

## Important Notices & Information (Domestic Retail Clients)

Grange is committed to providing outstanding insurance broking and risk management services. To allow our office to negotiate your renewal we kindly ask that you:

- Advise any required changes after reviewing your Policy Schedules

We ask that you **thoroughly review all insured names, sums insured, endorsements, and underwriting information** to ensure that the coverage meets your specific requirements. Please note that your insurance programme is subject to underwriting information, which may not be included in your policy schedule. If you wish to obtain a copy of the underwriting information for your review, kindly inform our office, and we will be happy to provide it.

We advise you to carefully **consider obtaining coverage for any items that have been marked as not insured, not taken, or uninsured**. Moreover, if you need coverage for items not listed in the attached document, please do not hesitate to reach out to our office for assistance.

We would like to bring your attention to your Duty to not make a Misrepresentation, and we strongly advise you to conduct a thorough review of your insurance programme to ensure that the coverage and information provided are accurate and correct.

As your insurance broker, **we will proceed with automatically renewing your insurance programme (where possible) unless you instruct otherwise**. We do this to maintain continuity of coverage. However, please be aware that failure to provide the necessary renewal information may lead to your insurance program being renewed based on expiring information, which could be incomplete and/or inaccurate. It is essential to provide the required details to ensure your coverage remains up-to-date and adequate for your needs.

## **YOUR DUTY OF DISCLOSURE**

Before you enter into an insurance contract with an insurer, you have a legal duty to disclose complete, accurate and truthful information to the insurer. This is called your "Duty of Disclosure" and it applies until the insurer agrees to insure you or renew your insurance. The Duty of Disclosure also applies before you extend, vary or reinstate your insurance.

### ***Duty to take reasonable care not to make a misrepresentation for consumer insurance contracts***

If you are applying for, renewing, extending or varying an insurance policy for personal, domestic or household purposes (a consumer insurance contract), for example, in relation to your motor vehicle, home building and/or contents, residential strata, travel, personal accident or sickness, life, and/or consumer credit products, you must answer the specific questions asked by the insurer truthfully and accurately. In answering those questions, you must tell the insurer all information that's known to you and that a reasonable person would be expected to provide in answer to the questions.

At renewal, the insurer may ask you to advise any changes to something you have previously disclosed, or may give you a copy of the information you previously disclosed and ask you to advise the insurer if there has been a change. If you do not tell the insurer about a change, you will be taken to have told the insurer there is no change.

### ***Duty to disclose all relevant information for non-consumer contracts***

If you are applying for, or renewing, extending or varying any other kind of insurance, you must tell the insurer all information that is known to you that you know is relevant to the insurer's decision to insure you, or that a reasonable person could be expected to know to be relevant to the insurer's decision to insure you and on what terms. You do not need to tell the insurer anything:

- that reduces the risk it insures you for;
- is common knowledge;
- that the insurer knows or should know in the ordinary course of the insurer's business as an insurer; or
- which the insurer waived your duty of disclosure to tell it about.

## **NON-DISCLOSURE**

If you fail to comply with your Duty of Disclosure, the insurer may cancel your contract or reduce the amount it will pay you if you make a claim, or both. If your failure to comply with the Duty of Disclosure is fraudulent, the insurer may refuse to pay a claim and treat the contract as if it never existed.

If you are in doubt about whether or not a particular matter should be disclosed, please contact your Account Manager for assistance.

## **PEOPLE YOU REPRESENT**

Where you represent another insured person or person proposed to be insured, you must explain to them that they have a Duty of Disclosure to before we arrange any insurance cover.

Alternatively, you may ask any person you represent to contact us and we will explain their Duty of Disclosure to them directly.

## **DUTY OF GOOD FAITH**

Each party to an insurance contract, being the insurer, the policy holder, and (if applicable) any third party beneficiary, must act towards each other with the utmost good faith. The duty of good faith covers all aspects of the insurance agreement from the precontractual stage to the post-contractual stage (making and handling claims), and does not just apply to the duty of disclosure by the insured. This means that all parties must act with fairness, decency and honesty in their dealings with one another.

If you fail to comply with your duty of good faith, the insurer may be able to cancel your insurance. If the insurer fails to comply with its duty of good faith, you may be able to sue the insurer for damages.

## **UNDERINSURANCE**

Underinsurance occurs when you have not insured the full repair or replacement value of your property/asset. If you are underinsured, your insurer may rely on any 'Average' or 'Co-insurance' clause in the insurance policy. This means you may not receive full compensation for your loss and would have to bear part of the loss yourself.

Underinsurance often happens because you haven't properly calculated the current replacement value of their property. Reviewing the sums insured and declared values on a regular basis and at each renewal will help you to ensure that you are not underinsured and have full protection under your policies.

In some circumstances, you may need to decide whether to increase the sums insured or declared values of insured property/assets, and whether you require replacement on a 'new for old' basis. It is also important to consider other costs such as removal of debris and any additional costs that may be required to replace the damaged property/asset. 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 (especially if your purchases are substantial).

In some cases insured property (like a motor vehicle) may depreciate in value or you may want to reduce the insured values to ensure that you are paying a competitive premium.

If you want to discuss whether insured property/asset values should be changed in your policies, please contact your Account Manager for assistance. If you do not notify us about a change to the value of the property/assets insured under your policies, we cannot communicate these changes to the insurer in order to ensure that you are not underinsured.

## **AVERAGE OR CO-INSURANCE**

Some policies contain an Average clause. These clauses set out that if you insure for less than the full value of the property, you are in effect, "self insured" for the difference, meaning that you are responsible for the proportionate difference between the amount that you are insured for, and the full replacement value of the property, regardless of the value of the actual claim. Your claim may therefore be reduced proportionately to the amount of the under-insurance gap. 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	\$ 100,000
Amount payable by Insurers as a result of the application of Average/Co-Insurance, i.e. 50%,	\$ 50,000
Amount payable by you (i.e. the other 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). The particular calculation formula will be set out in the policy agreement and Product Disclosure Statement.

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 or restrict 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 with a third party containing an indemnity clause, a "hold harmless" clause or a release – unless you obtain the Insurer's consent in advance.

This is because some policies contain 'contractual liability exclusions' that mean the Insurer can refuse to pay or can 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. These clauses seek to restrict you (and your insurer's) ability to recover from landlords. 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.

You should not sign a contract or lease of the kind described above without first 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, you should make sure that the contract clearly identifies who is responsible for insuring the property. This will help avoid ambiguity about liability after a loss and ensure that any claims are efficiently processed.

Industrial Special Risks insurance policies for leased or hired property 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 to 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 of the property being leased to or hired by you, 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 about who is to insure the property.

## **UNNAMED THIRD PARTIES**

If you require a person to be named as a co-insured, a joint insured, or 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 request that an insurer include a further party to be insured under your policy or to note the interests of another party on your policy, we cannot guarantee that an insurer will accommodate the request.

If you think that you will require another party to be covered under your insurance contract or agreement, you should not sign the contract without checking with us to find out 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. Your Account Manager can give you more information 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 or the prudential standards determined by Australian Prudential Regulation Authority (**APRA**), which establishes a system of financial supervision of general insurers in Australia that APRA monitors.

An unauthorised foreign 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 regulatory and prudential 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.

### **INSURER'S SOLVENCY**

As your insurance broker, we cannot warrant or guarantee the current or ongoing solvency or financial viability of an 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 insurance policies are "occurrence-based" and do not provide coverage in respect of damage or loss resulting from events that occurred before the insurance commenced. These policies 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 subject of the claim occurred (unless there is a date beyond which the policy does not cover – this is called a "retroactive date") will be covered by the policy.

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 have a duty to 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 the Policy Schedule provided with this Notice, 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 for a new policy 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 documents, such as the terms of agreement and Product Disclosure Statements 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.