

Entity Fidelity Insurance Policy CSOE-EF-2014

Issued to Community Service Organisations
(Education) clients of VMIA

For the period 30 June 2014 to 30 June 2015

Contents

1. Purpose	3
2. Insuring Clause	3
Continuous Cover-Entity Fidelity Cover	3
3. Basis of Settlement	4
3.1 Securities	4
3.2 Property other than securities	4
4. Limits	4
5. Definitions	5
6. Conditions	6
6.1 Cancellation	6
6.2 Headings	6
6.3 Interpretation	6
6.4 Reimbursement of investigation costs	6
6.5 Proper law of the Policy	6
6.6 Making a claim	6
6.7 Other insurance	7
6.8 Contribution	7
6.9 Change in circumstances	7
6.10 Territorial limit	7
6.11 Inspection and audit	7
6.12 Bankruptcy and insolvency	7
6.13 Fraudulent claims	7
6.14 Partners	7
6.15 Discovery period	8
6.16 Prior enquiries	8
6.17 Prosecution for Criminal Acts	8
6.18 Non accumulation	8
7. Exclusions	9
7.1 Prior claims and circumstances	9
8. Reimbursement	9
8.1 Basis of proof	9
8.2 Errors and omissions	9
8.3 Retroactive date	9
8.4 Consequential loss	9
8.5 Loan or credit	9
8.6 Reproducing documents	10
8.7 Legal expenses/defence	10
8.8 Employee history	10
8.9 Punitive and exemplary damages/fines and penalties	10
8.10 Arson and vandalism	10
9. Privacy Statement	11
10. Schedule	12

This Policy incorporates the Schedule, Conditions, Exclusions, Extensions, Definitions and Endorsements (if any) and any other terms herein (**Policy**) which are to be read together, and any word or expression to which a specific meaning has been given in any part of this Policy shall bear this meaning wherever it may appear unless such meaning is inapplicable to the context in which such word or expression appears.

1. Purpose

The Victorian Managed Insurance Authority (**VMIA**) is a statutory authority established under section 5 of the *Victorian Managed Insurance Authority Act 1996* (Vic) (**VMIA Act**). Its functions, as set out in section 6 of the VMIA Act, include acting as an insurer for, or providing insurance services to, Government departments and participating bodies.

The Named Insured are eligible community based organisations receiving funding from the Victorian Government.

In addition to providing funding to the Named Insured, the Victorian Government has undertaken to arrange entity fidelity insurance on behalf of the Named Insured via its insurer, the VMIA.

This Policy sets out the insurance the Victorian Government has arranged for the Named Insured through the VMIA.

2. Insuring Clause

Subject to the limitations (including the Limits of Liability), terms and conditions, exclusions and warranties incorporated herein the VMIA agrees as follows:

- a) to reimburse the Named Insured for loss of money, bullion, negotiable and non-negotiable instruments, goods or other items owned by the Named Insured or in the care, custody and control of the Named Insured and for which the Named Insured is legally liable and which loss directly results from any dishonest or fraudulent act committed by an Employee during the Period of Insurance and is notified to the VMIA during the Period of Insurance.
- b) in addition:

Continuous Cover-Entity Fidelity Cover

Notwithstanding Exclusion 7.1, where the Named Insured:

- i) first became aware of facts or circumstances as described in Condition 6.5 prior to the Period of Insurance, and
- ii) had not notified the VMIA or any previous insurer of such facts or circumstances prior to the Period of Insurance; then:
 - a) in the absence of fraudulent non-compliance with the Named Insured's duty of disclosure or fraudulent misrepresentation by the Named Insured in respect of such facts or circumstances; and
 - b) provided the Named Insured has been continuously insured under any Entity Fidelity policy issued by the VMIA between the time when the VMIA first became aware of such facts or circumstances and the time

during the Period of Insurance when the Named Insured first notified such facts or circumstances to the VMIA,

The VMIA will accept notification of such facts or circumstances, or any claim arising from such facts or circumstances, during the Period of Insurance.

The indemnity provided will be on the terms of this Policy, save that the applicable Limit of Liability will be as it was at the date when the Named Insured first became aware of the facts or circumstances (except that the applicable Limit of Liability will not exceed the Limit of Liability of this Policy at the date when the facts or circumstances were first notified to the VMIA).

3. Basis of Settlement

The value of property for the purpose of determining the amount of loss subject to indemnity under this Policy shall be:

3.1 Securities

the lesser of:

- a) the actual cash value thereof at the close of business on the day on which the loss was discovered, or if that day is not a business day, the business day immediately following; or
- b) the actual cash value thereof at the time of the loss; or
- c) where the property is held by the Named Insured as security, pledge or collateral for an advance or loan, the lesser of:
 - i) the value of the property as determined and recorded by the Named Insured when making the advance or loan; or
 - ii) in the absence of such record the unpaid portion of the advance or loan plus accrued interest thereon at prevailing commercial rates.

The VMIA may, with the consent of the Named Insured, settle any claim for loss of property with the owner thereof. Any property for which the VMIA have made indemnification shall become VMIA property.

3.2 Property other than securities

the lesser of:

- a) the actual cash value of such property; or
- b) the actual cost of repairing such property or replacing same with property or material of like quality and value.

The VMIA may, at its option, elect to pay such actual cash value, or make such repairs or replacements.

4. Limits

The VMIA's Limit of Liability is as stated in the Schedule.

Events or series of events caused by acts of the same Employee or Employees and events in which such Employee or Employees is/are involved or implicated shall be treated as one event.

Regardless of the number of years this Policy shall continue in force, the VMIA's liability shall not be cumulative in amounts from Period of Insurance to Period of Insurance.

5. Definitions

Wherever used in this Policy, the following terms shall be deemed to have the meaning defined below unless the contrary is stated:

'Employee' means any person who was or may hereafter be under a contract of service with the Named Insured or who was or is or may hereafter be a paid or unpaid volunteer helper and includes persons whose positions terminate during the Period of Insurance.

'Limit of Liability' means the Limit of Liability specified in the Schedule.

'Named Insured' means the entity specified in the schedule as the Named Insured and includes any Subsidiary Associations existing prior to or at the inception of this Policy.

'Named Insured's Business' means the business of the Named Insured including the provision of canteen, social, sports, welfare organisation, or first aid services.

'Nominated State' means the State specified in the Schedule.

'Period of Insurance' means the period specified in the Schedule and/or Certificate of Currency as Period of Insurance, however if an eligible funded organisation afforded coverage under the Policy ceases to maintain eligibility for such coverage through the State Government of Victoria, then coverage will automatically cease at 4pm thirty (30) days from the date of such ineligibility as advised by the relevant State Government of Victoria Department.

'Policy' means this policy document, including the schedule and all endorsements to this Policy

'Subsidiary Association' means associations or other organisations in respect of which the Named Insured:

- a) controls the composition of the Board; or
- b) controls more than half of the voting power.

'Territorial Limit' means the limit specified in the Schedule.

'VMIA' means the Victorian Managed Insurance Authority.

6. Conditions

6.1 Cancellation

The VMIA may cancel this Policy at any time if directed to do so by the Victorian Government.

6.2 Headings

Headings have been included for ease of reference. The terms and conditions of this Policy are not to be construed or interpreted by reference to such headings.

6.3 Interpretation

Any word or expression to which a specific definition or meaning has been attributed in any part of this Policy shall bear that definition or meaning wherever it may appear, unless the contrary is stated.

6.4 Reimbursement of investigation costs

The VMIA will reimburse the Named Insured to an amount not exceeding \$10,000 or ten (10) percent of any claim paid under this Policy, whichever is the lesser amount, for the fees payable by the Named Insured to its external auditors, consultants, investigators, private enquiry agents and the like (not including Employees) and which are reasonably and necessarily incurred to support a valid claim that is subsequently paid under this Policy provided that the total Limit of Liability under this Policy is not otherwise exhausted.

6.5 Proper law of the Policy

This Policy shall be governed by the law of the Nominated State. Each party agrees to submit to the jurisdiction of any court of competent jurisdiction within the Nominated State and to comply with all requirements necessary to give such court jurisdiction. All matters arising hereunder shall be determined in accordance with the law and the practice of such courts.

6.6 Making a claim

If during the Period of Insurance, the Named Insured suffers any loss or damage or if an event occurs which is likely to result in the Named Insured making a claim under this Policy, the Named Insured must at its own expense:

- a) as soon as practicable provide written notice to the VMIA including full details of any actual or suspected loss or damage;
- b) provide VMIA with all information, evidence and documentation which the VMIA may reasonably require;
- c) take all reasonable precautions to prevent, avoid or minimise further loss or damage; and
- d) immediately inform the police if the Named Insured knows or suspects that a criminal offence has been committed, subject to any Condition contained herein to the contrary.

6.7 Other insurance

Upon giving any notification of a claim under this Policy, the Named Insured shall inform the VMIA as to any other insurance or indemnity pursuant to which the Named Insured is entitled to any benefit in respect of that claim.

6.8 Contribution

When a loss paid under this Policy is also recoverable under another policy or policies and the VMIA has paid more than its rateable share, the VMIA reserves the right to seek contribution from the other insurer or insurers.

6.9 Change in circumstances

If during the Period of Insurance the Named Insured's Business or its activities change or if circumstances arise that materially alter or affect the risks covered by this Policy, the Named Insured shall give immediate notification of the change to the VMIA.

6.10 Territorial limit

This Policy is subject to the Territorial Limit as specified in the schedule, unless otherwise agreed by the VMIA in writing.

6.11 Inspection and audit

The VMIA shall be permitted but not obligated to inspect the Named Insured's property and operations at any time. Neither the VMIA's right to make inspections nor the making thereof nor any report thereon shall constitute an undertaking on behalf of or for the benefit of the Named Insured or others to determine or warrant that such property or operations are safe. The VMIA may examine and audit the Named Insured's books and records at any time during the Period of Insurance and extensions thereof and within three years after the final termination of this Policy, as far as they relate to the subject matter of this Policy.

6.12 Bankruptcy and insolvency

In the event of the bankruptcy or insolvency of the Named Insured or any entity comprising the Named Insured, the VMIA shall not be relieved thereby of the payment of any claims hereunder because of such bankruptcy or insolvency.

6.13 Fraudulent claims

If the Named Insured makes any claim knowing the same to be false or fraudulent as regards the amount or otherwise, the VMIA may void all claims made by the Named Insured or any other person or other persons seeking indemnity under this Policy.

6.14 Partners

In the event of loss or damage due to acts of fraud or dishonesty committed by a partner (which term shall also mean an owner of or shareholder in the Named Insured, as the case may be) in the Named Insured then:

- a) such partner shall not be entitled to the benefit of any proceeds of this Policy and the

- amount otherwise payable under this Policy shall be reduced by an amount equal to the amount thereof to which such partner would have been entitled had such act or acts been committed by a person not being a partner and had the proceeds of this Policy been divided proportionately between the partners comprising the Named Insured at the date of commission of such act or acts according to their respective interest or liability in respect of the loss arising from such act or acts had this Policy not been taken out, and
- b) the amount payable under this Policy will be further reduced by the amount of any monies and the value of any benefits whatsoever which have at the date of discovery of such loss accrued to such partner or which accrue between that date and the day prior to the date of payment under this Policy (and notwithstanding any right to set off which may exist in relation to such monies or benefits) and by the value of any monies or other property whatsoever of such partner in the possession or under the control of the Named Insured in any capacity whatsoever at any time between the date of discovery of such loss and the day prior to the date of payment under this Policy.

6.15 Discovery period

In the event that this Policy is not renewed, there shall be a discovery period of 120 days starting immediately after the expiry of the Policy for the reporting of claims or incidents that may give rise to claims under the Policy. During this discovery period, written notice may be given to the VMIA of a claim, first made during such period or the Period of Insurance, of loss or circumstance giving rise to a claim occurring prior to the expiry of the Period of Insurance.

6.16 Prior enquiries

The Named Insured must make reasonable enquiries as to the honesty and good character of each Employee prior to engagement of employment and shall satisfy the VMIA, if so required, that such enquiries had been made.

6.17 Prosecution for Criminal Acts

The Named Insured, when required by the VMIA, at the VMIA's expense, must use all diligence in prosecuting or assisting to prosecute any person to conviction for any criminal act in respect of which a claim is made under this Policy.

6.18 Non accumulation

If the Named Insured makes a claim under this Policy, it is agreed that the claim also must not be made by the Named Insured under any other insurance policy offered by the VMIA (notwithstanding the fact that such policy may also respond to the claim), unless the Named Insured first withdraws the claim under this Policy in writing.

7. Exclusions

7.1 Prior claims and circumstances

This Policy does not cover any liability for or arising directly or indirectly from any matter or occurrence:

- a) in respect of which notice has been given to the VMIA or any other Insurer under a previous insurance policy, or
- b) of which the Named Insured was or should have been aware before the commencement of the Period of Insurance which the Named Insured knew or should have known could give rise to a claim.

This exclusion is independent of and shall not affect the VMIA's other rights regarding misrepresentation and non-disclosure.

8. Reimbursement

This Policy does not include reimbursement of:

8.1 Basis of proof

Any loss, or part of any loss, the proof of which, as to either its factual existence or its amount, is deduced from an inventory computation or a profit and loss computation, provided however, this shall not apply to loss of money or other property which the Named Insured can reasonably prove, through evidence wholly apart from such computations, was sustained by the Named Insured through any act or acts of fraud or dishonesty committed by one or more of its Employees.

8.2 Errors and omissions

Any loss arising from error, misstatement or misleading statement, act or omission, or neglect or breach of duty made, committed or attempted by an Employee, individually or otherwise in the course of his/her duties to the Named Insured solely by reason of his/her employment by the Named Insured unless the Named Insured produces evidence to reasonably satisfy the VMIA that such Employee obtained an improper financial gain from the Named Insured through such wrongful acts for himself/herself or other person, entity or organisation.

8.3 Retroactive date

Any loss committed or alleged to have been committed prior to the retroactive date, if any, specified in the Schedule;

8.4 Consequential loss

Any consequential loss.

8.5 Loan or credit

Any loss arising from default under a loan or any type of credit offered by the Named Insured.

8.6 Reproducing documents

Any loss involved in the cost of reproducing any lost, damaged or destroyed electronic or paper records, accounts and other documents or data.

8.7 Legal expenses/defence

Any fees, costs or expenses incurred or paid by the Named Insured in respect of any legal proceedings whether or not such proceedings result or would result in a loss to the Named Insured covered by this Policy.

8.8 Employee history

Any loss arising from any act or acts of fraud or dishonesty committed by an Employee after the Named Insured shall reasonably be expected to have knowledge or information of any act or acts of fraud or dishonesty by such Employee or reasonable cause for suspicion of any such act or any want of integrity on the part of such Employee whether committed whilst in the employ of the Named Insured or earlier.

8.9 Punitive and exemplary damages/fines and penalties

Any fines or penalties incurred by the Named Insured, or for compensation for which the Named Insured is legally liable, except direct compensatory damages arising from a loss covered under this Policy.

8.10 Arson and vandalism

Any loss arising from acts of arson or vandalism by any of the Named Insured's Employees.

9. Privacy Statement

VMIA is committed to protecting your privacy. Any personal information collected, handled, stored or disclosed about you through our services will be managed in accordance with the *Victorian Managed Insurance Act 1996*, *Information Privacy Act 2000* and the *Health Records Act 2001*.

Personal information means information or an opinion that is recorded about an individual whose identity is apparent, or can reasonably be ascertained, from the information or opinion.

Collection and use of Personal Information

VMIA will only collect and record personal information via its website if it is provided directly to us and is necessary for us to perform our functions or activities; for example VMIA will need to collect personal information, to send requested information, or to act on feedback provided. In particular, personal information is collected in the following situations:

- when you send us an email
- when you use our online services, such as completing a form electronically
- when you register as a site user
- when you provide feedback by email or by using the feedback form on our website.

Access and Correction

If you:

- want to have access to the personal information (if any) that we hold about you
- want to know more about what sort of information we hold, for what purposes and how we deal with that information
- believe that personal information that we hold about you is not accurate, complete and up to date; or
- have concerns about your privacy rights,

please contact VMIA's Information Privacy Officer on 03 9270 6912.

10. Schedule

Named Insured: State Government of Victoria eligible funded Community Service Organisations including kindergartens and Learn Local organisations.

Limits of Liability: \$100,000 any one claim and in the aggregate any one Period of Insurance per Named Insured.

Retroactive Date: **30 June 2007**, excluding known claims and circumstances

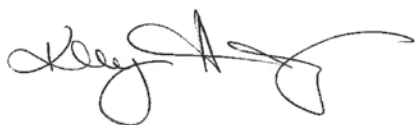
Nominated State: Victoria

Period of Insurance: From: 4:00pm 30 June 2014 Local Standard Time
To: 4:00pm 30 June 2015 Local Standard Time

Territorial Limit(s): Anywhere in Australia but only in respect of activities originating in Victoria and connected with the Named Insured's Business in Victoria and not in respect of the Named Insured's interstate operations unless otherwise agreed by VMIA.

Insurer: Victorian Managed Insurance Authority

Signature:



Kelly Humphreys

Executive General Manager, Client & Risk Services

Date: 30 June 2014