

Commercial Policy Wording Update

April 2021



Vero Equipment Breakdown Policy

We have prepared this guide to help you compare the current Vero Equipment Breakdown Policy Wording (V10523 230519 A) with the new version (V10523 250521 A). Please read the new Policy Wording which is available at vero.com.au for full details of the terms, conditions, limitations and exclusions. This is a summary of key changes only and also does not take into account any endorsements that may apply to the policy. This comparison does not constitute advice and should not be used by a potential insured for any purpose, including making a decision about a financial product or class of products. It is intended as a reference tool for brokers only and does not represent an exact or full outline of the policy wording or available cover. This comparison is current as at 1 April 2021. The cover offered to an insured may vary from that described.

The Vero Equipment Breakdown policy wording has been updated for Unfair Contract Terms. There have been no material changes to the wording or the cover it provides. Terms were changed to make the policy more easily understood for example, adding additional information and examples to certain terms and a number of clauses in the wording were also added to the important notices section of the policy to assist an Insured in appreciating their responsibilities for example "in use or connected ready for use" is an important requirement of the policy.

Example of changes

Coverage A1. Equipment Breakdown

Change:

- No material change has been made to the coverage, currently Vero is not liable under this section for more than the cost that would have been incurred by the Insured to replace the damaged Insured Property with property that is of a like kind, capacity, size, quality, condition and function to the damaged Insured Property. Clarity has been added that when referring to replacement property in this section it is in reference to the "closest similar property available," this is in line with current claims practice.

Coverage B1. Deterioration of specified property

1. Coverage agreement (c)

Change:

- No material change has been made to the coverage, currently Vero covers the Insured under this coverage for an amount of expense that is reasonably incurred to reduce or avert loss or damage to Specified Property but only where the expense does not result in the total amount that Vero would otherwise have paid for the loss or damage, and cost of disposal of the property being exceeded.
Amendments have been made to clarify that where the Insured has sought Vero's written consent prior to incurring any expense, Vero's liability will not be reduced where the total amount that Vero would otherwise have paid for the loss or damage has been exceeded.

Coverages B2 to B6 - Coverage Agreement

Change:	<ul style="list-style-type: none">No material changes have been made to the coverage. Changes have been made to the coverage agreements in B2 to B6, to clarify that the Policy will still respond where the interruption or interference to the Business is caused by multiple causes, not just a Breakdown. For interruption or interference that is caused by something other than a Breakdown, the amount paid by Vero will be reduced proportionally to reflect the other cause(s).
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Coverages B1 to B6 - Resumption of Business

Change:	<ul style="list-style-type: none">Changes have been made to clarify that where the Insured fails to continue or resume Business through reasonably available means, Vero will consult with the Insured as to the actions required to reduce or avert interruption.
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Consequential loss exclusion (original)

Extra costs or losses (new)

Change:	<ul style="list-style-type: none">No material change has been made to this exclusion. The exclusion is now known as "Extra costs or losses".
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Definition – chiller

Change:	<ul style="list-style-type: none">The definition of chiller has been updated. It now means when stated in the Schedule, a system in which a secondary heat transfer circuit (utilising water, brine, glycol or similar) is cooled by a primary refrigeration system consisting of compressor unit consisting of either a reciprocating, scroll, screw or centrifugal compressor unit.
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Examination of books and records

Change:	<ul style="list-style-type: none">This has been updated to clarify that Vero's right to undertake an examination of the Insured's books and records only applies where it is reasonable and only in connection with a claim and for ongoing risk management purposes. This has also been amended such that Vero can only examine the Insured's books and records at a reasonable time during the Period of Insurance and for a reasonable period after the Period of insurance (previously three years after the Period of Insurance).
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Inspection

Change:	<ul style="list-style-type: none">This has been updated to clarify that Vero's right to inspect any item of Equipment applies only where it is reasonably necessary to investigate or assess a claim or for ongoing risk management purposes. It also now specifies that before any inspection Vero must now agree a suitable time with the Insured.
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Precautions (original heading)

Your responsibilities relating to Equipment (new heading)

Change:	<ul style="list-style-type: none">The section "Precautions" has been updated with a new heading "Your responsibilities relating to Equipment". There are no material changes to this section, however, the section has been amended to clarify the consequences of the Insured failing to comply with their responsibilities and to clarify that the expectations for compliance with this section will be assessed against what a reasonable person in the Insured's position would do.
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Subrogation (original heading)

Preservation of rights of recovery and subrogation (new heading)

Change:	<ul style="list-style-type: none">The section "Subrogation" has been updated with a new heading "Preservation of rights of recovery and subrogation". The clause has been updated to clarify that Vero has the right to take action or start legal proceedings against any person or entity liable, who would be liable for the Insured's loss (including any insured, uninsured or underinsured losses).
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