



Supplementary Information to Coverage Summary

Duty of Disclosure

Non-Consumer policies

Non-consumer policies are policies that are not purchased for personal, domestic or household purpose.

Before you enter into an insurance contract, you have a duty to tell your 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, change or reinstate an insurance contract.

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

If your failure to tell the insurer is fraudulent, they 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 they insure you for; or
- Is common knowledge; or
- The insurer knows or should know as an insurer; or
- The insurer waives your duty to tell them about.

Consumer policies

Consumer policies are policies that are purchased for personal, domestic or household purpose.

You have this duty before you enter into the policy, and also before you renew, change or reinstate the policy at which point in time you may be required to answer questions by the insurer. We shall forward your answers to the insurer who will use them in deciding whether to insure you, and anyone else to be insured under the policy, and on what terms.

In particular, when you **renew** the policy, you will need to review those answers you have previously given. (Usually contained in documents such as Proposal/What You Have Told Us/Record of Answers). You must contact us if any of this information is incorrect or has changed. If you do not tell us about a change to something you have previously told us, your insurer will take this to mean there is no change.

To ensure you meet your duty to take reasonable care not to make a misrepresentation to the insurer, your answers to the questions must be truthful, accurate and complete.

If you fail to meet your duty, the insurer may be able to cancel your contract, or reduce the amount it will pay if you make a claim, or both.

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

Important Notices & Information

Essential Reading of Policy Wording

The original of your policy wordings (PDS) have been provided to you or will be passed to you as soon as they are received from Insurers. Please read these documents without delay and advise us of any aspects which are not clear to you or where any aspect of the cover does not meet with your requirements.

Criminal Record and Bankruptcy

All insurers we have approached on your behalf require that no person(s) to be insured has been:

- bankrupt, or
- involved in a business that has been in receivership or liquidation or
- convicted of a criminal offence or
- has had insurance cancelled, refused or declined.

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

Under-Insurance

Reviewing the sums insured and declared values in your policies on a regular basis and at each renewal will help you to ensure that you have maximum protection under your policies.

Consider whether you require cover for replacement on a 'new for old' basis and other costs such as removal of debris. The value of the property/assets insured may need to be updated if you change locations, renovate or expand your premises, or purchase new property/assets.

If you don't check these values and advise us of changes you require, you could be underinsured as the insurer may apply an Average or Co-insurance clause.

Average or Co-Insurance

Some policies contain an Average or Co-insurance 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.

Some business interruption policies contain an Average/Co-Insurance clause which has a different application. Check your policy and contact us with any questions.

Contracts and Leases you plan to sign

If you sign a contract with an indemnity, "hold harmless" or release, it can invalidate your insurance – unless you obtain the Insurer's consent in advance.

These clauses are often found in leases and other contracts you sign from time to time relating to your business. Do not sign a contract or lease without contacting us and/or taking legal advice as to whether the contract terms will prejudice your policy.

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.

Industrial Special Risks policies automatically cover property which you are responsible to insure, subject to the policy excess. Public liability insurance may assist you meet claims relating to property damage to property which you lease or hire. A sub-limit usually applies to the amount you can claim for damage to property in your care, custody or control.

Additional Insureds and Noting Interests

If a person is to be named on your policy or insured as a co-insured or joint insured, notify us immediately so we can request this in advance from the insurer. Your property and liability policies will not provide automatic cover for the insurable interest of other parties (e.g., mortgagees, lessors).

Check with us whether the insurer will include someone else as an insured or note their interests before you agree to this in a contract or lease. We cannot guarantee that an insurer will agree to include someone as an insured under your policy or to note their interests on your policy.

Claims Occurring Policies

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 policy period.

Claims Made Policies

Some policies (e.g. professional indemnity insurance) provide cover on a “claims made” basis. This means that claims first made known to you (or made against you) and reported to your insurer during the policy period are insured under that policy, irrespective of when the incident causing the claim occurred. If you become aware of circumstances which could give rise to a claim, you must notify the insurer during the policy period.

To ensure that you are covered, immediately report to the insurers all incidents that may not yet be claims against you but which may give rise to a claim as soon as they come to your attention and before the policy expires.

Insurer Solvency

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. For your protection, we draw your attention to the following important information.

Application of GST on Insurance Policies

Most insurance is deemed a taxable supply (ie, it is not GST-free) although there are some classes of insurance that do not attract GST.

For the majority of insurance policies issued, the Insurer has a liability to pay GST. This liability can be passed on to the Insured. The insured may be able to claim any GST back from the Australian Taxation Office as an Input Tax Credit.

The Amount of GST Payable

The consideration paid for an insurance policy consists of premium plus fire service levies (where applicable) and stamp duty.

GST is applied to that part of the amount to be paid net of stamp duty but including any fire services levy.

Declaration of Sums Insured

An Insured who is registered for GST should consider the net amount (after all ITCs have been taken into account) which is to be insured and advise the sums insured or asset values

or turnover on a **GST Exclusive basis**.

An unregistered Insured who is wholly input taxed or a registered Insured who is partially input taxed will need to advise the sums insured or asset values or turnover on a **GST Inclusive basis** in addition to their precise taxable status.

INSURANCE CLAIMS AND EXCESS

Payment of an excess by an Insured is not treated as consideration for a taxable supply and is therefore not subject to GST.

The treatment of settlements for GST purposes depends on whether or not the Insured is registered for GST and their entitlement to claim a full or partial Input Tax Credit on the premium paid.

Registered Insured

A registered Insured is entitled to an Input Tax Credit on a premium to the extent that it is acquired for a taxable purpose. If the Insured is entitled to an ITC in respect of the premium, it must notify the Insurer of the percentage that it is entitled to claim. This must be done on or before making the claim.

So long as the percentage notified by the Insured to the Insurer is correct, the Insured will have no GST liability on a settlement received under the policy.

Settlements where a registered business can claim a partial Input Tax Credit will be for an amount somewhere between the GST-exclusive and the GST inclusive price (depending on the entitlement).

Unregistered Insured

An unregistered Insured is not entitled to claim an Input Tax Credit on the premium and has no liability to pay GST on the settlement.

Settlements to non registered entities will be for the “GST-inclusive price” of the insured item.

It is important to note that an Insured is not liable to pay GST on claim payments, provided they have informed their Insurer as to their entitlement to an ITC on the premium paid on the policy (or their tax status). This must be done at (or before) the time of a claim.

The tax status is the percentage an Insured is entitled to claim as an Input Tax Credit for the GST on the premium paid on any policy. If the Insured is registered for GST, it is a requirement under the GST legislation for the Insured to advise its Insurer(s) of its ABN and tax status. Failure to do so may result in the Insured having a GST liability on any claim settlement made under any policy.

The level of an Insured’s tax status is a matter to be determined by a professional tax adviser.

Our advice to you regarding the application of GST on general insurance policies is offered in our capacity as Insurance Brokers. The level of your Tax Status as a business registered for GST is a matter to be assessed by your professional taxation adviser. We cannot and do not accept liability for the consequences of any information provided to your Insurer regarding your entitlements to Input Tax Credits on the premiums paid on your insurance policies.

Your insurers must be kept informed

It is important to inform your insurer of any **Material Change in Risk** to ensure that your business is adequately covered throughout the period of insurance. This includes **any change that increases either the likelihood or the potential magnitude of loss in the subject matter of the insurance.**

While specific requirements may vary by insurer, listed below are some of the common changes you should inform your insurer as soon as you become aware of them.

1. Changes in business activities

Changes in processes, occupancy or products and extensions of business operations, including new products or processes, expansion or alteration of core activities, services, or markets that may expose your business to different risks.

2. Significant increases or decreases in revenue

Fluctuations in revenue may affect the coverage limits you need, particularly for business interruption insurance.

3. Changes in business location or to premises

Acquisition, construction or occupancy of new premises; alteration, vacation, temporary unoccupancy, extension or demolition of existing premises

4. Increases in Value

Increases in value in excess of policy limits for buildings, plant, machinery or stock (whether due to acquisition, economic inflation or exchange rate fluctuation).

5. Purchasing new equipment

Purchasing new assets, especially equipment such as pressure vessels which could cause significant damage, may increase the level of risk and exposure.

6. Mergers or acquisitions

Acquisition of new subsidiaries, mergers or joint ventures in which you are involved in Australia or elsewhere

7. Changes in key personnel

Change in key personnel (e.g., directors, partners, or managers)

Any other changes that you think may cause your insurers any concern e.g. increase in level or risk.

8. Changes in company structure or ownership

If there is a change in your business structure or ownership, inform your insurer to ensure your policy remains valid.

9. Failure of protection systems

Alterations to or disconnection or failure of fire or burglary protection systems

10. Cybersecurity and technology changes

Implementation of new IT systems or experience of a data breach can impact your cyber risk profile.

11. Signing of contracts

New contracts, leases or agreements to be signed - Contractual liabilities assumed and legal rights contractually relinquished or diminished, any contracts which impose onerous conditions

12. Hiring or borrowing plant and equipment

Your insurers need to know the value and type of equipment so that you can be covered for any liability caused by and loss or damage to the hired equipment.

13. Using Hired Labour

Many policies exclude cover for hired labour. It is important to tell your insurers before you hire labour to make sure that you are covered for any liability due to injury.

14. External Funding

Mortgages or other borrowings which create insurable interest of third parties in insured property

15. Foreign trade

Developments involving exposures beyond Australia, overseas acquisitions or exports of products.

16. Legal or regulatory changes

Changes in any legal or regulation on your industry (e.g., new licenses, permits, or compliance requirements) may affect your coverage needs

Are there Major Risks left uninsured?

1. Risks may become uninsured:

By Non-disclosure

If a policyholder does not accurately disclose all relevant information to the insurer, such as the nature of the business, assets, or prior claims history, the insurer may deny coverage in the event of a claim, leading to uninsured risks.

By Change in Circumstances

If a policyholder's circumstances change **during** the policy period, such as business expansion, acquisition of new assets or material increase in risks, they may be exposed to uninsured risks if they do not update their insurance policy accordingly.

By Not Complying with the Conditions of the Policy

Risks covered by a policy is subject to certain Conditions, e.g. Claims Made policies have a condition that the policyholder must first become aware of the claim and notify the insurer within the period of insurance. If the policyholder knew before the period of insurance about the circumstances that eventually lead to a claim in the period of insurance, that risk will become uninsured

2. Risks may remain uninsured:

By Under-insurance

If the sums insured or declared insurable values are significantly less than the actual values, and Co-Insurance/Average provisions are applied to losses, you are part-Insurer and therefore will become responsible for all such losses.

By Inadequate Loss Limits

All policies impose maximum limits on the amount of money they would pay in case of a claim. This is because the insurers have to allow for the possibility of having to pay for multiple claims on your policy. Most often these limits are way below the sum insured.

By assuming a high Excess

This amount of money that a policyholder must pay the insurer before a claim can be settled is always uninsured.

By having no cover available

There are always certain events, situations, or damages that an insurance policy does not cover or that no insurer would offer to cover. When the insurers decide that the risk is too high, e.g. the policyholder has a poor claims history, or the risk will be catastrophic if ever it happens,, there will be no cover available.

By Non-insurance

For those risks that the policyholder has chosen not to insure, they will remain uninsured. This will further lead to additional losses as the event giving rise to the claim almost always lead to a variety of multiple losses. .

- Accounts Receivable/Book Debts
- Advance Business Interruption
- Airport Operator's Liability
- Association Liability

- Aviation Hull and Liability
- Bankers' Blanket Bond
- Bloodstock or Livestock
- 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 Penalties / Liquidated Damages
- Control of Well (Operator's Extra Expense)
- Corporate Travel
- Crops (Growing)
- Cyber Liability
- Cyber Security (first party)
- Directors' and Officers' Liability / Company Reimbursement
- Disability
- Electronic Computer Crime
- Electronic Equipment / Breakdown / Business Interruption
- Employers Liability
- Employment Practices Liability
- Environmental Impairment Liability
- Extended Warranty
- Export Credit
- Extra Territorial Workers' Compensation
- Fidelity Guarantee
- Film/Film Producers Guarantee
- Fine Arts
- Fire and Extraneous Perils
- General Property
- Glass
- Group Personal Accident
- Home and Contents
- Industrial Special Risks
- Infringement of Copyright
- IT Liability
- Key Person
- Kidnap, Ransom and/or Extortion

- Legal Expenses
- Libel and Slander / Defamation
- Life Assurance
- Livestock
- Loss of Hire / Standby Charges
- Machinery Breakdown
(Material Damage / Business Interruption)
- Management Liability
- Manufacturers Output / Sellers Contingency
- Marine Hull
- Marine Cargo:
- Overseas
- Inland
- Inland & Overseas
- Medical Crisis / Trauma
- Money
- Mortgage and Lease Guarantee
- Mortgage Protection
- Motor Vehicle
- Non-Owned Aviation Liability
- Personal Accident / Illness
- Plant & Equipment
- Pleasurecraft
- Pluvius (Weather)
- Political Risk
- Product Performance Guarantee
- Product Tamper / Contamination
- Product Recall
- Professional Indemnity / Errors & Omissions
- Protection & Indemnity
- Public and Products Liability
- Salary Continuance
- Surety Bonds
- Third Party Strikes
- Takeover
- Taxation Audit
- Technology Liability
- Trailers
- Trade Credit
- Trustee Liability
- Umbrella Liability
- Valuables

- Voluntary Group Accident Schemes
- Workers' Compensation:
- Workcover Make Up Pay/Excess
- Victoria
- New South Wales
- Queensland
- South Australia
- Western Australia
- Tasmania
- Northern Territory
- Australian Capital Territory
- Extra Territorial

Privacy Collection Statement

At AAIB we are committed to protecting your privacy in accordance with the Privacy Act 1988 (Cth) (Privacy Act) and the Australian Privacy Principles (APPs). This Privacy Notice outlines how we collect, disclose and handle your personal information (including sensitive information) as defined in the Act.

Why we collect your personal information

We collect your personal information (including sensitive information) so we can:

- identify you and conduct necessary checks as required by the Anti- Money Laundering, International Sanctions Policy and Counter-Terrorism Financing Act 2006 and other legislation;
- determine what service or products we can provide to you e.g our insurance broking services, funding services, risk management and other consulting services.
- provide you with our financial services;
- improve our services and products such as training and development, product and service research, data analysis and business strategy development; and
- communicate with you about our products, services or events or any other direct marketing activity unless you have told us not to do so.

What if you do not provide some personal information to us?

If you do not provide the required personal information we or any involved third parties may not be able to provide you with appropriate services or products.

How we collect your personal information

We collect your personal information by phone, email, or in writing, directly from you or your representatives unless it is unreasonable or impracticable for us to do so.

We may also obtain personal information indirectly such as from another insured if they arrange a policy which also covers you, related bodies corporate, referrals, your previous insurers or insurance intermediaries, witnesses in relation to claims, health care workers, publicly available sources, premium funders and persons with whom we have business relationship.

We try to restrict the collection and use of sensitive information from you unless we are required to do so in order to carry out the services provided to you. However, we do not collect sensitive information without your consent.

If you provide us with personal information about another person you must only do so with their consent and agree to make them aware of this privacy collection statement.



To whom we may disclose your personal information

We share your personal information with third parties for the collection purposes noted above (or others with your consent).

We usually disclose personal information to third parties who assist us or are involved in the provision of our services. Your personal information is disclosed to them only in connection with the services we provide to you or with your consent. We may also disclose it for direct marketing purposes.

These third parties can include our related companies, our agents or contractors, insurers, their agents and others they rely on to provide their services and products (e.g reinsurers), premium funders, other insurance intermediaries, insurance reference bureaus, loss adjusters or assessors, medical service providers, credit agencies, lawyers and accountants, prospective purchasers of our business and our alliance and other business partners.

These parties are prohibited from using your personal information except for the specific purpose for which we supply it to them and we take such steps as are reasonable to ensure that they are aware of the provisions of our Privacy Policy in relation to your personal information.

Any personal information provided to us may be transferred to, and stored at, a destination outside Australia. In most cases this will be in relation to marketing and placing your insurance with Lloyds of London.

When we send information overseas, in some cases we may not be able to take reasonable steps to ensure that overseas providers do not breach the Privacy Act and they may not be subject to the same level of protection or obligations that are offered by the Act. By proceeding to acquire our services and products you agree that you cannot seek redress under the Act or against us (to the extent permitted by law) and may not be able to seek redress overseas. If you do not agree to the transfer of your personal information outside Australia, please contact us.

More information, access, correction or complaints

For more information about our privacy practices including how we collect, use or disclose information, how to access or seek correction to your information or how to complain in relation to a breach of the Australian Privacy Principles and how such a complaint will be handled, please refer to our Privacy Policy available at our website www.aaib.com.au or by contacting us (our contact details are below).

Your consent to the above, contacting us and opting out

By providing us with personal information you and any other person you provide personal information for, consent to this use and these disclosures unless you tell us otherwise. If you wish to withdraw your consent, including for things such as receiving information on products and offers by us or persons we have an association with, please contact us.

Any questions?

If you have any further questions about the financial services AAIB provides, please contact us.

Please retain this document for your reference and any future dealings with AAIB.