



RULES OF UNIMUTUAL LIMITED

ACN 106 564 372

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PART 1 INTRODUCTION

Rule 1 Constitution

Documents giving legal form to Unimutual Limited.

These Rules are to be read in conjunction with the Constitution of Unimutual Limited and, if one is issued in accordance with Rule 6(2), a Member's Certificate of Entry. The rules can be changed subject to Clause 62 of the Constitution. In the event of any inconsistency between the Constitution and these Rules, the Constitution will prevail.

Rule 2 Definitions and Interpretations

Explanation of words and expressions used in these Rules.

Definitions 2(1)

In these rules the following words and expressions shall have the following meanings:

1. Affiliate

Affiliate means:

- (a) any college, hall of residence, union, club, society, association, foundation or institute affiliated with, registered with or operating within the framework of a Member and formed by or with the knowledge and consent of a Member (including members of and office bearers of such clubs, associations and societies); and/or
- (b) any person or group of persons being members of or Students of or employed by Members or their Affiliates or performing any function whatsoever in Australia, New Zealand or elsewhere under the aegis of the Member or an Affiliate, and/or
- (c) any entity wholly or partly owned or controlled by a Member which has been accepted by the Mutual as an Affiliate at the request of the Member and specified as such in the Certificate of Entry or Protection Schedule; and/or
- (d) any entity which a Member, or any entity specified in (a) or (c) above, has, under contract or otherwise, agreed to include in their protections but only to the extent required by such contract or agreed to by the Member or entity specified in (a) or (c) above.

2. Board

The Board of Directors from time to time of the Mutual.

3. Closed Protection Year

A Protection Year of the Mutual, which the Board shall have declared to be closed in accordance with Rule 23.

4. Contribution

Any monies payable to the Mutual by a Member pursuant to Rule 6 and Rule 9.

5. Entry

The admission of a Member to the Mutual and /or a Member to categories of Protections.

6. Protection Year

The period chosen by the Board from time to time and, failing any such choice, shall be 00.01am AEST on 1 November in any year until 24.00 AEST October 31 in the next year.

7. Managers

The managers for the time being appointed by the Mutual. The managers need not be employees of the Mutual.

8. Member

A person or entity that has been admitted to membership of the Mutual.

9. Member's Representative

An individual nominated by a Member to exercise the privileges of membership on its behalf (in the event of the Member being a private company with limited liability).

10. Mutual

Unimutual Limited.

11. Product Disclosure Statement

The documents, which together form the Product Disclosure Statement, provided to each Member, during which time the Member has a right to have the Mutual consider the Member's claim for Protection.

12. Protection

The membership benefits for personal and business risks which are offered to Members by the Mutual on a discretionary basis and which if accepted by the Mutual in accordance with Rule 6, are set out in a Member's Certificate of Entry.

13. Certificate of Entry

A document and any endorsement to it issued by the Mutual in its discretion in accordance with Rule 6 which evidences the scope and extent of the discretionary protections granted to a Member.

14. Contributions

The amount payable by a Member to Mutual for the rights to claim for Protection.

Interpretation 2(2)

The expression "writing" will include printing, typewriting, lithography, facsimile and any other mode or modes of representing or reproducing works in a visible form.

The expression "cease" or "cessation" will mean "discontinue" or "come to an end" or "discontinuance", "termination" or "ending" respectively.

The expression “delay” will mean “a refraining from something” and “waiver” will mean “the giving up of rights and/or interests, whether intentionally or not”.

The expression “discretion” will mean “a power or right of making a decision or of acting according to choice”.

The expression “without prejudice” will mean “without damaging, giving up or affecting a legal right or interest”.

Words importing persons shall include individuals, partnerships, corporations and mutuals. Any reference to the discretion of the Board and to any action to be taken as the Board thinks fit will be construed as a discretion to be exercised and action to be taken in the sole and absolute discretion of the Board.

Rule 3 Discretionary Nature of Protections

The Board has the power and the right to make a decision concerning the Protections as the Board deems fit.

Protections 3(1)

The Protections which may be provided by the Mutual as set out in these Rules and, if issued in accordance with Rule 6(2) in the Member’s Certificate of Entry. The Protections provide a Member with the right to ask the Board to consider the Member’s claim against loss, damage, liability, cost or expense incurred by that Member or as otherwise agreed with the Mutual for a Protection that is recorded on the Member’s Certificate of Entry.

Any decision of the Board to accept a Member’s claim for Protection is at the sole and absolute discretion of the Board in accordance with Rule 18(2)(A). Any reference in these Rules or in any Certificate of Entry issued in accordance with these Rules to “protected risks” or to “protection”, or any such similar expression must be read accordingly.

Payment 3(2)

A Member is only eligible to make a claim for Protection if the Contributions for the Protection has been paid as specified in Rules 6 and 9 or in any Certificate of Entry issued in accordance with Rule 6(3).

Rule 4 Membership

Terms and conditions applicable to being accepted as Member and to Membership.

Date of Membership 4(1)

The Certificate of Entry will show the commencement date for membership of the Mutual, which will be the date agreed with the Member. Membership of the Mutual confers no rights on any Affiliate of a Member against the Mutual or its Members. All dealings between an Affiliate and a Member remain dealings between the Member and the Affiliate.

Acceptance 4(2)

Acceptance of any person or entity or the refusal of membership to any person or entity is in the Board’s absolute discretion. Membership of the Mutual is only valid when the Member has been accepted as a Member and the Member has paid the Contributions.

Rule 5 Right of Recovery

Right of the Member to seek compensation for loss, damage, liability, cost or expense subject to conditions.

Right 5(1)

Subject always to Rule 3, a Member shall be entitled to seek recovery out of the funds of the Mutual of the amount of any loss, damage, liability, cost or expense which may be incurred by the Member or as agreed with the Mutual in respect of the risks set out in Rule 13 to the extent and upon the terms, conditions and exceptions provided by these Rules and any Certificate of Entry.

Set-off 5(2)

Without prejudice to any other provisions of these Rules, the Mutual shall be entitled to set off any amount due from a Member at any time against any amount agreed to be due to such Member from the Mutual.

PART II ENTRY AND CONTRIBUTIONS

The terms and conditions applicable to admittance of a Member, applying for protection, renewing Membership and making Contributions.

Rule 6 Entry

Details provided by the Member to be correct and true.

Warranty 6(1)

All particulars and information given in the course of applying for Membership and for Protection and the terms on which Membership or Protection is granted is deemed to form part of the terms of Entry between a Member and the Mutual and it shall be a condition precedent of such Entry that all such particulars and information are true and complete so far as the same are within a Member's knowledge or would with reasonable diligence have been ascertained by that Member.

Contents of Certificate of Entry

Certificate of Entry 6(2)

The Mutual will issue a Certificate of Entry to each Member admitted to membership of the Mutual. In respect of a Member's details the Certificate of Entry will show:

- (a) The name of the Member, any Member's Representative and any Affiliate;
- (b) the period of Membership;
- (c) the Membership number;
- (d) the amount to be paid for the Contributions; and
- (e) any other matter that may be appropriate.

Protections information 6(3)

In respect of the Protections information the Certificate of Entry will show:

- (a) the Protections which the Member may claim from the Mutual; and
- (b) any other matters as may be appropriate.

Certificate of Entry subject to Rules and variations as agreed

Subject to Rules 6(4)

The terms and conditions upon which the Entry of a Member is accepted into the Mutual, including those relating to the nature and extent of the Protection given to the Member and the Contributions payable by the Member will be as set out in these Rules. The terms and conditions will be subject to any variations that may be agreed between the Member and the Mutual so long as the variations are permitted by the Rules. The terms and conditions and any variation to them will be set out in any Certificate of Entry issued to the Member. The Member and the Mutual, may with each other's consent, vary the terms and conditions for the Entry.

Variation of Protection 6(5)

If at any time the Mutual and the Member agree to vary the terms and conditions on which a Protection is granted to the Member, the Mutual shall as soon as reasonably practicable after the agreement issue a new Certificate of Entry recording such revised terms or conditions. If a Certificate of Entry has already been issued to such Member, the Member may be issued with an endorsement to the Member's Certificate of Entry stating the nature of the variation and the date from which the variation is to take effect.

Variation of Terms of Entry 6(6)

The Member's Certificate of Entry is conclusive evidence of the terms of Entry and Protection between the Member and the Mutual.

Rule 7 Protection Year

Period of time during which the Protection is in place.

Protection Year 7(1)

Unless these Rules say otherwise, the Protection Year for a Member will be stated in the Member's Certificate of Entry. In the case of a variation in the Protection as a result of Member's notified change in personal or business circumstances the Member may be issued with an endorsement to the existing Certificate of Entry in accordance with Rule 6(4) or may be issued with a new Certificate of Entry which will show the date and time for the start of the new Certificate of Entry. For the avoidance of doubt, that Certificate of Entry will expire at the end of the Protection Year specified in the Certificate of Entry.

If a new Certificate of Entry is issued all Contributions paid or payable by a Member during the Protection Year stated on that Certificate of Entry will be accounted for in the books of account of the Mutual as belonging to that Protection Year.

Withdrawal of Entry 7(2)

A Member may not withdraw from membership of the Mutual at any time or in any manner except:

- (a) in accordance with the provisions of the Rules; or
- (b) with the consent of the Mutual.

New Protection Year 7(3)

Before the Protection Year shown in the Member's Certificate of Entry expires, the Mutual will give the Member or the Member's Representative a written notification of the basis on which it

will consider applications for renewal of the Protection and the Contribution payable by the Member for that Protection in the next Protection Year.

The terms and conditions on which the Protection is agreed by the Mutual will be set out in the Product Disclosure Statement provided to the Member and in the Certificate of Entry. In the event that the terms or conditions have changed the Member will be provided with a new Product Disclosure Statement for consideration before the expiry of the existing Protection Year.

If the Member wishes to renew the Protection for a new Protection Year, the Member must apply to the Mutual on or before the expiry date stated in the Certificate of Entry. The Member is required to apply to renew the Protection for the next Protection Year provided always that the Mutual may in its absolute discretion accept a late application for re-entry. If Protection is granted to the Member for the new Protection Year, the new Protection Year will start immediately on the expiry of the existing Protection Year and in accordance with the information and requests contained in the Member's application for renewal. Protection will be provided on the same terms and conditions set out in the Product Disclosure Statement and the Certificate of Entry, unless:

- (a) the Member completes an application asking for different Protections or the Member completes an application form asking for different terms and conditions; and
- (b) the Board agrees to the Member's request.

Renewal of a Protection for a new Protection Year is subject always to the Member having a current Certificate of Entry at the time the Protection Year commences.

Cancellation of Protection by the Mutual 7(4)

The Mutual may at its discretion give notice in writing to the Member or the Member's Representative before the end of the Protection Year shown on the Member's Schedule of Benefits that the Mutual will cease to offer a Protection to the Member. In this event the Protection will cease at the date and time shown on the Certificate of Entry.

Cancellation of Protection by a Member 7(5)

A Member may not cancel a Protection during a Protection Year without the consent of the Mutual and only on the terms and conditions that the Mutual in its discretion thinks fit. A Member may apply to cancel a Protection at the expiry of a Protection Year by giving notice to the Mutual three months prior to the expiry of the Protection Year stated in the Certificate of Entry. In the event that the Mutual gives notice of a change to the terms under Rule 7(3) or a change in the level of contributions required, a Member's Protection will cease where agreement cannot be reached prior to the expiry of the Protection Year.

Rule 8 Application of Contributions

Contributions to the Funds are to be made by the Member and are used in the manner set out below.

Use of Contributions 8(1)

Each Member shall contribute by way of Contributions to the funds required to meet:

- (a) the claims and other expenses or outgoings (whether incurred, accrued or anticipated) which at the discretion of the Board properly fall upon the Mutual in respect of a Protection Year;
- (b) such costs or expenses as the Board thinks fit which are incurred by the Mutual in entering into or arranging insurance contracts or reinsurance contracts in respect of the Protections provided to Members under these Rules and any Certificate of Entry

- issued under Rule 6(2) and/or insurance of the Mutual occurring in respect of any Protection Year; and
- (c) such transfers to reserves, provisions or escrow accounts as the Board may deem it expedient to make, including transfers to reserves and provisions in respect of any deficiency which has occurred or which may be thought likely to occur in respect of any Protection Year.

Source 8(2)

Such Contributions shall be levied by means of Contributions and Supplementary Contributions as set out in Rule 9.

Rule 9 Contributions

The Board decides on the amount of the Contributions.

Contributions 9(1)

The Member's Certificate of Entry will set out the Contribution for the Protection which the Board has decided. The Contribution may be altered in accordance with the provisions of Rule 6 and Rule 7.

Supplementary Contributions 9(2)

The Board may at any time or times during or after the end of each Protection Year (but not after a Protection Year has been closed) make a call on Members for a Supplementary Contribution (the "Supplementary Contributions"). Any call for Supplementary Contribution to be paid by a Member for any Protection Year will be calculated at the discretion of the Mutual. All Supplementary Contributions will be calculated on a pro rata basis based on the Contributions paid for a Protection by the member (less any return of Contributions) in the relevant Protection Year. From 1 November 2006 a call on Members for a Supplementary Contribution shall be capped at 50% of the Contribution paid by the Member in the relevant Protection Year.

Rule 10 Sums Due to the Mutual

Terms and conditions applicable to making and not making contributions.

Time of Payment 10(1)

Contributions or Supplementary Contributions may be paid in such installments and on such dates as the Board may specify.

Notification 10(2)

As soon as reasonably practicable after the rate of any Contribution and Supplementary Contribution has been fixed, the Mutual shall notify each Member or Member's Representative of:

- (a) the rate of the Contribution or Supplementary Contribution;
- (b) the date on which the Contribution or Supplementary Contribution concerned is to be paid by installments, of the amounts of such installments and the respective dates on which they are payable; and
- (c) the total amount payable by each Member.

Set-off 10(3)

A Member shall not be entitled to set-off the whole or any part of any potential Protections from the Mutual against the Contributions or Supplementary Contributions or other due to the Mutual, nor shall a Member be entitled to withhold or delay payment of any such Contributions or sums.

Penalty for late Payment 10(4)

Without prejudice to the rights and remedies of the Mutual under Rule 20, if any Contribution or installment or part the part of a Contribution or installment, or any payment due from a Member, is not paid when it is due, the Board may order the Member to pay interest on the amount not paid. Interest may be calculated at the rate decided by the Board and will be calculated from the date when the Member's payment was due. When calculating the interest payable by the Member the Board will apply the rate of interest imposed by the Mutual on its members for non-payment of monies due on its Member's accounts.

Effect of a Member's Non-payment 10(5)

If any Contribution or other payment due from a Member to the Mutual is not paid and if the Board decides that payment cannot be obtained, the sums required to made good any resulting shortfall or deficiency in the funds of the Mutual shall be deemed to be expenses of the Mutual for the purposes of applying Contributions under Rule 8.

Rule 11 Release

Terms and conditions of termination of Membership or part thereof.

Liability for Contribution 11(1)

If a Member's Certificate of Entry has expired and the Member no longer has any Protections the Member may request that the Mutual release the Member from liability for any Supplementary Contributions. The Mutual may grant the Member's request on the terms and conditions that the Board in its sole discretion deems appropriate.

No right to Surplus 11(2)

a) If a Member is released from any further liability under Rule 11(1), the Member will have no further liability to contribute in any way to the Mutual nor shall the Member have any right to share in any return of Contributions under Rule 23(2) except in accordance with Rule 23(2).

b) Where a Member's Certificate of Entry has expired or the Member has otherwise ceased to be a Member of the Mutual, the Member foregoes any right to share in any subsequent return of Contributions under Rule 23(2) in respect of years subsequent to 31 October 2007 during which the Member was entered with the Mutual.

c) Where a Member rejoins the Mutual after a period of absence, no rights accrue to a share in any return of Contributions under Rule 23(2) in respect of years subsequent to 2006/7, during which the Member was previously entered with the Mutual prior to the date of rejoining.

d) The Board may, at its absolute discretion, elect to award a share in any return of Contributions under Rule 23(2) to a departed Member in respect of years during which the Member was entered with the Mutual.

Rule 12 Recovery of Contributions

Mutual may in its own name seek recovery of any monies payable by a Member.

All monies from time to time due and payable by a Member to the Mutual may be recovered by action commenced in the name of the Mutual.

PART III SCOPE OF ENTRY

Terms and conditions applicable to Entry and Membership.

Rule 13 Protection Offered

In accordance with these Rules, a Member may seek Protection from the Mutual in respect of any or all of the following risks:

A. LIABILITY

1. General Third Party
Products Liability
2. Professional Indemnity
Breach of Copyright
Libel and Slander
Loss of Documents
Fraud of Employees or Contractors
3. Directors' and Officers' Indemnity

Such other liabilities costs and expenses as the Board may determine from time to time.

B. PROPERTY

1. All real and personal property risks commonly referred to as Industrial Special Risks.
Machinery Breakdown and Boiler Explosion
2. Economic Loss and Business interruption
3. Computer and Associated Plant and Equipment
4. Fidelity Guarantee
5. Such other real and personal property risks, costs and expenses as the Board may determine from time to time.

C. GENERAL

1. Legal Costs

Legal costs or other expenses which may be incurred in respect of any liability or expenditure against which the Member may otherwise seek Protection under these Rules.

2. Mitigation of Loss

Losses, costs and expenses necessarily incurred in order to avoid or reduce a liability or expenditure against which the Member may otherwise seek Protection; even if such losses costs and expenses would otherwise be excluded by these Rules.

3. Special Direction

Losses, costs and expenses which the Board by special direction may require to be incurred. ***Provided always that*** no such losses, legal or other costs or expenses shall be the subject of a claim for Protection unless either they have been incurred with the prior agreement of the Board or the Board shall subsequently determine that such losses, costs and expenses were reasonably incurred.

4. Incidental operational risks

Such other losses, costs or expenses arising from incidental operational risks as the Board, in its absolute discretion, may determine notwithstanding that such risks may be excluded by these Rules or in any Certificate of Entry issued, and this Rule overrides the provisions of any other of these Rules.

PART IV EXCLUSIONS, LIMITATIONS AND WARRANTIES

Terms and conditions applicable to Protection.

Rule 14 Risks Specifically Excluded

There shall be no recovery from the Mutual, except as otherwise provided in this Rule 14, in respect of any loss, damage, liability, cost or expense excluded in Protections set out in the Product Disclosure Statement or in the Certificate of Entry or any endorsement to the Certificate of Entry issued to the Member.

Additional exclusions

In addition to the specific exclusions set out in the Protections in the Product Disclosure Statement the following risks are specifically excluded:

1. Other ventures

Activities carried out by a Member other than in the name of the Member or Affiliate unless Cover has been extended.

2. Overseas Work

Any action for damages brought in a Court subject to the jurisdiction of the USA or Canada unless Protection has been extended in writing and endorsed on the Certificate of Entry.

3. Pre-existing circumstances

Any circumstances not notified to the Board before the start of an Protection Year and which the Member or Affiliate knew or ought reasonably to have known might give rise to claim for Protection under these Rules.

4. War Risks

War, civil war, revolution, rebellion, insurrection or civil strife, arising therefrom or any hostile act by or against a belligerent power.

5. Fraud

Any dishonest, fraudulent, criminal or malicious act or omission or wilful misconduct of a Member or Affiliate.

6. Nuclear

Unless agreed in writing and endorsed on the Certificate of Entry,

- (a) physical loss, destruction of or damage to Property;
- (b) any legal liability of whatsoever nature,

directly or indirectly caused by or contributed to or arising from:

- (i) ionising radiations or contamination by radioactivity from any nuclear waste or from the combustion of nuclear fuel including any self-sustaining process of nuclear fission; or
- (ii) nuclear weapons materials.

7. Terrorism

Any act, involving the use or threat of force, violence, dangerous conduct or interference with the operations of any business, government or other organization or institution, or any similar act, when the effect or apparent purpose is:

- (a) to influence or instil fear in any government (de jure or de facto) or the public, or any segment of either; or
- (b) to further or to express support for, or opposition to, any political, religious, social, ideological or similar type of objective or position.

8. Other Exclusions

All other exclusions listed on Certificates of Entry.

Rule 15 Limits of Discretionary Protection

Protection can be limited.

The Protection which may be granted to a Member is limited to the amount stated in the Certificate of Entry issued for that Protection under Rule 6(2). The excess or deductible payable by the Member for a Protection will be the amount stated in any Certificate of Entry issued under Rule 6(3).

PART V CLAIMS FOR PROTECTION

Terms and conditions applicable to making a claim for Protection, payment of a claim for Protection and minimising claims for Protection.

Rule 16 Obligations of the Member in Respect of Claims for Protection

Claims for Protection 16(1)

A Member's right to have a claim for Protection considered is subject to the Member notifying the Mutual of any claim, or intention to claim, for Protection. The Member must give the Mutual prompt notice in writing of any claim by a third party relevant to the Protection (including the receipt of notice of intention to make a claim) and notify the Mutual of any losses or potential losses incurred or suffered relevant to the Protection, which may fall within the ambit of these Rules.

Circumstances 16(2)

Every Member is required to give prompt notice to the Mutual of any circumstances which may reasonably be expected to give rise to a claim for Protection under these Rules and shall furnish the Mutual as soon as reasonably practicable with all documents or information relevant thereto. The Mutual may reject any such notice if it appears that the circumstances notified by the Member may not reasonably be expected to give rise to a claim for Protection under these Rules.

Mitigation of Loss 16(3)

When circumstances arise which may give rise to a claim for Protection under these Rules, the Member must take reasonable steps, or procure its Affiliate to take such steps, at the time to avoid or reduce any loss, damage, liability, cost or expense which the Member may claim from the Mutual under these Rules. A Member is required to mitigate any actual or potential loss by taking any action that that is reasonably requested of the Member by the Mutual.

Information 16(4)

Every Member must at all times promptly notify the Mutual of any information, documents or reports in the Member's, its Affiliate's or any of their representative's or agent's possession or knowledge relevant to any claim for Protection or circumstances referred to under Rule 16(1) and Rule 16(2) above. Further, the Member shall, whenever so requested, give to, or procure for, the Mutual or its representatives free access to such information, documents or reports with liberty to inspect and copy the same.

Rule 17 Powers of the Mutual Relating to the Handling and Settlement of Claims for Protection

Terms and conditions for the claim management by the Mutual.

The Member must grant, or procure any others to grant, the Mutual right, if it so decides, to control or direct the conduct of any claim or legal or other proceedings relating to any matter which may result in loss, damage, liability, cost or expense in respect of which the Member may be granted Protection under these Rules and any Schedule of Protection issued under Rule 6(3). The Mutual may require the Member, or the Member to procure others, to settle, compromise or otherwise dispose of such claim or proceedings in such manner and upon such terms as the Mutual in its discretion sees fit.

Rule 18 Powers of the Board Relating to Recoveries from the Mutual

Terms and conditions concerning payment and non-payment of claims for Protection.

Meetings 18(1)

The Board will meet to consider claims for Protection as and when it thinks fit. The Board may at its discretion decide to authorise payment of claims for Protection considered by it in accordance with the Rules. The Board may from time to time authorise the Managers to effect payment of claims for Protection in the Managers' discretion without prior reference to the Board. In such circumstances the decision of the Manager will be deemed to be the decision of the Board. No director of the Mutual shall sit on the Board while it is considering any claim for Protection in which that director is interested.

Claims 18(2)(A)

The Board may authorise a payment from the Mutual's funds to any Member or former Member as whole or part payment of a claim for Protection where the Protection is recorded on the Member's or former Member's Certificate of Entry. The Board may determine the extent or limit of any Protection and advise the Member or former Member in writing of its decision without having to provide any reason for its determination. In every case any claim for Protection may be granted or withheld by the Board in its absolute discretion.

Rejection of Claims for Protection 18(2)(B)

Without prejudice to any other provisions of these Rules, the Board may reject a claim for Protection or reduce the sum payable by the Mutual in respect of a claim for Protection if:

- (a) in the opinion of the Board the Member making the claim for Protection has not, or its Affiliate has not, taken the steps before, at the time at which, or after the Member or Affiliate had knowledge of the circumstances giving rise to the claim for Protection or to protect the Member's or Affiliate's interests as the Member or Affiliate should have done or as a Member or Affiliate would have done if it had not been a Member of the Mutual;
- (b) the claim has been settled, or any liability has been admitted, by or on behalf of the Member or Affiliate without the prior consent in writing of the Mutual and there has, in the opinion of the Board been prejudice to it by such action;
- (d) the Member or Affiliate has failed to comply with a recommendation or directive made at any time by the Mutual or the Managers to the Member, in connection with the handling or settlement of the claim or potential claim; or
- (e) the Member has failed to comply with any of the Member's obligations under Rule 16.

Interest 18(3)

In no case shall a Member be entitled to be paid interest on any claim against the Mutual.

PART VI CESSATION OF PROTECTION

In certain events Member's right to request protection comes to an end.

Rule 19 Cessation of Protection

A Member's right to have a claim for Protection considered and granted by the Mutual will cease if any of the following events occur:

- (a) If a Member fails to pay any sum of money demanded of the Member by the Mutual after the Mutual has served the Member with a notice requiring payment of the money by a specified date and the Member fails to pay in full the money on or before the date specified in such notice; or
- (b) If the Protection Year of the Member shall have ceased in accordance with Rule 7 (Protection Year); or
- (c) If any of the following events occurs:
 - (i) a resolution passed or an order made for the winding up of the Member or Affiliate other than for purposes of reorganisation;
 - (ii) the Member or Affiliate makes any composition or arrangement with the Member's creditors;
 - (iii) the appointment of a receiver, manager or administrator over the assets or undertaking of the Member or Affiliate; or
 - (iv) the dissolution of the Member or Affiliate.

Rule 20 Effect of Cessation of Protection

When Member's right of Protection has come to end this has certain effects.

For Failure to Pay 20(1)

If the Member's right to have a claim for Protection considered has ceased by virtue of Rule 19(a), the Mutual shall not be liable to consider any claim for Protection under these Rules made by the Member irrespective of whether or not the notification under Rule 16 of the claim for Protection or circumstances giving rise to such claim for Protection was given before or after the cessation of Protection. The only exception will be when the notification under Rule 16 occurred during a Protection Year that had been closed at the time of the cessation of Protection.

For any other Reasons 20(2)

If the Member's right to have a claim for Protection considered has ceased for any other reason other than by virtue of Rule 19(a), the Board will continue to give consideration to all claims for Protection made by the Member under these Rules if the claim for Protection is made before the date on which the Protection ceases.

Rule 21 Contributions Due on Cessation of Protection

Member's obligation to make contributions when Member's right of protection has come to end.

Contribution on Cessation 21(1)

Except in the case of a Member released under Rule 11 (Release), a Member whose Membership of the Mutual has ended for any reason will remain liable to pay to the Mutual all Contributions and Supplementary Contributions for the Protection Year in which the Protection ceases.

The Member will remain liable for Contributions and Supplementary Contributions for any previous Protection Years which have not been closed in accordance with Rule 23 (Closing of Protection Years) at the date the Protection ceases and which, under Rule 9 (Contributions), such Member would have been liable to pay had the Membership not ceased. **PROVIDED ALWAYS THAT** the Member shall be liable for Contributions for the Protection Year pro-rated only for the period beginning with the date of Membership and ending with the happening of the event that caused the cessation of Protection if:

- (a) such cessation arises by virtue of Rule 19(a), in which case the Member's liability to pay Contributions shall include the sum specified in the notice given under Rule 19(a); or
- (b) such cessation arises upon the happening of any of the events specified under Rule 19(b) or (c).

Set off 21(2)

The set off of any specific sum due to the Mutual under these Rules must be specifically agreed in writing by the Mutual. Otherwise, no set off of any kind shall be allowed against any sum due under these Rules, including any set off which might have arisen by reason of bankruptcy or winding up of a Member.

Rule 22 Reinstatement of Protection

The Board may decide when Protections may apply to a Member after an event set out in Rule 19(a) has taken place.

PART VII THE FUNDS OF THE MUTUAL

Terms and conditions regarding the funds.

Rule 23 Closing of Protection Years

Closing 23(1)

The Board will, at such time as it may deem expedient after the end of a Protection Year, declare that the Protection Year shall be closed. When the Contributions and other receipts are in excess of the claims for Protection before the end of the Protection Year, the Board may apply these funds in the manner described below.

Disposal of Excess funds 23(2)

If prior to closing any Protection Year it appears to the Board at any time that the Contributions and other receipts (including transfers from reserves and provisions) in respect of the Protection Year shall exceed the claims, expenses, losses and other outgoings (whether incurred or accrued).

If a Member's right to claim for Protection has ceased by virtue of Rule 19(a), then, in the event that the Member offers unconditionally to pay to the Mutual all outstanding amounts together with interest due under Rule 10(4) (Penalty for late payment), the Board may in its absolute discretion reinstate the Member's Protections for such period or periods as the Board may determine or anticipated) falling upon the Mutual for that year together with all transfers to reserves and provisions made out of the Contributions paid in respect of such Protection Year, then the excess may at the discretion of the Board be disposed of in whole or in part as follows:

- (a) to establish reserves which in the opinion of the Board are prudent and adequate in the context of the business (actual or anticipated);and/or
- (b) by way of a return in whole or in part to the Members who paid such Contributions in proportion to their respective Contributions with a deduction for claims to be determined by the Board. No return shall be made in respect of a Member's Entry which has been subject to release under Rule 11 or where the Protection ceased by reason of the application of Rule 19(a).

When the Contributions and other receipts are in excess of or are falling short of the claims for Protection after the end of the Protection Year the Board may act as set out below.

Closed Protection Year 23(3)

If, in respect of any Closed Protection Year, it shall appear to the Board at any time that the claims, expenses, losses and other outgoings (whether incurred, accrued or anticipated) falling upon the Mutual for that Protection Year, together with all transfers to reserves and provisions, are not equal to the Contributions and other receipts (including transfers from reserves and provisions) in respect of that Protection Year, then:

- (a) any credit shall be transferred to the general reserve of the Mutual or may at the discretion of the Board be disposed of in whole or in part by way of a return in whole or in part to the Members who paid such Contributions in proportion to their respective Contributions with a deduction for claims to be determined by the Board. No return shall be made in respect of a Member's Entry which has been subject to release under Rule 11 or where the Protection ceased by reason of the application of Rule 19(a); and
- (b) any deficit shall be treated as an expense of the Mutual and may be made up either by a transfer from the general reserve of the Mutual or by Contributions under Rule 8 (Application of Contributions).

Rule 24 Insurance

The Mutual has the power to make arrangements regarding insurances in the manner it deems fit.

Individual Members 24(1)

The Mutual may insure the whole or any part of the risks arising in respect of Protections provided to individual Members or the Membership upon such terms and with such insurers as the Board thinks fit.

Rule 25 Reserves

Arrangements regarding funds to be made by the Board as it deems fit.

The Mutual may establish and maintain such reserve funds as the Board may think fit, whether by way of a general reserve or by way of separate reserves for such contingencies or purposes as the Board in its discretion thinks fit.

Rule 26 Investment

Terms and conditions for the investment of funds.

Investment Management 26(1)

The funds of the Mutual may be invested by the Board or Managers or by an investment manager appointed by the Board. The Board may from time to time and at any time lay down such guidelines for the investment of the funds of the Mutual as it shall think fit.

Investment Media 26(2)

Without limiting the Board's overriding discretion, such investments may be made by the purchase of such stocks, shares, bonds, debentures or other securities, currencies, commodities or other real or personal property, or by deposits in such accounts as the Board thinks fit, or by such other method, whether producing income or not, as the Board thinks fit.

Pooling of Funds 26(3)

Unless the Board otherwise decides, the funds standing to the credit of all Protection Years, and of any reserves or accounts, shall be pooled and invested as one fund.

Gains and Losses 26(4)

When funds are so pooled any dividends, interest or accruals of interest and any other realised investment gains or losses, arising on the pooled funds, shall be credited or debited, as the case may be, to the Protection Year in which such gains or losses arise.

(a) Any such gains may be used to meet:

(i) the claims, expenses, losses and other outgoings (whether incurred, accrued or anticipated) which in the opinion of the Board necessarily and properly fall on the Mutual in respect of the Protection Year;

(ii) such transfers to reserves or provisions as the Board may deem expedient to make, including transfers to reserves and provisions in respect of any deficiency which has occurred or which may be likely to occur in respect of any Closed Protection Year, as it thinks fit.

(b) Any such losses shall be treated as expenses of the Mutual and may be made up either by a transfer from the reserves of the Mutual or by Contribution under Rule 8 (Application of Contributions).

PART VIII GENERAL TERMS AND CONDITIONS

Rule 27 Delay and Waiver

The Mutual does not give up any of its rights, power or interests whatsoever under these Rules unless expressly stated.

No admission 27(1)

No act, omission, delay or conduct of the Mutual of any type and whenever it occurs, whether by or through its officers, servants, managers, agents or otherwise, will constitute any admission or promise that the Mutual will give up any of its rights under these Rules.

Waiver by Mutual 27(2)

In spite of any neglect or non-compliance with, or breach of, any of these Rules by a Member, the Board may in its sole discretion waive any of the Mutual's rights arising from the Member's conduct and may pass and pay in full or in part any claim for Protection which it thinks fit. The Board shall nevertheless at all times and without notice be entitled to insist on the strict application of these Rules.

Rule 28 Assignment of Rights of Recourse

The assignment of any and all rights, powers, interests, obligations of whatsoever nature is only allowed with the consent of the Mutual.

Assignment 28(1)

No obligation of the Mutual, and no interest under these Rules or under any contract between the Mutual and any Member, may be novated or assigned without the prior written consent of the Mutual. The Mutual has the right in its discretion to give or refuse such consent without stating any reason or to give its consent on any such terms or conditions as it may think fit.

If a payment is made from the funds, all rights of recourse or powers and interest in relation to these payments is subrogated, assigned or otherwise transferred to the Mutual authorising the Mutual to use the Member's name subject to the terms and conditions below.

Rights of Recourse 28(2)

Whenever a payment from the funds of the Mutual has been authorised by the Board under these Rules, the Member agrees to, and shall procure its Affiliate to, assign or otherwise transfer any and all of its rights of recourse against third parties to the Mutual. The Member authorises the Mutual to, and shall procure its Affiliate to, use the Member's name in any proceedings relating to the payment.

PROVIDED ALWAYS THAT the Mutual shall not exercise any rights of subrogation against any employees of a Member, or require the assignment or transfer of any rights which the Member may have against its employees or the Affiliate may have against its employees. This proviso will not apply in cases where there is an allegation of a dishonest, fraudulent, criminal or malicious act or omission by the employee. The term "employee" shall include ex-employees and any person acting or who has acted as an employee of, or consultant to, the Member or Affiliate without a contract of service or employment.

Rule 29 Delegation of Powers

The Mutual may delegate its powers.

By the Mutual 29(1)

Whenever any power, duty or discretion is stated in these Rules to be vested in the Mutual, such power, duty or discretion will be exercisable by the Board unless it has been delegated to any committee or sub-committee of the Board of Directors or to the Managers. If this occurs then the power, duty or discretion may be exercised by any person to whom it has been delegated.

The Manager may delegate its powers.

By the Managers 29(2)

Whenever any power, duty or discretion is conferred or imposed upon the Managers by virtue of these Rules, such power, duty or discretion may, subject to any terms, conditions or restrictions contained in these Rules, be exercised by any one or more of the Managers or by any employee of the Managers to whom the same has been delegated.

Delegated powers are exercised on behalf of the Mutual.

On behalf of the Mutual 29(3)

Whenever the Board, the Managers or any other person to whom it has been delegated exercises any power, duty or discretion, such power, duty or discretion shall be exercised on behalf of the Mutual.

Rule 30 Disputes and Differences

Any disputes arising shall be solely dealt with initially by the Board or as set out below.

Adjudication 30(1)

If any difference or dispute between any person and the Mutual relating to any loss, claim or demand made by that person shall arise out of, or in connection with, these Rules or a Certificate of Entry, such difference or dispute shall, in the first instance, be referred to the Mutual's internal complaint resolution officers.

Dispute Resolution 30(2)

Subject to Rule 30(1), a dispute or difference between a Member and the Mutual may at the Member's discretion be referred to and adjudicated by the Board.

This will take place even if the Board has already considered the matter before any such difference or dispute arose. An application to have the Board adjudicate a matter must be in writing. The Board will deliver its decision in writing.

Sole remedy 30(3)

No Member is entitled to maintain any action, suit or other legal proceedings against the Mutual unless in accordance with the procedures laid down in this Rule 30. In the case of a difference or a dispute which proceeds to legal proceedings, the Mutual's only obligation to a Member under these Rules and any Certificate of Entry issued will be to pay such sum as may be directed by an award or judgment.

Rule 31 Notices

Terms and conditions regarding the giving and serving of notices.

To the Mutual 31(1)

A notice required under these Rules to be served on the Mutual may be served by sending it through the post in a pre-paid letter or by sending it by facsimile transmission addressed to the Mutual at the Mutual's registered office for the time being or by sending it by other electronic means.

To a Member 31(2)

A notice required or permitted under these Rules to be served on a Member or on a Member's Representative may be served by sending it through the post in a pre-paid letter or by sending it by facsimile transmission addressed to such Member or Member's Representative at the address appearing in the Certificate of Entry or the Certificate of Entry or failing that to the last address held in the register of Members.

Date of service 31(3)

Any notice or other document if served by post shall be deemed to have been served on the second day following the day on which the letter containing the same was put in the post. In proving such service it will be sufficient to prove that the letter containing the notice was properly addressed and put into the post in a pre-paid envelope. Any notice or other document served by facsimile transmission shall be deemed to have been served on the day it was dispatched. In proving such service it shall be sufficient to prove that such facsimile transmission was duly dispatched.

Rule 32 Governing Law

Australian law is applicable to the Rules and the relationship between the Mutual and the Member.

The Rules and any other relationship between the Mutual and a Member shall be governed by and construed in accordance with, the laws of Victoria, Australia.