



POLICY SCHEDULE & WORDING

Contaminated Products Insurance Policy

libertyinternational.com/au

Important notice



The **Insured** should carefully read all of this **Policy**, including all definitions and, in particular, the exclusions, to ascertain the precise scope of cover afforded by this **Policy**. The **Insured** is advised to consult its insurance agent or broker to ensure a clear understanding of the **Insured's** rights and obligations under this **Policy**.

Policy schedule



POLICY NUMBER																	
NAMED INSURED																	
ADDRESS OF INSURED																	
POLICY PERIOD	<table border="1"> <tr> <td>From:</td> <td>local standard time</td> </tr> <tr> <td>To:</td> <td>local standard time</td> </tr> </table>	From:	local standard time	To:	local standard time												
From:	local standard time																
To:	local standard time																
LIMIT OF LIABILITY	<p>2.1 Accidental Contamination, 2.5 Alleged Contamination, 2.6 Government Recall & 2.7 Intentionally Impaired Ingredients (combined): ^ in the aggregate</p> <p>2.2 Malicious Product Tampering & 2.4 Adverse Publicity (combined): ^ in the aggregate</p> <p>2.3 Product Extortion: ^ in the aggregate</p> <p>Consultants & Advisor Costs: Unlimited</p> <p>Sublimits:</p> <table border="0"> <tr> <td>Rehabilitation Expenses:</td> <td>^ of the limit of liability</td> </tr> <tr> <td>Third Party Recall Costs:</td> <td>^ in the aggregate</td> </tr> <tr> <td>Intentionally Impaired Ingredients:</td> <td>^ in the aggregate</td> </tr> <tr> <td>Alleged Contamination:</td> <td>^ in the aggregate</td> </tr> <tr> <td>Retailers Withdrawal:</td> <td>^ in the aggregate</td> </tr> </table>	Rehabilitation Expenses:	^ of the limit of liability	Third Party Recall Costs:	^ in the aggregate	Intentionally Impaired Ingredients:	^ in the aggregate	Alleged Contamination:	^ in the aggregate	Retailers Withdrawal:	^ in the aggregate						
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Retailers Withdrawal:	^ in the aggregate																
EXTENSIONS																	
SELF INSURED RETENTION	<table border="0"> <tr> <td>2.1 Accidental Contamination:</td> <td>^ each and every Insured Event</td> </tr> <tr> <td>2.2 Malicious Product Tampering:</td> <td>^ each and every Insured Event</td> </tr> <tr> <td>2.3 Product Extortion:</td> <td>^ each and every Insured Event</td> </tr> <tr> <td>2.4 Adverse Publicity:</td> <td>^ each and every Insured Event</td> </tr> <tr> <td>2.5 Alleged Contamination:</td> <td>^ each and every Insured Event</td> </tr> <tr> <td>2.6 Government Recall:</td> <td>^ each and every Insured Event</td> </tr> <tr> <td>2.7 Intentionally Impaired Events:</td> <td>^ each and every Insured Event</td> </tr> <tr> <td>2.8 Retailers Withdrawal:</td> <td>^ each and every Insured Event</td> </tr> </table> <p>Nil Self Insured Retention applies to Consultant and Advisor Costs.</p> <p>This Item is subject to Claim Condition 6.9</p>	2.1 Accidental Contamination:	^ each and every Insured Event	2.2 Malicious Product Tampering:	^ each and every Insured Event	2.3 Product Extortion:	^ each and every Insured Event	2.4 Adverse Publicity:	^ each and every Insured Event	2.5 Alleged Contamination:	^ each and every Insured Event	2.6 Government Recall:	^ each and every Insured Event	2.7 Intentionally Impaired Events:	^ each and every Insured Event	2.8 Retailers Withdrawal:	^ each and every Insured Event
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Policy schedule



INSURED PRODUCT	
POLICY WORDING	Liberty AUS Contaminated Products Insurance Policy Wording 2021.1
ENDORSEMENTS	<ol style="list-style-type: none">1. What to do in a Crisis – Initial Contact and Notification Procedures2. Pre-recall Costs Extension

This Policy is valid only if this Schedule is signed and dated below by a person duly authorised by Liberty.

DATE OF ISSUE	
AUTHORISED BY LIBERTY	

For and on behalf of **Liberty**

Date



Endorsement 1: What to do in a Crisis – Initial Contact and Notification Procedures

POLICY NUMBER	
NAMED INSURED	
EFFECTIVE DATE	

This endorsement, effective from forms part of **Policy** No. issued to: by **Liberty**. Subject to the provisions of the **Policy** wording, it is agreed between **Liberty** and the **Insured** that:

In the event of an incident, situation or occurrence first discovered during the **Policy Period** and reported during the **Policy Period** or within 90 days after the **Policy Period**, that may be covered under the **Policy**:

- (i) **Liberty** will pay the reasonable and necessary fees and expenses of the said consultant/s to respond to an incident notified by the **Insured** which may reasonably give rise to an **Insured Event**. If liability to indemnify is not accepted by **Liberty**, the said reasonable and necessary fees and expenses incurred, prior to **Liberty's** notification to the **Insured**, will still be borne by **Liberty**, and
- (ii) If, after investigation, **Liberty** concludes that indemnity is not available for the incident, situation or occurrence solely because the **Loss** suffered is less than the **Insured's Self Insured Retention**, then Liberty agrees to continue to bear the **Consultant and Advisor Costs**, provided those costs are reasonable and necessary in order to respond to the incident.

The costs covered by this endorsement will be paid for no longer than 12 months from when the incident is first discovered.

INITIAL CONTACT

Liberty has arranged for dedicated crisis management consultants to be available for the **Insured** to call in the event of an incident. The 24-hour crisis response contact number for the Hotline is **+612 8823 1999**. Please quote **Policy** number if available. Callers will speak directly to or receive an immediate call back from an experienced consultant. Notification to the Hotline is independent of, and does not supersede, **Policy** requirements of notice to **Liberty**.

WHAT TO EXPECT WHEN YOU CALL THE CRISIS RESPONSE MANAGEMENT CENTRE HOTLINE

1. During your first telephone contact with the Hotline, you will be asked some brief questions regarding the key details of the crisis, threat or problem.
2. After getting this preliminary information, you will be asked for a phone number where you can be reached during the next hour.
3. A deployment decision based on the nature and geographical location of the incident.
4. Within the first hour after initial contact, a consultant will return your call to discuss the deployment decision and to determine an appropriate course of action. The consultant will work with you to develop a strategy for dealing with the early stages of the potential crisis.
5. If a consultant is dispatched on site, they will provide your company with further guidance on handling the situation.

THE INSURED'S NOTIFICATION OBLIGATIONS

Making contact with the Hotline is independent of, and does not supersede, the **Insured's** obligation under this **Policy** to notify, and disclose to, **Liberty**. In the event of an incident that may be covered under this **Policy**, and whether or not the Hotline has been contacted, one of the following **Liberty** representatives are to be notified (in order of preference) in accordance with the terms of the notice requirements in Clause 7.2 of this **Policy**:

James Paul +61 2 8298 5974 james.paul@libertyglobalgroup.com
(Claims Specialist)

Michael Lincoln +61 2 8298 5958 michael.lincoln@libertyglobalgroup.com
 +61 432 002 326

All written communications should be addressed to:

Claims Manager
Liberty,
Level 38, Governor Phillip Tower, 1 Farrer Place
Sydney NSW 2000

It is understood and agreed that:

- (a) the crisis management consultant will be appointed to perform crisis management services and/or the crisis communications consultant will be appointed to perform public relations services;
- (b) the consultants are retained to advise, inform and assist the **Insured** in the event of a crisis incident, situation or occurrence which may give rise to an **Insured Event** and to enable the Insured to manage and respond to the said crisis;
- (c) the consultants' role is limited to providing immediate assistance and guidance to the **Insured** to enable the **Insured** to manage and minimise the effects of a crisis incident, situation or occurrence which may give rise to an **Insured Event**;
- (d) the consultants have no authority on behalf of **Liberty** to make any admissions which may prejudice **Liberty's** rights or to deal with matters concerning **Policy** coverage or the application of any facts and circumstances of any crisis incident, situation or occurrence which has been notified and which may give rise to an **Insured Event** to the **Policy** terms, conditions and exclusions;
- (e) the consultants shall give such information and assistance to **Liberty** as **Liberty** may reasonably require to enable **Liberty** to investigate and determine liability to indemnify under the **Policy**;
- (f) the provision and/or the use of these services is not, is not intended to be and shall not be regarded as an admission of or an acceptance by **Liberty** of any liability to indemnify an **Insured** under the **Policy** and is without prejudice to all of **Liberty's** rights under the terms, conditions and exclusions of the **Policy**;
- (g) notification to the dedicated crisis response contact number of an incident, situation or occurrence which may give rise to an **Insured Event** does not constitute a notification under the **Policy** and an **Insured** must comply with the **Policy** terms and conditions concerning Notice of **Loss** in Claims Conditions 7.2;
- (h) upon notification to the **Insured** by **Liberty** that liability to indemnify is not accepted, **Liberty** will no longer have any liability under this endorsement and **Liberty** will not pay any fees or expenses of the said consultant/s which are incurred after such notification is given; and
- (i) the **Insured** must ensure that any crisis management consultants shall give such information and assistance to **Liberty** as **Liberty** may reasonably require to enable **Liberty** to investigate and determine potential liability to indemnify under this **Policy**;
- (j) **Liberty** is not responsible nor liable for the provision of the crisis response management services provided by



the crisis management consultants. Whenever the **Insured** requests assistance in the event of an incident, the **Insured** will be making that request to the crisis management consultants, who will provide the services on their own terms and conditions.

All other terms and conditions of the **Policy** remain unchanged.

For and on behalf of **Liberty**

Date:



Endorsement 2: Pre-recall Costs Extension

POLICY NUMBER	
NAMED INSURED	
EFFECTIVE DATE	

This Extension, effective from forms part of **Policy** No. issued to: by **Liberty**. In consideration of payment of the **Premium** by the **Insured**, and subject to all of the provisions of this **Extension**, **Liberty** agrees to provide the following Extension of Cover:

In the event of an incident, situation or occurrence first discovered during the **Policy Period** and reported during the **Policy Period** or within 90 days after the **Policy Period**, that may be covered under the **Policy**:

- (i) Liberty will pay the reasonable and necessary inspection costs, including the costs of chemical analysis, physical inspection or other such efforts following a suspected **Insured Event** to ascertain whether the **Insured Product(s)** have been contaminated and/or to ascertain the potential effect(s) of contamination of an **Insured Product(s)**. If liability to indemnify is not accepted by **Liberty** the said reasonable and necessary fees and expenses incurred, prior to **Liberty's** notification to the **Insured**, will still be borne by **Liberty**.

The costs covered by this Extension will form part of the **Limit of Liability**.

This **Extension** is subject to all of the Claims Conditions, Exclusions, General Conditions and Definitions of the **Policy**.

All other terms and conditions of the **Policy** remain unchanged.

For and on behalf of **Liberty**

Date:



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Contaminated Products Insurance

In consideration of payment of the **Premium** by the **Insured**, and subject to all the provisions of this **Policy**, **Liberty** agrees as follows:

1. Insuring Clause

Liberty will indemnify the **Insured** for **Loss**, in excess of the applicable **Self Insured Retention** up to the applicable **Limit of Liability** specified in the **Schedule**, arising out of an **Insured Event** first discovered during the **Policy Period** and reported during the **Policy Period** or within 90 days after the **Policy Period**.

2. Insured Events

Insured Events means:

- 2.1 **Accidental Contamination;**
- 2.2 **Malicious Product Tampering;**
- 2.3 **Product Extortion;**
- 2.4 **Adverse Publicity;**
- 2.5 **Alleged Contamination;**
- 2.6 **Government Recall;** and
- 2.7 **Intentionally Impaired Ingredients.**

3. Loss

Loss is the following reasonable and necessary expenses or costs incurred by the **Insured** directly and solely as the result of an **Insured Event**:

- 3.1 **Business Interruption;**
- 3.2 **Replacement Costs;**
- 3.3 **Recall Costs;**
- 3.4 **Rehabilitation Expenses;**
- 3.5 **Consultant and Advisor Costs;**
- 3.6 **Extortion Costs;**

3.7 **Third Party Recall Costs**; and

3.8 **Statutory Fines & Penalties.**

Except as otherwise provided **Loss** is limited to expenses or costs incurred within twelve (12) months after the **Insured Event** first became known to the **Insured**. In no event will any amounts claimed and paid under one **Insured Event** be recoverable under another **Insured Event**. The expenses or costs of the **Insured** shall be the net amount of the cost or expense incurred by the **Insured** after subtracting the amount of any input tax credit to which the **Insured** is or shall become entitled to after incurring the cost or expense.

4. Definitions

In this **Policy**:

4.1 **Accidental Contamination** means an inadvertent or unintentional contamination, **Mislabelling** or **Packaging Defect** of an **Insured Product(s)**, that occurs during or as a direct result of its production, preparation, manufacture, packaging or **Distribution**, provided that the use or consumption of an **Insured Product(s)**:

- (a) has resulted in or would result in **Bodily Injury** of any person(s), within three hundred sixty five (365) days following such consumption or use; or
- (b) has resulted in or would result in **Property Damage**.

4.2 **Act** means any Act of the Parliament of Australia and any Act of the Parliaments of the States or Territories of Australia, including any subordinate or delegated legislation made under those Acts; and any amendment, consolidation or re-enactment of any of the above Acts or legislation.

4.3 **Adverse Publicity** means the reporting of an actual or alleged **Malicious Product Tampering** during the **Policy Period** in local, regional, national media, internet or any governmental publication where the **Insured Product(s)** is specifically named.

4.4 **Alleged Contamination** means the reporting of an alleged **Accidental Contamination** during the **Policy Period** in local, regional, national media, internet or any governmental publication where the **Insured Product(s)** is specifically named. **Alleged Contamination** does not include the reporting of an actual contamination, error, fault or defect of the **Insured Product**.

The **Sublimit** for all such **Alleged Contamination** will be 25% of the **Limit of Liability** stated in the Schedule for **Insured Events** 2.1, 2.5, 2.6 & 2.7

4.5 **Bodily Injury** means any medically identifiable physical injury, sickness or disease sustained by any person, including death resulting from any of the foregoing at any time. Emotional distress or mental anguish is included only when due to a physical injury, sickness or disease.

4.6 **Business Interruption** means **Loss of Gross Earnings** and **Extra Expense** as a result of an **Insured Event**.

4.7 **Claim** means the receipt by the **Insured** of any written or verbal notice which alleges:

- (a) a **Wrongful Breach** and claims that the **Insured** is liable to pay a **Penalty**; or

(b) an **Insured Event** and claims that the **Insured** is liable to pay **Third Party Recall Costs**.

4.8 **Consultant and Advisor Costs** means the reasonable and necessary fees and costs of **Liberty's** approved independent security, public relations consultants or advisors, or other independent security, public relations consultants or advisors, provided **Liberty** has given prior consent to use other such independent consultants, for the purpose of responding to an **Insured Event**. **Consultants and Advisor Costs** are in addition to the **Limits of Liability** stated in the **Schedule** and will have no maximum monetary limit, but is limited to expenses or costs incurred within twelve (12) months after an **Insured Event** first become known to the **Insured**.

4.9 **Consumer Protection Act** means any of the following:

Australian Consumer Law and Fair Trading Act 2012 (VIC)

Fair Trading Act 1987 (NSW)

Fair Trading Act 1987 (SA)

Fair Trading Act 1987 (WA)

Fair Trading Act 2010 (WA) Fair Trading Act 1989 (QLD)

Australian Consumer Law (Tasmania) Act 2010 (TAS) Fair Trading Act (Australian Consumer Law) 1992 (ACT)

Consumer Affairs and Fair Trading Act 1996 (NT)

Competition and Consumer Act 2010 (Cth)

And any amendment, consolidation or re-enactment of any of those Acts

4.10 **Defence Costs** means all legal costs and expenses, excluding wages, salaries or other remuneration of the **Insured**, incurred with **Liberty's** prior written consent in connection with any **Claim** for which indemnity is available under this **Policy**, provided that:

(a) such legal costs and expenses are included within the **Limit of Liability** applicable to this **Policy**;

(b) **Liberty** shall not be obliged to provide such consent unless **Liberty** is satisfied that the **Insured** has **Reasonable Grounds for Defence**; and

(c) **Liberty** shall not be liable for legal costs and/or expenses where indemnity is not provided by this **Policy**.

Defence Costs are limited to **Statutory Fines and Penalties** only.

4.11 **Distribution** means the distribution of any **Insured Product(s)** whilst in the possession of the **Insured**.

4.12 **Extortion Costs** means:

(a) **Extortion Monies** paid by the **Insured** as a direct result of an actual or threatened **Product Extortion**;

(b) loss, destruction, disappearance, confiscation or wrongful appropriation of **Extortion Monies** while being handled or conveyed by anyone who is authorised by the **Insured** to have custody of them solely as a direct result of a **Product Extortion**; or

(c) any reasonable and necessary expenses incurred and paid by the **Insured** solely as a direct result of a **Product Extortion**.

Policy wording



4.13 **Extortion Monies** mean any monies the **Insured** has paid in compliance with or in response to an extortion demand. **Extortion Monies** include cash, monetary instruments, bullion, or the fair market value of any securities or real or tangible personal property at the time payment is tendered.

4.14 **Extra Expense** means the excess of the total cost of conducting business activities incurred during the period necessary to clean or repair the location, owned or operated by the **Insured**, where the **Insured Event** has occurred for the sole purpose of reducing **Loss**. This **Policy** only covers those expenses over and above the cost of such activities incurred during the same period of time had no **Insured Event** occurred.

Extra Expense may include but is not limited to the following:

(a) Any **Extra Expense**:

- (i) necessary to clean the machinery and/or the location involved in the contamination or the handling of the contaminated product in order to recreate an environment in which safe products can be manufactured or handled; or
- (ii) paid to maintain the salaries of the workforce as required by state laws, union or other work contract for a maximum period of six months.

(b) The minimum payroll cost needed to reopen the plant as soon as possible after a shutdown imposed by a competent authority.

(c) Increased costs of subcontracting some or all of the manufacturing process to a contract manufacturer, in excess of **Insured's** manufacturing cost, for the period of time necessary to restore the **Insured's** facilities that are owned and operated by the **Insured** to a state in which products can be manufactured or handled safely.

Extra Expense does not include the cost to replace or upgrade defective or inadequately performing machinery or to make capital improvements.

4.15 **Government Recall** means:

- (a) an official recall order issued by the competent authorities; or
- (b) a recall order by the competent authorities that is imminent,

in order to comply with regulations on food safety and as a result of an inadvertent or unintentional contamination or **Mislabelling** of an **Insured Product**, which occurs during or as a direct result of its production, preparation, manufacture, processing, blending, mixing, compounding, packaging or labelling provided that the consumption of an **Insured Product(s)** has resulted in or would result in **Bodily Injury** of any person(s), within three hundred sixty five (365) days following such consumption.

4.16 **Insured** means the entity or entities specified in Item 2. of the **Schedule**.

4.17 **Insured Product(s)** means:

- (a) All topical and ingestible products for human use or consumption, or any of their ingredients, components or packaging, that have been disclosed to **Liberty** on the **Proposal** or by addendum to the **Proposal** that:
 - (i) are in production;
 - (ii) have been manufactured, handled or distributed by the **Insured**;
 - (iii) are manufactured by any contract manufacturer for the **Insured**; or

(iv) are being prepared for or are available for sale.

(b) Any new product(s) outside (a) provided that:

- (i) written notice is given to **Liberty** no less than ninety (90) days prior to its introduction for sale;
- (ii) the **Insured** did not know nor could reasonably have been expected to know as of the date of the written notice to **Liberty** that an **Insured Event** affecting the new product(s) had occurred; and
- (iii) **Liberty** agrees to vary the cover to include such new product(s), on terms **Liberty** considers necessary including payment of additional premium.

4.18 **Intentionally Impaired Ingredients** means any contamination of an **Insured Product(s)** which occurs as a result of an ingredient supplied to the **Insured** by a third party where such contamination was intentional and wrongful but not **Malicious**, provided that the consumption of an **Insured Product(s)** has resulted in or would result in **Bodily Injury** of any person(s), within three hundred sixty five (365) days following such consumption.

The **Sublimit** for all such **Intentionally Impaired Ingredients** will be stated in the Schedule.

4.19 **Liberty** means Liberty Mutual Insurance Company, Australia Branch (ABN 61 086 083 605) trading as Liberty Specialty Markets incorporated in Massachusetts, USA (the liability of members is limited).

4.20 **Loss of Gross Earnings** means the amount calculated by:

(a) multiplying the "Rate of Gross Profit" by the difference between:

- (i) "Standard Turnover" and
- (ii) "Turnover" during the "Indemnity Period"

arising solely and directly out of an **Insured Event**;

(b) subtracting any sum saved during the "Indemnity Period" in respect of the charges and expenses payable out of "Gross Profit" as may cease or be reduced in consequence of the **Insured Event**; and

(c) subtracting any discounts, allowances or rebates instituted by the **Insured** as a direct result of an **Insured Event** and in order to re-establish the **Insured Product(s)** to the reasonably projected level of sales or market share anticipated prior to the **Insured Event**.

If during the "Indemnity Period" the **Loss of Gross Earnings** of the **Insured Product(s)** is offset by increased sales of another **Insured Product(s)** within the same product line as the affected product(s) claimed in the **Loss** as a result of an **Insured Event**, such offset will reduce the actual **Loss** sustained by that amount.

"Rate of Gross Profit" means the rate of "Gross Profit" earned on the "Standard Turnover".

"Turnover" means the money paid or payable (net of any usual discounts) to the **Insured** for **Insured Product(s)**.

"Standard Turnover" means the "Turnover" during the period in the twelve (12) months immediately before the date of the **Insured Event**.

"Indemnity Period" means the period beginning upon the first decrease in sales attributable to and caused directly by the **Insured Event** and ending not later than twelve (12) months thereafter during which the **Insured's** sales shall be affected in consequence of the **Insured Event**.

Adjustments to the “Rate of Gross Profit” and “Standard Turnover” shall be made as may be necessary to provide for the trend of the **Insured’s** business and for variations in or special circumstances affecting the **Insured** either before or after the **Insured Event** or which would have affected the **Insured** had the **Insured Event** not occurred, so that the figure thus adjusted shall represent as nearly as may be reasonably practicable the results which but for the **Insured Event** would have been obtained during the relative period after the **Insured Event**.

“Gross Profit” is calculated by determining the amount by which:-

- (a) the sum of the “Turnover” and the amounts of the closing stock exceeds
- (b) the sum of the amounts of the opening stock and all variable costs (including the cost of raw materials, bad debts, packaging materials and operating supplies).

The amounts of the opening and closing stocks shall be arrived at in accordance with the **Insured’s** normal accountancy methods, due provision being made for depreciation.

4.21 **Malicious** means actions or inactions intended to cause and/or create the impression of **Bodily Injury, Property Damage** or economic harm specifically directed toward the **Insured** or **Insured Product**.

4.22 **Malicious Product Tampering** means any actual or threatened intentional, **Malicious** and wrongful alteration or contamination of the **Insured Product(s)** so as to render it unfit or dangerous for its intended use or consumption, whether or not by an employee of the **Insured**.

4.23 **Mislabelling** means only:

- (a) the affixing or despatching of the wrong label, tag, printed packaging or other related documentation, including but not limited to brochures and product information inserts, to or with the **Insured Product**; or
- (b) errors or omissions in the text or format of any such material or any other literature, on or with the **Insured Product**.

It does not include any misleading or deceptive conduct in connection with the **Insured Product**.

4.24 **Packaging Defect** means an inadvertent or accidental error in the manufacturing, production, or processing of the **Packaging Material** that has the direct effect that the use or consumption of the **Insured Product(s)**:

- (a) has resulted in or would result in **Bodily Injury** of any person(s), within three hundred sixty five (365) days following such consumption or use; or
- (b) has resulted in or would result in **Property Damage**.

The **Sublimit** for all such **Loss** arising from **Packaging Defect** will be 15% of the combined annual aggregate **Limits of Liability** stated in the **Schedule** for **Insured Events** 2.1, 2.5, 2.6 or 2.7 whichever is applicable.

4.25 **Packaging Material** means any packaging component of a topical and ingestible **Insured Product** which has been fully incorporated into the **Insured Product**.

4.26 **Penalty** means any monetary sum payable by the **Insured** to any **Regulatory Authority** pursuant to any **Act** for a **Wrongful Breach** by the **Insured** but excluding:

- (a) any amounts payable as compensation;
- (b) any compliance, remedial, reparation or restitution costs;
- (c) any damages, including any exemplary or punitive damages;
- (d) any consequential economic loss;
- (e) any legal costs and associated expenses.

Notwithstanding clause 4.26.(e), **Liberty** will pay any reasonable legal costs and associated expenses payable by the Insured to any **Regulatory Authority** upon the imposition of a **Penalty** covered by this **Policy**. Provided that where the proceedings that lead to the imposition of the **Penalty** also include proceedings in respect of any of the matters set out in sub-clauses 4.26.(a) to 4.26.(d), **Liberty** will not be liable for that proportion of the legal costs and associated expenses that may be reasonably attributed to the proceedings in respect of those matters set out in sub-clauses 4.26.(a) to 4.26.(d).

- 4.27 **Policy** means this **Policy** wording, any endorsements to it, the **Schedule** and the **Proposal**.
- 4.28 **Policy Period** means the period of time specified in Item 4. of the **Schedule**.
- 4.29 **Premium** means the amount payable by the **Insured** for this **Policy** including any applicable charges as advised by **Liberty**.
- 4.30 **Product Extortion** means any threat or connected series of threats to commit **Malicious Product Tampering** of the **Insured Product(s)**, for the purpose of demanding **Extortion Monies**, communicated to the **Insured**.
- 4.31 **Property Damage** means physical injury to or destruction of tangible property other than the **Insured Product** that creates an unsafe condition which would cause **Bodily Injury**.
- 4.32 **Proposal** means the proposal form and any other information submitted by the **Insured** in applying for this insurance.
- 4.33 **Reasonable Grounds for Defence** means:
 - (a) the **Insured** has reasonable prospects of success in avoiding the quantum of any **Penalty** or **Third Party Recall Costs** alleged in the **Claim**; or
 - (b) the **Insured** has reasonable prospects of success in reducing the quantum of any **Penalty** or **Third Party Recall Costs** alleged in the **Claim**,

and that having regard to the likely legal costs incurred in defending the **Claim** it is reasonable for the **Claim** to be defended. Provided that in either scenario 4.33.(a) or 4.33.(b) above the **Claim** is not capable of being avoided or mitigated by a settlement into which a reasonable person in the position of the Insured, properly advised, would enter.

In the event that an agreement on reasonable prospects for success cannot be reached between **Liberty** and the **Insured**, a Senior Counsel (to be mutually agreed upon by **Liberty** and the **Insured**) shall, as an expert and not an arbitrator, make such determination. Until the Senior Counsel has made a determination **Liberty** may, in its absolute discretion, pay such legal costs and/or expenses or any other amount insured under this **Policy** as it considers appropriate.

In the event that agreement on the appointment of a Senior Counsel cannot be reached, such Senior Counsel shall be appointed by the then President of the Law Society or the Law Institute in the relevant State or Territory.

4.34 **Recall Costs** means reasonable and necessary costs incurred by the **Insured** to inspect, withdraw or destroy any recalled **Insured Product**. **Recall Costs** are limited to the following:

- (a) the cost of newspaper, internet, magazine or any printed advertising, radio and television announcements or commercials, as well as the cost of correspondence necessary to effect the recall of an **Insured Product**
- (b) the essential transportation and accommodation costs directly attributable to the recall;
- (c) salary costs to hire additional person(s), other than regular employees of the **Insured**, devoted exclusively to effect the recall of the **Insured Product**;
- (d) overtime paid to the **Insured's** regular employees for work devoted exclusively to the recall of the **Insured Product**;
- (e) the out of pocket expenses of personnel under (c) and (d), including transportation, incurred exclusively for the purpose of such recall;
- (f) the cost to rent or hire additional warehouse or storage space for the recall for a maximum period of twelve (12) months;
- (g) expense incurred to properly dispose of the unused packaging and point of purchase marketing material of any recalled product if such packaging or material cannot be used or reused;
- (h) inspection costs, including the costs of chemical analysis or other such efforts to identify the cause(s) or potential effect(s) of contamination of an **Insured Product**;
- (i) the cost to redistribute any recalled or restored product(s);
- (j) the cost to destroy or dispose of any recalled **Insured Product(s)**;
- (k) retail slotting fees and cancellation fees for any advertising and/or promotion programs that were scheduled, but were unable to be executed, solely because of an **Insured Event**; and
- (l) any other recall costs agreed to by **Liberty**.

4.35 **Regulatory Authority** means a person or entity appointed, constituted or acting under a delegation pursuant to any Act for the purposes of enforcement of such Act or another Act, including a person or entity authorised to collect monies payable to the Consolidated Revenue Fund, Consolidated Fund or any other such fund.

4.36 **Rehabilitation Expenses** means the reasonable and necessary expenses incurred directly by the **Insured** as a direct result of an **Insured Event** to re-establish the **Insured Product** to the reasonably projected level of sales or market share reasonably anticipated prior to the **Insured Event**.

Rehabilitation Expenses does not include the cost to replace or upgrade defective or inadequately performing machinery or to make capital improvements.

The **Sublimit** for all such **Rehabilitation Expenses** will be of the individual or combined annual aggregate **Limits of Liability** stated in the **Schedule for Insured Events** 2.1, 2.2, 2.3, 2.4, 2.5, 2.6 or 2.7 whichever is applicable.

4.37 **Replacements Costs** means reasonable and necessary costs incurred by the **Insured**:

- (a) to replace any **Insured Product** that has been destroyed or is un-sellable or is unfit for its original use;
- (b) the cost to restore the **Insured Product** to merchantable quality; or
- (c) to replace the **Insured Product** with product(s) of similar value.

In the event it is not reasonable to replace or restore the **Insured Product**, at the discretion of **Liberty**, **Liberty** may instead agree to refund the **Insured's** original cost to manufacture or purchase the **Insured Product**.

4.38 **Retroactive Date** means the inception date of the **Policy**.

4.39 **Schedule** means the schedule attached to this **Policy** and signed by a person duly authorised by **Liberty**.

4.40 **Statutory Fines and Penalties** means any **Penalty** and **Defence Costs** arising from any **Claim** in respect of an **Insured Event** that occurs after the **Retroactive Date**.

The **Sublimit** for all such **Statutory Fines and Penalties** will be 10% of the individual or combined annual aggregate **Limits of Liability** stated in the **Schedule for Insured Events** 2.1, 2.2, 2.3, 2.4, 2.5, 2.6 or 2.7 whichever is applicable, subject to a maximum annual aggregate of \$250,000.

4.41 **Sublimit** means the maximum amount the **Insured** will be paid for a specified **Insured Event** or **Loss**.

4.42 **Terrorism** means an act of actual, alleged or threatened, intentional, malicious and wrongful alteration or contamination of any product(s), not limited to **Insured Product(s)**, undertaken by any person or group, whether or not acting on behalf of or in any connection with any organisation, government, power, authority or military force, when the effect is to intimidate, coerce, or harm a government, civilian population or any segment thereof, or to disrupt any segment of the economy.

Terrorism shall also include any act which is verified or recognised by the Australian Government as an act of terrorism.

4.43 **Third Party Recall Costs** means:

- (a) the reasonable and necessary costs incurred by the distributor, retailer or wholesaler of the **Insured Product(s)**, to inspect, withdraw or destroy any recalled **Insured Product**, limited to **Recall Costs** (a) to (l), for which the **Insured** becomes obligated to reimburse the distributor, retailer or wholesaler of the **Insured Product(s)**; and/or
- (b) the reasonable and necessary costs incurred by a customer of the **Insured**, limited to **Recall Costs** (a) to (k), provided that:
 - (i) the **Insured Product(s)** is an ingredient or component part of the recalled product(s) manufactured or distributed by such customer of the **Insured**; and
 - (ii) the **Insured** becomes obligated to reimburse the customer for such **Recall Costs**; and/or
- (c) **Third Party Recall Defence Costs**.

The amount **Liberty** will pay the **Insured** for **Third Party Recall Costs** will not exceed the expenses the **Insured** would have incurred in recalling that customer's products.

4.44 **Third Party Recall Defence Costs** means all legal costs and expenses, excluding wages, salaries or other remuneration of the **Insured**, incurred with **Liberty's** prior written consent in connection with negotiating the validity and quantum with the retailer, distributor or wholesaler of the **Insured Product** of any **Claim** for **Third Party Recall Costs** which indemnity is available under this **Policy**, provided that:

- (a) such legal costs and expenses are included within the **Limit of Liability** applicable to this **Policy**;
- (b) **Liberty** shall not be obliged to provide such consent unless **Liberty** is satisfied that the **Insured** has **Reasonable Grounds for Defence**; and
- (c) **Liberty** shall not be liable for legal costs and/or expenses where indemnity is not provided by this **Policy**.

The **Sublimit** for all such **Third Party Recall Defence Costs** will be \$50,000 in the annual aggregate.

4.45 **Wrongful Breach** means any **Insured Event** whereby:

- (a) the **Insured** contravenes an **Act** or is involved in the contravention of an **Act**;
- (b) the **Insured** commits an offence pursuant to an **Act**; or
- (c) such conduct is prohibited under an **Act** or is the subject of the imposition of a **Penalty** under an **Act**.

5. Exclusions

The **Policy** does not apply to any **Loss** which arises out of or is in any way connected with:

- 5.1 (a) Bioengineering, genetic engineering, or genetic modification of any **Insured Product(s)**;
(b) hormone treatment of any **Insured Product(s)**; or
(c) irradiation of any **Insured Product(s)**.

unless such process as applied to the **Insured Product** is approved by the relevant regulatory authorities.

- 5.2 (a) Transmissible Spongiform Encephalopathies (TSE); or
(b) Avian Influenza Virus.

5.3 Carcinogenic contamination.

- 5.4 (a) Any **Accidental Contamination, Intentionally Impaired Ingredients** or **Government Recall** that occurs after the **Insured** has knowledge of a defect or deviation in the production, preparation or manufacture of an **Insured Product(s)**, or any circumstance(s) which have resulted in or are likely to result in such deviation or defect;
- (b) An event or series of events or circumstance(s) that increases or could increase the possibility of an **Insured Event** and of which one or more of the **Insured's** officers, directors or key employees had actual or constructive knowledge prior to the start of the **Policy Period**;

- (c) Any error, fault or shortcoming in the manufacturing, production, processing, packaging or distribution of the **Insured Product**, first discovered by the **Insured** prior to the **Policy Period**;
 - (d) With respect to **Accidental Contamination** only, failure by any party other than the **Insured**, or contract manufacturer of the Insured, to adhere to procedures prescribed by the **Insured** regarding the storage, consumption, use, production, preparation or manufacture of an **Insured Product**; or
 - (e) **Adverse Publicity** or **Alleged Contamination** generated by any of the **Insured's** directors, officers or trustees.
- 5.5
- (a) Any change in governmental regulations or public perception with respect to the safety of any **Insured Product(s)** or its intended ingredients. This exclusion only applies with respect of **Loss** arising out of or in any way connected with **Accidental Contamination, Alleged Contamination, Intentionally Impaired Ingredients** or **Government Recall**;
 - (b) Intentional breach by the **Insured** of any governmental regulation in connection with the manufacture, sale or distribution of an **Insured Product**, or the **Insured's** use of materials or substances in the manufacturing process of an **Insured Product** which have been banned or declared unsafe by any governmental entity;
 - (c) The illegal act of any of the **Insured's** directors, officers or trustees;
 - (d) Any injury, damage or claim made by a third party arising out of or in connection with the use or consumption of the **Insured Product**, including any defence costs related to a third party legal action;
 - (e) Costs or expenses of any litigation or any proceedings before any governmental body as a result of an **Insured Event**;
 - (f) Any legal or defence costs. This exclusion does not apply to:
 - (i) **Third Party Recall Defence Costs** in respect of a **Claim** for which the Insured is liable to pay **Third Party Recall Costs**; or
 - (ii) **Defence Costs** in respect of a **Claim** for which the Insured is liable to pay a **Penalty**;
 - (g)
 - (i) Civil or criminal fines or penalties imposed by law;
 - (ii) Punitive, aggravated or exemplary damages;
 - (iii) The multiplied portion of multiplied damages; or
 - (iv) Non-pecuniary damages.
- 5.6
- (a) Land, water, growing crops or lawns; or
 - (b) Any crop failure due to weather, pests or other causes.
- 5.7
- Any **Accidental Contamination, Alleged Contamination, Intentionally Impaired Ingredients, Government Recall, Malicious Product Tampering, Adverse Publicity** or **Product Extortion** of a competitor's product that is similar to an **Insured Product**.

- 5.8 (a) Deterioration, decomposition or transformation of the chemical structure of the **Insured Product** unless such deterioration, decomposition or transformation is a result of an **Accidental Contamination**. This exclusion only applies with respect of **Loss** arising out of or in any way connected with **Accidental Contamination, Intentionally Impaired Ingredients, Alleged Contamination** or **Government Recall**; or
- (b) any fungus. This exclusion does not apply to any fungus first discovered prior to the **Insured Product** leaving the **Insured's** premises and as a result of an **Accidental Contamination**.
- 5.9 Changes in population, customer tastes, economic conditions, seasonal sales variations or competitive environment.
- 5.10 Nuclear reaction, nuclear radiation or radioactive contamination, except in the case of a **Malicious Product Tampering**, all whether controlled or uncontrolled, or resulting from any act or condition incidental to any of the foregoing, whether such loss be direct or indirect, proximate or remote, or be in whole or in part caused, contributed to or aggravated by an **Insured Event** or otherwise.
- 5.11 Any proximate or remote consequence, whether direct or indirect of war, invasion, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, or military or usurped power.
- 5.12 Any costs associated with the expense to design or redesign, or engineer or re-engineer any product.
- 5.13 Any property damage to:
- (a) Property owned by, leased or rented to the **Insured**;
- (b) Property belonging to the **Insured** or in the care, custody or control of the **Insured**; or
- (c) an **Insured Product**.
- 5.14 A product recall:
- (a) that is initiated due to the failure of an **Insured Product** to accomplish its intended purpose, including any breach of warranty of fitness or quality, whether written or implied; or
- (b) that is initiated due to the expiration of the designated life of the **Insured Product**.
- 5.15 **Terrorism**. This exclusion shall not apply when the **Insured** or an **Insured Product** is the direct target of such acts of **Terrorism**.

6. Claims Conditions

6.1 Assistance and Cooperation

The **Insured** must cooperate with **Liberty** in all matters relating to this insurance. This may include, but is not limited to, providing information, attending hearings and trials, securing and giving evidence, obtaining the attendance of witnesses, assisting in effecting settlements and in conducting litigation, arbitration or other proceedings.

6.2 Notice of Loss

- (a) The **Insured** must make every reasonable effort to determine whether an **Insured Event** has actually occurred and must give immediate oral and written notice to **Liberty** with periodic and timely updates concurrent with activity occurring during the incident, and to preserve physical evidence of the **Insured Product(s)** for which the claim is being made. If it appears to be in the **Insured's** best interest or to be required by law, the **Insured** must notify law enforcement authorities or any other governmental agencies having jurisdiction over the matter.
- (b) Initial Statement of **Loss**: The **Insured** must submit to **Liberty** no later than ninety (90) days from the date the **Insured** becomes aware of the event, an Initial Statement of **Loss**, stating the full particulars of the **Loss** and its initial calculations and/or projections of the elements and composition of the **Loss**.
- (c)
 - (i) Final Statement of **Loss**: Whether or not any partial payments have been made, a Final Statement of **Loss** with respect to all items of **Loss** other than **Loss of Gross Earnings** must be submitted to **Liberty** in writing no earlier than twelve (12) months and no later than twenty four (24) months after an **Insured Event** first becomes known to the **Insured**.
 - (ii) A Final Statement of **Loss** with respect to **Loss of Gross Earnings** must be submitted no later than twenty four (24) months after the beginning of a reduction in sales of the **Insured Product(s)** caused by an **Insured Event**.

6.3 Salvage

Any salvage or other recovery, after expenses incurred in salvage or recovery are deducted, will accrue entirely to **Liberty's** benefit until any sum paid by **Liberty** has been recovered. In case of damage to property bearing a brand, trademark, proprietary designation, or which in any way carries or implies the guarantee or the responsibility of the **Insured**, the salvage value of such damaged property will be determined after removal in the customary manner of all such brands, trademarks, proprietary designations or other identifying characteristics, the costs of which must be borne by the **Insured**. The **Insured** goodwill and public image will be considered in determining whether any **Insured Product(s)** should be involved in salvage recovery. **Liberty's** right to salvage will not be unreasonably restricted by the **Insured**. The **Insured** will have full right to the possession of all goods involved in any **Loss** under this **Policy** and will retain control of all damaged goods. There can be no abandonment of any property to **Liberty**.

6.4 Subrogation

Prior to **Liberty** granting indemnity under this **Policy**, and as a condition of coverage during the period of a grant of indemnity, the **Insured** must, at its own costs, provide all reasonable assistance (including, but not limited to giving information, signing documents and giving evidence) to help **Liberty** investigate the **Insured's** rights to subrogation, and to pursue any subrogation right and action **Liberty** chooses. These requirements are in addition to any common law rights of subrogation **Liberty** may have.

If **Liberty** grants indemnity under this **Policy** then **Liberty** shall be subrogated to all of the **Insured's** rights of recovery against any person or entity whether or not payment has in fact been made and whether or not the **Insured** has been compensated in full for its loss. The **Insured** must, at its own cost, provide all reasonable assistance to **Liberty** (including, but not limited to giving information, signing documents and giving evidence) to help enforce those rights.

Upon the first discovery of the **Insured Event**, the **Insured** must not do anything that may prejudice **Liberty's** position or potential or potential or actual rights of recovery against any parties.

Any amounts recovered by **Liberty** in excess of **Liberty's** total payment to the **Insured** shall be restored to them less the cost to **Liberty** of such recovery.

6.5 Valuation Clause

In determining the amount of **Loss of Gross Earnings, Extra Expense** and other compensable loss, due consideration will be given to the experience of the business before the **Insured Event** and the probable experience thereafter, had the **Insured Event** not occurred. The probable level of sales and experience of the business had the **Loss** not occurred must be demonstrated with reasonable certainty by the **Insured**.

6.6 Due Diligence

The **Insured** must exercise all due diligence and reasonable care to avoid any event which may be covered under this **Policy** and take all reasonable steps to mitigate any **Loss** arising as a result of an **Insured Event**.

6.7 Limit of Liability

The **Limits of Liability** specified in the **Schedule** are the most **Liberty** will pay regardless of the number of **Insureds**, claims, suits or covered **Loss** or persons or organisations making claims on the **Policy**.

Accidental Contamination, Alleged Contamination, Government Recall and **Intentionally Impaired Ingredients** has a combined annual aggregate **Limit of Liability** as stated in the **Schedule**. This is the most **Liberty** will pay the **Insured** under the **Policy** for all **Loss** covered under **Accidental Contamination, Alleged Contamination** and **Government Recall** and **Intentionally Impaired Ingredients**.

Malicious Product Tampering and **Adverse Publicity** together have a combined annual aggregate **Limit of Liability** as stated in the **Schedule**. This is the most **Liberty** will pay the **Insured** under the **Policy** for all **Loss** covered under **Malicious Product Tampering** and **Adverse Publicity**.

Product Extortion has an annual aggregate **Limit of Liability** as stated in the **Schedule**. This is the most **Liberty** will pay the **Insured** under the **Policy** for all **Loss** covered under **Product Extortion**.

In the event a **Malicious Product Tampering** can also be a **Product Extortion**, such event shall be deemed a **Product Extortion** for the payment of **Loss** under the **Policy**, and for the purposes of the **Limit of Liability**.

If a **Sublimit** is specified in the **Schedule** or the **Policy**, it forms part of and is not in addition to any individual or annual aggregate **Limit of Liability**.

6.8 Other Insurance

If **Loss** insured under this **Policy** is also potentially insured under any other insurance policy or policies, then the **Insured** must advise **Liberty** at the time of making a claim under this **Policy**, and provide **Liberty** with details of the other insurance(s).

6.9 Self Insured Retention

The **Self Insured Retention** stated in Item 7. of the **Schedule** will apply to each and every **Insured Event**. The **Self Insured Retention(s)** will be the first amount borne by the **Insured** and remain uninsured. It does not reduce any individual or annual aggregate **Limit of Liability**. Notwithstanding the above, the **Self Insured Retention** will not apply to **Consultant and Advisor Costs** or **Extortion Costs** incurred by the **Insured** directly and solely as the result of an **Insured Event**.

For the purpose of this Clause, any incident, occurrence or event which constitutes an **Accidental Contamination, Malicious Product Tampering, Product Extortion, Government Recall, Adverse Publicity** or **Intentionally Impaired Ingredients** shall be deemed an individual and separate **Insured Event**, and shall be subject to a separate **Self Insured Retention**.

If, after first discovery of an **Insured Event**, by the insured or any of its employees, officers or directors, multiple **Insured Events** or a series of **Insured Events** :

- (a) arise from continuous or repeated exposure to the same conditions; or
- (b) are attributable to one source or original cause

then each **Insured Event** is subject to a separate **Self Insured Retention**.

If, prior to first discovery of an **Insured Event**, by the insured or any of its employees, officers or directors, multiple **Insured Events** or a series of **Insured Events**:

- (a) arise from continuous or repeated exposure to the same conditions; or
- (b) are attributable to one source or original cause

then collectively, they will be subject to a single **Self Insured Retention**.

6.10 Breach of Applicable Law

Notwithstanding anything else to the contrary in the **Policy**, **Liberty** has no obligation to pay a claim if to do so would breach any applicable economic, trade or other sanction or law of Australia or another country.

7. General Conditions

7.1 Additional Exposures

The **Insured** must give **Liberty** written notice within ninety (90) days of any:

- (a) consolidation or merger with;
- (b) acquisition of the majority stock ownership of; or
- (c) acquisition of the assets of

any other entity whose turnovers are in excess of ten percent (10%) of the **Insured's** gross turnover as of the effective date of such consolidation, merger or acquisition.

Liberty may elect, but is not obliged, to accept or reject this additional exposure. If the additional exposure is rejected, it will remain covered only until the **Insured** is notified in writing of the rejection.

If **Liberty** accept the additional exposure, the **Insured** will pay **Liberty** additional premium as may be required, computed from the effective date of such consolidation, merger or acquisition, to the end of the **Policy Period** unless otherwise specifically requested.

No **Loss** arising out of the additional exposure will be covered unless at the time the **Insured** gave notice of it to **Liberty**, the **Insured** did not know nor could reasonably have been expected to know of the **Insured Event** giving rise to the claim.

7.2 Cancellation

The **Insured** may cancel this **Policy** by providing written notice to **Liberty**. **Liberty** may cancel this **Policy** as and in the manner permitted by law. If the **Policy** is cancelled, **Liberty** shall be entitled to retain a pro-rata proportion of the premium for the time it has been on risk provided that no claim has been made on the Policy, in which event **Liberty** shall retain the customary short rate proportion of the premium.

7.3 Coinsurance

The **Insured** will bear the Coinsurance amount as agreed by **Liberty**. The Coinsurance amount is uninsured. The **Insured** is at risk for the Coinsurance amount for each covered **Loss**, in excess of and in addition to the **Self Insured Retention**. The Coinsurance amount shall be calculated by multiplying the covered **Loss** in excess of the **Self Insured Retention** by the Coinsurance percentage. **Liberty** will then pay the **Insured** for **Loss** in excess of the **Self Insured Retention** subject to the **Limit of Liability** stated in Item 5. of the **Schedule** after deduction of the Coinsurance amount from the covered **Loss**.

7.4 Confidentiality

The **Insured** must not disclose the existence of this **Policy** to any person other than its risk manager or board of directors, or otherwise as required by law including, where applicable, to the **Insured's** auditors.

7.5 Currency

All premiums and claims (if any) are payable at the place and in the currency of the country where the **Policy** was issued, unless otherwise agreed in writing by **Liberty**.

7.6 Electronic Communications

Each insured agrees that **Liberty** may issue by electronic mail or post any notices required to be given under the Insurance Contracts Act or otherwise.

7.7 Excess Insurance

The existence of excess insurance above this coverage, if any, will not reduce **Liberty's** insurance under this **Policy**.

7.8 Governing Law & Exclusive Jurisdiction

This **Policy** is governed by the law in force in Australia. All matters arising relating to construction or operation of the provisions of this **Policy** shall be submitted to the exclusive jurisdiction of the courts exercising jurisdiction under the law of Australia.

7.9 Inspection and Audit

As often as may reasonably be required, the **Insured** will produce for examination and audit all books of account, vouchers, bills, invoices, schedules, accounting information, and any other documentation relating to the subject matter of the insurance or the **Insured's** calculation of **Loss**, or certified copies if originals are lost, at such reasonable time and place as may be designated by **Liberty** or **Liberty's** representative, and will permit extracts and copies to be made.

7.10 Liberty Mutual AGM

Liberty is a branch of Liberty Mutual Insurance Company (LMIC), a stock insurance company incorporated in Massachusetts USA. LMIC is an indirect subsidiary of Liberty Mutual Holding Company Inc. (LMHC), a Massachusetts USA mutual holding company. Notice is hereby given that the annual meeting of LMHC is held on the second Wednesday in April of each year at ten o'clock in the morning, local time, at LMHC's office at 175 Berkeley Street, Boston, Massachusetts USA.

This notice is for members of LMHC only. One becomes a member of LMHC by virtue of being a policyholder of LMIC. Membership rights terminate when one ceases to be a policyholder of LMIC. Members of LMHC may request a copy of LMHC's annual financial statements, which are posted on Liberty Mutual's website at www.libertymutual.com, by writing to Liberty Mutual Holding Company Inc., 175 Berkeley Street, Boston, Massachusetts 02116.

7.11 **Multiple Insureds**

Where there is more than one entity specified as an **Insured** in Item 2. of the **Schedule**, the first entity specified must act on behalf of all other **Insureds** with respect to the exercise of all their rights and the discharge of all their duties in respect of this **Policy**, including but not limited to payment of all premiums and receiving of any return premiums, the acceptance of endorsements, the giving or receiving of any notice provided for under this **Policy**, and the receipt of amounts payable by **Liberty** under this **Policy**.

7.12 **Non-Assignment**

This **Policy** may not be assigned or transferred.

7.13 **Notices**

Except as indicated to the contrary in the **Policy**, all notices, applications, demands or requests provided for in this **Policy** must be in writing and must be given to or made upon a party at its address shown in the **Schedule**.

7.14 **Policy Interpretation & Construction**

The headings in this **Policy** are for descriptive purposes only and do not form part of this **Policy** for the purpose of its construction or operation. Words cited in inverted commas are defined phrases where used within a defined term appearing in bold. Words used in the singular shall include the plural and vice versa. Any words in bold have the meaning given in the Schedule, Section 4. Definitions or as they are otherwise defined in the **Policy**.

7.15 **Severability, Construction and Conformance to Statute**

- (a) If any provision contained in this **Policy** is, for any reason, held to be invalid, illegal or unenforceable in any respect, it is hereby deemed to be severed and to have no effect on any other valid, legal and enforceable provision of this **Policy**.
- (b) If any provision contained in this **Policy** is for any reason held to be invalid, illegal or unenforceable, it will be construed by limiting it so as to be valid, legal and enforceable to the extent compatible with applicable law.
- (c) Any provisions of this **Policy** which are in conflict with the statutes or regulations of the state or country wherein this **Policy** is issued are hereby amended to conform to such statutes or regulations.

7.16 **Territory**

This **Policy** applies to an **Insured Event** anywhere in the world.