

## IMPORTANT INFORMATION ABOUT INSURANCE CONTRACTS

The Insurance Contracts Act 1984 requires companies to provide certain information to people intending to insure with them. The information concerns the duty of disclosure of an intending insured and the effect of particular types of clauses in a proposed insurance policy.

In general terms, the kind of information which an insurance company must give you is as follows:

### Your duty of Disclosure

Before you enter into or renew an insurance policy, it is your duty to disclose every matter that you know, or could reasonably be expected to know, to be relevant to the insurance company's decision whether to give you insurance cover and, if so, on what terms.

### Consequences of Nondisclosure if Misrepresentation

If you breach your duty of disclosure, the insurance company may be able to refuse to pay a claim or to cancel your policy. The same applies where you have made a misrepresentation by providing inaccurate or incomplete information. If you breach your duty or make a misrepresentation, if fraudulent (i.e., done deliberately for the purpose of obtaining insurance, or for obtaining it on favourable terms), the insurance company may be able to "avoid" your policy. This means that the insurance in the company can treat the policy as never having existed. Nondisclosure or misrepresentation in relation to one policy may affect your ability to obtain other insurance in the future.

### Standard Covers

The Insurance Contracts Act Regulations set out the standard cover terms of motor vehicle, home buildings, home contents, sickness and accident, consumer credit and travel insurances. If an insurance company wishes to rely on a term which is different from the standard cover terms, the insurance company must clearly inform you in writing of that different term. The insurance company may do so by giving you a copy of the policy.

### "Average" or "Co-insurance"

Some policies contain an "average" (otherwise called 'co-insurance') clause. This type of clause requires you to bear a proportion of each loss or claim if the sum insured is inadequate to cover the full potential loss. In effect, you are taken to have self-insured a proportion of the risk, because you have not insured the full value of the risk. If you do not want average to apply, you must ensure that the level of your insurance is adequate whenever you arrange a new policy or renew an existing one. If your insurance is on a 'reinstatement and replacement' basis (i.e. "new for old"), the sum insured must be for the full cost of replacing the insured property with new property.

### Interests of Other Parties

Many Policies exclude cover for an interest in the insured property held by someone other than the named insured, unless that interest is specifically noted on the policy. For example, if property is jointly owned, or subject to finance, the interest of the joint owner or financier may be excluded, if it is not specifically noted on the policy. Generally, the safest course is always to have all interests in all property Insured noted on each policy. If anyone other than you has an Interest in property you are insuring, please let us know.

### Waiver of Rights

Some policies contain a clause which limits or excludes claims where the insured person has limited his or her rights to recover a loss from another person in circumstances where that other person is responsible for the loss. For example, this may happen where you have entered into a contract which limits the liability which the other contracting person would have been under in the absence of the contract. The insurance company must inform you in writing of the effect of this type of clause if you have entered into or propose to enter into a contract which might limit your rights against another contracting person. Please let us know immediately.

However, it is possible that you may not receive information from your insurance companies which they would otherwise be required to provide. For that reason, it is vital that you read your policies, insurance schedules and certificates of insurance carefully to ensure that they meet your requirements.

If you have any query, please contact us immediately.

## GENERAL ADVICE WARNING

### Retail Clients

Under the Corporation Act 2001 (The Act) Retail Clients are provided with additional levels of protection from other insurance purchasers. The Act defines Retail Clients as:

Individuals or a 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 RETAIL CLIENT (refer above) and 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 been prepared without considering your current objectives, financial situation or 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.

#### **Cancellation**

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

#### **Code of Conduct**

Clients who are not fully satisfied with our services should contact our customer relations/complaints officer. We also subscribe to Australian Financial Complaints Authority (AFCA), a free customer service, and the Insurance Brokers Code of Practice. Further information is available from this office.

If you are not sure of the meaning or significance of any information we give you, please contact us.