

IMPORTANT INFORMATION ABOUT YOUR INSURANCE

It is essential that you carefully read and understand the following important notices. If you have any queries please ask us.

The process or arranging insurance in a nutshell

The process can vary in a number of ways depending on the insurer and product in question.

Step 1

Typically, you will need to complete an application providing the insurer with the information they need to determine whether to issue the cover or not.

If a quote is provided the terms of the quote can change if your or the insurer's situation changes before you proceed to buy the cover.

Where you require urgent cover and cannot complete an application in time we may be able to arrange interim cover (often called a cover note) for a temporary period of time. You will have to undertake the normal application process within this period in order to obtain final cover.

Step 2

If cover is issued you also receive the policy documents such as the standard policy wording and the schedule or certificate which confirms you have cover and the terms specific to you.

We will also send you an invoice for the premium and our service charges.

In some cases an endorsement (written amendment) will be issued changing the standard terms of the policy wording.

If you later apply to vary your cover the process is effectively the same.

Step 3

If the policy is cover of a type which it is usual to renew you will receive a renewal notice at least 14 days before the period of insurance expires.

When you renew you are given documents confirming the renewal and any changes to the terms of your cover which might have occurred.

Make sure you comply with your duty of disclosure when you apply for cover

You and everyone who is an insured under your policy must comply with the duty of disclosure. Make sure you explain the duty to any other insureds you may apply on behalf of.

The duty requires you to tell the insurer certain matters which will help it decide whether to insure you and, if so, on what terms.

The duty applies when you first apply for your policy and on any renewal, variation, extension or replacement of the policy.

The type of duty that applies can vary according to the type of policy.

If we act on behalf of the insurer, you need to refer to the policy which will set out the duty that applies.

If we act on your behalf, to assist us in protecting your interests, it is important that you tell us every matter that:

- you know; or
- a reasonable person in the circumstances could be expected to know, is relevant to the insurer's decision whether to insure you and, if so, on what terms.

We will then assist you in determining what needs to be disclosed to the insurer in order to meet your duty.

When you answer any questions asked by the insurer, you must give honest and complete answers and tell the insurer, in answer to each question, about every matter that is known to you and which a reasonable person in the circumstances could be expected to have told the insurer in answer to the question.

Examples of matters that should be disclosed are:

- any claims you have made in recent years for the particular type of insurance;
- cancellation, avoidance of, or a refusal to renew your insurance by an insurer;
- any unusual feature of the insured risk that may increase the likelihood of a claim.

If you (or anyone who is an insured under the policy) do not comply with the duty, the insurer may cancel the policy and/or reduce the amount it pays in the event of a claim (this could be to nil). If the failure to comply with the duty is fraudulent, the insurer may treat the policy as if it never existed and pay nothing.

Avoid making misrepresentations when you apply

If you (or anyone who is an insured under the policy) make a misrepresentation the insurer may cancel the policy and/or reduce the amount it pays in the event of a claim (this could be to nil). If the misrepresentation is fraudulent, the insurer may treat the policy as if it never existed and pay nothing.

Comply with the duty of Utmost Good Faith

Every policy is based on the principle of utmost good faith requiring each party (which means both you and the insurer) to act towards the other party in respect of any matter arising under the contract, with the utmost good faith. If you fail to do so it may prejudice your rights under the policy and in particular, any claim.

Make sure you are happy with the cover you are buying

Read the policy wording and other policy documentation carefully to ensure the cover provided is right for you.

Insurance policies are generally made up as follows:

- Specific cover sections – these set out the specific cover(s) provided and any limits or conditions that apply to the particular cover. Make sure you are happy with the level of cover.
- Exclusions – these set out what is not covered. Every insurance policy has exclusions and some are similar and some differ. Check if any causes you concern and consider if the cover is still right for you.
- Conditions – these set out certain things you need to do including how to act when a claim occurs. Check if any causes you concern and consider if the cover is still right for you.
- Excesses and deductibles – these are amounts you must bear yourself in relation to any loss before the insurer will pay any claim for that loss. Make sure you will be able to bear these amounts.

If you don't comply with any term, condition or exclusion of the policy the insurer may be able to cancel the policy and/or refuse to pay or reduce a claim.

You should carefully monitor and review that your insurance contract continues to be adequate during the period of insurance.

If any information is incorrect or confusing to you make sure you tell us so we can fix the problem before the policy is in place.

Cooling off period and cancellation rights

For certain personal and domestic type policies (e.g motor, home buildings and contents, travel, sickness and accident, consumer credit and personal and domestic property type insurance), you may have a statutory cooling off right to return your policy. The policy document or any Product Disclosure Statement issued by the insurer tells you what the cooling off right is. Make sure you read and understand this right and ask us if you don't.

The period can be no less than 14 days from entry into the policy but it may be longer at the insurer's option. The right does not apply if you have exercised a right under the policy (e.g made a claim or are entitled to) or the policy has expired.

If you exercise the right the insurance contract will be terminated from the time you notified the insurer and the premium will be returned.

The amount of premium refunded will vary for each insurer. They are permitted (unless the policy states otherwise) to deduct:

- an amount representing the insurer's period of time on risk;
- any tax or duty paid or owing for which the insurer is unable to obtain a refund; and
- any reasonable administrative and transaction costs incurred by the insurer reasonably related to the acquisition of the policy and termination of the relationship which don't exceed the true cost of an arm's length transaction.

Irrespective of any cooling off period you may still have cancellation rights under your policy. Refer to the cancellation clause in the policy which sets out your and the insurer's rights in this regard. If the policy does not state that you have a cancellation right you can only cancel if they agree to it.

If you want to return or cancel your policy contact us so we can assist.

Claims made and occurrence policies – what is the difference?

Claims Made Policies - Directors' and Officers' liability policies, professional indemnity and some other liability policies are typically written on a "Claims Made" basis.

They cover only those claims made against you during the period of insurance. In some cases you also have to notify the insurer of the claim during the period of insurance.

Claims made policies do not provide cover in relation to:

- claims made after the end of the period of insurance even though the event giving rise to the claim may have occurred during the period;
- claims notified or arising out of circumstances notified under any previous policy;
- claims made against you prior to the commencement of the period of insurance;
- claims arising out of circumstances noted on the application for the current period of insurance or on any previous application.
- events that occurred prior to the retroactive date of the policy (if such a date is specified);

However, where you give notice in writing to the insurer of any facts that might give rise to a claim against you as soon as reasonably practicable after you become aware of those facts but before the expiry of the period of insurance, the policy will, subject to its terms and conditions, provide cover even if that claim is made after the expiry of the period of insurance.

Occurrence Based Policies - General Liability, Industrial Special Risks, Travel, Aviation, Contract Works, Marine policies and many other policies occurrence based wordings.

This means that when there is an incident/occurrence giving rise to a claim, the policy that responds is the policy that was in force at the time of the incident/occurrence.

We set out below some important terms found in policies you should pay particular attention to and ensure you understand.

Sums insured – average and co insurance

Some policies require you to bear a proportion of each loss or claim if the sum insured is inadequate to cover the amount of the loss. These are often called "average" or "co-insurance" clauses.

If you don't want to bear a proportion of any loss, you must ensure that the amount for which you insure (including on renewals) is adequate to cover the full potential of any loss. If your policy provides "new for old" cover, please ensure that the sum insured is the cost of replacing the lost or damaged property with new property.

Read these clauses carefully to see how they can affect the amount of cover under the policy.

Waiver of Rights clauses

Some policies have a clause which limits or excludes claims where the insured has limited its rights to recover a loss from another party in circumstances where that other party is responsible for the loss. This can occur where the insured has entered into a contract limiting the liability which the other contracting party would have had to them but for the contract.

If you have entered into, or propose to enter into a contract which might limit rights against another contracting party, please let us know, so that we can advise you about how the agreement affects, or may affect, your cover. .

Interest of Other Parties

Many policies exclude cover for an interest in the insured property held by someone other than the insured, unless that interest is specifically noted in the policy. For example, if property is jointly owned, or subject to finance, the interest of a third party such as the joint owner or financier may be excluded if it is not specifically noted on the policy.

If you want the interest of any third party to be covered, please let us know, so that we can ask the insurer to note that party's interest on the policy.

Change of Risk or Circumstances

You should carefully monitor and review that your insurance contract is adequate to cover your assets or business activities and seek a variation if it isn't.

Many policies require you to notify the insurer in writing of certain changes to the insured risk during the period of insurance. The insurer can then decide whether to cover the new risk.

Examples are:

- for insurance covering property - location changes, new business activities or any significant departure from your normal business operations.
- For insurance covering your liability to third parties - changes to the nature of your business, and specifically in products liability, changes to your product range or your involvement in products not previously notified to insurers.

If you have any doubt please ask us.