurred, until such time as there is an admission, or, a judgment, award or other finding by a court, tribunal or arbitrator which establishes the foregoing. Any payments advanced in respect of **Defence Costs** for which it is ultimately established the **Insurer** is not liable must be repaid by the **Insured**.

Circumstances

Any **Insured** may, during the **Policy Period**, notify the **Insurer** at the address provided in the Schedule of any circumstance reasonably expected to give rise to a **Claim**. The notice must include the reasons for anticipating that **Claim**, and full particulars as to dates, acts and persons involved.

Related Claims

If notice of a **Claim** or circumstance is given as required by this policy, then any subsequent **Claim** alleging, arising out of, based upon or attributable to the facts alleged in that **Claim** or described in that circumstance notice shall be deemed first made against an **Insured** and reported to the **Insurer** at the time the required notices were first provided. Any **Claim** arising out of, based upon or attributable to continuous, repeated or related **Wrongful Acts** shall be considered a single **Claim**.

Related Dishonest Acts

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

Bilateral Discovery Period

The **Policyholder** must make any request for a 12 month **Discovery Period** in writing within 15 days, and pay any applicable additional premium within 30 days, after the expiry of the **Policy Period**. A **Discovery Period** is not cancellable by the **Policyholder** and any premium payable for a **Discovery Period** is non-refundable.

In the event of a **Transaction** during the **Policy Period**, no **Discovery Period** is available under the "Bilateral Discovery Period" Extension.

Loss Mitigation

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

Recovery

This policy and any rights under it may not be assigned without the prior written consent of the **Insurer**. Upon payment, the **Insurer** shall be subrogated to all rights of recovery of the **Insured** even if the **Insured** has not been fully compensated for its loss and be entitled to pursue and enforce such rights in the name of the **Insured**.

Claims (continued)

<i>Consent: Insured</i>	The Insurer may settle any Claim with respect to any Insured , subject to such Insured's or the Policyholder's written consent. If the Insured or the Policyholder withholds consent to any settlement recommended by a Senior Lawyer then the Insurer's liability for all Loss in respect of that Claim will not exceed the amount for which the Insurer could have settled the Claim plus the costs and expenses incurred to the date such settlement was recommended in writing to the Insured .
<i>Consent: Insurer</i>	No Insured shall admit or assume any liability, enter into any settlement agreement, or consent to any judgment without the prior written consent of the Insurer . The Insurer's consent will not be unreasonably withheld provided that the Insurer is permitted to effectively associate with the Insureds in the defence and settlement of any Claim . Only judgments resulting from Claims defended in accordance with this policy, shall be recoverable as a Loss under this policy.
<i>Defence/ Settlement</i>	The Insured must, at its own cost, render all reasonable assistance to the Insurer and take all reasonable measures to mitigate Loss . The Insured shall defend and contest any Claim made against them. The Insurer shall advance Defence Costs in excess of the Retention , if applicable; and it shall be entitled, but not required, to participate fully in such defence and the negotiation of any settlement that involves or appears reasonably likely to involve the Insurer .
<i>Determination of Whether Insurer's Settlement Recommendation is Reasonable</i>	Should any Insured Persons or the Policyholder wish to contest any legal proceedings which the Insurer wants to settle, then the Insurer agrees to the appointment, at the Insured Persons' or the Policyholder's request, of a Senior Lawyer (to be mutually agreed upon by the Insured and the Insurer , or in the absence of mutual agreement to be appointed by the President of the Law Society, or equivalent organization, in the jurisdiction in which legal proceedings were first served) to determine whether the Insurer's settlement recommendation is reasonable. The Senior Lawyer shall take into consideration the economics of the matter, the damages and costs which are likely to be recovered by the plaintiff, the likely costs of defence and the prospects of the Insured successfully defending the action. The costs of the Senior Lawyer's opinion will be paid by the Insurer . Any amount paid by the Insurer under this Claims Condition will be paid in addition to the Limit of Liability .
<i>Use of Fraud Investigator</i>	The Fraud Investigator shall: (i) investigate the facts behind a Direct Financial Loss ; (ii) determine the quantum of a Direct Financial Loss ; (iii) advise when and how the Insured's controls were or may have been breached; (iv) summarise recommendations which may prevent future similar Direct Financial Loss ; and (v) issue a report limited to the foregoing, in a format approved by the Insurer , in duplicate to the Insured and to the Insurer . The Insurer has the right to attend the initial meeting between the Insured and the Fraud Investigator . The Insured is not obliged to use the services of a Fraud Investigator . If the Insured does not elect to retain a Fraud Investigator , then any costs or expenses incurred by, on behalf of or in the right of an Insured in connection with investigating and proving a Direct Financial Loss shall be incurred solely at the expense of the Insured and this policy shall not cover any such costs or expenses.

*Claims (continued)**Loss Allocation*

Where, as between any **Insured Person** and any other person (including the **Company**), any **Loss** has been jointly or jointly and severally incurred, the **Insurer's** liability under this policy is limited to the proportion of the **Loss** which represents a fair and equitable allocation between the **Insured Persons** and those other persons, taking into account the relative legal and financial exposures of, and the relative benefits obtained by, the **Insured Persons** and those other persons (including the **Company**).

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

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

Loss Allocation Disputes

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

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

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

Basis of Valuation

With respect to any **Loss** which is covered under this policy, the **Insurer** is not liable for more than:

- (i) the actual market value of **Securities, Money** or precious metals at the close of business on the day the **Loss** was **Discovered** (determined by the value published in the Australian Financial Review), or the actual cost of replacing the **Securities, Money** or precious metals, whichever is less;
- (ii) the actual cash value of other property (not referred to in (a) above) at the close of business on the day the **Loss** was **Discovered**, or the actual cost of replacing the property with property of like quality or value, whichever is less;
- (iii) the cost of blank books, blank pages or other materials plus the cost of labour and computer time for the actual transcription or copying of data furnished by the **Insureds** in order to reproduce books of account and other records; or
- (iv) the cost of labour for the actual transcription or copying of electronic data furnished by the **Insureds** in order to reproduce such electronic data.

Limit and Retention

Limit of Liability

Other than in the case of the **Special Excess Limit**, the total amount payable by the **Insurer** under this policy shall not, in the aggregate, exceed the **Limit of Liability**. The **Special Excess Limit** is a separate aggregate limit of the **Insurer's** liability to all **Non-Executive Directors** under the "Special Excess Limit (for Non-Executive Directors)" Cover and it is in addition to, and not part of, the **Limit of Liability**. Sublimits of liability and Extensions (other than the "Fraud Investigator's Costs" Extension) are part of that amount and are not payable in addition to the **Limit of Liability**. The total amounts payable by the **Insurer** under any Extensions subject to a Sublimit of Liability shall not exceed the applicable amount specified as such for that Extension. The inclusion of more than one **Insured** under this policy does not increase the total amount payable by the **Insurer** under this policy.

Retention

The **Insurer** shall only pay for the amount of any **Loss** and **Direct Financial Loss** which, after any applicable allocation, is in excess of the **Retention**. Nevertheless, the **Retention** shall not apply to **Loss** of an **Insured Person** that cannot be indemnified by the **Company**. The **Retention** applies to **Defence Costs** and **Investigation Costs**. The **Retention** must be borne by the **Company** and shall remain uninsured. A single **Retention** shall apply to **Loss** arising from all **Claims** alleging the same **Wrongful Act** or **Direct Financial Loss** arising from the same **Dishonest Acts**.

Severability

Proposal

With respect to the **Submission**:

- (i) no statements made or knowledge possessed by any **Insured Person** shall be imputed to any other **Insured Person** to determine whether cover is available for any **Claim** made against such other **Insured Person**; and
- (ii) only the statements and knowledge of any Chairman of the Board of Directors, chief executive officer, chief operating officer, chief financial officer or chief legal officer (or equivalent positions) of a **Company** shall be imputed to that **Company**, and the knowledge of the same officers of the **Policyholder** will be imputed to all **Companies**.

Conduct

For the purpose of determining the applicability of the "Conduct" Exclusion:

- (i) the information or knowledge possessed by any **Insured Person** shall not be imputed to any other **Insured Person**; and
- (ii) only information and knowledge possessed by any past, present or future Chairman of the Board of Directors, chief executive officer, chief operating officer, chief financial officer or chief legal officer (or equivalent positions) of a **Company** shall be imputed to that **Company**.

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General Provisions

<i>Headings and Titles</i>	The descriptions in the headings and titles of this policy are solely for reference and convenience and do not lend any meaning to this policy. Words in bold typeface have special meaning and are defined or listed in the Schedule. Words and expressions in the singular shall include the plural and vice versa. Words that are not specifically defined in this policy have the meaning normally attributed to them.
<i>Cancellation</i>	The Policyholder may cancel this policy by providing written notice to the Insurer in which case the Insurer shall retain the pro-rata proportion of the premium plus 20% of that pro-rata proportion. The Insurer may cancel this policy as and in the manner permitted by law and shall be entitled to retain the pro-rata proportion of the premium. Cancellation of this policy does not extinguish any cover available under the "Discovery Period for Retired Insured Persons" Extension.
<i>Preservation of Right to Indemnity</i>	In the event and to the extent that the Company is legally permitted or required to indemnify any Insured Person in respect of a Claim , but for whatever reason fails or refuses to do so, then the Insurer shall pay on behalf of the Insured Person any Loss arising from such Claim . In such event, the Retention applicable to the "Company Liability" Cover shall be paid by the Company to the Insurer .
<i>Bankruptcy or Insolvency</i>	The bankruptcy or insolvency of any Insured shall not relieve the Insurer of any obligations under this policy.
<i>Cover in respect of Subsidiaries</i>	Cover for any Claim against an Insured Person in their capacity as an Insured Person of any Subsidiary shall apply only to Management Liability arising, or Dishonest Acts committed, while such Company is or was a Subsidiary of the Policyholder and the Insured Person served in that capacity. An entity ceases to be a Subsidiary when the Policyholder does not have the capacity to determine the outcome of decisions about that entity's financial and operating policies.
<i>Transactions</i>	In the event of a Transaction : then the cover provided under this policy is amended to apply only to: (i) the Management Liability and Crisis Loss incurred; and (ii) Direct Financial Loss Discovered ; prior to the effective time of such event. This policy may not be cancelled after the effective time of such event, and the entire premium for this policy shall be deemed earned at such time.
<i>Validity</i>	This policy is not binding upon the Insurer unless it is signed on the Schedule by an authorised representative of the Insurer .

<End>