

Club Management Liability General Terms and Conditions Section

SCHEDULE

CHUBB INSURANCE COMPANY
OF AUSTRALIA LIMITED
(A.B.N. 69 003 710 647)
A.F.S. Licence No: 239778

Herein called the Company

Policy Number: 9329

THE DIRECTORS & OFFICERS LIABILITY, EMPLOYMENT PRACTICES LIABILITY, TRUSTEES LIABILITY AND INTERNET LIABILITY COVERAGE SECTIONS (WHICHEVER APPLY) ARE ALL WRITTEN ON A CLAIMS MADE BASIS. EXCEPT AS OTHERWISE PROVIDED HEREIN, THESE COVERAGE SECTIONS COVER ONLY CLAIMS FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD OR ANY EXTENDED REPORTING PERIOD. THE LIMIT OF LIABILITY TO PAY DAMAGES OR SETTLEMENTS WILL BE REDUCED AND MAY BE EXHAUSTED, UNLESS OTHERWISE PROVIDED HEREIN, BY DEFENCE COSTS, AND DEFENCE COSTS WILL BE APPLIED AGAINST THE DEDUCTIBLE AMOUNT. PLEASE READ THE ENTIRE POLICY CAREFULLY.

Item 1. Insured Organisation: Name
Principal Address: Address

Item 2. Policy Period:

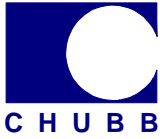
- (A) From 4 P.M. on
 - (B) To 4 P.M. on
- Local time at the address shown in Item 1.

Item 3. Limits of Liability

- (A) Maximum Limit of Liability for all **Liability Coverage Sections**
 - (i) Each **Policy Period:** \$
- (B) Maximum Limit of Liability for all the Employee Theft Coverage Section
 - (i) Limit of Liability: \$
- (C) Combined Maximum Aggregate Limit of Liability for all **Coverage Sections**
 - (i) Limit of Liability: \$

Item 4. Coverage is only available for the following if indicated by X:

- Directors & Officers Liability **Coverage Section**
- Employment Practices Liability **Coverage Section**
- Employee Theft **Coverage Section**



Club Management Liability
General Terms and Conditions Section

Item 5. Extended Reporting Period:

(A) Additional Period:
90 days

(B) Additional Premium:
25% of Annual Premium

Item 6. Termination of prior policies:

Item 7. Endorsement(s):

In witness whereof, the Company issuing this policy has caused this policy to be signed by its Authorised Employee.

Date

Authorised Employee



In consideration of payment of the premium and subject to the Schedules and the limitations, conditions, provisions and other terms of this Policy, the Company and the Insureds agree as follows:

I. TERMS AND CONDITIONS

Except for these General Terms and Conditions or unless stated to the contrary in any **Coverage Section** of this Policy, the terms and conditions of each **Coverage Section** apply only to that **Coverage Section**. If any provision in these General Terms and Conditions is inconsistent or in conflict with the terms and conditions of any **Coverage Section**, the terms and conditions of such **Coverage Section** shall control for purposes of that **Coverage Section**. Any defined term referenced in these General Terms and Conditions but defined in a **Coverage Section** shall, for purposes of coverage under that **Coverage Section**, have the meaning set forth in that **Coverage Section**.

II. GENERAL DEFINITIONS

Unless otherwise noted, as used throughout this policy, including without limitation these General Terms and Conditions and all **Coverage Sections**, the singular of any definition includes the plural, and the plural of any definition includes the singular. These General Definitions apply to all **Coverage Sections** in addition to any specific definitions that may apply in each **Coverage Section**. In the event of a conflict between these General Definitions and a specific definition in any **Coverage Section**, the specific definition shall control.

Anniversary Date means that date and time exactly one (1) year after the date and time set forth in Item 2(A) of the Schedule for these General Terms and Conditions, and each succeeding date and time exactly one (1) year after the previous **Anniversary Date**.

Claim shall have the meaning ascribed to that term in each **Liability Coverage Section**.

Coverage Event means the event or loss which must occur, be sustained or discovered in order to invoke coverage under each the Employee Theft **Coverage Section**.

Coverage Section means the **Liability Coverage Sections** and the Employee Theft **Coverage Section**

Defence Costs means that part of **Loss** consisting of reasonable costs, charges, fees (including but not limited to legal counsel's fees and experts' fees) and expenses (other than regular or overtime wages, salaries or fees of the directors, officers or employees of the **Insured Organisation**) incurred in defending or investigating any **Claim** and the premium for appeal, attachment or similar bonds.

Financial Impairment means the status of an **Insured Organisation** resulting from:

- (a) the appointment by any country, state, territory or federal official, agency or court of any receiver, administrator, conservator, liquidator, trustee, manager, rehabilitator or similar official to take control of, supervise, administer, manage or liquidate the **Insured Organisation**; or
- (b) such **Insured Organisation** becoming a debtor in possession.

Insured means any **Insured Organisation**, and **Insured Person** defined as **Insureds** in each **Coverage Section**.



ForeFront Portfolio **General Terms and Conditions Section**

Insured Organisation means any organisation designated in Item 1 of the Schedule for these General Terms and Conditions and any **Subsidiary**.

Insured Person shall have the meaning ascribed to that term in each **Coverage Section**. Solely with respect to any **Liability Coverage Section**, coverage for an **Insured Person** shall also include coverage for:

- (a) the lawful spouse of such **Insured Person**, if named as a co-defendant with such **Insured Person** solely by reason of such person's status as a spouse, or such spouse's ownership interest in property, which is sought by the claimant as recovery for an alleged **Wrongful Act** of such **Insured Person**; and
- (b) in the event of the death, incapacity or bankruptcy of an **Insured Person**, the estate, heirs, legal representatives or assigns of such **Insured Person**;

All terms and conditions of this Policy, including without limitation, the Deductible Amount applicable to **Loss** incurred by the **Insured Person**, shall also apply to loss incurred by such spouses, estates, heirs, legal representatives and assigns of such **Insured Person**. However, coverage shall not apply to the extent any **Claim** alleges any act or omission by an **Insured Person's** spouse.

Interrelated Wrongful Acts means all causally connected **Wrongful Acts**.

Liability Coverage Section means the Directors & Officers Liability and Employment Practices Liability, **Coverage Sections** of this Policy as set forth in Item 4 of the Schedule for these General Terms and Conditions.

Loss:

- (a) with respect to any **Liability Coverage Section**, shall have the meaning ascribed to that term in such **Coverage Section**; or
- (b) with respect to the Employee Theft Coverage Section, means the total amount covered under that **Coverage Section** as a result of any **Coverage Event**.

Policy Period means the period of time set forth in Item 2 of the Schedule for these General Terms and Conditions, subject to any prior termination in accordance with Section XVII. Termination of Policy, of these General Terms and Conditions.

Policy Year means the period, within the **Policy Period**, from the date and time set forth in Item 2(A) of the Schedule for these General Terms and Conditions to the first **Anniversary Date**, or the period from an **Anniversary Date** to its next succeeding **Anniversary Date**, subject to any prior termination as set forth in Section XVII. Termination of Policy, of these General Terms and Conditions.

Subsidiary means:

- (a) any organisation whose accounts are or were consolidated with the accounts of the **Insured Organisation** first named in Item 1 of the Schedule for these General Terms and Conditions, in accordance with Australian Accounting Standard AASB 1024: Consolidated Accounts or any successor Standard; or



- (b) any organisation in which one or more **Insured Organisations**:
- (i) controls or controlled the composition of the organisation's board;
 - (ii) is or was in a position to cast, or control the casting of, more than 50% of the maximum number of votes that might be cast at a general meeting of the organisation;
 - (iii) holds or held more than 50% of the issued share capital of the organisation (excluding any part of that issued share capital that carries no right to participate beyond a specified amount in a distribution of either profits or capital); or
- (c) any organisation in which more than 50% of the outstanding securities or voting rights representing the present right to vote for election of directors is or was owned or controlled, directly or indirectly, in any combination, by one or more **Insured Organisations**.

U.S.A means the jurisdiction of United States of America, its territories and possessions and any state or political subdivision thereof.

Wrongful Act shall have the meaning ascribed to that term in each **Liability Coverage Section**.

III. TERRITORY, CHOICE OF LAW AND JURISDICTION

Coverage shall extend anywhere in the world except for the **USA** provided that if the **Employee Theft Coverage Section** is purchased, coverage shall be limited to Australia and New Zealand only.

The construction, interpretation, meaning and enforcement of the provisions of this policy shall be determined in accordance with the law of Australia. Any disputes relating to the construction, interpretation, meaning and enforcement of the provisions of this policy shall be submitted to the exclusive jurisdiction of the Australian courts.

IV. EXTENDED REPORTING PERIOD

If any **Liability Coverage Section** is not renewed for any reason other than nonpayment of premium, then any **Insured** shall have the right, upon payment of the additional premium of 25% of the annual policy premium to an extension of the coverage granted by this policy for ninety (90) days following the effective date of non-renewal, but only for **Wrongful Acts** occurring prior to the effective date of non-renewal or the date of any conversion of coverage described in Section X, Changes in Exposure, of these General Terms and Conditions., whichever is earlier. This right of extension shall lapse unless written notice of such election, together with payment of the additional premium due, is received by the Company within thirty (30) days following the effective date of non-renewal.

The entire additional premium for the Extended Reporting Period shall be deemed fully earned at the inception of such Extended Reporting Period. The Limit of Liability for the Extended Reporting Period shall be part of and not in addition to the applicable Limits of Liability for the **Policy Year** immediately proceeding the expiration of the **Policy Period** and any **Claim** made during the Extended Reporting Period shall be deemed to have been made during the immediately preceding **Policy Period**.



V. LIMIT OF LIABILITY AND DEDUCTIBLE

(1) Solely with respect to all **Liability Coverage Sections**:

- (a) All **Loss** arising out of the same **Wrongful Act** and all **Interrelated Wrongful Acts** of any **Insured** shall be deemed one **Loss**, and such **Loss** shall be deemed to have originated in the earliest **Policy Period** in which a **Claim** is first made against any **Insured** alleging any such **Wrongful Act** or **Interrelated Wrongful Acts**.
- (b) The Company's maximum liability for each **Loss** under the **Liability Coverage Sections** on account of any **Claim** first made during the same **Policy Period**, shall be the Limit of Liability for each **Loss** set forth in the Schedule for the applicable **Liability Coverage Section**. If a **Loss** is covered under more than one **Liability Coverage Section**, then the Limit of Liability for each **Loss** set forth in of the Schedule for each applicable **Liability Coverage Section** shall apply to such **Loss**, subject to paragraph (1)(c) of this Section V.
- (c) The Company's maximum liability for all **Loss** under all **Liability Coverage Sections** on account of all **Claims** first made during the same **Policy Period**, whether covered under one or more **Liability Coverage Sections**, shall be the Limit of Liability for each **Policy Period** set forth in Item 3 of the Schedule for these General Terms and Conditions.

(2) Solely with respect to the Employee Theft **Coverage Section**:

- (a) All **Coverage Events** resulting from a single act or any number of acts of the same **Employee** (as defined in the Employee Theft **Coverage Section**) will be treated as a single **Coverage Event** and the Company's maximum liability for such **Coverage Event** shall be the Limit of Liability set forth in the Schedule for the Employee Theft **Coverage Section**, regardless of the number of claims.
- (b) The Company's maximum liability under the Employee Theft **Coverage Section** for all **Coverage Events** in any one **Policy Period**, shall be the **Limit of Liability** set forth in the Schedule for Employee Theft **Coverage Section**.

(3) With respect to all **Coverage Sections**:

- (a) The Company's combined maximum liability for all **Losses** and all **Coverage Events** under all **Liability Coverage Sections** and the Employee Theft **Coverage Section** combined during the same **Policy Period** shall be the Combined Maximum Aggregate Limit of Liability set forth in Item 3(C) of the Schedule for these General Terms and Conditions.
- (b) The Limits of Liability set forth in Items 3(A) and 3(B) of the Schedule for these General Terms and Conditions and the Limits of Liability set forth in each of the **Liability Coverage Sections** and the Employee Theft **Coverage Section**, are sub-limits of liability. They are part of, and not in addition to, the Combined Maximum Aggregate Limit of Liability set forth in Item 3(C) of the Schedule for these General Terms and Conditions. They further reduce, and do not increase, the Company's Combined Maximum Aggregate Limit of Liability set forth in Item 3(C) of the Schedule for these General Terms and Conditions.



-
- (c) The Company's liability under this policy shall apply only to that part of each **Loss** or **Coverage Event** which is in excess of the applicable Deductible Amount set forth in the Schedule for each applicable **Liability Coverage Section** or the Employee Theft **Coverage Section**, and such Deductible Amount shall be borne by the **Insureds** uninsured and at their own risk.
 - (d) If a single **Loss** or **Coverage Event** is covered by more than one **Coverage Section** and if more than one Deductible Amount applies to such **Loss** or **Coverage Event**, then the largest applicable Deductible Amount under any **Coverage Section** shall be the maximum Deductible Amount applicable to such **Loss** or **Coverage Event**.
-

VI. REPORTING

- (1) Solely with respect to any **Liability Coverage Section**:
 - (a) Any **Insured** shall, as a condition precedent to exercising their rights under any **Liability Coverage Section**, give to the Company written notice as soon as practicable of any **Claim**.
 - (b) If during the **Policy Period**, or any applicable Extended Reporting Period, an **Insured** becomes aware of any circumstances which could give rise to any **Claim**, other than an **Employment Claim** (defined in the Employment Practices Liability **Coverage Section**), and gives written notice of circumstances to the **Company** as soon as practicable thereafter but before the expiration or cancellation of the Policy, then any **Claim** subsequently arising from such circumstances shall be handled in accordance with the requirements of Section 40(3) of the Insurance Contracts Act 1984, as amended.
 - (c) All **Insureds** shall, as a condition precedent to exercising their rights under this Policy, give to the **Company** such information and cooperation as it may reasonably require, including but not limited to a description of the **Claim** or circumstances, the nature of the alleged **Wrongful Act**, the nature of the alleged or potential damage, the names of actual or potential claimants, and the manner in which such **Insured** first became aware of the **Claim** or circumstances.
 - (d) All **Loss** arising out of the same **Wrongful Act** and all **Interrelated Wrongful Acts** shall be deemed one **Loss**, and such **Loss** shall be deemed to have originated in the earliest **Policy Period** in which a **Claim** is first made against any **Insured** alleging any such **Wrongful Act** or **Interrelated Wrongful Acts**.
 - (2) Solely with respect to the Employee Theft **Coverage Section**, reporting of a **Coverage Event** shall be in accordance with the applicable Proof of Loss and Legal Proceedings Section of that **Coverage Section**.
-

VII. NOTICE

Any notice to the Company with respect to any **Coverage Section** shall designate the **Coverage Section** under which the notice is being given and shall be treated as notice under only the **Coverage Section(s)** so designated.



All notices to the Company under this Policy of **Claims** or circumstances under any **Liability Coverage Section** or of **Coverage Events** under the Employee Theft **Coverage Section** shall be given in writing addressed to:

Claims Department
Chubb Insurance Company of Australia Limited
Level 36, Tower Building Australia Square
264-278 George Street
SYDNEY NSW 2000

All other notices to the Company under this Policy shall be given in writing addressed to:

Executive Protection Practice Manager
Chubb Insurance Company of Australia Limited
Level 36, Tower Building Australia Square
264-278 George Street
SYDNEY NSW 2000

Any such notice shall be effective on the date of receipt by the Company at such address.

VIII. DEFENCE AND SETTLEMENT

(1) Solely with respect to any **Liability Coverage Section**:

- (a) The Company shall have the right and duty to defend any **Claim** covered by this Policy. Coverage shall apply even if any of the allegations are groundless, false or fraudulent. The Company's duty to defend any **Claim** shall cease upon exhaustion of the applicable Limit of Liability.
- (b) An **Insured** shall have the right to associate with the Company in the defence of any **Claim**, including but not limited to negotiating a settlement, subject to the provisions of this section.
- (c) The Company may make any investigation it deems necessary and may, with the consent of the **Insured**, make any settlement of any **Claim** it deems expedient. If such **Insured** withholds consent to such settlement, then the Company's liability for all **Loss** on account of such **Claim** shall not exceed the amount for which the Company could have settled such **Claim** plus costs, charges and expenses accrued as of the date such settlement was proposed in writing by the Company to such **Insured**.
- (d) The **Insureds** agree not to settle any **Claim**, incur any **Defence Costs**, or otherwise assume any contractual obligation or admit any liability with respect to any **Claim** without the Company's written consent, which shall not be unreasonably withheld. The Company shall not be liable for any settlement, **Defence Costs**, assumed obligation or admission to which it has not consented.
- (e) All **Insureds** agree to provide the Company with all information, assistance and cooperation which the Company reasonably requests and agree they will do nothing that may prejudice the Company's position or its potential or actual rights of recovery.
- (f) **Defence Costs** are part of and not in addition to the applicable Limits of Liability set forth in the Schedule for each applicable **Liability Coverage Section** and the Schedule for these General Terms and Conditions, and the payment by the Company of **Defence Costs** reduces such applicable Limits of Liability.



- (g) The Company will have no obligation to pay **Loss**, including **Defence Costs**, or to defend or continue to defend any **Claim** after the Company's applicable Limit of Liability with respect to such **Claim** has been exhausted by the payment of **Loss**. If the Company's Limit of Liability is exhausted by the payment of **Loss** prior to the expiration of this Policy, then the Policy premium will be deemed fully earned.

(2) Solely with respect to the Employee Theft **Coverage Section**:

The **Insureds** agree to provide the Company with all information, assistance and cooperation which the Company reasonably requests and agree they will do nothing that may prejudice the Company's position or its potential or actual rights of recovery.

IX. ALLOCATION

If both **Loss** covered by any **Liability Coverage Section** and loss not covered by such **Coverage Section** are incurred, either because a **Claim** against the **Insured** includes both covered and uncovered matters or because a **Claim** is made against both an **Insured** and others, then the **Insureds** and the Company shall allocate such amount between covered **Loss** and uncovered **Loss** based upon the relative legal exposures of such parties to such matters.

If the **Insureds** and the Company agree on an allocation of **Defence Costs** then the Company shall advance on a current basis **Defence Costs** allocated to covered **Loss**. If the **Insureds** and the Company cannot agree on an allocation, then:

- (a) no presumption as to allocation shall exist in any arbitration, suit or other proceeding;
- (b) the Company shall advance on a current basis **Defence Costs** which the Company believes to be covered under the applicable **Liability Coverage Section** until a different allocation is negotiated, arbitrated or judicially determined; and
- (c) the Company, if requested by the **Insureds**, shall submit the dispute to arbitration.

Subject to agreement between the parties, the arbitration panel shall consist of one arbitrator selected by the **Insureds**, one arbitrator selected by the Company, and a third independent arbitrator selected by the first two arbitrators.

Any negotiated, arbitrated or judicially determined allocation of **Defence Costs** on account of a **Claim** shall be applied retroactively to all **Defence Costs** on account of such **Claim**, notwithstanding any prior advancement to the contrary. Any allocation or advancement of **Defence Costs** on account of a **Claim** shall not apply to or create any presumption with respect to the allocation of other **Loss** on account of such **Claim**.

X. CHANGES IN EXPOSURE

Acquisition of Another Organisation

- (a) If the **Insured Organisation**: (i) acquires securities or voting rights in another organisation or creates another organisation which as a result of such acquisition or creation becomes a **Subsidiary**, or (ii) acquires any organisation by merger into or consolidation with an **Insured Organisation**, then such organisation and its **Insured Persons** shall be **Insureds** under this policy:



- (i) solely for **Wrongful Acts** occurring after the effective date of such acquisition or creation, with respect to all **Liability Coverage Sections**; or
- (ii) solely for loss sustained after the effective date of such acquisition or creation, with respect to the Employee Theft **Coverage Sections**,

unless the Company agrees, after presentation of a complete written proposal and all appropriate information, to provide coverage by endorsement for **Wrongful Acts** occurring or loss sustained prior to such acquisition or creation.

- (b) If the fair value of all cash, securities, assumed indebtedness and other consideration paid by the **Insured Organisation** for any such acquisition or creation exceeds 10% of the total assets of the **Insured Organisation** as reflected in the **Insured Organisation's** most recent audited consolidated financial statements, then the **Insured Organisation** shall give written notice of such acquisition or creation to the Company as soon as practicable together with such information as the Company may require and shall pay any reasonable additional premium required by the Company and be subject to any different limitations, conditions, provisions or other terms as the Company deems appropriate.

Cessation of Subsidiaries

If any **Subsidiary** ceases to be a **Subsidiary** before or during the **Policy Period**, then with respect to:

- (a) any **Liability Coverage Section**, coverage under this Policy shall continue for such **Subsidiary** and its **Insureds** until the expiration of this Policy, or any renewal thereof, but solely for **Claims** for **Wrongful Acts** occurring prior to the effective date of such cessation; or
- (b) the Employee Theft **Coverage Section**, such **Subsidiary** and its **Insureds** cease to be **Insureds** as of the effective date of such cessation, and coverage under this Policy shall apply as provided in the Employee Theft **Coverage Section**.

Conversion of Coverage under Certain Circumstances

If, during the **Policy Period**, any of the following events occur:

- (a) another organisation, person or group of organisations or persons acting in concert acquires all or substantially all of the **Insured Organisation's** assets, or the **Insured Organisation** merges into or consolidates with another entity such that the **Insured Organisation** is not the surviving entity; or
- (b) another organisation, person or group of organisations or persons acting in concert acquires securities or voting rights which results in ownership or voting control by the other organisation(s) or person(s) of more than fifty percent (50%) of the outstanding securities representing the present right to vote for the election of directors, trustees, members of the Board of Managers or management committee members of the **Insured Organisation**;

then coverage under this Policy shall, with respect to:



-
- (i) any **Liability Coverage Section**, continue until the expiration of this Policy, solely for **Claims for Wrongful Acts** occurring prior to such event; or
 - (ii) the Employee Theft **Coverage Section**, terminate subject to Exclusions (m) and (n) of such **Coverage Section**

The **Insured Organisation** shall give written notice of such event to the Company as soon as practicable together with such information as the Company may require, and the entire premium for this Policy will be deemed fully earned as of such event.

XI. REPRESENTATIONS AND SEVERABILITY

In granting coverage to the **Insureds**, the Company has relied upon the declarations and statements which are contained in the written proposal for this policy. All such declarations and statements are the basis of such coverage and shall be considered as incorporated in and constituting a part of this policy.

Such written proposal for coverage shall be construed as a separate proposal for coverage by each **Insured Person**. With respect to the declarations and statements in the written proposal for coverage: (i) no statement in the proposal or knowledge possessed by any **Insured Person** shall be imputed to any other **Insured Person** for the purpose of determining if coverage is available, and (ii) only statements contained in such proposal and knowledge possessed by the chief financial officer, in-house general counsel, chief executive officer, managing director, president or chairman, or equivalent thereof of any **Insured Organisation** shall be imputed to any **Insured Organisation** for the purpose of determining if coverage is available.

XII. VALUATION AND FOREIGN CURRENCY

All premiums, limits, retentions, **Loss** and other amounts under this policy are expressed and payable in Australian currency. If judgment is rendered, settlement is denominated, or any element of **Loss** under this policy is stated in a currency other than Australian dollars, then payment under this policy shall be made in Australian dollars at the rate of exchange published in *The Australian Financial Review* on the date the final judgment is reached, the amount of the settlement is agreed upon or any element of **Loss** is due, respectively.

XIII. SUBROGATION

In the event of any payment under this policy, the Company shall be subrogated to the extent of such payment to all the **Insured's** rights of recovery, and such **Insured** shall execute all papers required and shall do everything necessary to secure and preserve such rights, including the execution of such documents necessary to enable the Company effectively to bring suit in the name of such **Insured**.

XIV. RECOVERIES

Solely with respect to all **Liability Coverage Sections**:

Recoveries of loss with respect to any **Claim**, whether effected by the Company or by an **Insured**, less the cost of recovery, shall be distributed as follows:



- (a) first, to an **Insured** for the amount of such loss, otherwise covered, in excess of the applicable Limits of Liability;
- (b) second, to the Company for the amount of such loss paid to an **Insured** as covered **Loss**;
- (c) third, to an **Insured** for the Deductible Amount applicable to such loss;
- (d) fourth, to an **Insured** for the amount of such loss excluded under this Policy.

Recovery from reinsurance or indemnity of the Company shall not be deemed a recovery hereunder.

Solely with respect to the Employee Theft **Coverage Section**:

All recoveries (except from sureties, insurance, reinsurance or indemnity taken by or for the benefit of the Company) made after the loss, less the actual cost of recovery, shall be distributed as follows:

- (a) if the loss is not subject to a Deductible Amount, then the **Insured** shall be reimbursed from such recoveries for the amount of the loss which exceeds the amount of coverage provided by this **Coverage Section** and any remainder shall be applied to the reimbursement of the Company;
- (b) if the loss is subject to a Deductible, then the **Insured** shall be reimbursed from such recoveries for any loss which exceeds the amount of coverage provided by this **Coverage Section** less the Deductible Amount, any balance shall be applied to reimbursement of the Company to the extent of its payment and any remainder shall be paid to the **Insured**. If there is no excess, then the total recoveries shall be distributed first in reimbursement to the Company to the extent of its payment and any remainder shall be paid to the **Insured**.

As used herein, "loss" refers to **Loss** under any **Liability Coverage Section**, loss under the Employee Theft **Coverage Section** or both, as applicable.

XV. AUTHORISATION CONTRACT

By acceptance of this policy, the **Insured Organisation** set forth in Item 1 of the Schedule for these General Terms and Conditions agrees to act on behalf of each **Insured** with respect to the giving and receiving of notice of **Claim** or termination, the payment of premiums and the receiving of any return premiums that may become due under this policy, the negotiation, agreement to and acceptance of endorsements, and the giving or receiving of any notice provided for in this policy (except the giving of notice to apply for the Extended Reporting Period), and each **Insured** agrees that the first named **Insured Organisation** shall act on their behalf.

XVI. ALTERATION AND ASSIGNMENT

No change in, modification of, or assignment of interest under this policy shall be effective except when made by a written endorsement to this policy which is signed by an Authorised Employee of the Company



XVII. TERMINATION OF POLICY

This policy shall terminate at the earliest of the following times:

- (a) thirty (30) days after the receipt by the **Insured Organisation** of a written notice of termination from the Company in accordance with the Insurance Contracts Act 1984, as amended, except in the case of termination for nonpayment of premium, in which case it will be fourteen (14) days after receipt of a prior written notice or, if a later time is specified in such notice, at such later time;
- (b) upon the receipt by the Company of written notice of termination from the **Insured Organisation**; However, this policy may not be terminated by the **Insured Organisation** after the effective date of any event described in Section X, Changes in Exposure, under the subheading, "Conversion of Coverage in Certain Circumstances" of these General Terms and Conditions;
- (c) upon expiration of the **Policy Period** as set forth in Item 2 of the Schedule for these General Terms and Conditions; or
- (d) at such other time as may be agreed upon by the Company and the **Insured Organisation**.

The Company shall refund the unearned premium computed at customary short rates if the policy is terminated by the **Insured Organisation**. Under any other circumstances the refund shall be computed pro rata. Payment or tender of any unearned premium by the Company shall not be made a condition precedent to the effectiveness of such termination, but such payment shall be made as soon as practicable.

XVIII. TERMINATION OF PRIOR BONDS OR POLICIES

Any prior bonds or policies issued by the Company or its affiliates and specified in Item 6 of the Schedule for these General Terms and Conditions shall terminate, if not already terminated, as of the inception of this Policy.

Such prior bonds or policies shall not cover any loss under the Employee Theft **Coverage Section** not discovered and notified to the Company prior to the inception date of this policy.

XIX. BANKRUPTCY

Bankruptcy, winding up or insolvency of an **Insured** or the estate of such **Insured** shall not relieve the Company of its obligations nor deprive the Company of its rights under this policy.

XX. HEADINGS

The descriptions in the headings and sub-headings of this Policy are solely for convenience, and form no part of the terms and conditions of coverage.



XXI. OTHER INSURANCE

To the extent that any **Loss** arising from any **Claim** made against any **Insured** under any **Liability Coverage Section** or any loss sustained by any **Insured** under any Employee Theft **Coverage Section**, is insured under:

- (a) those policies listed in the documents comprising the proposal for this policy; or
- (b) any other policy,

then to the extent to which it is permitted by the Insurance Contracts Act 1984, as amended, coverage is only provided under this policy subject to its limitations, conditions, provisions and terms for such **Loss** with respect to any **Liability Coverage Section**, or loss, with respect to the Employee Theft **Coverage Section** excess of the coverage provided by any of the policies referred to in (a) or (b) above.

In the event of any conflict between this **Other Insurance** provision and any specific **Other Insurance** provision in any **Coverage Section**, the **Other Insurance** provision specific to that **Coverage Section** shall control.

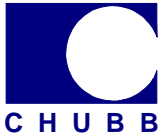
XXII. CONFORMITY

The provisions of this policy shall be read subject to the provisions of any statute governing construction of this policy, and if the provisions of this policy are inconsistent with the statute, then the provisions of this policy shall be deemed to be amended so as to comply with the statute.

XXIII. GST BASIS OF SETTLEMENT

If any **Insured** is entitled to an input tax credit for the premium paid in consideration of the Company's issuance of this policy, then such **Insured** shall inform the Company as to the nature and extent of its entitlement on or before the time a **Claim** is made under this policy. The Company shall not be liable for **Loss** on account of any **Claim** based upon, arising from, or in consequence of any **Insured's** misstatement of, or failure to inform the Company of, the nature or extent of its entitlement to an input tax credit for the policy premium.

The Deductible Amounts borne by the **Insured** under this policy shall be net of any input tax credit that is or may be available in connection with the **Insured's** payment of **Loss** falling within such Deductible Amounts.



Club Management Liability
Directors & Officers Liability Coverage Section

SCHEDULE

CHUBB INSURANCE COMPANY
OF AUSTRALIA LIMITED
(A.B.N. 69 003 710 647)
A.F.S. Licence No: 239778
Herein called the Company

THIS COVERAGE SECTION PROVIDES CLAIMS MADE COVERAGE, WHICH APPLIES ONLY TO CLAIMS FIRST MADE DURING THE POLICY PERIOD, OR ANY EXTENDED REPORTING PERIOD. THE LIMIT OF LIABILITY TO PAY DAMAGES OR SETTLEMENTS WILL BE REDUCED AND MAY BE EXHAUSTED BY DEFENCE COSTS, AND DEFENCE COSTS WILL BE APPLIED AGAINST THE DEDUCTIBLE AMOUNT. PLEASE READ CAREFULLY.

Item 1. Limits of Liability

- (i) Maximum Aggregate Limit of Liability for all Insuring Clauses in this **Coverage Section**
 - (a) Each Loss \$
- (ii) **Investigation Representation Expense** Sub-Limit of Liability: \$10,000
- (iii) Club Liability Sub-Limit of Liability: \$

Please note that the Limits of Liability and any Deductible Amount are reduced or exhausted by **Defence Costs**. The Limits of Liability in Items 1(ii) and 1(iii) are sub-limits of liability. They are part of and not in addition to, the Limit of Liability set forth in Item 1(i) above. They further reduce, and do not increase, the Limit of Liability set forth in Item 1(i) above.

Item 2. Coverage is only available for the following if indicated by X:

- Insuring Clause (C): Club Liability Coverage

Item 3. Deductible Amounts:

- (i) Insuring Clause (A) \$Nil
- (ii) Insuring Clause (B) \$
- (iii) Insuring Clause (C) \$
- (iv) Insuring Clause (D) \$Nil

Item 4. Pending and Prior Litigation Dates:

- (i) Insuring Clauses (A) and (B):
- (ii) Insuring Clause (C):
- (iii) Insuring Clause (D):

Item 5. Endorsement(s):



Club Management Liability

Directors & Officers Liability Coverage Section

In consideration of payment of the premium and subject to the Schedule, General Terms and Conditions, and the limitations, conditions, provisions and other terms of this Coverage Section, the Company and the Insureds agree as follows:

I. INSURING CLAUSES

(A) Directors' and Officers' Liability Coverage

The Company shall pay on behalf of an **Insured Person** all **Loss** for which such **Insured Person** is not indemnified by the **Insured Organisation** and which such **Insured Person** becomes legally obligated to pay on account of any **D&O Claim** first made against him, individually or otherwise, during the **Policy Period** or, if exercised, during the Extended Reporting Period, for a **Wrongful Act** occurring before or during the **Policy Period**.

(B) Company Reimbursement Coverage

The Company shall pay on behalf of the **Insured Organisation** all **Loss** for which the **Insured Organisation** grants indemnification to each **Insured Person**, as permitted or required by law, which such **Insured Person** has become legally obligated to pay on account of any **D&O Claim** first made against him, individually or otherwise, during the **Policy Period** or, if exercised, during the Extended Reporting Period, for a **Wrongful Act** occurring before or during the **Policy Period**.

(C) Club Liability Coverage

If the Corporate Liability Coverage is purchased as set forth in Item 2 of the Schedule for this **Coverage Section**, then the Company shall pay on behalf of the **Insured Organisation** all **Loss** which such **Insured Organisation** becomes legally obligated to pay on account of any **Insured Organisation Claim** first made against such **Insured Organisation** during the **Policy Period**, or, if exercised, during the Extended Reporting Period, for **Wrongful Acts** occurring before or during the **Policy Period**.

(D) Investigation Representation Expense

The Company shall pay on behalf of an **Insured Person** any **Investigation Representation Expense** on account of any **Formal Investigation** first made against such **Insured Person** during the **Policy Period**, or, if exercised, during the Extended Reporting Period, in an amount not to exceed the **Investigation Representation Expense** Sub-Limit of Liability set forth in Item 1 (ii) of the Schedule for this **Coverage Section**, and subject to the applicable Deductible Amount set forth in Item 3 (iv) of the Schedule for this **Coverage Section**.



II. DEFINITIONS

Unless otherwise noted, as used in this **Coverage Section**, the singular of any definition includes the plural, and the plural of any definition includes the singular.

For purposes of this **Coverage Section**:

Claim means for purposes of coverage under:

- (a) Insuring Clauses (A) and (B), any **D&O Claim**;
- (b) Insuring Clause (C), any **Insured Organisation Claim**; and
- (c) Insuring Clause (D), any **Formal Investigation**.

D&O Claim means:

- (a) any of the following:
 - (i) a written demand by any person other than the **Insured** for monetary damages;
 - (ii) a civil proceeding commenced by the service of a complaint, summons, statement of claim or similar pleading;
 - (iii) a criminal proceeding commenced by a summons or charge; or
 - (iv) a formal administrative or regulatory proceeding commenced by the filing of a notice of charges, formal investigative order or similar document,

against any **Insured Person** for a **Wrongful Act**, including any appeal therefrom;

Employee means any natural person whose labour or service is engaged and directed by the **Insured Organisation**, including part-time, seasonal, leased and temporary employees as well as volunteers. **Employee** shall not include any **Independent Contractor**.

Executive Officer means a person, by whatever name called and whether or not a director of the **Insured Organisation**, who is concerned or takes part in the **Insured Organisation's** management.

Formal Investigation means an administrative, regulatory or investigative inquiry, requiring the attendance of an **Insured Person**, in his or her **Insured Capacity**, conducted by a government body, professional body or other institution which is established or empowered by statute or other governmental power to investigate the affairs of the **Insured Organisation** or any **Insured Person**.

Independent Contractor means any natural person working for the **Insured Organisation** in the capacity of an independent contractor and pursuant to an **Independent Contractor Services Agreement**.

Independent Contractor Services Agreement means any express contract or agreement between an **Independent Contractor** and the **Insured Organisation** governing the nature of the **Insured Organisation's** engagement of such **Independent Contractor**.

Insured means the **Insured Organisation** and **Insured Persons**.



Club Management Liability Directors & Officers Liability Coverage Section

Insured Capacity means the position or capacity designated in the definition of **Insured Person** held by any **Insured Person** but shall not include any position or capacity in any organisation other than the **Insured Organisation**, even if the **Insured Organisation** directed or requested the **Insured Person** to serve in such other position or capacity, unless such position is approved by an Authorised Employee of the Company and included by endorsement attached to this **Coverage Section**.

Insured Organisation means collectively, those organisations designated in Item 1 of the Schedule for the General Terms and Conditions, and any **Subsidiary**.

Insured Organisation Claim means:

- (a) any of the following:
 - (i) a written demand by any person other than the **Insured** for monetary damages;
 - (ii) a civil proceeding commenced by the service of a complaint, summons, statement of claim or similar pleading; or
 - (iii) a criminal proceeding commenced by a summons or charge.against an **Insured Organisation** for a **Wrongful Act**, including any appeal therefrom.

Insured Person means any natural person who is or was a past, present or future:

- (a) director, secretary or **Executive Officer** of the **Insured Organisation** ;
 - (b) a person:
 - (i) who makes, or participates in making decisions that affect the whole, or a substantial part of the business of the **Insured Organisation**, or
 - (ii) who has the capacity to affect significantly the **Insured Organisation's** financial standing, or
 - (iii) in accordance with whose instructions or wishes the directors of the **Insured Organisation** are accustomed to act (excluding advice given by the person in the performance of functions attaching to the person's professional capacity or their business relationship with the directors of the **Insured Organisation**), or
 - (c) receiver and manager of property of the **Insured Organisation**;
 - (d) administrator, official manager or deputy official manager of the **Insured Organisation**;
 - (e) liquidator of the **Insured Organisation**;
 - (f) trustee or other person administering a compromise or arrangement made between the **Insured Organisation** and another person or persons; and
 - (g) **Employee** or committee member (whether or no salaried) of the **Insured Organisation**.
 - (h) Any natural person acting in a voluntary capacity on behalf of the **Insured Organisation** and at the specific direction of such **Insured Organisation**.
- but does not include:
- (i) a receiver who is not also a manager;
 - (ii) a receiver and manager appointed by a court; or
 - (iii) a liquidator appointed by a court.



Club Management Liability **Directors & Officers Liability Coverage Section**

Investigation Representation Expense means reasonable legal fees, professional charges and expenses which an **Insured Person** is personally liable to pay (other than regular or overtime wages, salaries or fees of the directors, officers or **Employees** of the **Insured Organisation**) on account of a **Formal Investigation**.

Legal Representation Expenses means that part of **Loss** consisting of reasonable costs, charges, fees and expenses (other than regular or overtime wages, salaries or fees of the directors, officers or employees of the **Insured Organisation**) incurred with the prior written consent of the Company (which shall not be unreasonably withheld) and arising out of the attendance by an **Insured Person** at a **Formal Investigation**.

Loss means the total amount which any **Insured** becomes legally obligated to pay on account of each **Claim** and for all **Claims** in each **Policy Period** and the Extended Reporting Period, if exercised, made against any **Insured** for **Wrongful Acts** for which coverage applies, including, but not limited to, damages, judgments, settlements, costs, **Defence Costs** and **Legal Representation Expenses**. **Loss** does not include:

- (a) any amount not indemnified by the **Insured Organisation** for which an **Insured Person** is absolved from payment by reason of any covenant, agreement or court order;
- (b) any amount incurred by the **Insured Organisation** (including its board of directors or any committee of the board of directors) in connection with the investigation or evaluation of any **Claim** or potential **Claim** by or on behalf of the **Insured Organisation**;
- (c) taxes, fines or penalties imposed by law;
- (d) aggravated or exemplary damages imposed by law;
- (e) the multiple portion of any multiplied damage awarded outside Australia, or
- (f) matters uninsurable under the law pursuant to which this **Coverage Section** is construed.

Pollutants means any substance located anywhere in the world exhibiting any hazardous characteristics as defined by, or identified on a list of hazardous substances issued by, an environmental protection agency (including but not limited to the United States Environmental Protection Agency) or a country, state, territory, county, municipality or locality or counterpart thereof. Such substances shall include, without limitation, solids, liquids, gaseous or thermal irritants, contaminants, smoke, vapour, soot, fumes, acids, alkalis, chemicals or waste materials. **Pollutants** shall also mean any other air emission, odour, waste water, oil, oil products, infectious or medical waste, asbestos or asbestos products and any noise.

Wrongful Act means any error, misstatement, misleading statement, act, omission, neglect, or breach of duty committed, attempted, or allegedly committed or attempted by:

- (i) for purposes of coverage under Insuring Clauses (A) and (B) and (D): any **Insured Person** individually or otherwise in his or her **Insured Capacity** or any matter claimed against him or her solely by reason of serving in such **Insured Capacity**; or
- (ii) for purposes of coverage under Insuring Clause (C): the **Insured Organisation**.



III. EXCLUSIONS

Exclusions Applicable to All Insuring Clauses

(A) The Company shall not be liable for **Loss** on account of any **Claim** made against any **Insured Person** or the **Insured Organisation** :

- Prior Notice** (a) based upon, arising from, or in consequence of any circumstance, if written notice of such circumstance can be and has been given under any policy or section of which this **Coverage Section** is a renewal or replacement and if such prior policy or section affords coverage (or would afford such coverage except for the exhaustion of its limits of liability) for such **Loss**, in whole or in part, as a result of such notice;
- Prior & Pending Litigation** (b) based upon, arising from, or in consequence of a demand, suit, or other proceeding pending, or order, decree or judgment entered for or against any **Insured** on or prior to the applicable Pending or Prior Litigation Date as set forth in Item 4 of the Schedule for this **Coverage Section**, or the same or substantially the same facts underlying or alleged therein.
- Fiduciary** (c) based upon, arising from, or in consequence of any actual or alleged violation of the responsibilities, obligations or duties owed by fiduciaries, trustees, administrators or any others charged with duties with respect to any superannuation, pension, profit sharing, health and welfare or other employee benefit plan or trust established or maintained for the purpose of providing pensions, annuities or any other form of benefits to employees of an **Insured Organisation**;
- Bodily Injury/ Property Damage** (d) for bodily injury, mental anguish, humiliation, emotional distress, sickness, disease or death of any person or damage to or destruction of any tangible property, whether or not it is damaged or destroyed, including loss of use thereof. However, this exclusion shall not apply to mental anguish, humiliation or emotional distress asserted in an employment related **D&O Claim**;
- Professional Services** (e) based upon, arising from, or in consequence any actual or alleged error, misstatement, misleading statement, act, omission, neglect, or breach of duty committed, attempted or allegedly committed or attempted in connection with the rendering of, or actual or alleged failure to render any professional services to third parties by the **Insured**;
- Major Shareholder** (f) brought or maintained by or on behalf of any individual or entity directly or beneficially owning 15% or more of the issued share capital or voting rights representing the present right to vote for election of directors of the **Insured Organisation**;
- Securities** (g) based upon, arising from or in consequence of a public or private offering, solicitation, sale, distribution or issuance of securities, whether or not a prospectus has been issued;



Club Management Liability Directors & Officers Liability Coverage Section

-
- Pollution** (h) based upon, arising from, or in consequence of (i) the actual, alleged or threatened discharge, release, escape, seepage, migration, dispersal or disposal of **Pollutants** into or on real or personal property, water or the atmosphere; or (ii) any direction or request that the **Insured** test for, monitor, clean up, remove, contain, treat, detoxify or neutralise **Pollutants**, or any voluntary decision to do so; including but not limited to any **Claim** for financial loss to the **Insured Organisation**, its security holders or its creditors based upon, arising from, or in consequence of the matters described in (i) or (ii) of this exclusion;
- USA Claims** (i) brought and maintained, in whole or in part, in the **U.S.A.**, or subject to the substantive and procedural laws of the **U.S.A.**
- Fraud** (j) based upon, arising from, or in consequence of the committing in fact of any deliberately fraudulent act or omission or any wilful violation or breach of any law, regulation or duty imposed by law or regulation, by such **Insured Person** as evidenced by (i) any written statement or written document by any **Insured Person** or (ii) any judgment or ruling in any judicial, administrative or alternative dispute resolution proceeding;
- Insolvency** (k) for **Wrongful Acts** based upon, arising from, or in consequence of the **Financial Impairment** of the **Insured Organisation**; or
- Insured Organisation vs. Insured Person** (l) brought or maintained against any **Insured Person**, by or on behalf of the **Insured Organisation**. However, this exclusion shall not apply to:
- (i) **Defence Costs**;
 - (ii) a **Claim** brought in the name of the **Insured Organisation** by any individual or entity legally authorised to bring a **Claim** in the name of the **Insured Organisation**, provided that they are acting without the consent, solicitation or co-operation of any **Insured**; or
 - (iii) a **Claim** brought or maintained by the **Insured Organisation** for contribution or indemnification, if such **Claim** directly results from another **Claim** covered under this **Coverage Section**.
- Contractual Liability** (m) based upon, arising from, or in consequence of any actual or alleged liability of an **Insured Organisation** under any written or oral contract or agreement provided that this Exclusion (C)(a) shall not apply to the extent that an **Insured Organisation** would have been liable in the absence of the contract or agreement;
-

Exclusions Applicable to Insuring Clause A Only

(B) The Company shall not be liable for **Loss** on account of any **Claim** made against an **Insured Person**:

- Accounting for Profits** (a) for an accounting of profits made from the purchase or sale by such **Insured Person** of securities of the **Insured Organisation** where such **Insured Person** has improperly benefited as a result of information that is not available to other sellers or purchasers of such securities;



Club Management Liability

Directors & Officers Liability Coverage Section

- Personal Profit** (b) based upon, arising from, or in consequence of such **Insured Person** having improperly used his position to (i) gain in fact any personal profit, remuneration or advantage to which such **Insured Person** was not legally entitled, (ii) to benefit or provide an advantage to someone other than the **Insured Organisation**; or (iii) to cause detriment to the **Insured Organisation** as evidenced by (a) any written statement or written document by any **Insured Person** or (b) any judgment or ruling in any judicial, administrative or alternative dispute resolution proceeding; or
- Improper Use of Information** (c) based upon, arising from, or in consequence of such **Insured Person** having improperly used information so as to cause detriment to the **Insured Organisation** as evidenced by (i) any written statement or written document by any **Insured Person** or (ii) any judgment or ruling in any judicial, administrative or alternative dispute resolution proceeding.
-

Exclusions Applicable to Insuring Clause C Only

(C) The Company shall not be liable for Loss on account of any **Insured Organisation Claim**:

- Employment Practices** (a) brought by any **Employee**, former **Employee** or prospective **Employee** based upon, or directly or indirectly arising out of or resulting from the employment relationship or the nature, terms or conditions of employment, including but not limited to claims of discrimination, harassment, wrongful discharge, denial of natural justice relating to wrongful discharge, or wrongful dismissal (whether actual, implied or constructive), breach of contract, employment-related defamation, workplace injury or workplace tort committed in the course of an **Employee's** employment, or any tort committed by an **Employee** or by which an **Employee** suffers loss or damage (whether as a result of personal injury, bodily injury, disability or otherwise) within the scope of that **Employee's** employment or otherwise;
- Copyright** (b) based upon, arising from, or in consequence of any actual or alleged infringement of copyright, patent, trademark, trade name, trade dress, service mark or misappropriation of ideas or trade secrets; or
-

IV. SEVERABILITY OF EXCLUSIONS

With respect to the exclusions in this **Coverage Section**, in order to determine if coverage is available:

- (a) no fact pertaining to or knowledge possessed by any **Insured Person** shall be imputed to any other **Insured Person**; and
- (b) only facts pertaining to and knowledge possessed by any past, present or future chief financial officer, in-house general counsel, chief executive officer, chairman, president or managing director or equivalent thereof, of any **Insured Organisation** shall be imputed to any **Insured Organisation**.
-

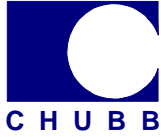


V. PAYMENT OF LOSS

- (a) In the event of **Loss** arising from one or more **Claims** for which payment is otherwise due under this **Coverage Section** but which **Loss** in the aggregate exceeds the remaining available Limit of Liability for this **Coverage Section**, the **Company** shall:
- (i) first pay such **Loss** for which coverage is provided under Insuring Clause (A) of this **Coverage Section**; then
 - (ii) with respect to whatever remaining amount of the Limit of Liability is available after payment of (i) above, pay such **Loss** for which coverage is provided under any other Insuring Clause of this **Coverage Section**.
- (b) Subject to the provisions of paragraph (a) above, the Company shall, at the written request of the **Insured Organisation**, delay payment of **Loss** for which coverage is provided under any Insuring Clause other than Insuring Clause (A) until such time as the **Insured Organisation** designates. However, the Company's liability with respect to such delayed payment shall not be increased, and shall not include any interest as a result of such delay. The **Insured Organisation** shall provide written notice to the Company when such delayed payment shall be made. Such written notice shall be deemed consent from all **Insureds**, including all **Insured Persons**, to release such payment and the Company shall have no further obligation under this Policy with respect to such funds.
-

VI. COORDINATION OF COVERAGE

Any **Loss** covered under both this **Coverage Section** and the Employment Practices Liability **Coverage Section**, if purchased, shall be first covered under the Employment Practices Liability **Coverage Section**, subject to the terms, conditions and limitations therein. Any remaining portion of such **Loss** otherwise covered under this **Coverage Section** which is not paid under the Employment Practices Liability **Coverage Section** shall be covered under this **Coverage Section**, subject to its terms, conditions and limitations.



Club Management Liability
Employment Practices Liability Coverage Section

SCHEDULE

CHUBB INSURANCE COMPANY
OF AUSTRALIA LIMITED
(A.B.N. 69 003 710 647)
A.F.S. Licence No: 239778
Herein called the Company

THIS COVERAGE SECTION PROVIDES CLAIMS MADE COVERAGE, WHICH APPLIES ONLY TO CLAIMS FIRST MADE DURING THE POLICY PERIOD, OR ANY EXTENDED REPORTING PERIOD. THE LIMIT OF LIABILITY TO PAY DAMAGES OR SETTLEMENTS WILL BE REDUCED AND MAY BE EXHAUSTED BY DEFENCE COSTS, AND DEFENCE COSTS WILL BE APPLIED AGAINST THE DEDUCTIBLE AMOUNT. PLEASE READ CAREFULLY.

Item 1. Limit of Liability for this Coverage Section

(i) Each Loss: \$

Please note that the Limits of Liability and any Deductible Amount are reduced or exhausted by **Defence Costs**.

Item 2. Deductible Amount: \$

Item 3. Pending and Prior Litigation Date:

Item 4. Endorsement(s):



Club Management Liability Employment Practices Liability Coverage Section

In consideration of payment of the premium and subject to the Schedule, General Terms and Conditions, and the limitations, conditions, provisions and other terms of this Coverage Section, the Company and the Insureds agree as follows:

I. INSURING CLAUSE

(A) Employment Practices Liability Coverage

The Company shall pay on behalf of the **Insureds** all **Loss** for which such **Insureds** become legally obligated to pay on account of any **Employment Claim** first made against such **Insureds** during the **Policy Period** or, if exercised, during the Extended Reporting Period, for a **Wrongful Act** occurring before or during the **Policy Period**.

II. DEFINITIONS

Unless otherwise noted, as used in this **Coverage Section**, the singular of any definition includes the plural, and the plural of any definition includes the singular.

For purposes of this **Coverage Section**:

Benefits means perquisites, fringe benefits, payments in connection with an employee benefit plan and any other payment, other than salary or wages, to or for the benefit of an employee arising out of the employment relationship. **Benefits** does not include **Stock Benefits**, employee stock ownership plans or employee stock purchase plans.

Breach of Employment Contract means any breach of any oral, written or implied contract or contractual obligation including but not limited to any such obligation arising out of any personnel manual, employee handbook, policy statement or other representation.

Claim means any **Employment Claim**.

Discrimination means any violation of employment discrimination laws including any actual, alleged or constructive employment termination, dismissal, or discharge, employment demotion, denial of tenure, modification of any term or condition of employment, any failure or refusal to hire or promote, or any limitation, segregation or classification of any **Employee** or applicant for employment in any way that would deprive or tend to deprive any person of employment opportunities or otherwise affect his or her status as an **Employee** based on such person's race, colour, religion, creed, age, sex, disability, marital status, national origin, pregnancy, HIV status, sexual orientation or preference, or other protected military status or other status that is protected pursuant to any country, federal, state, territory or local statutory law or common law anywhere in the world.

Employee means any natural person whose labour or service is engaged and directed by the **Insured Organisation**, including part-time, seasonal, leased and temporary employees as well as volunteers, but only while that natural person is acting in his or her capacity as such. **Employee** shall not include any **Independent Contractor**.

Employee Entitlements means employee benefit arrangements of any kind (whether during or post employment) including:

- (a) provision for unemployment, redundancy, retirement, sickness, disability, maternity leave, paternal leave, adoption leave, annual leave, long service leave, compassionate leave or personal leave;



Club Management Liability Employment Practices Liability Coverage Section

- (b) entitlements under an **Industrial Instrument** including wages, overtime, time in lieu, allowances and penalties;
- (c) accident, life, medical, disability or other welfare plans, including insurance of any kind;
- (d) superannuation contributions, benefits and entitlements;
- (e) **Stock Benefits**, profit sharing or deferred compensation plans.

Employment Claim means:

- (a) a written demand for monetary damages;
- (b) a civil proceeding commenced by the service of a complaint, summons, statement of claim or similar pleading;
- (c) an arbitration proceeding, mediation, conciliation or other alternative dispute resolution proceeding; or
- (d) a formal administrative or regulatory proceeding commenced by the filing of a notice of charges, formal investigative order or similar document including but not limited to any Australian Human Rights Equal Opportunity Commission (HREOC) proceeding or any other similar governmental agency proceeding anywhere in the world other than the **U.S.A.**,

which is brought and maintained by or on behalf of any past, present or prospective **Employee(s)** of the **Insured Organisation** against any **Insured** for any **Wrongful Act** in connection with any actual or alleged **Breach of Employment Contract, Discrimination, Harassment, Retaliation, Workplace Tort or Wrongful Employment Decision** including any appeal therefrom.

Executive Officer means a person, by whatever name called and whether or not a director of the **Insured Organisation**, who is concerned or takes part in the **Insured Organisation's** management.

Harassment means:

- (a) sexual harassment, including unwelcome sexual advances, requests for sexual favours, or other conduct of a sexual nature that is made a condition of employment with, used as a basis for employment decisions by, interferes with performance or creates an intimidating, hostile or offensive working environment within, the **Insured Organisation**; or
- (b) workplace harassment, including work related harassment of a non-sexual nature that interferes with performance or creates an intimidating, hostile or offensive working environment within the **Insured Organisation**.

Independent Contractor means any natural person working for the **Insured Organisation** in the capacity of an independent contractor and pursuant to an **Independent Contractor Services Agreement**.

Independent Contractor Services Agreement means any express contract or agreement between an **Independent Contractor** and the **Insured Organisation** governing the nature of the **Insured Organisation's** engagement of such **Independent Contractor**.

Industrial Instrument means any award, agreement, arrangement or other instrument which is certified or registered by an industrial tribunal in Australia, including without limitation the Australian Industrial Relations Commission and the Industrial Relations Commissions of the States or Territories of Australia, or similar industrial tribunals constituted under any federal, state, territory or local law or common law.



Club Management Liability **Employment Practices Liability Coverage Section**

Insured means the **Insured Organisation** and **Insured Persons**.

Insured Capacity means the position or capacity designated in the definition of **Insured Person** held by any **Insured Person** but shall not include any position or capacity in any organisation other than the **Insured Organisation**, even if the **Insured Organisation** directed or requested the **Insured Person** to serve in such other position or capacity.

Insured Organisation means, collectively, those organisations designated in Item 1 of the Schedule for the General Terms and Conditions, and any **Subsidiary**.

Insured Person means any natural person, who is or was a past, present or future director, secretary, **Employee** or **Executive Officer** of the **Insured Organisation**.

Loss means the total amount which any **Insured** becomes legally obligated to pay on account of each **Claim** and for all **Claims** in each **Policy Period** and the Extended Reporting Period, if exercised, made against such **Insured** for **Wrongful Acts** for which coverage applies, including, but not limited to, damages, judgments, settlements, costs and **Defence Costs**. **Loss** does not include:

- (a) any amount for which an **Insured** is absolved from payment by reason of any covenant, agreement (other than indemnification of an **Insured Person** by the **Insured Organisation**) or court order;
- (b) the future compensation or **Benefits** of a claimant who has been or shall be hired, promoted or reinstated to employment pursuant to a settlement, order or other resolution of such **Claim**;
- (c) taxes, fines or penalties imposed by law;
- (d) aggravated or exemplary damages imposed by law;
- (e) any monetary payment for violation of any notice requirement or for a notice period under any applicable law; or
- (f) the multiple portion or any multiplied damage award outside Australia.

Pollutants means any substance located anywhere in the world exhibiting any hazardous characteristics as defined by, or identified on a list of hazardous substances issued by, an environmental protection agency (including but not limited to the United States Environmental Protection Agency) or a country, state, territory, county, municipality or locality or counterpart thereof. Such substances shall include, without limitation, solids, liquids, gaseous or thermal irritants, contaminants, smoke, vapour, soot, fumes, acids, alkalis, chemicals or waste materials. **Pollutants** shall also mean any other air emission, odour, waste water, oil, oil products, infectious or medical waste, asbestos or asbestos products and any noise.

Pollution means:

- (a) the actual, alleged or threatened discharge, release, escape, seepage, migration, dispersal or disposal of **Pollutants** into or on real or personal property, water or the atmosphere; or
- (b) any direction or request that the **Insured** test for, monitor, clean up, remove, contain, treat, detoxify, or neutralise **Pollutants**, or any voluntary decision to do so.

Retaliation means retaliatory treatment against an **Employee** or **Executive** on account of such individual:

- (a) exercising his or her rights under law, including but not limited to rights under any workers compensation laws;
- (b) refusing to violate any law;



Club Management Liability Employment Practices Liability Coverage Section

- (c) having assisted or testified in or cooperated with a proceeding or investigation regarding alleged violations of law by the **Insured Organisation**;
- (d) disclosing or threatening to disclose to a superior or to any governmental agency any alleged violations of law; or
- (e) filing any claim against the **Insured Organisation** under any country, federal, state, territory or local "whistle blower" statutory law or common law anywhere in the world.

Stock Benefits means any offering, plan or agreement between the **Insured Organisation** and any **Executive** or **Employee** which grants stock or stock options or stock appreciation rights as to the **Insured Organisation** to such individual, including but not limited to restricted stock or any other stock grant, but not including employee stock ownership plans or employee stock purchase plans.

Workplace Tort means actual or alleged:

- (a) employment-related misrepresentation, defamation, invasion of privacy, negligent evaluation, wrongful discipline or wrongful deprivation of career opportunity; or
- (b) employment-related negligent retention, supervision, hiring or training, employment-related wrongful infliction of emotional distress, mental anguish or humiliation or failure to provide or enforce consistent employment-related corporate policies and procedures, when alleged as part of an **Employment Claim** for actual or alleged **Wrongful Employment Decision, Breach of Employment Contract, Discrimination, Harassment, or Retaliation**.

Wrongful Act means any error, misstatement, misleading statement, act, omission, neglect, or breach of duty committed, attempted, or allegedly committed or attempted, by an **Insured Organisation** or by an **Insured Person**, individually or otherwise, in his **Insured Capacity**, or any matter claimed against him solely by reason of his serving in such **Insured Capacity**.

Wrongful Employment Decision means the actual, alleged or constructive termination, dismissal, or discharge of employment, demotion, denial of tenure, or failure or refusal to hire or promote or denial of natural justice relating to wrongful termination. **Wrongful Employment Decision** shall not include **Breach of Employment Contract**.

III. EXCLUSIONS

(A) The Company shall not be liable for **Loss** on account of any **Claim** made against any **Insured**:

Prior Notice (a) based upon, arising from, or in consequence of any circumstance if written notice of such circumstance can be and has been given under any policy or **Coverage Section** of which this **Coverage Section** is a renewal or replacement and if such prior policy or **Coverage Section** affords coverage (or would afford such coverage except for the exhaustion of its limits of liability) for such **Loss**, in whole or in part, as a result of such notice;

Prior & Pending Litigation (b) based upon, arising from, or in consequence of any written demand for monetary damages, suit, formal administrative or regulatory proceeding commenced by the filing of a notice of charges, formal investigative order or similar document or arbitration proceeding pending, or order, decree or judgment entered against any **Insured** on or prior to the Pending or Prior Date set forth in Item 3 of the Schedule for this **Coverage Section** or the same or substantially the same facts, circumstances or situations underlying or alleged therein;



Club Management Liability

Employment Practices Liability Coverage Section

- ry (c) for any actual or alleged violation of the responsibilities, obligations or duties owed by fiduciaries, trustees, administrators or any other charged with duties with respect to any superannuation, pension, profit sharing, health and welfare or other employee benefit plan or trust established or maintained for the purpose of providing pensions, annuities or any other form of benefits to employees of an **Insured Organisation**. This includes but is not limited to any actual or alleged violation of the responsibilities, obligations or duties imposed by the Australian Occupational Health and Safety legislation, the Australian Workplace Relations Act 1996 (Cth) (except Sections 170CA-170CK, 170CN-CS, 170AA-HC and 170FA-FE, relating to termination of employment), rules or regulations promulgated thereunder and amendments thereto or similar provisions of any country, federal, state, territory or local statutory law or common law anywhere in the world other than the **U.S.A.** However, this exclusion shall not apply to any **Claim** for **Retaliation** against any claimant;
- Bodily Injury/
Property Damage** (d) for bodily injury, emotional distress, mental anguish, humiliation, sickness, disease or death of any person or damage to or destruction of any tangible property, whether or not it is damaged or destroyed, including loss of use thereof. However, this exclusion shall not apply to any emotional distress, mental anguish or humiliation in any **Employment Claim**;
- Workers
Compensation** (e) based upon, arising from, or in consequence of any actual or alleged obligation of any **Insured** pursuant to any workers' compensation, unemployment insurance, social security, disability benefits or similar law. However, this exclusion shall not apply to any **Claim** for **Retaliation** against any claimant by any **Insured** based upon such claimant's exercise of rights pursuant to any such law;
- Assumed
Liability** (f) based upon, arising from, or in consequence of liability of others assumed by the **Insured** under any contract or agreement, except to the extent that the **Insured** would have been liable in the absence of the contract or agreement;
- Pollution** (g) based upon, arising from, or in consequence of **Pollution**. However, this exclusion shall not apply to any **Claim** for a **Wrongful Employment Decision** in **Retaliation** for such claimant's actual or alleged (i) refusal to violate any federal, state, or local statutory law or common law regarding **Pollution** or (ii) disclosure regarding any actual or alleged **Pollution** by any **Insured Organisation**;
- Fraud** (h) based upon, arising from, or in consequence of the committing in fact of any deliberately fraudulent act or omission or any wilful violation or breach of any law, regulation or duty imposed by law or regulation, by such **Insured** as evidenced by (i) any written statement or written document by any **Insured** or (ii) any judgment or ruling in any judicial, administrative or alternative dispute resolution proceeding;
- Securities** (i) based upon, arising from, or in consequence of a public or private offering, solicitation, sale, distribution, or issuance of securities, whether or not a prospectus has been issued. However, this exclusion shall not apply to any **Claim** for **Retaliation** against any claimant for (i) such claimant's actual or alleged refusal to violate any securities laws; or (ii) any actual or threatened disclosure by such claimant of any actual or alleged violation of securities laws;



Club Management Liability Employment Practices Liability Coverage Section

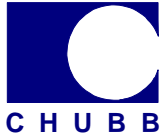
-
- | | |
|--------------------------------------|---|
| Insolvency | (j) for Wrongful Acts based upon, arising from, or in consequence of the Financial Impairment of the Insured Organisation ; |
| Statutory Entitlement | (k) for breach of duties, obligations or responsibilities under any law, regulation, by-law, determination made under or pursuant to an Act of a State or the Commonwealth, ordinance of a Territory or Industrial Instrument howsoever promulgated regulating Employee Entitlements ; or |
| USA | (l) brought and maintained, in whole or in part, in the U.S.A. , or subject to the substantive and procedural laws of the U.S.A. |
| Specified Sums Under Contract | (m) for any contractually specified sum of money required to be paid pursuant to: <ul style="list-style-type: none">(i) a notice period;(ii) an express written contract of employment; or(iii) an express written obligation to make payments in the event of the termination of employment; |
-

(B) The Company shall not be liable for the part of **Loss**, other than **Defence Costs**:

- | | |
|------------------------|--|
| Benefits Due | (a) which constitutes Benefits due or to become due or the equivalent value of such Benefits ; provided that this Exclusion (a) shall not apply to any Employment Claim for a Wrongful Employment Decision ; |
| Compliance Cost | (b) which constitutes the cost of compliance with any order for, grant of or agreement to provide injunctive or other non-monetary relief; |
| Front Pay | (c) which constitutes front pay, future damages or other future economic relief, or the equivalent thereof, if the Insured Organisation is ordered pursuant to a judgment or other final adjudication but fails to reinstate the claimant as an Employee ; |
-

VI. COORDINATION OF COVERAGE

Any **Loss** covered under this **Coverage Section** and the **Directors and Officers Liability Coverage Section** shall be first covered under this **Coverage Section**, subject to its terms, conditions and limitations.



Club Management Liability
Employee Theft Coverage Section

SCHEDULE

CHUBB INSURANCE COMPANY
OF AUSTRALIA LIMITED
(A.B.N. 69 003 710 647)
A.F.S. Licence No: 239778
Herein called the Company

Policy Number: 9329

Item 1. Limit of Liability for this Coverage Section:

(A) Employee Theft Coverage:

(i) Each Coverage Event:	\$100,000
(ii) Each Policy Period:	\$100,000

(B) Investigative Costs Coverage: \$10,000

Item 2. Deductible Amount:

(A) Employee Theft Coverage: \$

(B) Investigative Costs Coverage: NIL

Item 3. Territory: Australia and New Zealand

Item 4. Endorsement(s):

Item 5. Original Inception Date:



Club Management Liability Employee Theft Coverage Section

In consideration of payment of the premium and subject to the Schedule, General Terms and Conditions, and the limitations, conditions, provisions and other terms of this Coverage Section, the Company and the Insureds agree as follows:

I. INSURING CLAUSES

(A) Employee Theft Coverage

The Company shall be liable for direct losses of **Money, Securities**, or other property caused by **Theft or Forgery** by any identifiable **Employee** of any **Insured** acting alone or in collusion with others.

(B) Investigative Costs Coverage

The Company shall be liable for **Investigative Costs** of the **Insured**.

II. DEFINITIONS

Unless otherwise noted, as used in this Coverage Section, the singular of any definition includes the plural, and the plural of any definition includes the singular.

For the purposes of this Coverage Section:

Discovery or **Discovered** means knowledge acquired by an **Executive Officer** or **Insurance Representative** of an **Insured** which would cause a reasonable person to believe a covered loss has occurred or an occurrence has arisen that may subsequently result in a covered loss. This includes loss:

- (a) sustained prior to the inception date of any coverage under this **Coverage Section**;
- (b) which does not exceed the Deductible Amount as set forth in the Schedule for this **Coverage Section**; or
- (c) the exact amount or details of which are unknown.

Discovery or **Discovered** shall not include knowledge acquired by an **Executive Officer** or **Insurance Representative** of an **Insured**, acting alone or in collusion with an **Employee**, or the knowledge possessed by any **Executive Officer** or **Insurance Representative** who is a participant in the **Theft** or **Forgery**.

Employee means one or more natural persons while in the regular service of any **Insured** in the ordinary course of the **Insured's** business during the term of this **Coverage Section** and whom any **Insured** compensates by salary, wages and/or commissions and has the right to govern and direct in the performance of such service; and shall also mean:

- (a) any non-compensated officer of any **Insured**,
- (b) any former employee for a period not exceeding thirty (30) days following termination of such person's services,
- (c) any director or trustee of any **Insured** while performing acts coming within the scope of the usual duties of an employee,
- (d) any individual or individuals assigned to perform employee duties for any **Insured**, within the **Insured's Premises**, by any agency furnishing temporary personnel on a contingent or part-time basis. However, this **Coverage Section** does not cover any loss caused by any such individual if such loss is also covered by any insurance or sureties held by the agency furnishing such temporary personnel to the **Insured**; and



Club Management Liability Employee Theft Coverage Section

- (e) any one or more persons while in the service of any Superannuation or Employee Benefit Plan (included as **Insureds** herein) as fiduciary, trustee, administrator, officer or employee.

Executive Officer means a natural person, by whatever name called and whether or not a director of the **Insured Organisation**, who is concerned or takes part in the **Insured Organisation's** management.

Forgery means the signing of another natural person's name with the intent to deceive, but does not mean a signature that includes one's own name, with or without authority, in any capacity for any purpose. Mechanically or electronically produced or reproduced signatures shall be treated the same as hand-written signatures.

Insurance Representative means the **Insured's Employees** designated to represent the **Insured** for the purpose of effecting and maintaining insurance.

Insured means, collectively, those organisations designated in Item 1 of the Schedule for the General Terms and Conditions and any **Subsidiary**.

Investigative Costs means reasonable expenses incurred by the **Insured** in establishing the existence and amount of any direct loss covered in excess of the Deductible Amount under this **Coverage Section**, as set forth in Item 1 (B) of the Schedule for this **Coverage Section**. The reasonableness of such expenses shall be determined by the Company and shall not include internal corporate obligations of the **Insured**, such as employee wages or internal costs.

Money means currency, coin, bank notes and bullion.

Original Inception Date means the date as set forth in Item 5 of the Schedule for this **Coverage Section**.

Premises means that portion of the interior building occupied by the **Insured** in conducting its business.

Securities means **all negotiable and non-negotiable instruments or contracts representing either Money or other property, including revenue and other stamps in current use, tokens and tickets, but not including Money.**

Subsidiary means any organisation in which more than 50% of the outstanding securities or voting rights representing the present right to vote for election of directors is or was owned or controlled, directly or indirectly, in any combination, by one or more **Insureds**.

Theft means the unlawful or dishonest taking of **Money, Securities** or other property to the deprivation of the **Insured**.



III. EXCLUSIONS

(A) No coverage will be available under this **Coverage Section** for:

- | | | |
|---------------------------------|-----|--|
| Confidential Information | (a) | loss of trade secrets, confidential processing methods or other confidential information of any kind; |
| Theft by Partner | (b) | loss caused or contributed to by Theft or any fraudulent, dishonest or criminal act committed by a partner of the Insured , whether acting alone or in collusion with others; |
| War | (c) | loss due to declared or undeclared war; civil war; insurrection; rebellion or revolution; military, naval or usurped power; governmental intervention, expropriation or nationalisation; or any act or condition incident to any of the foregoing; |
| Loss Sustained | (d) | loss unless sustained after the Original Inception Date of this Coverage Section and written notice thereof is given to the Company within one (1) year following termination of this Coverage Section if the termination results from the voluntary liquidation or voluntary dissolution of the first named Insured ; |
| Unrealised Income | (e) | loss of income not realised by the Insured as the result of any loss covered under this Coverage Section ; |
| Consequential Loss | (f) | indirect or consequential loss of any kind; |
| Known Dishonesty | (g) | loss caused by an Employee which is sustained by an Insured :

(i) after an Insured becomes aware of a Theft, Forgery , or other fraudulent or dishonest act committed by such Employee while employed with an Insured ;

(ii) after an elected or appointed officer of the Insured acquires at any time knowledge of fraud or dishonesty, involving Money, Securities or other property valued at twenty-five thousand dollars (\$25,000) or more, committed prior to employment with an Insured ; or

(iii) more than sixty (60) days following the termination of such Employee ; |
| Legal Proceedings | (h) | fees, costs or expenses incurred or paid by the Insured in prosecuting or defending any legal proceeding or claim whether or not such proceeding results or would result in a loss recoverable under this Coverage Section ; |
| Exchange or Purchase | (i) | loss due to an Insured knowingly having given or surrendered Money, Securities or property in any exchange or purchase with a Third Party , not in collusion with an Employee ; |



Club Management Liability Employee Theft Coverage Section

Insured Advantage	(j)	loss sustained by one Insured to the advantage of any other Insured ;
Safe Deposit or Armoured Motor Vehicle	(k)	loss of or damage to Money, Securities or property while in the custody of any bank, trust company, similar recognised place of safe deposit, armored motor vehicle company or any person who is duly authorised by the Insured Organisation to have custody of the property; provided that this Exclusion shall not apply to the extent that coverage under this Coverage Section is excess of the amount recovered or received by the Insured Organisation under: <ul style="list-style-type: none">(i) the Insured Organisation's contract, if any, with, or insurance carried by, any of the foregoing; or(ii) any other insurance or indemnity in force which would cover the loss in whole or in part;
Prior Loss	(l)	loss sustained prior to the Original Inception Date of this Coverage Section ;
Dual Control	(l)	loss resulting directly or indirectly from the Insured maintaining, at any financial institution, an account for which dual signatories and dual authorisation of transactions are not required by the Insured .
Loss Discovered - Insured	(m)	loss unless sustained by any Insured after the Original Inception Date of this Coverage Section for such Insured and prior to the termination of this Coverage Section as to such Insured , and unless loss is Discovered and written notice thereof is given to the Company within sixty (60) days following termination of this Coverage Section as to such Insured ;
Loss Discovered - Coverage Section	(n)	loss unless sustained by any Insured after the Original Inception Date of this Coverage Section for such Insured and prior to the termination of this Coverage Section in its entirety, and unless loss is Discovered and written notice thereof is given to the Company within sixty (60) days following such termination;
Loss Reported	(o)	loss unless reported and proved in accordance with Section XII hereof;
Employee Expenses	(p)	any salaries or expenses incurred by any Employee of the Insured in establishing the existence or the amount of any loss covered under this Coverage Section ;
Agents	(q)	loss caused by any broker, factor, commission merchant, consignee, contractor or other agent or representative of the same general character;
Trading	(r)	loss resulting directly or indirectly from trading whether or not in the name of the Insured and whether or not in a genuine or fictitious account;
Costs of Reproduction	(s)	loss involving the cost of reproducing any information contained in any lost or damaged manuscript records, accounts, microfilms, tapes or other records; or
Excluded Territory	(t)	loss caused by any Employee not engaged in the regular service of the Insured in the Territory set forth in Item 3 of the Schedule for this Coverage Section .



IV. OWNERSHIP

The Company's liability under this **Coverage Section** shall apply only to **Money, Securities**, or other property owned by the **Insured** or for which the **Insured** is legally liable, or held by the **Insured** in any capacity whether or not the **Insured** is liable. However, the Company shall not be liable for damage to **Premises** unless the **Insured** is the owner or is liable for such damage.

V. JOINT INSURED

Only the first named **Insured** shall have any right to claim, adjust, receive or enforce payment of any loss and shall be deemed to be the sole agent of the others for such purposes and for the giving or receiving of any notice or proof required to be given by the terms hereof and for the purpose of effecting or accepting any amendments to or terminations of this **Coverage Section**. Each and every other **Insured** shall be conclusively deemed to have consented and agreed that none of them shall have any direct or beneficial interest herein or any right of action hereunder whatsoever and that this **Coverage Section** or any right of action hereon shall not be assignable; but knowledge possessed or **Discovery** made by any **Insured** or by any partner or officer of any **Insured** shall constitute knowledge possessed or **Discovery** made by all of the **Insureds** for the purposes of this **Coverage Section**. All losses and other payments, if any, payable by the Company, shall be payable to the first named **Insured**, without regard to such **Insured's** obligations to others; and the Company shall not be responsible for the proper application of any payment made. If the Company shall agree to and shall make payment to any **Insured** other than the one first named, such payment shall be treated as though made to the first named **Insured**.

VI. CONSOLIDATION OR MERGER

If, through (1) consolidation or merger with, (2) acquisition of the majority stock ownership of, or (3) acquisition of the assets of some other entity, exposures are created which are covered by this **Coverage Section** by reason of the description of the **Insured**, and that such consolidation, merger, or acquisition results in an increase of the total assets of the **Insured** of more than 15%, then the **Insured** shall give the Company written notice of the consolidation, merger or acquisition within ninety (90) days and shall pay the Company an additional premium computed pro rata from the date of the consolidation, merger or acquisition to the end of the current premium period; otherwise coverage as may be provided to such other entity shall be null and void from the date of the consolidation, merger or acquisition.

VII. LIABILITY FOR PRIOR LOSSES

The Company shall have no liability for losses sustained or **Discovered** prior to the **Original Inception Date** of this **Coverage Section**.



VIII. LIMITS OF LIABILITY

- (a) The **Company's** maximum liability for all loss shall not exceed the Limit(s) of Liability as set forth in Item 1 of the Schedule for this **Coverage Section**, regardless of the number of **Insureds** sustaining the loss.
 - (b) All loss resulting from a single act or any number of acts of the same **Employee** will be treated as a single loss and the applicable Limit of Liability of this **Coverage Section** will apply.
-

IX. NON-ACCUMULATION OF LIABILITY

- (a) When there is more than one **Insured**, the maximum liability of the Company for loss sustained by one or all **Insureds** shall not exceed the amount for which the Company would be liable if all losses were sustained by any one **Insured**.
 - (b) Regardless of the number of years this coverage remains in effect and the total premium amounts due or paid, the amount the Company shall pay for any loss shall not be cumulative from year to year or from **Policy Period** to **Policy Period**.
-

X. DEDUCTIBLE NO SUPERSEDED INSURANCE CARRIER INVOLVED

From each loss sustained or **Discovered** by the **Insured**, after deducting all recoveries (except insurance or sureties held by the **Insured** or the Company for their benefit) on account thereof made prior to payment, shall be deducted the amount(s) specified in Item 2 of the Schedule for this **Coverage Section**.

XI. DEDUCTIBLE SUPERSEDED INSURANCE CARRIER INVOLVED

Should any loss be **Discovered** which is partly recoverable under this **Coverage Section** and partly recoverable under a prior bond or policy containing a deductible amount, the Deductible Amount specified in Item 2 of the Schedule for this **Coverage Section** shall be reduced by the Deductible Amount applied to such loss by the superseded insurance carrier.

XII. NOTICE, PROOF OF LOSS AND LEGAL PROCEEDINGS

- (a) Knowledge possessed by any **Insured** shall be deemed knowledge possessed by all **Insureds**.
- (b) It is a condition precedent to coverage hereunder that, upon **Discovery**, the **Insured** will:
 - (i) give written notice to the Company at the earliest practicable moment, and in no event later than ninety (90) days after such **Discovery**;
 - (ii) furnish an affirmative proof of loss with full particulars to the Company within four (4) months of such **Discovery**.
- (c) Legal proceedings for recovery of any loss hereunder shall not be brought after the expiration of two (2) years from the Discovery of such loss, except that any legal proceedings to recover hereunder on account of any judgment against the Insured, or to recover any such expenses paid in any such suit shall be begun within two (2) years from the date upon which the judgment in such suit shall become final. If any limitation



Club Management Liability Employee Theft Coverage Section

embodied herein is prohibited by any law controlling the construction thereof, such limitation shall be deemed to be amended so as to be equal to the minimum period of limitation permitted by such law.

At the Company's request, the **Insured** shall submit to examination by the Company, subscribe the same under oath if required, and produce for the Company's examination all pertinent records at such reasonable times and places as the Company shall designate, and shall cooperate with the Company in all matters pertaining to any loss or claim.

XIII. KNOWLEDGE OF PRIOR THEFT

For the purposes of this **Coverage Section**, knowledge possessed by the **Insured** means knowledge possessed by a partner, director or an elected or appointed officer who is aware of the employment of a person and of that person's prior acts of **Theft**, fraud or dishonesty.

At the sole discretion of the Company, coverage may be extended to any individual upon written proposal by the **Insured** and consent given by the Company.

XIV. TERMINATION AS TO ANY EMPLOYEE

This **Coverage Section** shall terminate as to any **Employee** (a) immediately upon **Discovery** by the **Insured**, any partner of the **Insured** or any elected or appointed officer of the **Insured** (not in collusion with such **Employee**), of any act of **Theft** or other fraudulent or dishonest act by the **Employee**, without prejudice to the loss of any property then being conveyed by the **Employee** outside the **Premises**, or (b) sixty (60) days after the receipt by the **Insured** of a written notice of termination from the Company, whichever occurs first.

XV. VALUATION

In no event shall the Company be liable under this **Coverage Section** for more than:

- (a) the actual market value of lost, damaged or destroyed **Securities** at the close of business on the business day immediately preceding the day on which the loss is discovered, or for more than the actual cost of replacing the **Securities**, whichever is less, plus the cost to post any required Lost Instrument Bonds. Such costs shall be paid by the Company on behalf of the **Insured**, and the Company's liability shall be in addition to any other liability under the applicable Insuring Clause;
- (b) the cost of blank books, pages, tapes or other blank materials to replace lost or damaged books of account or other records;
- (c) the actual cash value at the time of other lost, damaged or destroyed property or for more than the actual cost of repairing or replacing the property with property of similar quality and value, whichever is less; or
- (d) the Australian dollar value of a foreign currency based on the cash rate of exchange published in the *Australian Financial Review* on the day any loss involving foreign currency is discovered.