
Section 11 - Fraud or Dishonesty

This section is subject to the General Conditions contained in the **Policy Booklet**.

Specific Definitions

The meaning of the important words and terms used in Section 11 only, are shown below.

Property means **Money**, or goods belonging to **you** or for which **you** are legally liable.

Cover Provided

If **your Schedule** indicates that **you** have taken out insurance under Section 11, **we** will pay **you** if there is a loss of **Property** caused by any fraudulent or dishonest act or omission by an **Employee** with the clear intent of making improper personal financial gain, occurring within the Commonwealth of Australia during the **Period of Insurance** and on the basis set out below.

We will not pay **you** in respect of any of the matters set out in the Specific Exclusions listed below or the General Exclusions contained in the **Policy Booklet**.

Basis of Settlement

If **you** have a valid claim under Section 11, **we** will pay **you** on the basis set out below.

1. **We** will at **our** option pay for or **Reinstate Property** lost as a result of a fraudulent or dishonest act or omission by an **Employee** with the clear intent of making improper personal financial gain and occurring within the Commonwealth of Australia during the **Period of Insurance**.
2. Our Limit of Liability
Our liability is limited to the **Sum Insured**, less the stated **Excess**, for:
 - a) any one **Employee**; or
 - b) any number of **Employees** acting in collusion in respect of:
 - i. the one event; or

- ii. series of events arising from the one source, which constitute an ongoing course of similar conduct;

irrespective of whether the acts of fraud and dishonesty were committed during more than one **Period of Insurance**.

3. Employees' Money or Assets
Any **Money** or assets payable by **you** to the **Employee** or the **Employees** or in **your** possession will, to the extent allowed by law, be deducted from the amount payable under Section 11, unless **your** loss exceeds the amount recoverable under Section 11 in which case the retained amounts will be applied first to that part of the loss.

Additional Benefits

If you have a valid claim under Section 11, we will pay you for the following Additional Benefit incurred and in addition to the Sum Insured.

1. External Auditors
We will pay up to:

- a) 5% of the value of the **Property** lost; or
- b) \$5,000;

whichever is the lesser, for the reasonable cost of external auditors incurred to substantiate a valid claim.

If Section 11 forms part of your Policy we will extend your insurance to include the following Additional Benefits.

2. Continuity of Insurance
If Section 11 replaces any prior policy of insurance and there is unbroken continuity of cover, then Section 11 will apply to any loss which is discovered within the **Period of Insurance**, but **we** will only pay if this loss would have been reimbursed:
 - a) under the prior policy except for the fact that the time limitation within which to discover such loss had expired; and
 - b) under Section 11 had this **Policy** been in force when the acts of fraud or dishonesty were committed.

Section 11 - Fraud or Dishonesty [cont'd]

We will pay up to:

- i. the limit of liability of the previous policy; or
- ii. the **Sum Insured** for Section 11;

whichever is the lesser.

You must pay:

- aa) the **Excess** shown in the previous policy; or
- bb) the **Excess** applicable to Section 11,

whichever is the greater.

3. Additional Costs of Recovery

If, the amount of **your** loss is greater than the **Sum Insured** in Section 11, **we** will pay up to an additional 20% of the **Sum Insured** for costs and expenses which **you** have reasonably and necessarily incurred to recover the remaining amount of **your** loss.

However, **we** will not pay more than 20% of the remaining amount of **your** loss for such costs and expenses.

4. Superannuation Funds

The definition of **you** and **your** includes any superannuation or pension scheme formed by **you** and exclusively for the benefit of **Employees**, but does not include any scheme that is administered by a professional funds manager.

5. Welfare, Social or Sporting Club

The definition of **you** and **your**, includes any welfare, social or sporting club formed with **your** knowledge and consent exclusively for the benefit of **Employees** and their families.

Specific Exclusions

We will not pay **you** under Section 11 in the following circumstances.

1. After Discovery

We will not pay for loss arising from any act of fraud or dishonesty committed by an **Employee** or number of **Employees** acting in collusion after discovery by **you** of any act of fraud or dishonesty on the part of that **Employee** or **Employees** acting in collusion.

2. Check or Precautions

We will not pay if **you** fail to perform or observe

any check or take any precautions requested by **us**.

3. Time Limitation

We will not pay for any loss discovered after 12 months following the termination of:

- a) Section 11; or
- b) the employment of the responsible **Employee**, whichever occurs first.

Specific Conditions

If Section 11 forms part of **your Policy**, **you** must follow the specific conditions noted below otherwise **we** may not pay **your** claim under Section 11.

1. Change of Ownership

You must notify **us** in writing within 30 days if **your Business** is merged, amalgamated, or consolidated with another **Business** and pay any adjusted **Premium**.

2. Discovery of Fraud or Dishonesty

You must notify **us** immediately upon the discovery of any act or reasonable cause of suspicion of fraud or dishonesty by any **Employee** whether giving rise to a claim under Section 11 or not.

3. Claim Procedures

Upon discovery of any circumstances giving rise to, or likely to give rise to, a claim under Section 11, **you** must:

- a) immediately notify **us** and fully explain all circumstances;
- b) immediately notify the police;
- c) deliver to **us** a detailed statement within 14 days;
- d) permit **us**, or **our** agents, to enquire into, investigate and examine the circumstances of the loss;
- e) at **your** expense, produce and supply copies of all books, vouchers, correspondence, documents, receipts, and all entries, in **your** possession or control, relating to the loss; and
- f) give all possible assistance, as may be required by **us**, relating to the claim, the correctness of the loss, and **our** liability under Section 11.