

## **IMPORTANT NOTICES**

### **AVERAGE OR CO-INSURANCE**

Some policies contain an Average/Co-Insurance clause which means that you must insure for the full insurable value of the property insured. If you under-insure, your claim may be reduced in proportion to the amount of the under-insurance.

A simple example, illustrating the basic principle, application and effect of the Average/ Co-Insurance clause is as follows:

Full (Replacement Value)	\$1,000,000
Sum Insured	\$500,000
Therefore, you would be self-Insured for 50% of the Full Value	
Amount of Claim	\$100,000
Amount Payable by Insurers as a result of	\$50,000
The Application of Average/Co-Insurance	(Being 50% of the \$100,000)

It is essential that sums insured reflect current rebuilding and replacement costs to avoid PENALTY CLAUSES in the event of loss (Co - Insurance Clause). Adequate provision should be made for additional costs such as extra costs of reinstatement to comply with current building regulations, GST, architects' fees etc.

We also recommend periodical valuations by recognised quantity and building surveyors. Changes to the Building code and Town planning requirements need to be considered as part of any review of rebuilding costs.

### **BUSINESS INTERRUPTION POLICES**

Some policies contain an Average/Co-Insurance clause which is fully set out in the "Basis of Cover" or "Policy Specification" of the policy.

For the types of cover most usually provided, the Average/Co-Insurance calculation is arrived at by applying the Rate of Gross Profit, Revenue or Rentals (as applicable) to the Annual Turnover, Revenue or Rentals (as applicable); these factors first being appropriately adjusted as provided for in the "Trend of Business" or "Other Circumstances" clauses.

If you are in any doubt regarding this clause insofar as it applies to your policy, please contact CGIB for assistance.

### **YOUR DUTY OF DISCLOSURE**

Before you enter into a contract of general insurance and up until the commencement of the insurance, you have a duty, under the Insurance Contracts Act 1984 to either provide answers to questions or disclose specific information to the underwriter. You have the same duty before you renew, extend, vary or reinstate an insurance contract.

For policies that are taken out or renewed with a start date prior to the 5th October 2021 and are Eligible Contracts (Eligible Contracts involve individuals purchasing insurance for motor vehicles with carrying capacity under 2 tonne, motorcycle, home building and contents, residential strata, travel, personal accident and sickness and consumer credit) your only duty is that you must tell the underwriter anything that you know and that a reasonable person in the circumstances would include when answering questions asked of you by them.

For policies that are taken out or renewed with a start date on or after the 5th of October 2021 and are Consumer Insurance Contracts, (Consumer Insurance Contracts are defined as insurance that is obtained wholly or predominantly for the personal, domestic or household purposes of the insured) your only duty is to take reasonable care not to make a misrepresentation when answering questions asked of you by the underwriter.

In all other situations you must tell the underwriter about anything that you know or could be reasonably expected to know taking into account the nature and extent of the insurance cover to be provided and the class of persons who would ordinarily be expected to apply for such insurance cover. You do not need to tell the underwriter anything that reduces the risk of the underwriter, that is of common knowledge; that the underwriter knows or, in the ordinary course of business, ought to know or that the underwriter has waived your duty to tell them about.

### **WHOLESALE BROKER INFORMATION**

In some cases we use the services of a Wholesale Broker (insurance intermediary) to access products that are not available to us directly from the insurer. You can identify where we have used an insurance intermediary as the Invoice/schedule will show that the policy is placed via another Insurance Intermediary. This situation usually arises where the insurance intermediary has developed a specialized product and competitive pricing for risks that are not commonly available directly from most underwriters. This means we are not dealing with the end insurer directly but via the insurance intermediary. All insurance intermediaries that we deal with are required to hold an Australian Financial Services License and to place all client funds received into a Trust Account and are required to meet the same high standards in the delivery of their services that apply to us. Importantly all claims will be the ultimate responsibility of and paid for by the end underwriter

### **CLAIMS MADE DURING THE PERIOD OF INSURANCE**

Your attention is drawn to the fact that some policies provide cover on a "claims made" basis which means that claims first advised to you (or made against you) and reported to your insurer during the Period of Insurance are recoverable irrespective of when the incident causing the claim occurred, subject to the provisions of any clause relating to a "retroactive date".

You should also note that, in terms of the provisions of Section 40(3) of the Insurance Contracts Act 1984, where you give notice in writing to the Insurer of facts that might give rise to a claim against you as soon as is reasonably practicable after you become aware of those facts (but before the insurance cover provided by the contract expires) then the Insurer is not relieved of liability under the contract in respect of the claim, when made, by reason only that it was made after the expiration of the Period of Insurance cover provided by the contract.

In order to ensure that any entitlement under the policy is protected, you must therefore report all incidents that may give rise to a claim against you to the Insurers without delay after such incidents come to your attention and prior to the expiration of the policy period.

## CHANGES & DEVELOPMENTS

Your Insurance Programme has been prepared with your agreement from known information about your business activities at a certain date.

Changes and developments may occur which could have a bearing on the adequacy or efficacy of your insurances.

The following list should be used as a guide to areas of activity which should be notified to CGIB immediately they are proposed or occur so that steps can be taken to ensure your organisation remains adequately protected. It is not exhaustive, so when in doubt please contact CGIB for guidance:

- Acquisition of new subsidiaries, mergers or joint ventures in which you are involved in Australia or elsewhere
- Acquisition, construction or occupancy of new premises; alteration, vacation, temporary un-occupancy, extension or demolition of existing premises.
- Increases in value in excess of policy limits for buildings, plant, machinery or stock (whether due to acquisition, economic inflation or exchange rate fluctuation).
- Alterations to or disconnection of fire or burglary protection systems.
- Contractual liabilities assumed and legal rights contractually relinquished or diminished any contracts which impose onerous conditions.
- Changes in processes, occupancy or products and extensions of business operations, including new products or processes.
- Granting of indemnities or hold-harmless agreements
- Hiring, leasing or borrowing of plant and equipment.
- Acquisition of pressure vessels, lifting equipment or other substantial equipment.
- Movements of stock or equipment to new locations.
- Charter or operation of aircraft or waterborne craft
- External Funding – mortgages or other borrowings which create insurable interest of third parties in insured property.
- Foreign trade and travel – developments involving exposures beyond Australia, overseas acquisitions or exports of products

## FLOOD – EXCLUSION

This policy does not provide cover for flood damage unless otherwise shown on your policy or policy schedule. If flood cover is required, please contact us.

## GENERAL ADVISE WARNING

### Important Notice – What Sort of Advice is Being Provided

Where a statement of Advice has not been provided to you with this invoice then the advice that we are giving you related to this transaction is General Advice. General Advice is advice that has prepared without considering your current objectives, financial situation and needs. Therefore, before acting on this advice, you should consider the appropriateness of the advice having regard to your current objectives, financial situation or needs. If the advice provided relates to the acquisition or possible acquisition of a new insurance policy and the Insurer has prepared a Product Disclosure Statement (PDS) we will have attached the PDS for your review. You should consider the PDS prior to making the decision to purchase this product. Information on Commissions on Policies is available on request.

## OUR PRIVACY PROMISE

We are committed to protecting your privacy and confidentiality in accordance with the Privacy Act 1988 (Cth) including the Privacy Amendment (Enhancing privacy Protection) Act 2012 and it is one of our prime concerns that any personal or sensitive information you provide to us is not used for any other purpose than that intended and expected by you. This Privacy Policy describes our current policies and practices in relation to the handling and use of personal information.

Please contact us to obtain a copy of the CGIB "Our Privacy Information Brochure" or visit [www.cgib.com.au](http://www.cgib.com.au)

## PUBLIC LIABILITY EXCLUSIONS

Professional Indemnity - financial loss following wrongful advice, breach of profession duty, design error, error in specification etc.

Explosion of pressure vessels and boilers which require certification under regulation/statute.

## UTMOST GOOD FAITH

Every contract of insurance is subject to the doctrine of utmost good faith which requires that the parties to the contract should act toward each other with the utmost good faith. Failure to do so on your part may prejudice any claim or the continuation of cover provided by Insurers

## UN-NAMED INSURED'S & UN-NAMED PARTIES

Un-Named Insured's: The policy covers the persons, businesses, companies, etc, named in the policy schedule. Any other persons, businesses, companies, etc, not named are NOT covered. Please advise us if you require cover for any person, business, company, etc, not named.

Un-Named Parties: If you require the interest of a party other than the Named Insured to be covered, you MUST request this. Most policy conditions will exclude indemnity to other parties (e.g., mortgagees, lessors, principals etc) unless their interest is properly noted on the policy.

## CANCELLATION

Where a policy is cancelled or amended before the period of insurance has ended, or expiry of the policy, we will retain the commission of any return premium involved. We will also charge an administration fee for the handling of the cancellation/amendment process.

## CLAIMS OCCURRING PRIOR TO COMMENCEMENT

Your policies do not provide indemnity in respect of events that occurred PRIOR to commencement of the contract

## COOLING OFF PROVISIONS

All retail products are subject to a 14 day 'cooling off period'. This means that if you are not happy with the product, you have 14 days to withdraw from the contract at no cost to you.

## COMPLAINTS

Clients not satisfied with our services should contact our Complaints Officer. We are members of Australian Financial Complaints Authority (AFCA), a free consumer service. Further information is available from our office, or contact AFCA directly on 1800 931 678 or visit [www.afca.org.au](http://www.afca.org.au)

We also follow the Insurance Brokers Code of Practice.

## CONTRACTUAL LIABILITY

The policy does NOT cover any claims arising from a contract or agreement that you have entered into unless the contract or agreement has been approved by the insurer. If you require such cover, please contact our office and provide a copy of the contract or agreement.

## MAJOR UNINSURED RISKS

Risk retention may occur in many ways, for example:

- By under-insurance (e.g., if your sums insured or declared insurable values are inadequate, and Co-Insurance/Average provisions are applied to losses, you are treated as part-Insurer for all such losses).
- By inadequate loss limits (e.g., if your Public Liability limit is insufficient, you are your own Insurer for the excess, plus a proportionate share of any legal fees).
- By non-insurance (e.g., if you elect not to insure a risk like "Motor Vehicle - Own Damage" you must stand all such losses yourselves).
- A self-assumed irremovable Deductible or Excess under a policy.

Our concern lies not so much in the fact that you may retain certain insurable risks, but that you may do so without fully recognising the fact, and without making a conscious decision to do so. Such conscious decisions should be reviewed from time to time in the light of changing circumstances. A potential problem area could arise from a series of losses, each subject to a heavy deductible.

A further concern is the possibility of the aggregation of self-insured risks, which in the event of one incident giving rise to a variety of losses, could lead to a combined loss figure well above the acceptable level of retention (e.g., a fire or explosion at a major location could involve building, plant and stock damage, business interruption, parked trucks and their loads, not to mention legal liability for injured workers and third parties' property or injury).

The following types of insurance are available (and include those which you may have already purchased), however as your activities could change these risks should be reviewed regularly to ensure that you have sufficient cover.

This list is not exhaustive, so if you are aware of any risks, which are uninsured, or you would like a broader definition, please contact your Client Service Consultant / Account Manager.

As any business is susceptible to change, we recommend these areas be reviewed regularly to ensure that your company is still comfortable with the limited scope of your existing range of policies.

Accounts Receivable/Book Debts	Airport Operator's Liability	Aviation Hull and Liability
Bloodstock or Livestock	Boiler and Pressure Vessel Explosion	Bonds
Burglary and/or Theft	Business Interruption	Cancellation and Abandonment
Charterer's Legal Liability	Commercial Package	Completed Operations
Compulsory Third Party	Construction Risks / Liability	Container Liability
Contract Bonding / Contract Guarantee	Contract Penalties / Liquidated Damages	Corporate Travel
Credit	Crops (growing)	Directors' and Officers' Liability
Disability	Economic Loss	Electronic Computer Crime
Electronic Equipment / Breakdown	Employers Liability	Employment Practices Liability
Environmental Impairment Liability	Extended Warranty	Export Credit
Fidelity Guarantee	Film / Film Producers Guarantee	Fine Arts
Fire & Extraneous Perils	Flood	Forged Share Transfer
General Property	Group Personal Accident	Health Care Plans
Glass	Industrial Special Risks	Infringement of Copyright
Home and Contents	Kidnap, Ransom and/or Extortion	Key Person
Legal Expenses	Libel and Slander / Defamation	Life Assurance
Loss of Hire / Standby Charges	Loss of License	Machinery Breakdown
Management Liability	Manufacturers Output / Sellers Contingency	Marine Hull
Marine Cargo (Inland, Overseas)	Medical Crisis / Trauma	Money
Mortgage Protection	Motor Vehicle	Mortgage and Lease Guarantee
Multi Risks	Non-Owned Aviation Liability	Personal Accident / Illness
Pleasure craft	Pluvius (Weather)	Political Risk
Product Performance Guarantee	Product Tamper / Contamination	Product Recall
Professional Indemnity / Errors & Omission	Protection & Indemnity	Public and Products Liability
Seismic Streamer	Seismic Tape	Salary Continuance
Sprinkler Leakage	Third Party Strikes	Special Risks
Takeover	Taxation Audit	Superannuation
Technology Liability	Trailers	Umbrella Liability
Valuables	Voluntary Group Accident Schemes	Workers' Compensation