

# IMPORTANT NOTICES & INFORMATION

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We have prepared this document to assist you to understand important issues relating to your insurances. We recommend that you read it carefully. Please contact your Account Executive if there is anything you do not understand, or if you have any questions.

## YOUR DUTY OF DISCLOSURE

Before you enter into an insurance contract, you have a duty to tell the insurer anything that you know, or could reasonably be expected to know, that may affect their decision to insure you and on what terms.

You have this duty until they agree to insure you.

You have the same duty before you renew, extend, vary or reinstate an insurance contract.

You do not need to tell the insurer anything that:

- reduces the risk they insure you for; or
- is common knowledge; or
- they know or should know as an insurer; or
- they waive your duty to tell them about.

### **If you do not tell the insurer something**

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

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

For insurances required by statute, such as CTP motor vehicle insurance and workers compensation, the Insurer may be able to recover against the Insured in the event of misrepresentation, misstatement or non-disclosure.

If you are uncertain as to whether particular information is relevant to the insurer's decision to insure, please contact and we can help you identify whether the information should be disclosed to the insurer on the application or upon renewal or variation of the insurance.

## 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 cancel your insurance. If the insurer fails to do so, you may be able to sue the insurer.

## AVERAGE OR CO-INSURANCE

Some policies contain an Average clause. This means that if you insure for less than the full value of the property, your claim may be reduced in proportion to the amount of the under-insurance. These clauses are also called "Co-Insurance" clauses.

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
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Amount payable by Insurers as a result of the application of Average/Co-Insurance, i.e. 50%,	\$ 50,000
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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 your Account Manager for assistance.

### **SUBROGATION AND/OR HOLD HARMLESS AGREEMENTS**

You can prejudice your rights to claim under your insurance if 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 – unless you obtain the Insurer's consent in advance.

This is because some policies contain a 'contractual liability exclusions' that mean the Insurer can refuse to pay or reduce the amount it is liable to pay by the extent to which it is unable to recover from the third party. These exclusions are often found in public and products liability, broadform liability and professional indemnity policies.

Examples of such agreements are the "hold harmless" clauses which are often found in leases, in property management contracts, in maintenance or supply contracts from burglar alarm or fire protection installers and in repair contracts. Other contracts you sign from time to time relating to your business operations (e.g. supply agreements, equipment hire contracts, event hire contracts, labour hire contracts, subcontracts, design and construct contracts, consultancy agreements etc.) may contain indemnity clauses and releases which may trigger the operation of policy exclusions or breach the conditions of your insurance.

Do not sign a contract or lease without contacting your broker and/or taking legal advice as to whether the contract terms will prejudice your insurance protection under your policies. If you are in doubt or require further assistance, please consult your Account Manager.

### **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.

Industrial Special Risks 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. We can advise you about this.

If you would like assistance or guidance with the insurance requirements under a contract, please consult your Account Manager.

## **INSURANCE PLACED 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 the 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**

Your attention is drawn to the fact that most of your 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 DURING THE PERIOD OF INSURANCE**

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 Insurers without delay after they come to your attention and before the policy expires.

## **NON RENEWABLE INSURANCE**

Cover under your policies terminates on the date shown in this Manual or as indicated in our tax invoice or adjustment note.

While insurers will send renewal offers for most insurance policies, there are some 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.

## **ESSENTIAL READING OF 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 these documents 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.

## **PREMIUM PAYMENTS**

Under the Corporations Act 2001, all premiums must be paid within certain time limits from inception of cover – not from date of statement. If declarations for adjustable policies have not been completed a premium must be paid based on estimates.

Premiums are required to be paid into a trust account. We are entitled to retain interest received from the trust account. Where the time limits are exceeded the Broker is required to inform the Insurer of the Non-payment in writing. The Insurer may take immediate action which may mean immediate cancellation of cover and the commencement of recovery action for 'Time on Risk' premiums. It is important that you observe all requests for payment within the period specified at the time of receiving your invoice/statements.

## **CANCELLATION FEES**

If cover is cancelled before the expiry of the period of insurance, we will refund to you only the net return premium which we receive from the Insurer. We will not refund any part of the brokerage/commission we received for arranging the cover.

## **FOS LTD**

Clients who are not fully satisfied with our services should contact our customer relations/complaints officer. PSB Insurance Brokers Pty Ltd also subscribe to the Financial Ombudsman Service (FOS Ltd), a free customer service, and the General Insurance Brokers Code of Practice. Further information is available on our website, or from this office.

## **GENERAL ADVICE WARNING**

### **RETAIL CLIENTS**

Under the Corporations Act 2001 Retail Clients are provided with additional levels of protection from other insurance purchasers.

The Act defines Retail Clients as:

Individuals or small manufacturing business employing less than 100 people or any other business employing less than 20 people; and that are being provided a financial service or product that relates to the following insurance covers:

Motor Vehicle (under 2 tonne), Home Building, Contents, Personal and Domestic, Sickness and Accident or Travel, Consumer Credit and other classes as prescribed by regulations.

### **IMPORTANT NOTICE – WHAT ADVICE IS BEING PROVIDED (RETAIL CLIENTS ONLY)**

If you are a RETAIL CLIENT (Refer Above) and a Statement of Advice has not been provided to you with the invoice, then the advice that we are giving you related to the transaction is General Advice.

General Advice is advice that has been prepared without considering your current objective's, financial situation or needs. Therefore, before acting on this advice, you should consider the appropriateness of the advice having regard to your current objective's, financial situation or needs.

If the advice provided relates to the acquisition or possible acquisition of a new insurance policy you should consider the PDS prior to making the decision to purchase this product. Information regarding the income we have been paid by the Insurer for this transaction is available on request.

## **PRIVACY POLICY & FINANCIAL SERVICES GUIDE (FSG)**

A copy of the Privacy Statement and the Financial Services Guide (FSG) are available on our website ([www.psbgroup.com.au](http://www.psbgroup.com.au)). If you require us to send a copy of either of these documents, contact our Privacy & Compliance Officer during business hours on :

Telephone 03 8841 3300, Fax 03 9594 1115 or Mail P O Box 205, Blackburn, Vic, 3130. For more information about how to access the personal information we hold about you and how to have the information corrected and how to complain if you think we have breached the privacy laws, ask us for a copy of our Privacy Policy, or visit our website.

**New Electronic Disclosure Rules**

ASIC recently revised guidance regarding electronic disclosures. As a result, brokers no longer have to obtain clients' consent to send disclosure documents by email if the client has provided their email address as a contact address. The broker can provide disclosures by any other electronic medium, eg on a website or within an app, provided they notify the client how they propose to provide the disclosure and give you 7 days to opt out of receiving it that way.

We will continue to offer you options with regards to your preferred method of receiving documentation. Please let us know if you do not wish to receive email communications from us.