

# IMPORTANT NOTICES AND INFORMATION

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This document has been prepared to assist you to understand important issues relating to your insurance policies placed with or through Bovill Risk & Insurance Consultants Pty Ltd (ABN 78 072 412 474) ("BRIC, we, us"), a Corporate Authorised Representative and wholly owned subsidiary of Honan Insurance Group Pty Ltd (AFSL 246749, CAR 1308194) (Honan). We recommend that you read it carefully. Please contact us on 03) 9947 4333 if there is anything you do not understand, or if you have any questions.

### FSG and Complaints

Our Financial Services Guide (**FSG**) contains important information to help you decide whether to use the services we offer. It includes details about who we are, the services we can provide, the remuneration we receive and Honan's complaints process. A copy of our FSG can be obtained on our website at [www.bric.com.au](http://www.bric.com.au).

Our FSG also sets out how Honan deals with complaints, including information on how to lodge a complaint about us with Honan, or with the Australian Financial Complaints Authority (**AFCA**). Information on Honan's complaints resolution process can also be found on Honan's website at [www.honan.com.au](http://www.honan.com.au).

### Privacy

We collect, use, disclose and handle personal information in accordance with the Australian Privacy Principles under the Privacy Act 1988 (Cth) and as set out in our Privacy Policy which is available on our website.

In accordance with our Privacy Policy, we collect, hold, use and disclose personal information in in order to provide services to you such as insurance broking, claims management and risk management consultancy. In accordance with our Privacy Policy, we disclose both personal and business information to third parties or our related entities who are involved in the provision of our services. We may also provide information to the extent required by law or regulatory requirements.

If you do not provide the personal information that we request, we may not be able to provide our services to you and you may also be in breach of your duty of disclosure.

By engaging us, you acknowledge and agree to the way that BRIC collects, stores, uses and discloses personal information as set out in our Privacy Policy (as amended from time to time).

### General Advice Warning

Usually, the financial product advice that we give to you (including any advice that we give you about a particular insurance policy) is general advice only. Usually, our advice does not take into account your objectives, needs or financial situation. You should consider whether the advice is appropriate for you and review the relevant Product Disclosure Statement (PDS) and policy wording before you make a decision about an insurance product.

## Your duty not to make a misrepresentation

Under the *Insurance Contracts Act 1984 (Cth)* (Act), if you are applying for or renewing a contract of insurance which is obtained wholly or predominantly for personal, domestic or household purposes (“**Consumer Insurance Contract**”), you have a duty to take reasonable care not to make a misrepresentation to the insurer before the relevant contract of insurance is entered into.

You and other insured person(s) must answer the insurer’s questions with relevant and complete information, and you must not misrepresent any information that you give to us. You have the same duty in relation to anyone else whom you want to be covered by the policy.

If you fail to comply with your duty, and the insurer would not have issued the contract for the same premium and on the same terms and conditions, the insurer may cancel your contract or be entitled to reduce the amount they will pay you if you make a claim, or both.

If your failure to comply with your duty is fraudulent, the insurer may refuse to pay your claim and treat the contract as if it never existed.

## Your Duty Of Disclosure

For general insurance contracts that *are not* Consumer Insurance Contracts, then you have a “duty of disclosure” under the Act.

You must make sure you explain the duty of disclosure to any other insured person when we arrange any insurance cover. Alternatively, you may ask other insured persons to contact us and we will explain their duty of disclosure to them directly.

Before you enter into the insurance contract, you have a duty to tell the insurer anything that you know, or could reasonably be expected to know, that may affect the insurer’s decision to insure you and on what terms. You have this duty until the insurer agrees to insure you. You have the same duty before you renew, extend, vary or reinstate an insurance contract.

If you do not tell the insurer everything that you are required to, the insurer may cancel your contract or be entitled to reduce the amount they will pay you if you make a claim, or both.

If your failure to tell the insurer is fraudulent, the insurer may refuse to pay a claim and treat the contract as if it never existed.

You do not need to tell the insurer anything that:

- reduces the risk that the insurer insures;
- Is common knowledge;
- The insurer knows or should know as an insurer
- For which the insurer waives your duty of disclosure.

## Changes Of Risk

You must tell us and the insurer immediately if there is a material change in the risk(s) insured under your relevant insurance policy, or otherwise any material changes to your business which may have a bearing on your insurance (for example, of any mergers or acquisitions, changes in occupation or location, new products or services, or new overseas activities). If you are in doubt as to whether there has been a material change, please contact us.

## Duty Of Good Faith

Both parties to an insurance contract, the insurer and the insured, must act towards each other with the utmost good faith. If you fail to do so, the insurer may be able to refuse to pay a claim or cancel your insurance. If the insurer fails to do so, you may be able to sue the insurer.

## Review Policy Wording

The policy wordings for your insurances have either been provided to you or will be sent to you as soon as they are received from your insurers. We recommend that you read the policy wordings carefully as soon as possible and advise us in writing of any aspects which are not clear to you or if any aspect of the cover does not meet with your requirements.

## Average Or Co-Insurance

Some policies contain an "Average" or "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 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, say   | \$100,000   |
| Amount payable by Insurers as a result of the application of Average/Co-Insurance, i.e. 50%, | \$50,000    |

Some Business Interruption policies contain an Average/Co-Insurance clause, but the calculation is different. Generally, the "Rate of Gross Profit", "Revenue or Rentals" (as applicable) is applied to the "Annual Turnover", "Revenue" or "Rentals" (as applicable) [after adjustment for business trends or other circumstances].

If you are in any doubt about whether and how Average/Co-Insurance clauses apply to your insurances, please contact us for assistance.

## Subrogation and/or Hold Harmless Agreements

Some insurance policies contain provisions that either exclude or reduce the insurer's liability for a claim if you waive or limit your rights to recover damages from another party in relation to any loss. These exclusions are often found in public and products liability, broadform liability and professional indemnity policies.

You might prejudice your rights to claim under your insurance if (without prior agreement from your insurers) you make any agreement with a third party that will prevent or limit the insurer from recovering the loss from that party (or another party who would otherwise be liable). This can occur when you sign a contract containing an indemnity clause, "hold harmless" clause or a release. Clauses like this are common in construction contracts and supply contracts.

Before entering into any agreement, you should obtain your own legal advice to understand whether the terms of the agreement might prejudice your right to claim under your insurance policies. You can also contact BRIC to discuss the matter generally.

## **Leasing, Hiring and Borrowing Property**

When you lease, hire or borrow property, make sure that the contract clearly identifies who is responsible for insuring the property. This will help avoid arguments after a loss and ensure that any claims are efficiently processed.

Some policies automatically cover property which you are responsible to insure, subject to the policy excess. The decision as to who should insure the property is not left to your discretion. You may have other insurance (for example, public liability) which may assist you meet claims relating to property damage or personal injury caused to or by property which you lease or hire. Please note, there is usually a sub-limit on the amount of claims that can be made for damage to property in your temporary care, custody, or control.

If the responsibility to insure lies with the owner, we recommend you try to ensure the lease or hire conditions waive any rights of recovery against you, even when the damage is due to your negligence. This will prevent the owner's Insurer making a recovery against you.

If there are no conditions relating to responsibility to insure in the hire or lease contract, you should write to the owner asking who is to insure the property.

## **Unnamed Parties**

If you require a person to be named as a co-insured, a joint insured, an insured person or if you require the interest of a third party to be covered by your policy, you must request this in advance. Most policy conditions will not provide indemnity to other parties (e.g., mortgagees, lessors, principals etc) unless their interest is properly noted on the policy. Please note, while we can ask, we cannot guarantee that an insurer will accommodate a request to include a further party as an insured under your policy or to note the interests of another party on your policy.

If this is required under a contract or agreement, do not sign the contract without checking with us whether the insurer is prepared to include the other party as an insured or note that party's interests. You should also be aware that it may not be in your best interests to make arrangements to have someone else insured under the terms of your policy.

If you would like assistance or guidance with the insurance requirements under a contract, please contact us.

## **Insurance With Unauthorised Foreign Insurers**

If your risk is atypical or the insurance cannot reasonably be placed with an Australian authorised insurer, we may recommend that you insure with an unauthorised foreign insurer.

An unauthorised foreign insurer is an insurer that is not authorised under the Insurance Act 1973 (Act) to conduct insurance business in Australia and is not subject to the provisions of that Act, which establishes a system of financial supervision of general insurers in Australia that is monitored by the Australian Prudential Regulation Authority (APRA).

The insurer cannot be a declared general insurer for the purpose of Part VC of the Insurance Act 1973, and, if the insurer becomes insolvent, you will not be covered by the Federal Government's Financial Claims Scheme provided under Part VC of that Act.

If we do recommend that you insure, vary or renew your insurance with an unauthorised foreign insurer, we will tell you about that insurer and which policies we have placed with them.

You should consider whether you require further information regarding:

- The country in which the insurer is incorporated, and what scheme of financial supervision of insurers applies;
- The paid-up capital of the insurer;
- The insurer's rating by credit rating agencies;
- The insurer's financial reports; and
- Which country's laws will determine disputes in relation to the policy.

As your insurance broker, we do not warrant or guarantee the current or ongoing solvency or financial viability of any insurer because we have no control over the insurer's performance and this can be affected by many complex commercial and economic factors. The solvency of an insurer can change significantly between the time an insurance contract is entered into and the time a claim may be made. If you have concerns about the insurer's solvency you should review the insurer's credit rating from time to time.

## **Claims Occurring Prior To Commencement**

Please note that most policies do not provide indemnity in respect of events that occurred before the insurance commenced. They cover events that occur during the time the policy is current.

## **Claims Made Policies**

Please note that some policies (for example, professional indemnity insurance) provide cover on a "claims made" basis.

This means that claims that are first advised to you (or made against you) and reported to your insurer during the period that the policy is current are insured under that policy, irrespective of when the incident causing the claim occurred (unless there is a date beyond which the policy does not cover – this is called a "retroactive date").

If you become aware of circumstances which could give rise to a claim and notify the insurer during the period that the policy is current, a claim later arising out of those circumstances should also be covered by the policy that is current at the time of the notification, regardless of when the claim is actually made or when the incident causing the claim occurred.

In order to ensure that your entitlement to claim under the policy is protected, you must report all incidents that may give rise to a claim against you to the insurer without delay after such incidents come to your attention and before the policy expires.

## **Claims Occurrence Based Policies**

Policies that are not underwritten on a "claims made" basis are usually written on an occurrence basis. This means when there is an incident that gives rise to a claim, the policy that responds is the policy that was in force at the time of the incident. For example, if an incident occurred in 2003, but the first notification of any claim is today, then the policy that was purchased in 2003 is the policy that responds, not the current policy.

## **Non-Renewable Insurance**

Cover under your policies terminates on the date already advised to you or as indicated in our tax invoice or adjustment note.

While insurers will send renewal offers for most insurance policies, there are some insurance policies which are not "renewable". For these, if you wish to effect similar insurance for a subsequent period, you will need to complete a further proposal before the current policy expires so that we can seek terms of insurance and quotations on your behalf.