



**CIVIL LIABILITY PROFESSIONAL
INDEMNITY INSURANCE
POLICY**

2 May '00

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Section 1 How to read this Insurance Policy

- 1.1 Some of the words in this insurance Policy have special meanings. These meanings can be found in Section 12 of the Policy ("Words with special meanings"). If a word has a special meaning, it appears in the Policy in bold type and with a capital letter.

Section 2 The Insurance Contract

- 2.1 We agree to provide the cover detailed in this Policy upon payment of the Gross Premium as stated in the Policy Schedule.
- 2.2 Before this Policy came into effect, We were provided with information by or on behalf of the Insured (and those referred to in Section 4.2 of this Policy) in the Proposal, and perhaps in other ways. We have relied on this information to decide whether to enter into this contract and on what terms. This information is part of the insurance contract with Us.
- 2.3 If any of that information is wrong or false, it may affect entitlement to cover under this Policy.
- 2.4 This Policy is in force for the Period of Insurance stated in the Schedule.
- 2.5 If there is no payment of premium there is no cover.

Section 3 The Cover We Provide

- 3.1 We provide cover up to the Policy Limit (see Section 5) for Claims for Civil Liability (including contractual liability) arising from the conduct of the Insured Professional Business Practice which Claims:
- (a) are made against the Insured (or, those referred to in Section 4.2 of this Policy) while this Policy is in force; and

- (b) We are told about in writing as soon as reasonably possible while this Policy is in force; and
- (c) arise from an act, error or omission on or after the Retroactive Date specified in the Schedule.

3.2 The types of Claim We cover

We provide this cover in respect of any of the following types of Civil Liability Claim arising in the conduct of the Insured Professional Business Practice:

- (a) Breach of duty (including a duty of confidentiality).
- (b) Defamation.
- (c) Loss of or damage to Documents which were in the Insured's physical custody or control at the time of loss or damage.
- (d) Dishonest, fraudulent, criminal or malicious acts or omissions by an Employee or Principal of the Insured (but there is no cover to that Employee or Principal for these Claims).
- (e) Infringement of any patent, copyright, design or trademark.
- (f) Breaches of the Trade Practices Act 1974 or similar Fair Trading legislation enacted throughout Australia (but not for criminal liability).

3.3 Claim Investigation Costs

We also pay (up to an amount equal to the Policy Limit) Claim Investigation Costs.

We only pay these, however, if either:

- (a) We incur them; or
- (b) the Insured incurs them after first obtaining Our agreement in writing and the costs and expenses are in Our view reasonable.

3.4 Specific Cover

For those losses, disciplinary proceedings or enquiries (as the case may be) of which the Insured first becomes aware and of which We are told about in writing as soon as reasonably possible while this Policy is in force, We also cover the Insured (subject to the Specific Cover Limits set out in the Schedule) for the following:

- (a) **Disciplinary Proceedings or Enquiries**
 Legal costs and expenses (incurred with Our prior written approval and which in Our view are reasonable) for the representation of the Insured at any enquiry, prosecution, or hearing of a disciplinary nature held before a legally constituted body, or for a coronial enquiry. This cover is subject to the **Specific Cover Limit** indicated in the Schedule and does not extend to paying the Insured's regular or overtime wages, salaries or fees, or those of the Insured's Employees.

- (b) **Fidelity**
 The direct financial loss of money or property of an insured firm or incorporated body arising from anything dishonest, fraudulent, criminal or malicious done by an Employee engaged in connection with the **Insured Professional Business Practice**. This cover is subject to the **Specific Cover Limit** indicated in the Schedule and to Special Provisions set out in Sections 8 & 9 of this Policy.

3.5 Continuous Cover

We cover the Insured, for any Claim otherwise covered by this Policy, arising from a **Known Circumstance** (notwithstanding Section 6.1 of this Policy) if:

- (a) We (or Pacific Indemnity Underwriting Agency Pty Ltd or CGU Professional Risks Insurance a Division of CGU Insurance Limited) were the professional liability insurer of the Insured when the Insured first knew of the relevant **Known Circumstance**; and
- (b) We (or Pacific Indemnity Underwriting Agency Pty Ltd or CGU Professional Risks Insurance a Division of CGU Insurance Limited) continued without interruption to be the Insured's professional liability insurer up until this Policy came into effect; and
- (c) We (or Pacific Indemnity Underwriting Agency Pty Ltd or CGU Professional Risks Insurance a Division of CGU Insurance Limited) had been notified by the Insured of the **Known Circumstance** when the Insured first knew of it, the Insured would have

been covered under the Policy in force at that time, and the Insured would otherwise be covered under this Policy; and

- (d) the Claim has not previously been notified to Us or any other insurer.

The Policy Limit of the cover We provide under this provision is the lesser available under the terms of the policy in force at the earlier time referred to in paragraph (c) above, or under this Policy. The terms of this Policy otherwise apply.

Section 4 Who is covered

4.1 Insured

We cover the Insured named in the Schedule (and as defined in Section 12 of the Policy) for Claims or losses and costs of the type and on the basis specified in Section 3, arising from the conduct of the **Insured Professional Business Practice** by or on behalf of the Insured.

The conduct of the **Insured Professional Business Practice** by or on behalf of the Insured includes, for the purpose of this Policy, acts, errors or omissions of agents or consultants of the Insured while undertaking work which is reasonably incidental to the conduct by the Insured of the **Insured Professional Business Practice** and for which the Insured is liable. Such agents and consultants, however, are not covered by this Policy.

4.2 Others

In addition, We cover the following for Claims or losses and costs of the type and on the basis specified in Section 3 of this Policy:

- (a) **Employees (and former Employees)**
 Employees (and former Employees) of the Insured in respect of **Civil Liability** arising from the conduct of the **Insured Professional Business Practice** but not in respect of Claims or losses under section 3.2(d) of this Policy, Dishonesty, or Section 3.4(b), Fidelity.

(b) Principals

Principals of the Insured in respect of **Civil Liability** arising in their capacity as a **Principal** of a prior professional business practice (practising in the same professional discipline as the **Insured Professional Business Practice**).

(c) Corporate entities

Corporate entities through which the **Insured** previously traded arising from the conduct of the **Insured Professional Business Practice**.

(d) Entities

Entities (practising in the same professional discipline as the **Insured Professional Business Practice**) which are merged or acquired by the **Insured** while this **Policy** is in force. This cover is only for a maximum of thirty days from the date of the merger or acquisition (or until the **Policy** expires if that is sooner). We may agree to extend this period (subject to additional premium) after receipt of a satisfactory underwriting submission in respect of the merged or acquired entity.

We only provide cover to the persons, firms or incorporated bodies described in 4.2 above if the persons, firms or incorporated bodies claiming the coverage each agree in writing within a reasonable time of notification of the **Claim** or circumstance to Us:

- (a) to be bound by this **Policy**; and
- (b) to be liable individually, and together with the **Insured**, for paying the **Excess** (or any other payment due to Us under this **Policy**) in respect of any cover provided to them under this **Policy**.

4.3 Cover to estates and legal representatives

If an **Insured**, or anyone entitled to cover under this **Policy**, dies or becomes legally incompetent or insolvent, We cover the estate, legal representative or assigns of the **Insured**, or the party entitled to cover, to the same extent as cover would otherwise be available to the **Insured**.

4.4 Joint Venture

If the name of a **Joint Venture** is included in the **Schedule**, under "Joint Ventures", then We cover the **Insured** for the **Insured's** individual and joint liability in respect of

that **Joint Venture** as otherwise covered by this **Policy**. If the name of the **Joint Venture** is not included in the **Schedule** under "Joint Ventures", then We cover the **Insured** only for the **Insured's** individual liability as otherwise covered by this **Policy** (and not for the **Insured's** joint liability).

Section 5 Limits to the amount of cover

5.1 The Policy Limit

The **Policy Limit** applies to any one **Claim** and, subject to this Section 5 and 3.3, applies to the total of all **Claims** covered by this **Policy**.

5.2 Reinstatement of the Policy Limit

Where We pay a **Claim** or **Claims** under this **Policy** including **Covered Claims** and the total amount paid equals (or but for the **Policy Limit** would exceed) the **Policy Limit**, then We reinstate the **Policy Limit**.

(a) Limits on reinstatement

However:

- (i) We do not reinstate the **Policy Limit** (or the **Specific Cover Limits**) for losses under Section 3.4 (a), **Costs of Disciplinary Proceedings** or **Enquiries** or for losses under Section 3.4 (b), **Fidelity**.
- (ii) The **Policy Limit** is only reinstated for **Claims** which have not arisen from acts, errors or omissions which were the subject of previous **Claims** or **Claim** circumstances whether or not already notified to Us or to other Insurers.
- (iii) We do not give cover in total, including the reinstatement, for more than twice the **Policy Limit**.
- (iv) If there is extra insurance outside this **Policy**, then the **Policy Limit** is only reinstated for so much of the liability (otherwise covered by this **Policy**) which is not covered by the extra insurance.

(b) **Cover for Claim Investigation Costs upon reinstatement**

If the Policy Limit is reinstated, We pay Claim Investigation Costs for Claims covered under the reinstatement, but only up to an amount equal to the Policy Limit as reinstated.

5.3 **Cover for Claim Investigation Costs if the Policy Limit is exceeded**

If the amount that has to be paid to dispose of a Claim exceeds the Policy Limit, then We only pay for the same proportion of the Claim Investigation Costs as the Policy Limit bears to the amount to be paid to settle the Claim. But except in respect of Section 5.2 (b), Reinstatement, We never pay more than the Policy Limit.

5.4 **Limit if multiple persons insured**

The Policy Limit does not increase if there is more than one person, firm or incorporated body insured under this Policy, or if more than one insured person causes or contributes to the Claim.

5.5 **Specific Cover Limits**

If the Schedule indicates any Specific Cover Limits for specific types of cover under this Policy, then these Specific Cover Limits apply only to Claims under that Specific Cover. The Policy Limit itself still applies to all other Claims individually and to the total of all Claims added together (including Claims for which Specific Cover Limits apply).

Section 6 What is not covered

We do not cover any of the following Claims (or losses):

6.1 **Known Circumstances**

Known Claims (or losses) and Claims (or losses) arising from a Known Circumstance.

6.2 **Foreign Courts**

Claims:

- (a) first brought in a court outside Australia or New Zealand (or any country specified in the "Jurisdictional Limits" in the Schedule); or

- (b) brought in a court within Australia or New Zealand to enforce a judgement handed down in a court outside Australia or New Zealand; or

- (c) where the proper law of a country other than Australia or New Zealand (or any country specified in the "Jurisdictional Limits" of the Schedule) is applied to any of the issues in any Claim covered by this Policy.

6.3 **Assumed duty or obligation**

Claims:

- (a) alleging a liability under a contractual warranty or guarantee (unless liability would have existed regardless of the contractual warranty or guarantee); or
- (b) about circumstances where a right of contribution or indemnity has been given up by an Insured; or
- (c) about circumstances where someone has done work or provided services under an agreement with the Insured which limits any potential right for the Insured to receive contribution or indemnity from that person; or
- (d) arising from any Civil Liability which the Insured agrees to accept outside that which is normal in the course of the conduct of the Insured Professional Business Practice; or
- (e) arising from any business not conducted for or on behalf of the Insured firm or Incorporated body.

6.4 **Related parties**

Claims against the Insured by or on behalf of:

- (a) any person, firm or incorporated body covered by this Policy; or
- (b) any company or trust:
- (i) which is operated or controlled by an Insured or an Insured's Employees, nominees or trustees, and
- (ii) in which an Insured has a direct or indirect financial interest.

6.5 Refund of Professional Fees and Trading Debts

Claims:

- (a) for refund of professional fees or charges (by way of damages or otherwise); or
- (b) arising from a liability to pay trading debts.

6.6 Goods & Workmanship

Claims:

- (a) directly or indirectly arising from the manufacture, installation, assembly, processing, sale or supply of goods by or on behalf of the Insured; or
- (b) directly or indirectly arising from workmanship in manufacture, fabrication, construction, erection, repair, demolition or disassembly by or on behalf of the Insured; or from supervision of such workmanship by an Insured.

6.7 Employers Liability, Directors' & Officers' Liability, Occupier's Liability, Motor, Marine, etc.

Claims:

- (a) about an Insured's liability as an employer; or
- (b) (if an Insured is either an incorporated body or a director or officer of an incorporated body) arising from any act, error or omission of a director or officer of that incorporated body while acting in that capacity; or
- (c) arising from occupation (or claimed occupation) of land or buildings by an Insured; or
- (d) arising from or in respect of an Insured's liability as an owner or operator of any aircraft, marine craft or motor vehicles of any kind.

6.8 Punitive & Exemplary Damages

Claims for punitive, aggravated or exemplary damages or for fines or penalties. In addition, this Policy does not provide cover for any investigation nor defence costs associated with such Claims.

6.9 Intentional damage

Claims arising from acts, errors or omissions by the Insured with the intention of causing a third party loss, damage or injury, or with reckless disregard for the consequences.

6.10 Asbestos

Claims which would not have arisen but for the existence of asbestos.

6.11 Radioactivity & Nuclear Hazards

Claims arising from:

- (a) ionising radiations or contamination by radioactivity from any nuclear material; or
- (b) the hazardous properties of any nuclear explosive, assembly or component.

6.12 War & Uprisings

Claims arising directly or indirectly from:

- (a) war, invasion, acts of foreign enemies, civil or military uprisings, hostilities (even if war is not declared), or government power being taken unlawfully; or
- (b) property being taken, damaged or destroyed by a government or public or local authority.

Section 7 Investigation, Defence and settlement of Claims

7.1 We must be told about Claims

The Insured must tell Us in writing about a Claim or loss as soon as possible and while this Policy is in force. If this is not done the Insured's right to cover under this Policy may be affected.

7.2 Claims co-operation

Each Insured must:

- (a) diligently do, and allow to be done, everything reasonably practicable to avoid or lessen the Insured's liability or loss in relation to a Claim;
- (b) immediately give Us all the help and information that We reasonably require to:

- (i) Investigate and defend the Claim or loss; and
- (ii) Work out Our liability under this Policy.

7.3 We can protect our position

When We receive a notification of a Claim, or of a fact or circumstance which may give rise to a Claim which would be covered under this Policy, then We can take whatever action We consider appropriate to protect Our position. This does not, however:

- (a) indicate that any Insured is entitled to be covered under this Policy; or
- (b) jeopardise Our rights under the Policy or at law.

7.4 Disclosure of information to us in respect of the cover and the Claim

The solicitors instructed by Us for any Claim can disclose to Us any information they receive in that capacity, wherever they obtain it from.

7.5 We can manage the Claim on the Insured's behalf

We can:

- (a) take over and defend or settle any Claim in the Insured's name; and
- (b) Claim in the Insured's name, any right the Insured may have for contribution or indemnity.

7.6 An Insured must not admit liability for or settle any Claim

An Insured must not:

- (a) admit liability for, or settle any Claim; or
- (b) incur any costs or expenses for a Claim

without first obtaining Our consent in writing.

If Our prior consent is not obtained, the Insured's right to cover under this Policy may be affected.

7.7 Insured's right to contest

If an Insured elects not to consent to a settlement that We recommend and wants to contest or continue the legal proceedings, then We only cover the Insured (subject to the Policy Limit) for:

- (a) the amount We could have settled the matter for, less
- (b) the relevant Excess listed in the Schedule, plus
- (c) the Claim Investigation Costs calculated to the date the Insured elected not to consent to the settlement.

7.8 Senior Counsel

- (a) Unless a Senior Counsel, that We and the Insured both agree to instruct, advises that the Claim proceedings should be contested, then neither We nor the Insured can require the other to contest any legal proceedings about a Claim if the other does not agree to do so.
- (b) In formulating his or her advice, Senior Counsel must be instructed to consider:
 - (i) The economics of the matter; and
 - (ii) The damages and costs likely to be recovered; and
 - (iii) The likely costs of defence; and
 - (iv) The Insured's prospects of successfully defending the claim.
- (c) The cost of Senior Counsel's opinion is to be taken as part of the Claim Investigation Costs.
- (d) If Senior Counsel advises that the matter should be settled and if the terms of settlement are within limits which are reasonable (in Senior Counsel's opinion and in the light of the matters he/she is required to consider), then:
 - (i) the Insured cannot (subject to Section 7.7, Insured's right to contest) object to the settlement; and
 - (ii) the Insured must immediately pay the relevant Excess or Excesses listed in the Schedule.

7.9 Payments to settle potential Claims

Any money We pay to settle anything which might give rise to a Claim, is taken to be:

- (a) a payment to settle a Claim, and in addition,
- (b) a payment for the purpose of calculating the total of all Claims under this Policy.

7.10 Recovering money from Employees

We must not recover any amount paid out as a Claim or loss under this Policy from any Employee or former Employee of the Insured unless the Claim or loss arose from serious or wilful misconduct by the Employee or former Employee.

7.11 Offsetting of costs & expenses the Insured owes Us against what We owe Insured

If We incur costs or expenses above Our liability under the Policy for Claim Investigation Costs, then the Insured must pay whatever amount is above that liability immediately We ask for it. We can offset that payment due from the Insured against (and deduct that amount from) any amount We must pay to or for the Insured under this Policy.

7.12 The Excess

- (a) We only cover the Insured (up to the Policy Limit) for that part of the Claim above the Excess.
- (b) For the purpose of Section 7.12 of this Policy, the term Covered Claim means the Claims which We have agreed to cover under this Policy.
- (c) There are different Excesses that may be applicable, depending on the type of Covered Claim involved:
 - (i) The Insured must pay the amount of Excess for Australia and New Zealand Jurisdictions specified in the Schedule if the Covered Claim is made under the jurisdiction of an Australian or New Zealand court. The Insured must also pay this Excess when We provide cover for the Claim Investigation Costs of this Covered Claim if the Schedule states "Costs Inclusive". There is no Excess for Claim Investigation Costs when We cover an Insured for this Covered Claim if the Schedule states "Costs Exclusive".
 - (ii) The Insured must pay the amount of Excess for other Jurisdictions specified in the Schedule if the Covered Claim is made under the jurisdiction of a court other than of Australia or New Zealand. The Insured must also pay this Excess when We provide cover for Claim Investigation Costs for this Covered Claim.

- (iii) The Insured must pay the amount of Excess for costs of Disciplinary Inquiries specified in the Schedule when We provide cover for legal costs and expenses associated with a disciplinary proceeding or enquiry which We cover under Section 3.4(a) of this Policy.
- (iv) The Insured must pay the amount of Excess for Breach of Fidelity specified in the Schedule when We provide cover for a Fidelity Claim which We cover under Section 3.4(b) of this Policy.
- (v) The Insured must pay only one Excess for all Claims or losses covered by this Policy arising from the same act, error or omission.

Section 8 Special provisions relating to cover for liability or loss due to dishonest or fraudulent Employees & Principals

- 8.1** When the Claim under Section 3.2(d), Dishonest or Fraudulent Employees & Principals; or Section 3.4(b), Fidelity, involves theft or misappropriation of money, then We only provide cover if:
- (a) the Insured kept a separate trust account for that money, and the account was audited at least annually by a qualified independent accountant; and
 - (b) all cheques prepared on that trust account are required to be signed by a Principal or two authorised people; and
 - (c) the Insured took all reasonable precautions to prevent any loss and continued to perform all the supervision, controls, checks and audits declared in the Proposal, unless We consent to a change.

- 8.2 We deduct from any money We pay for a Claim or loss under this provision:
- (a) the amount of any money which the Insured would have paid to the fraudulent, dishonest, criminal or malicious Employee, or Principal if they had not been fraudulent, dishonest, criminal or malicious; and
 - (b) the amount of any of that Employee's, or Principal's money which the Insured holds (if We can do so by law).

Section 9 Special provisions relating to cover for Loss due to fidelity of Employees

- 9.1 We do not provide cover for the costs and expenses of establishing the nature and extent of the fidelity loss covered in Section 3.4(b), Fidelity.
- 9.2 We do not provide cover for any loss under Section 3.4(b), Fidelity of this Policy:
- (a) the existence of which, or the amount, has only been proved by profit and loss figures or by inventory calculations (including stock-takes); or
 - (b) caused or contributed to by an Employee, after the Insured knew or ought to have known that the Employee had been fraudulent or dishonest (whether before or after the Insured employed them); or
 - (c) caused or contributed to by an Employee who was not employed in connection with the Insured Professional Business Practice when the act, error or omission which caused or contributed to the Claim or loss occurred; or
 - (d) arising from default under a loan (or any type of credit offered) to or by the Insured; or
 - (e) which is a consequential loss, including but not limited to:
 - (i) loss of potential income or profit; and
 - (ii) liability under law or contract.

- 9.3 The Excess, for Fidelity, stated in the Schedule, applies to each loss resulting from each separate fraudulent, dishonest, criminal or malicious act by an Employee.

Section 10 Other Matters

10.1 The Proposal

The Proposal We were given by or on behalf of the Insured before this Policy commenced, is taken to be a separate Proposal for each natural person covered under this Policy.

If there is any fact or misstatement in the Proposal that relates to one natural person who is an Insured, We do not attribute it to any other natural person who is an Insured, for the purposes of this Policy.

10.2 Authority to accept notices & to give instructions

The persons listed as the Insured in the Schedule are appointed individually and jointly as agent of:

- (a) each Insured; and
- (b) any person who is entitled to a benefit under this Policy (when they request cover or suffer a loss under this Policy)

in all matters relating to this Policy, and to Claims or losses covered by it.

In particular (but without limitation) the persons listed in the Schedule as the Insured are agents for the following purposes:

- (a) to give and receive notice of Policy cancellation, to pay premiums and to receive any return premiums that may become due under this Policy; and
- (b) to accept endorsements or other notices provided for in this Policy; and
- (c) to give instructions to solicitors or counsel that We appoint or agree to, and to receive advice from them and to act on that advice; and
- (d) to consent to any settlement We recommend; and
- (e) to do anything We or Our legal advisers think might help with the procedures set out in this Policy for settling and defending Claims; and

- (f) to give Us information relevant to this **Policy**, which We can rely on when We decide whether to accept the risk, and set the **Policy** terms or the premium.

10.3 De-registration

The Insured must tell Us immediately in writing if an Insured's statutory registration, which is relevant to the conduct by the Insured of the Insured Professional Business Practice, is cancelled, suspended or terminated or has had conditions imposed during the Period of Insurance stated in the Schedule.

10.4 Singular & Plural

The singular includes the plural and the plural includes the singular, except if the context requires otherwise.

10.5 Payment in Australian dollars in Australia

All premiums and Claims must be paid in Australian dollars in Australia.

10.6 Law of the Policy

This Policy is governed by the law of the Territory or State where the Policy was issued, which is stated in the Schedule. The courts of that place have jurisdiction in any dispute about or under this Policy.

10.7 Territory covered by this Policy

Cover under this Policy is not restricted by where anything giving rise to the Claim occurred. However, Our cover is restricted to Claims brought under the legal jurisdiction of the courts of Australia and New Zealand (or any country specified in the Schedule, under the heading "Jurisdictional Limits").

10.8 Schedule must be included

This Policy is only legally enforceable if it includes a Schedule signed by one of Our officers.

Section 11 Cancelling the Policy

11.1 The Insured can cancel the Policy

The Insured can cancel this Policy at any time by telling Us so in writing.

11.2 We can cancel the Policy

If the Insurance Contracts Act 1984 allows it, We can cancel this Policy at any time by giving the Insured 30 days' notice in writing, advising the date the cancellation takes effect. We must deliver this notice to the Insured personally, or post it by certified mail (to the address the Insured last gave Us). Proof that We mailed the notice is sufficient proof that the Insured received the notice.

- 11.3 If the Insured cancels the Policy, We keep that proportion of the premium which relates to the period the Policy was in force, plus ten percent (10%) of the balance of the premium refund.

- 11.4 If We cancel the Policy, We refund to the Insured the proportion of the premium which relates to the unused period of the Policy.

Section 12 Words with special meanings

- 12.0 Whenever the following words are used in this Policy in bold type and with a Capital Letter, they have the special meanings set out below.

12.1 Civil Liability

Liability for the damages, costs and expenses which a civil court orders the Insured to pay on a Claim (as opposed to criminal liability or penalties). It includes the legal costs of the person making the Claim, for which the Insured become liable.

12.2 Claim

Any originating process (in a legal proceeding or arbitration), cross claim or counter claim or third party or similar notice claiming compensation against and served on an Insured.

12.3 Claim Investigation Costs

The legal costs and expenses of investigating, defending or settling any Claim (or anything which might result in a Claim), which would be covered by this Policy at the time the legal costs and expenses arise. Refer Section 3.3, Claim Investigation Costs.

12.4 Covered Claim

Claims which We have agreed to cover under this Policy. See Section 7.12(b), the Excess.

12.5 Documents

Documents of any nature including magnetic tape, and other ways of recording information for a computer; but not including bearer bonds, coupons, bank notes, currency notes or negotiable instruments.

12.6 Employee

A natural person who is not a Principal, but who:

- (a) has at any time entered into a contract of service with the Insured firm or incorporated body and is compensated for that service OR has at any time entered into a contract for services with the Insured and gains at least 90% of his or her income from the Insured in the period of the contract; and
- (b) is, or was, at the time of the relevant act, error or omission giving rise to the Claim covered under this Policy under the Insured's direct control and supervision in the course of the conduct of the Insured Professional Business Practice.

12.7 Excess

The part the Insured must pay of each Covered Claim. It is described in more detail in Section 7.12, the Excess.

In the event of a Claim for Civil Liability being based on separate acts, errors or omissions, then an Excess shall apply in respect of each such act, error or omission.

12.8 Former Principal

A person who has been, but is no longer:

- (a) a Principal of an Insured; or
- (b) the Principal of any firm or incorporated body declared in the Proposal, which previously conducted the business which is now the Insured Professional Business Practice.

12.9 The Insured

Each of the following, individually and jointly:

- (a) each person, firm or incorporated body identified in the Schedule as an Insured and each current or Former Principal of them; and
- (b) any entity which is engaged in the Insured Professional Business Practice and which is created and controlled, while this Policy is in force, by anyone identified in the Schedule as an Insured; and
- (c) anyone who becomes a Principal of the Insured while this Policy is in force.

12.10 Insured Professional Business Practice

The business of provision by the Insured of the professional services stated in the Schedule.

12.11 Joint Venture

An undertaking (regardless of what it is called) which the Insured carries on together with someone else who is not otherwise covered under this Policy.

12.12 Known Circumstance

Any fact, situation or circumstance which:

- (a) an Insured knew before this Policy began; or
- (b) a reasonable person in the Insured's professional position would have thought, before this Policy began, might result in someone making a Claim against an Insured in respect of a liability, the subject of this Policy.