

# Property and Business Interruption Cover Overview

Property cover is provided to WA Government agencies that contribute to the RiskCover Fund, for physical loss of or damage to property (including watercraft, aircraft hulls and unregistered vehicles) owned by an agency, or in its care, custody, or control, for which the agency is responsible, anywhere in the world (including whilst in transit), resulting from any event not otherwise excluded.

Business Interruption is the loss of income, additional cost of working and claim preparation costs suffered by an agency as a consequence of physical loss of or damage to property caused by an insured peril.

## What is the agency responsible for?

- declaring the agency's assets on the annual Self Insurance Risk Declaration (SIRD);
- providing current insurance replacement values. The Insurance Commission recommends that updated valuations are provided on a triennial basis as a minimum;
- notifying the Insurance Commission of any material changes to your agency's activities or exposures e.g. property additions over \$10 million;
- giving immediate notification of all claims. The appropriate claim form and supporting documentation must be submitted for all claims, including employee and third party claims; and
- taking all reasonable care to prevent or minimise loss, damage or interruption.

### Property - what's covered?

- any loss of money other than bad debts and investments;
- fraudulent or dishonest acts (including computer fraud) by employees or other persons;
- mechanical or electrical breakdown;
- loss of outstanding book debts due to physical loss of or damage to accounting records by an insured peril;
- personal property (excluding money and jewellery) of employees, board or committee members or volunteers, used in connection with your agency's business and not otherwise insured;
- employee's property (excluding money, jewellery and perishable goods) in transit or in store when on transfer in the course of their employment (subject to submission of an inventory to the agency before the transit date). The claims settlement is assessed on the basis of replacement value, market value or agreed/declared value depending on the property insured;
- demolition costs and removal of debris;
- architect and other professional fees;
- rewriting of any records;
- replacement value (new for old), unless otherwise specified, and extra cost of reinstatement necessarily incurred in compliance with statutory acts or regulations. In the event of total loss (including constructive total loss) where replacement or reinstatement is not required, a cash settlement will apply subject to due allowance for depreciation, wear and tear (old for old);
- custom duties excluding fines and penalties;
- temporary protection and repairs;
- express or air freight costs and other expediting costs (including overtime);
- replacement of stolen keys and replacing locks;
- hire costs for temporary plant, machinery and equipment, pending repairs;
- loss resulting from the application of the General Average Principle for marine cargo loss;
- loss of livestock by death (including humane slaughter) caused by an accident (including fire, flood or lightning) or by theft; and
- damage to plate glass at leased premises as required under the tenant's lease covenants.



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- fire extinguishment costs;

Where loss or damage to covered property occurs, the Business Interruption Cover includes:

- consequential loss of; profits, revenue, turnover, rent or market but only if values are declared in the SIRD;
- automatic cover for additional expenditure necessarily and reasonably incurred to avoid or diminish a reduction in turnover or resume or maintain normal business operations; and claim preparation costs.

### Business Interruption - what's included?

consequential loss, additional expenditure incurred and claim preparation costs resulting from:

- damage to any utility supplying electricity, gas or water;
- damage to suppliers or customers premises or property, data transmission networks and other property, including computer installations, used by an agency;
- damage to other property which prevents or hinders the use or access to agency's premises;
- damage to vehicles whilst situated on agency premises; and
- closure or evacuation of the agency's premises by order of an appropriate authority due to ; human disease, vermin/pests, murder, suicide, extortion, violence, bomb threat, drainage or sanitary defects, food or drink poisoning occurring at the agency's premises but limited to a 3 month time period (Indemnity Period) for lost income, additional cost of working expenses and claim preparation costs.



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## What's excluded?

- unexplained or inventory shortage, clerical or accounting errors, shortages in supplies or deliveries;
- wear and tear, gradual causes, subsidence, earth movement (other than earthquake), inherent vice, latent defect, error or omissions in or failure of design and the like, faulty workmanship, vibration, damage by moths, termites, insects, or vermin but subsequent loss or damage caused by an insured peril is covered;
- cover only applies for crop, livestock, standing timber, aircraft and watercraft if the items are specified in the SIRD and is subject to an agreed value basis;
- fines and penalties;
- cover for empty premises awaiting demolition is limited to the salvage value including removal of debris, fire extinguishment costs and reasonable additional expenses;
- incorrect siting of property due to non-compliance with permits;
- cover only applies for bridges, canals, tunnels, dams, reservoirs, wharfs, jetties, groynes, aircraft runways, locomotives and rolling stock , if the items are specified in the SIRD;
- registered vehicles;
- lawful seizure, confiscation, nationalisation or requisition of property;
- pollution or contamination unless resulting from a sudden and accidental discharge, dispersal, release or escape of pollutants or contaminants caused by an insured peril;
- war and nuclear risks;
- loss or damage to electronic data and business interruption resulting therefrom exceeding \$10million collectively for all Fund agency members and in the annual aggregate unless directly caused by a defined peril;
- losses recoverable by an agency under any other insurance policy or any contract or agreement for maintenance, warranty or guarantee.

