



KEYSTONE

**Financial Institutions Crime
Insurance Policy
Wording**

Keystone Underwriting Pty Ltd

Phone: 1300 946 530

Email: contact@ksua.net.au Website: www.keystoneunderwriting.com.au

Table of Contents

Wording	3
1. Definitions	3
2. Insuring Clauses	6
3. Extensions	7
4. Optional Extension	9
5. Exclusions	9
6. Claims Conditions	11
7. Conditions	12
Important Information	15

Wording

The **Insured** and **Keystone** agree that **Keystone** will provide insurance in accordance with the terms of this **Policy** upon payment of the **Premium** as shown in the **Schedule**, and upon submission by the **Insured** of the **Proposal**, the contents on which **Keystone** will rely.

1. Definitions

These definitions apply to this whole **Policy** unless stated otherwise.

- 1.1 Change in Control** means any one of the following events:
- 1.1.1** the **Principal Insured** consolidates or merges with, or sells all or substantially all its assets to, a person, entity or group of persons or entities acting in concert; or
 - 1.1.2** the **Principal Insured** becomes a subsidiary of another entity or becomes controlled by another entity; or
 - 1.1.3** an administrator, receiver, provisional liquidator or liquidator is appointed to the **Principal Insured**.
- 1.2 Client** means any natural person or other legal entity to whom the **Insured** has provided professional services.
- 1.3 Computer System** means computer hardware, software, firmware, associated input and output devices, **Data** storage devices, networking equipment or other electronic data backup facilities.
- 1.4 Contract** means a written contract for the sale or purchase of goods or services.
- 1.5 Cyber Fraud** means an intentional, unauthorised and fraudulent electronic instruction by a **Third Party** purporting to be an **Employee**, **Director** or **Officer** of the **Insured** whom without their knowledge or consent initiates an instruction to debit, pay, deliver or transfer money or securities that results in a **Direct Financial Loss** to the **Insured**.
- 1.6 Data** means machine-readable information in digital format (excluding software) irrespective of the way it is used or rendered, including but not limited to text, voice recordings and images.
- 1.7 Direct Financial Loss** means the **Theft of Property** belonging to an **Insured Organisation** or to a **Client** which is in the care, custody and control of the **Insured Organisation**.
- Direct Financial Loss** does not include:
- 1.7.1** salary, wages, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or any other remuneration; or
 - 1.7.2** costs, fees or other expenses in establishing the existence or amount of the direct financial loss, except as provided in Extension **3.9 – 3.13 Loss Establishment Costs**; or
 - 1.7.3** indirect or consequential losses of any nature, including any loss of profits, interest or dividends not realised because of a direct financial loss.
- Direct Financial Loss** resulting from a series of related acts or omissions will be deemed one **Direct Financial Loss**.
- 1.8 Director** means a person who is:
- 1.8.1** appointed to the position of director of the **Insured Organisation**; or
 - 1.8.2** appointed to the position of an alternate director of the **Insured Organisation** and is acting in that capacity; or
 - 1.8.3** not validly appointed as a director of the **Insured Organisation** but acts in the position of a director of the **Insured Organisation**.
- 1.9 Discovered, Discovers or Discovery** means a **Director** or **Officer** became aware for the first time of an occurrence which has given rise, or which at the time could reasonably have been expected to give rise, to a **Direct Financial Loss** covered under this **Policy**, whether the exact amount or circumstances of such **Direct Financial Loss** were known at the time of becoming so aware. Such **Discovery** will be deemed to be **Discovery** by every **Insured**.
- 1.10 Employee** means a person who is employed under a contract of service and remunerated by the **Insured Organisation** during their course of employment and includes any full time, part time or casual employee. **Employee** does not include **Directors**, consultants, independent contractors,

seconded to or agents of the **Insured Organisation** or their respective employees (including the employees of labour-hire companies).

- 1.11 Endorsement** means any document which is described as an endorsement to this **Policy** and intends to vary it.
- 1.12 Excess** means the amount specified in the **Schedule** as applying to a Cover or Extension of this **Policy**.
- 1.13 Excluded Territory** means Afghanistan, Columbia, Cuba, Haiti, India, Iraq, Iran, Mexico, Nigeria, North Korea, North Sudan, Pakistan, Somalia, Syria or Venezuela.
- 1.14 Extortion** means a threat made solely and directly against the **Insured** by a person or group to:
- 1.14.1** damage or destroy any tangible property owned or leased by the **Insured**; or
 - 1.14.2** damage or destroy any tangible property for which the **Insured** is legally liable, and which is located on the **Premises**; or
 - 1.14.3** to make known to persons outside the **Insured** that a product manufactured or distributed by the **Insured** has been contaminated or is the subject of a threat to contaminate it; or
 - 1.14.4** disseminate, divulge or utilise any **Proprietary Information**, where that person or group is demanding payment in exchange for the mitigation or removal of such threat.
- Where such threats are:
- 1.14.5** related by a common, committed, attempted or threatened act; or
 - 1.14.6** made contemporaneously against the same **Insured** or about the same **Insured, Premises, Proprietary Information**, product or type of product; or
 - 1.14.7** made by the same person or group,
- they shall be deemed to be a single **Extortion** commencing at the time of the first such threat.
- 1.15 Extortion Loss** means:
- 1.15.1** the reasonable cost of any of the following incurred in connection with an **Extortion**:
 - 1.15.1.1** a negotiator or consultant who is independent of the **Insured**; or
 - 1.15.1.2** a public relations consultant who is independent of the **Insured**; or
 - 1.15.1.3** travel and accommodation of an **Insured Person**; or
 - 1.15.1.4** legal advice (but not advice or representation for defending against a claim) from a person who is independent of the **Insured**; or
 - 1.15.1.5** advertising, communications and recording equipment; or
 - 1.15.1.6** a forensic analyst who is independent of the **Insured**; or
 - 1.15.1.7** assessment of the **Extortion** by a security consultant who is independent of the **Insured**; or
 - 1.15.1.8** interest on a loan taken out by the **Insured** to obtain money or property to be surrendered as ransom because of the **Extortion**; or
 - 1.15.1.9** a reward paid by the **Insured** to a natural person who provides information not otherwise available leading to the arrest and conviction of any person responsible for the **Extortion**; or
 - 1.15.2** other reasonable expenses (but not ransom or any other payment to any person whose conduct has caused an **Extortion Loss**) incurred by the **Insured** with **Keystone's** prior written consent.
- 1.16 Instructions** means an ordered set of coded information that, when executed by a **Computer System**, causes such **Computer System** to process **Data** or perform one or more operations.
- 1.17 Insured** means the **Insured Organisation** and the **Insured Persons**.
- 1.18 Insured Organisation** means the **Principal Insured** and its **Subsidiaries**.
- 1.19 Insured Person** means any past, present or future **Director, Officer** or **Employee** of the **Insured Organisation**.
- Insured Person** does not include any professional consultants, service providers, auditors, receivers, managers, liquidators, administrators, trustees, mortgagees in possession or the like, or any employees of such persons or entities.
- 1.20 Investigator** means any independent investigator, accountant or other consultant to be mutually agreed upon by **Keystone** and the **Insured Organisation** or, in the absence of agreement, to be appointed by the current Chairman of the Institute of Chartered Accountants of Australia.

- 1.21 **Keystone** means Keystone Underwriting Pty Ltd ABN 78 601 944 763 as Corporate Authorised Representative (No. 000468712) of Keystone Underwriting Australia Pty Ltd ABN 59 634 715 674 AFSL 518224 which is acting on behalf of **Underwriters**.
- 1.22 **Kidnapping** means a wrongful abduction and detention of an **Insured Person** against his/her will by a person or group demanding payment by the **Insured Organisation** in exchange for the release of that **Insured Person**.
- 1.23 **Limit of Liability** means the amount specified in the **Schedule**.
- 1.24 **Maximum Aggregate Limit of Liability** means the amount specified in the **Schedule**.
- 1.25 **Money** means currency, coins, bank notes, bullion, precious metals, coupons, stamps, cheques, travellers' cheques, registered cheques, postal orders and money orders.
- 1.26 **Officer** means a person (including any company secretary) who:
- 1.26.1 makes, or participates in making, decisions that affect the whole, or a substantial part, of the business of the **Insured Organisation**; and/or
 - 1.26.2 is concerned in, or takes part in, the management of the **Insured Organisation**; and/or
 - 1.26.3 is a member of a committee of the **Insured Organisation** including any compliance, investment or audit committee, but only whilst he/she is a member of any such committee and only in relation to the performance of his/her duties as a committee member.
- 1.27 **Period of Insurance** means the period specified in the **Schedule**, unless terminated earlier.
- 1.28 **Phishing** means the fraudulent use of electronic communications or websites to impersonate the **Insured**, its products or services to solicit personal, confidential or commercial information about customers or clients of the **Insured**.
- 1.29 **Policy** means the **Schedule**, the terms of this document and any **Endorsement**.
- 1.30 **Premises** means any building or adjacent facilities owned or occupied by the **Insured** and in which the **Insured** conducts its business.
- 1.31 **Premium** means the amount specified in the **Schedule**.
- 1.32 **Principal Insured** means the **Insured** or if more than one insured, the first entity listed as the 'Insured' in the **Schedule**.
- 1.33 **Property** means tangible **Money** and **Securities**.
- 1.34 **Proposal** means the written proposal or declaration made by the **Insured** to **Keystone** containing particulars and statements together with other information provided by the **Insured**.
- 1.35 **Proprietary Information** means confidential information of the **Insured**, unique to its business, and which is protected by physical or electronic control or other reasonable efforts to prevent it being disclosed.
- 1.36 **Responsible Person** means any **Director** or **Officer** other than any person who has committed any act of fraud or dishonesty.
- 1.37 **Retroactive Date** means the date specified in the **Schedule**.
- 1.38 **Schedule** means the current schedule issued by **Keystone** to the **Insured**.
- 1.39 **Securities** means any equity securities, debt securities or derivatives.
- 1.40 **Senior Counsel** means a Senior Counsel to be mutually agreed upon by **Keystone** and the **Insured** or, in the absence of agreement, to be appointed by the current President of the Law Society in the Australian State or Territory in which this **Policy** is issued.
- 1.41 **Social Engineering Fraud** means impersonation by any means of an **Insured Person**, client or customer of the **Insured** or a party with which the **Insured** has a **Contract**, by a **Third Party** to manipulate an **Insured Person** to issue an instruction to a financial institution to debit, pay, deliver or transfer money or securities from an account maintained by the **Insured** to that **Third Party** or another person or entity.
- 1.42 **Subsidiary** means any company which, according to the laws of the Commonwealth of Australia or the Australian State or Territory in which this **Policy** is issued is a subsidiary of the **Principal Insured** at the commencement of the **Period of Insurance**.

Cover for any such company applies only to **Direct Financial Loss** first discovered whilst the company is a **Subsidiary** of the **Principal Insured** under this **Policy**.

1.43 Terrorism means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public or any section of the public in fear.

1.44 Tested means:

1.44.1 a method of authenticating:

1.44.1.1 the identity of the originator of an instruction, message, information or payment; and

1.44.1.2 the contents of an instruction, message, information or payment; and

1.44.1.3 that the contents of an instruction, message, information or payment have not been altered or modified during transmission, including the use of digital signatures, public key cryptography, asymmetric cryptography, a Personal Identification Number (PIN), or other similar technologies or encryption methods; and

1.44.2 the use of a call back to an authorised person other than the individual initiating the communication, to authenticate the contents of a communication where such communication is a voice communication made over the telephone or by Voice over Internet Protocol (VoIP), or other forms of Internet Protocol or broadband telephony; and

1.44.3 in relation to communications with private customers or clients, the use of pre-agreed security information.

1.45 Theft means the fraudulent or dishonest obtaining of **Property** by any means, including but not limited to:

1.45.1 physical taking (including by violence or threat of violence); or

1.45.2 fraud; or

1.45.3 forgery; or

1.45.4 counterfeiting; or

1.45.5 establishing, altering or transferring in whole or in part a credit or debit balance in an account held at a bank or other financial institution; or

1.45.6 the unauthorised use of a computer system; or

1.45.7 failing to return erroneously transferred funds; or

1.45.8 Cyber Fraud or **Social Engineering Fraud** provided such loss is not recoverable from any financial institution or any other source; or

1.45.9 Phishing,

which results in an improper financial gain to an **Employee** and/or **Third Party**. Improper financial gain does not include salaries, wages, fees, commissions, awards, bonuses, superannuation or other employee remuneration or benefits.

In relation to **Cyber Fraud** or **Social Engineering Fraud**, it is a condition that the **Insured** is able to demonstrate to **Keystone** that any instructions received by the **Insured** were **Tested** prior to being actioned.

1.46 Third Party means a natural person other than a **Director**, **Officer** or **Employee**.

1.47 Underwriters means certain Underwriters at Lloyd's participating in this contract of insurance.

2. Insuring Clauses

Theft of Property

2.1 Keystone will pay for **Direct Financial Loss** sustained by the **Insured Organisation** resulting from **Theft of Property** by an **Employee** and/or **Third Party** provided such **Direct Financial Loss** is first **Discovered** and reported to **Keystone** during the **Period of Insurance**.

Malicious Acts of Employees

2.2 Keystone will pay for **Direct Financial Loss** sustained by the **Insured Organisation** resulting from any malicious act or omission of an **Employee** provided such **Direct Financial Loss** is first **Discovered** and reported to **Keystone** during the **Period of Insurance**.

3. Extensions

Keystone further agrees to extend cover provided under this **Policy** subject to all the terms, conditions and exclusions, including all definitions of this **Policy**, as follows:

Continuous Cover

3.1 **Keystone** will pay for **Direct Financial Loss** covered by this **Policy** first **Discovered** prior to the commencement of the **Period of Insurance** provided that:

3.1.1 **Keystone** was the **Insured's** crime insurer at the time that the **Insured** first became aware of the circumstance and **Keystone** have continued to be the **Insured's** crime insurer; and

3.1.2 the failure to notify such **Direct Financial Loss** was not a result of any fraudulent misrepresentation or fraudulent non-disclosure by any **Director**; and

3.1.3 **Keystone** will reduce its liability to the extent of any prejudice suffered because of the **Insured's** failure to notify such **Direct Financial Loss** prior to the commencement of the **Period of Insurance**; and

3.1.4 the **Limit of Indemnity** under this Extension shall be the lesser available under the terms of the policy in force at the time that the **Insured** first became aware of the circumstance and this **Policy**. The terms of this **Policy** will otherwise apply;

Extortion Expenses

3.2 **Keystone** will pay the **Insured Organisation** for any **Extortion Loss** during the **Period of Insurance**;

3.3 **Keystone's** total liability under this Extension will not exceed the amount indicated in the **Schedule** during the **Period of Insurance** and all payments will be part of and not in addition to the **Limit of Liability**;

Funds Erroneously Transferred

3.4 **Keystone** will pay for **Direct Financial Loss** covered by this **Policy** first **Discovered** during the **Period of Insurance** resulting directly from **Theft** by a **Third Party of Property** erroneously directed or erroneously transferred by the **Insured**, or on the **Insured's** behalf. Cover under this Extension is provisional on the **Insured** exhausting every reasonable course of action to secure recovery of such **Property**;

Interest Receivable or Payable

3.5 **Keystone** will pay the interest not realised by the **Insured Organisation** or a **Client** because of a **Direct Financial Loss** covered by this **Policy**. The interest will be calculated by taking the average interest rate of the Reserve Bank of Australia during the period that such interest was not realised;

3.6 **Keystone's** total liability under this Extension will not exceed the amount indicated in the **Schedule** during the **Period of Insurance** and all payments will be part of and not in addition to the **Limit of Liability**;

Legal Fees

3.7 **Keystone** will pay to or on behalf of any **Company** reasonable legal fees, costs and expenses incurred in the defence of any written demand, claim, suit or legal proceeding which results directly from a covered **Direct Financial Loss**;

3.8 **Keystone's** total liability under this Extension will not exceed the amount indicated in the **Schedule** during the **Period of Insurance** and all payments will be part of and not in addition to the **Limit of Liability**;

Loss Establishment Costs

3.9 **Keystone** will pay on behalf of the **Insured Organisation** the reasonable and necessary costs and expenses of an **Investigator** in the event of an actual or suspected **Direct Financial Loss** to which this **Policy** may apply, in order to:

3.9.1 investigate the facts and circumstances giving rise to the **Direct Financial Loss**; and

3.9.2 determine the quantum of the **Direct Financial Loss**; and

3.9.3 provide recommendations which may assist in preventing future recurrences of similar losses; and

- 3.9.4 prepare a written report and provide a copy to **Keystone** and to the **Insured Organisation**. The report by the **Investigator** shall be definitive as to the amount and the facts giving rise to the actual or suspected **Direct Financial Loss**;
- 3.10 **Keystone** and the **Insured Organisation** shall share equally the **Investigator's** costs and expenses if the actual or suspected **Direct Financial Loss** or any part thereof is not covered by this **Policy**;
- 3.11 the **Insured** shall give the **Investigator** such information and co-operation as may reasonably be required including but not limited to:
- 3.11.1 all pertinent records; and
 - 3.11.2 a description of the actual or suspected **Direct Financial Loss**; and
 - 3.11.3 the names of actual or potential perpetrators; and
 - 3.11.4 the manner in which the **Insured** first became aware of the **Direct Financial Loss**;
- 3.12 this Extension is not subject to any **Excess**;
- 3.13 **Keystone's** total liability under this Extension will not exceed the amount indicated in the **Schedule** during the **Period of Insurance** and all payments will be part of and not in addition to the **Limit of Liability**;

New Subsidiaries

- 3.14 Definition 1.42 *Subsidiary* is extended to include any company which, according to the laws of the Commonwealth of Australia or the Australian State or Territory in which this **Policy** is issued, becomes a subsidiary of the **Insured Organisation** during the **Period of Insurance** provided that:
- 3.14.1 in the case of an acquisition, the revenue of the new subsidiary for the 12 months preceding the date of its acquisition does not exceed 25% of the consolidated revenue of the **Insured Organisation** for the 12 months preceding the commencement of the **Period of Insurance**; and
 - 3.14.2 the new subsidiary is not incorporated in the United States of America its territories or protectorates; and
 - 3.14.3 the new subsidiary has no financial losses from theft for the five (5) years preceding the date of its acquisition;
- 3.15 **Keystone** will provide cover for a period of 45 days (but not beyond the end of the **Period of Insurance**) from the effective date of a new subsidiary being acquired or created where 3.14.1 to 3.14.3 would normally apply to such new subsidiary. **Keystone** will consider providing cover for the new subsidiary for a further period on such terms and conditions and for such additional premium as may be agreed, upon provision to **Keystone** by the **Insured Organisation** of full details of the new subsidiary;
- 3.16 cover in respect of any such new subsidiary applies only in respect of **Direct Financial Loss** first sustained and **Discovered** whilst the subsidiary is a subsidiary of the **Insured Organisation**;

Period of Grace

- 3.17 the **Principal Insured** is entitled to an automatic extended reporting period of 30 days commencing from the end of the **Period of Insurance** if this **Policy** is neither renewed nor replaced by the **Principal Insured** with a policy or policies providing similar cover, when the **Insured** may notify to **Keystone** any claim for **Direct Financial Loss** under this **Policy**, provided it results from a **Direct Financial Loss** first **Discovered** within the 30 days prior to the end of the **Period of Insurance**;

Public Relations Costs

- 3.18 **Keystone** will pay on behalf of the **Insured Organisation** the reasonable and necessary costs and expenses incurred by an **Insured Organisation** with **Keystone's** prior written consent (which shall not be unreasonably withheld) in seeking advice from a public relations consultant solely for the benefit of protecting the **Insured Organisation's** professional reputation because of **Direct Financial Loss** covered under this **Policy**;
- 3.19 **Keystone's** total liability under this Extension will not exceed the amount indicated in the **Schedule** during the **Period of Insurance** and all payments will be part of and not in addition to the **Limit of Liability**;

Software Reconstitution Costs

- 3.20** **Keystone** will pay on behalf of the **Insured Organisation** the reasonable and necessary costs and expenses incurred by an **Insured Organisation** with **Keystone's** prior written consent (which shall not be unreasonably withheld), in re-writing or amending the **Insured Organisation's** software programs, systems and security codes where such re-writing or amending is necessary to correct those programs, systems and security codes after they have been altered or damaged as a result of a **Direct Financial Loss** covered under this **Policy**, notwithstanding Exclusion *5.4 Computer Breakdown*;
- 3.21** **Keystone's** total liability under this Extension will not exceed the amount indicated in the **Schedule** during the **Period of Insurance** and all payments will be part of and not in addition to the **Limit of Liability**.

4. Optional Extension

The following Optional Extension is subject to all the terms, conditions and exclusions, including all definitions of this **Policy** and shall apply only if it is specifically included in the **Schedule**.

Reinstatement

- 4.1** **Keystone** will provide a single reinstatement of the **Limit of Liability** if the **Limit of Liability** is exhausted due to the payment of a **Direct Financial Loss** or any other amounts insured under this **Policy**, but **Keystone** will only provide such reinstatement if the limit of liability available under any policy or policies in excess of this **Policy** has been exhausted and provided always that **Keystone** will pay no more than a single **Limit of Liability** in respect of each **Direct Financial Loss** or any other amounts insured under this **Policy**.

5. Exclusions

Keystone will not pay for any **Direct Financial Loss** or any other amounts insured under this **Policy** for or arising out of or in any way attributable to:

Bills of Lading

- 5.1** any items which are or purport to be bills of lading, shipping documents, warehouse receipts, trust receipts, accounts receivable, or any other bills, documents or receipts similar in nature or effect or serving a similar purpose, except to the extent that such loss is covered by Insuring Clause *2.1 Theft of Property*;

Client Theft

- 5.2** any **Theft** of a **Client's Property** by any director, officer, partner or employee of that **Client**;

Closely Held Exclusion

- 5.3** any **Direct Financial Loss** caused by or involving any person who owns or controls more than ten percent (10%) of the issued share capital of the **Insured Organisation**;

Computer Breakdown

- 5.4** any mechanical failure, faulty construction, error in design, latent defect, wear or tear, gradual deterioration, electrical disturbance, electronic data processing media failure, breakdown or any malfunction in any of the **Insured Organisation's** computer hardware or software;

Consequential or Indirect Loss

- 5.5** any consequential or indirect loss of any nature;

Default on Agreements

- 5.6** any non-payment or default:
- 5.6.1** under any credit agreement or extension of credit agreement; or
 - 5.6.2** under any loan or transaction in the nature of a loan; or
 - 5.6.3** under any hire purchase, lease or rental agreement; or
 - 5.6.4** of or under any invoice, account or other evidence of debt; or
 - 5.6.5** because payments are made or withdrawn from a customer account, unless such non-payment or default is a result of **Theft** by an **Employee** (whether acting alone or in collusion with a **Third Party**) or the signing of another natural person's name by a **Third Party** with the intent to deceive;

Direct Financial Loss Sustained After Discovery

5.7 any **Direct Financial Loss** sustained after a **Responsible Person** of the **Insured Organisation** first **Discovered** such **Direct Financial Loss**;

Directors

5.8 any **Theft** committed, condoned or acquiesced in by any **Director**;

Disaster or Looting

5.9 typhoon, hurricane, cyclone, volcanic eruption, earthquake, subterranean fire or other convulsion of nature and contemporaneous or ensuing loss or damage by fire, flood or looting;

Money Laundering

5.10 money laundering;

Moth or Vermin

5.11 moth or vermin;

Plastic Card

5.12 any **Direct Financial Loss** resulting from the use or purported use of any credit, debit, charge, access, convenience, identification or other cards, whether such cards were issued, or purport to have been issued, by the **Insured** or by anyone other than the **Insured**, except to the extent that such loss is covered by Insuring Clause *2.1 Theft of Property*;

Prior Knowledge

5.13 any **Theft** by:

5.13.1 an **Employee** after the **Insured Organisation** becomes aware or has reasonable cause to suspect that such **Employee** has committed **Theft** or a malicious act or omission during or prior to his or her employment with the **Insured Organisation**; or

5.13.2 a **Third Party** after the **Insured Organisation** becomes aware or has reasonable cause to suspect that such **Third Party** has committed **Theft**;

5.14 the awareness or suspicion of any of the **Insured Organisation's** partners, **Directors** or **Officers**, not acting in collusion with the **Employee** or **Third Party**, shall be deemed to be the knowledge of the **Insured Organisation** for the purposes of this Exclusion;

Profit and Loss or Inventory Computation

5.15 **Direct Financial Loss** which can only be proved solely by:

5.15.1 a profit and loss computation or comparison; or

5.15.2 a comparison of inventory with an actual physical event;

Radioactivity

5.16 ionising radiation or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel or from the radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof;

Retroactive Date

5.17 **Direct Financial Loss** directly or indirectly caused by, contributed to by, in connection with or arising from any event or occurrence committed or alleged to have been committed prior to the **Retroactive Date**;

Sanctions

5.18 any **Claim** that would be in contravention of any sanction, prohibition or restriction under United Nations resolutions or trade or economic sanctions, laws or regulations of Australia, the European Union, United Kingdom or United States of America;

Terrorism

5.19 any act of **Terrorism**, or any action taken in controlling, preventing, suppressing or in any way relating to an act of **Terrorism**;

War

5.20 war, invasion, acts of foreign enemies, hostilities (whether war has been declared or not), civil war, rebellion, revolution, insurrection, military or usurped power or confiscation or nationalisation or requisition or destruction of or damage to property by, or under the order of, any government or public or local authority.

Keystone will not provide coverage for any **Extortion Loss** or any other amounts insured under this **Policy** for or arising out of:

Collusion Exclusion

5.21 an **Insured Person** suspected or believed by the **Insured Organisation** to be the subject of an **Extortion** having acted fraudulently, whether alone or in collusion with others;

Excluded Territory

5.22 an **Extortion** which occurred in any **Excluded Territory**;

Fraud / Conduct Exclusion

5.23 an **Extortion** which involves any fraudulent, dishonest or criminal act of an **Insured Person** or where the **Extortion** involves any fraudulent, dishonest or criminal act of an **Insured Person**;

Loss of Income Exclusion

5.24 loss of income not realised as the result of an **Extortion**.

6. Claims Conditions

These Claims Conditions apply to the whole **Policy** unless stated otherwise.

Allocation

6.1 The **Insured** and **Keystone** will use their best efforts to agree upon a fair and proper allocation of amounts insured under this **Policy** which relate solely to what is covered under this **Policy** in the event the **Insured** makes a claim for **Direct Financial Loss** which is covered only in part by this **Policy**.

6.2 A **Senior Counsel** shall determine, as an expert but not an arbitrator, a fair and proper allocation if an agreement cannot be reached. **Keystone** may, in its absolute discretion, pay such amounts insured under this **Policy** as it considers appropriate until **Senior Counsel** has made his or her determination.

Basis of Valuation

6.3 **Keystone** will not be liable under this **Policy**, for more than the actual market value of **Property** as published in the Australian Financial Review on the day the **Direct Financial Loss** was first **Discovered** (or if not published on that date then immediately thereafter), or for more than the actual cost of replacing the **Property**, whichever is the lesser.

Foreign Currency

6.4 Any payments made in a currency other than Australian dollars shall be converted to and paid in Australian dollars based upon the rate of exchange published by the Reserve Bank of Australia on the date that the payments were made, or the preceding date should they be incurred on a weekend or public holiday.

Loss Mitigation

6.5 The **Insured** must, as soon as it has **Discovered** evidence of **Direct Financial Loss** involving an identified **Employee**, immediately take all necessary steps to prevent any additional **Direct Financial Loss** arising from the same identified **Employee**. Any further **Direct Financial Loss** caused by the same **Employee** after **Discovery** will not be covered under this **Policy**.

Notification of Claims and Co-operation

6.6 The **Insured** must, as soon as the **Insured** becomes aware of a **Direct Financial Loss** or **Extortion Loss** during the **Period of Insurance**:

6.6.1 notify **Keystone** in writing of the **Direct Financial Loss** or **Extortion Loss**; and

6.6.2 give **Keystone** such information and co-operation as it may reasonably require including but not limited to:

6.6.2.1 a description of the **Direct Financial Loss** or **Extortion Loss**; and

6.6.2.2 the nature of the alleged or potential loss; and

6.6.2.3 the names of actual or potential claimants; and

6.6.2.4 the manner in which the **Insured** first became aware of the **Direct Financial Loss** or **Extortion Loss**.

6.7 The **Insured** must advise **Keystone** within a reasonable time of making a claim under this **Policy** if any amounts insured under this **Policy** are also potentially insured under any other insurance policy or policies, and provide **Keystone** with details of the other insurance.

7. Conditions

These Conditions apply to the whole **Policy** unless stated otherwise.

Aggregation

7.1 Where:

7.1.1 more than one claim results from a single event or occurrence those claims will be deemed by this **Policy** to be one **Claim** and **Keystone** will apply this Condition when determining the **Limit of Liability** available (including any sub-limits), and the **Excess** applicable to any **Claims**; or

7.1.2 there are single or multiple **Extortion Losses** attributable to one originating source or underlying cause which give rise to more than one claim then all claims arising out of such **Extortion Loss** shall be treated as a single claim; or

7.1.3 there is a series of acts which are attributable to one originating source or underlying cause or related sources or causes, then all **Direct Financial Loss** arising out of such acts shall be treated as a single **Direct Financial Loss** and a single retention shall apply.

7.2 For the purposes of Condition 7.1 *Aggregation* a continuous or repeated exposure to substantially the same condition will constitute a single event or occurrence.

Assignment

7.3 This **Policy** cannot be assigned by the **Insured**.

Authorisation

7.4 The **Principal Insured** is the agent for each **Insured** and each **Insured** is bound by any statement, act or omission of the **Principal Insured** for all purposes under this **Policy**.

Cancellation

7.5 **Keystone** may only cancel this **Policy** pursuant to the *Insurance Contracts Act 1984 (Cth)*.

7.6 The **Principal Insured** may cancel this **Policy** at any time by giving written notice to **Keystone**.

7.7 **Keystone** may retain the pro rata proportion of the **Premium**. However, the **Premium** shall be regarded as fully earned and may be retained by **Keystone** if notification of a **Claim** or **Inquiry** which is covered under this **Policy**, or notification pursuant to the *Insurance Contracts Act 1984 (Cth)* is given by an **Insured** prior to cancellation.

Change in Control

7.8 This **Policy** will continue to provide cover if a **Change in Control** occurs during the **Period of Insurance**, but only in respect of **Direct Financial Loss Discovered** prior to the effective date of the **Change in Control**.

Consideration

7.9 The indemnity provided by **Keystone** under this **Policy** is in consideration of the payment of the **Premium**.

7.10 The **Insured** must pay the **Premium** specified in the **Schedule** for the **Period of Insurance** to **Keystone** by the due date. The due date is on or before thirty (30) days after the inception date of the **Period of Insurance** or such other time that **Keystone** agrees in writing. **Keystone** is entitled to cancel this **Policy** in accordance with the *Insurance Contracts Act 1984 (Cth)* if the **Insured** fails to pay the **Premium** by the due date.

Construction and Interpretation

7.11 Paragraph titles used in this **Policy** are included for descriptive purposes only and do not form part of this **Policy** for the purposes of its construction or interpretation.

7.12 Words denoting the singular include the plural and vice versa except where the context otherwise requires.

Endorsements

7.13 An **Endorsement** does not affect or increase the **Limit of Liability** or any other term, except to the extent specifically provided in the **Endorsement**. For the avoidance of doubt, each **Endorsement** is otherwise subject to all the terms of this **Policy**.

Excess

7.14 **Keystone** will only pay in respect of each claim for **Direct Financial Loss** and other amounts insured under this **Policy**, the amount which is above the **Excess** (other than Extension [3.9 to 3.13 Loss Establishment Costs](#)). The **Excess** will be the first amount borne by the **Insured Organisation** and will remain uninsured.

Goods and Services Tax (GST)

7.15 **Keystone** will charge the **Insured** an amount for GST as part of the **Premium**. The **Insured** must inform **Keystone** of the extent to which there is an entitlement to an input tax credit for that GST amount each time that it notifies a **Claim** under this **Policy**. No payment will be made to the **Insured** for any GST liability that it may incur on the settlement of a **Claim** if it does not inform **Keystone** of its entitlement or correct entitlement to an input tax credit. **Keystone's** liability to the **Insured** will be calculated considering any input tax credit to which the **Insured** is entitled for any acquisition which is relevant to the **Claim**, or to which it would have been entitled had it made a relevant acquisition, despite the other terms of this **Policy**. 'GST', 'input tax credit', 'acquisition' and 'supply' have the meaning given in *A New Tax System (Goods and Services Tax) Act 1999*.

Governing Law

7.16 This **Policy** will be governed in accordance with the law of the State or Territory of Australia in which this **Policy** was issued. Any disputes relating to interpretation will be submitted to the exclusive jurisdiction of the courts of Australia.

Limit of Liability

7.17 The maximum amount payable by **Keystone** under this **Policy** is the applicable **Limit of Liability**.

7.18 The **Limit of Liability** is inclusive of any costs and expenses, sub-limits and any other amounts insured under each part of this **Policy** but does not include costs incurred by **Keystone** in determining whether the relevant part of this **Policy** provides insurance to the **Insured**.

7.19 The total aggregate limit of **Keystone's** liability is the **Maximum Aggregate Limit of Liability**. The **Maximum Aggregate Limit of Liability** is inclusive of any costs and expenses, sub-limits and any other amounts insured under this **Policy**.

Material Change

7.20 The **Insured** must notify **Keystone** as soon as reasonably practicable of any material change in the risk insured by this **Policy**. **Keystone** is entitled to amend the terms of this **Policy** and/or charge an additional premium based on **Keystone's** assessment of any change in the risk insured by this **Policy**. A material change in the risk includes, without limitation:

7.20.1 activities that are materially different from those declared in the **Proposal**; or

7.20.2 activities outside the normal activities of the **Insured**; or

7.20.3 the **Insured** being insolvent; or

7.20.4 any loss of or conditions imposed upon any licence or other authority required by the **Insured** to operate.

7.21 **Keystone** may at its election, instead of cancelling or avoiding this **Policy**, give notice in writing to the **Insured** that any **Extortion Loss** or **Direct Financial Loss** which has arisen or may arise which is related to such facts, activities or circumstances shall be excluded from indemnity under this **Policy** in the event of **Keystone** being at any time entitled to cancel or avoid this **Policy** because the **Insured** fails to give notice in accordance with Condition [7.20](#).

Other Insurance

7.22 The **Insured** shall promptly give to **Keystone** full details of any other insurance, including the identity of the insurer and the policy number, and such further information as **Keystone** may reasonably require if at the time any **Claim**, **Professional Inquiry** or **Management Inquiry**, **Extortion Loss** or **Direct Financial Loss** arises under this **Policy** there is any other insurance in force covering the same liability.

Subrogation

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

7.24 The **Insured** must not do anything (including but not limited to excluding or limiting the liability of other parties in contracts, whether they are written contracts) that may prejudice **Keystone's** position or its potential or actual rights of recovery against any party.

7.25 Any amounts recovered by **Keystone** in excess of **Keystone's** total payment to the **Insured** (including **Costs and Expenses**) shall be restored to the **Insured** less the cost to **Keystone** of such recovery.

Variation of this Policy

7.26 No variation of this **Policy** will be effective, unless made by **Endorsement**.

Important Information

This Policy is issued by:

Keystone Underwriting Pty Ltd ABN 78 601 944 764 (Keystone)

Keystone Underwriting Pty Ltd is a Corporate Authorised Representative (No. 000468712) of:

Keystone Underwriting Australia Pty Ltd ABN 59 634 715 674 AFS License No: 518244

Who is the Insurer?

Certain Underwriters at Lloyd's ("Underwriters") will be providing the financial service. Keystone is authorised to quote, bind and issue Certificates of Insurance under a Binding Authority Agreement (Binder) granted to Keystone by those Underwriters. Keystone will provide details of the syndicate numbers and the proportions underwritten by them on request.

General Insurance Code of Practice

Lloyd's supports the General Insurance Code of Practice and its purpose of raising the standards of practice and service in the general insurance industry.

What makes up the Insurance Contract?

This contract of insurance is made up of the Schedule, this Policy and any Endorsements that Keystone issues when an application is accepted or an existing Policy is renewed or amended.

Significant Features, Benefits and Exclusions

This Policy provides many significant features and benefits, subject to Conditions and Exclusions. Exclusions apply to this Policy and all of them are important. It is important that this Policy is read carefully to be aware of and understand the extent of cover that it offers. It will give full details of the Exclusions.

Significant Risks

The Insured should make sure that the sum insured and the limits to be purchased will be sufficient. All the terms and conditions contained in this Policy need to be understood.

Claims Made Policy

This Policy is issued by Keystone on a claims made and notified basis. This means that it only covers claims first made against an Insured during the Period of Insurance and notified to Keystone in writing during the Period of Insurance. The Policy does not provide cover for any claims made against an Insured during the Period of Insurance if at any time prior to the Period of Insurance starting, an Insured was aware of facts which might give rise to those claims being made against them.

Section 40(3) of the *Insurance Contracts Act 1984* provides that where an Insured gives notice in writing to an insurer during the Period of Insurance of facts that might give rise to a claim against the Insured, the insurer cannot refuse to pay a claim which arises out of those facts, by reason only that the claim is made after the Period of Insurance has expired.

Retroactive Liability

This Policy is limited by a Retroactive Date. The Policy does not cover any liability arising from an Insured's conduct prior to the Retroactive Date.

Alteration to Risk and Deregistration

This Policy requires an Insured to notify Keystone within thirty (30) days of any material change to the business, or in the event of insolvency or bankruptcy. This Policy requires an Insured to give

immediate notice of the cancellation, suspension, termination or imposition of conditions in respect of an Insured's statutory registration. Claims arising from conduct which occurs subsequent to the cancellation, suspension or termination of the Insured's statutory registration, licence, certification or authorisation under any relevant legislation or industry code of practice governing the Insured's profession are excluded from indemnity under this Policy. However, this condition does not apply if the suspension relates purely to the late payment of registration fees.

Doctrine of Utmost Good Faith

Every insurance contract is subject to this doctrine which requires the parties to the contract to act toward each other with the utmost good faith. Failure to do so may prejudice any claims and/or the continuation of the insurance contract.

The Insured's Duty of Disclosure - (this applies to non-consumer insurance contracts only)*

The Insured has a duty to tell Keystone anything that the Insured knows, or could reasonably be expected to know, before entering an insurance contract, that may affect Keystone's decision to insure the Insured and on what terms. The Insured has this duty until Keystone agrees to insure the Insured.

The Insured has the same duty before the Insured renews, extends, varies, or reinstates an insurance contract.

The Insured does not need to tell Keystone anything that:

- reduces the risk for which the Insured is insured; or
- is common knowledge; or
- Keystone knows, or should know; or
- Keystone waives the Insured's duty to tell Keystone.

If the Insured does not tell Keystone

Keystone may if the Insured does not tell Keystone anything the Insured is required to tell:

- cancel the Insured's contract, or
- reduce the amount to be paid to the Insured if the Insured makes a claim, or
- both the above.

Keystone may refuse to pay a claim and treat the contract as if it never existed if the Insured's failure to tell Keystone is fraudulent.

Change of Circumstances

The terms and conditions of this Policy will be based on information the Insured provided to Keystone. It is essential Keystone are advised of any material change that occurs to this information prior to the inception of this Policy. Failure to do so by the Insured may prejudice any subsequent claims under the Policy and/or jeopardise the continuation of the insurance contract.

* From Schedule 1, Part 1 Insurance Contracts Regulations 2017. A "Consumer Insurance Contract" is a policy of insurance that is wholly or predominantly obtained for personal, domestic, or household purposes.

Buying Insurance

Set out below are important matters that apply to the initial enquiry, buying of insurance, and renewal of cover. Defined terms are the same as in the Policy.

Information that Keystone ask

Keystone will only ask for and consider relevant information when assessing the Insured's application for cover.

Assessing Applications

The Insured will have access to information that Keystone has relied on in assessing their application and an opportunity to correct any mistakes or inaccuracies. Keystone may decline to release information in special circumstances, but will not do so unreasonably. Keystone will give reasons in these circumstances, and the Insured will have the right to request Keystone to review the decision through Keystone's complaints handling procedures. Keystone will provide reasons in writing upon request.

Mistakes

Keystone will immediately initiate action to correct an error or mistake in assessing the Insured's application for cover where it is identified.

Misrepresentation

Keystone's sales process will be conducted in a fair, honest and transparent manner.

Declining Cover

If Keystone cannot provide insurance cover, Keystone will:

- (a) give reasons; and
- (b) refer the entity/person seeking insurance to another insurer, AFCA or NIBA, for information about alternative insurance options (unless they already have someone acting on their behalf).

Keystone will make available information about Keystone's complaints handling procedures if the entity/person is unhappy with Keystone's decision.

Policy Information

Information about Keystone's policy wordings will be available when the Insured buy insurance from Keystone as well as on request. They will also be available on Keystone's website at www.keystoneunderwriting.com.au.

Subrogation

The Insured may prejudice their rights regarding a claim if, without prior approval from Keystone, the Insured makes an agreement with a third party that would prevent Keystone from recovering any applicable loss (in whole or in part) from that, or another party.

This Policy contains provisions that have the effect of excluding or limiting Keystone's liability for a claim under this Policy if you have entered into any agreement that excludes, limits or delays the Insured's right to recover damages from another party in respect of such claim.

Cost of Policy

The cost of this Policy is made up of premium plus any applicable policy fees, government taxes and charges. Keystone may cancel this Policy if the Insured fails to pay the total premium due.

Deductibles

The Insured may be required to pay a deductible or excess if a claim is made under this Policy. Details of applicable deductibles or excess are provided in the Schedule. This Policy sets out the terms relating to the payment of deductibles or excesses.

Taxation

All taxes and charges are shown as separate items (e.g. fire and emergency services levy, stamp duty depending upon location and GST).

Cooling-off Period

The Insured has the right to cancel this Policy with Keystone within 14 days of the date that the Policy inception, unless a claim is made. Keystone will refund the full amount of the premium less any duties or taxes payable if this cancellation occurs during the cooling-off period. This Policy will be terminated from the date Keystone receive the request to cancel.

Making a Claim

Benefits are payable if the Insured suffers a loss that is covered under this Policy during the Period of Insurance, except if an Exclusion or Condition applies. The Insured must immediately notify Keystone or their insurance adviser if there is a loss under this Policy.

Cancelling the Policy Before the Due Date

The Insured may cancel this Policy at any time by notifying us in writing, detailing the date that the cancellation will take effect. Keystone will refund any unearned premium to the Insured or their insurance adviser within 15 working days after the date of cancellation. Unearned premium will be computed pro rata for the unexpired term of this Policy, unless agreed in advance through the insurance adviser and set out in this Policy.

Privacy

Keystone are committed to safeguarding and protecting the Insured's privacy. Keystone is bound by the provisions of the *Privacy Act 1988* which sets out the standards to meet in the collection, use and disclosure of personal information.

The Act defines "personal information" as "information or an opinion about an individual whose identity is apparent or can reasonably be ascertained from the information or opinion".

Purpose of Collection

Keystone will only use personal information the Insured provides to quote on and insure risks and matters incidental thereto, including investigating and managing claims.

It may be necessary for Keystone to provide the Insured's personal information to others, such as other insurers or reinsurers, claims investigators, lawyers and other professionals, and government bodies. Keystone will not under any circumstances trade, rent or sell the information.

Keystone cannot properly quote insurance and cannot insure the Insured if they do not provide Keystone with complete, accurate and up-to-date information. If the Insured provide Keystone with personal information about anyone else, Keystone will rely on the Insured to have told them that their information will be provided to Keystone, to whom Keystone may provide it, the purposes for which Keystone will use it and that they can access it. Keystone relies on the Insured to have obtained their consent on these matters if the information is sensitive.

Access to Information

The Insured can check the personal information Keystone holds about them at any time. Requests for access can be made in writing to:

The Privacy Officer
Keystone Underwriting Australia Pty Ltd
17/296 Bay Road
Cheltenham, VIC 3192

Keystone will keep the Insured informed of any delays in responding to the Insured's request throughout the process.

General Insurance Code of Practice

The Insurance Council of Australia Limited has developed the General Insurance Code of Practice ("the Code"), which is a voluntary self-regulatory code. The Code aims to raise the standards of practice and service in the insurance industry.

Lloyd's has adopted the Code on terms agreed with the Insurance Council of Australia. For further information on the Code please visit www.codeofpractice.com.au.

The Code Governance Committee (CGC) is an independent body that monitors and enforces insurers' compliance with the Code. For more information on the Code Governance Committee (CGC) go to www.insurancecode.org.au.

Complaints and Disputes

If you have any concerns or wish to make a complaint in relation to this policy, our services or your insurance claim, please let us know and we will attempt to resolve your concerns in accordance with our Internal Dispute Resolution procedure. Please contact Keystone Underwriting Australia Pty Ltd in the first instance:

The Complaints Officer
Keystone Underwriting Australia Pty Ltd
17/296 Bay Road
Cheltenham, VIC 3192
Phone: 1300 946 530
Email: complaints@ksua.com.au

We will acknowledge receipt of your complaint and do our utmost to resolve the complaint to your satisfaction within 10 business days.

If we cannot resolve your complaint to your satisfaction, we will escalate your matter to Lloyd's Australia who will determine whether it will be reviewed by their office or the Lloyd's UK Complaints team. Lloyd's contact details are:

Lloyd's Australia Limited
Email: jdaustralia@lloyds.com
Telephone: (02) 8298 0783
Post: Suite 1603 Level 16, 1 Macquarie Place, Sydney NSW 2000

A final decision will be provided to you within 30 calendar days of the date on which you first made the complaint unless certain exceptions apply.

You may refer your complaint to the Australian Financial Complaints Authority (AFCA), if your complaint is not resolved to your satisfaction within 30 calendar days of the date on which you first made the complaint or at any time. AFCA can be contacted as follows:

Telephone: 1800 931 678
Email: info@afca.org.au
Post: GPO Box 3 Melbourne VIC 3001
Website: www.afca.org.au

Your complaint must be referred to AFCA within 2 years of the final decision, unless AFCA considers special circumstances apply. If your complaint is not eligible for consideration by AFCA, you may be referred to the Financial Ombudsman Service (UK) or you can seek independent legal advice. You can also access any other external dispute resolution or other options that may be available to you.

The Underwriters accepting this Insurance agree that:

- (i) if a dispute arises under this Insurance, this Insurance will be subject to Australian law and practice and the Underwriters will submit to the jurisdiction of any competent Court in the Commonwealth of Australia;
- (ii) any summons notice or process to be served upon the Underwriters may be served upon:
Lloyd's Underwriters' General Representative in Australia
Suite 1603
Level 16
1 Macquarie Place
Sydney NSW 2000

who has authority to accept service on the Underwriters' behalf;

- (iii) if a suit is instituted against any of the Underwriters, all Underwriters participating in this Insurance will abide by the final decision of such Court or any competent Appellate Court.

In the event of a claim arising under this Insurance immediate notice should be given to:

Claims Department - Keystone Underwriting Australia Pty Ltd
Telephone: 1300 946 530
Email: claims@ksua.com.au