

Statutory and Other Important Notices

For your protection under legislation, we are required to advise you of your duty of disclosure and other important information.

If you have any queries regarding these notices, please contact us immediately.

Duty of Disclosure

Before you enter in to a contract of general insurance with an insurer, you have a duty, to disclose to the insurer every matter that you know, or could reasonably be expected to know, that is relevant to the insurer's decision whether to accept the risk of the insurance and, if so, on what terms.

You have the same duty to disclose those matters to the insurer before you renew, extend, vary or reinstate a contract of general insurance. Any subsidiary and/or related company has the same duty of disclosure as the named insured.

If you fail to comply with your duty of disclosure, the Insurer may be entitled to reduce his liability under the contract in respect of a claim or may cancel the contract. If your non-disclosure is fraudulent, the Insurer may also have the option of avoiding the contract from its beginning.

If you are in doubt about whether or not a particular matter should be disclosed , please contact us immediately.

Utmost Good Faith

Every contract of insurance is subject to the doctrine of utmost good faith which requires that the parties to the contract should act toward each other honestly and fairly. Failure to do so on your part may prejudice any claim or the continuation of cover provided by Insurers.

Change or Alteration in Risk

It is important that you advise Arthur J. Gallagher of any material changes to your business or products such as alteration of risk, changes in location, mergers and acquisitions, or any new or changes in activities (including overseas) which may have a bearing on the adequacy of your Insurance Program.

If you have any queries as to what constitutes a material change, please contact us immediately.

Average or Co-Insurance

Some policies contain an Average/Co-Insurance clause which means that you must insure for the full insurable value of the property insured. If you under-insure, your claim may be reduced in proportion to the amount of the under-insurance.

A simple example, illustrating the basic principle, application and effect of the Average/Co-Insurance clause 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.

If the amount of Claim, was say \$100,000, the amount payable by Insurers as a result of the application of Average/Co-Insurance would be \$50,000 (being 50% of the \$100,000).

Average/Co-Insurance – Business Interruption Policies

Some policies contain an Average/Co-Insurance clause which is fully set out in the “Basis of Cover” or “Policy Specification” of the policy. For the types of cover most usually provided, the Average/Co-Insurance calculation is arrived at by applying the Rate of Gross Profit, Revenue or Rentals (as applicable) to the Annual Turnover, Revenue or Rentals (as applicable); these factors first being appropriately adjusted as provided for in the “Trend of Business” or “Other Circumstances” clauses.

If you are in any doubt regarding this clause insofar as it applies to your policy, please contact us for assistance.

Subrogation and/or Hold Harmless Agreements

You may prejudice your rights with regard to a claim if, without prior agreement from your Insurers, you make any agreement with a third party that will prevent the Insurer from recovering the loss from that third party, or another party who would be otherwise liable.

Examples of such agreements are the “hold harmless” clauses which are often found in leases, in maintenance or supply contracts and in service/repair contracts. If you are in doubt, please contact us for assistance.

Interest of Other Parties

If you require the interest of a party other than the Named Insured to be covered, you MUST request this as most policy conditions will exclude indemnity to other parties (eg, mortgagees, lessors, principals etc) unless their interest is properly noted on the policy.

Leasing Hiring and Borrowing Property

When you lease, hire or borrow property, make sure that the contract clearly identifies who is responsible to insure the property. This will help avoid arguments after a loss and ensure that any claims are efficiently processed.

Your Industrial Special Risks policy automatically covers property you are responsible to insure, subject to the policy deductible. The decision as to who should insure the property is not left to your discretion.

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 lease or hire conditions, you should write to the owner asking who is to insure the property.

Claims Made Policies

Your attention is drawn to the fact that some policies, for example Directors' & Officers' Liability, Professional Indemnity and Crime, provide cover on a "claims made" basis which means that claims first advised to you (or made against you) and reported to your insurer during the Period of Insurance are recoverable irrespective of when the incident causing the claim occurred, subject to the provisions of any clause relating to a "retroactive date".

You should also note that where you give notice in writing to the Insurer of facts that might give rise to a claim against you as soon as is reasonably practicable after you become aware of those facts (but before the insurance cover provided by the contract expires) then the Insurer is not relieved of liability under the contract in respect of the claim, even if that claim is made after the expiry of the Period of Insurance.

In order to ensure that any entitlement under the policy is protected, you must therefore report all incidents that may give rise to a claim against you to the Insurers without delay after such incidents come to your attention and prior to the expiration of the policy period.

Claims Occurrence Based Policies

Policies that are not underwritten on a "claims made" basis are usually written on an occurrence basis. This means when there is an incident that gives rise to a claim, the policy that responds is the policy that was in force at the time of the incident. For example, if an incident occurred in 2003, but the first notification of any claim is today, then the policy that was purchased in 2003 is the policy that responds, not the current policy.

Essential Reading of Policy Wording

It is in your own interests to read these documents without delay and advise Arthur J. Gallagher in writing of any aspects which are not clear to you or where any aspect of the cover does not meet with your requirements.

Privacy Statement

Arthur J. Gallagher ('AJG') handles your personal information with care in accordance with the Privacy Act. AJG collects information about you to provide you with insurance, risk management and claims services. AJG may disclose your personal information to third parties for the purposes described in our Privacy Policy, including our related companies, our agents and service

providers, insurers, premium funders and risk management consultants. Your personal information may be disclosed overseas but only entities of those countries where we are satisfied there is a similar privacy law or scheme to Australia and there are mechanisms for the individual to enforce the protection. By asking us to assist with your insurance, risk management and claims needs, you consent to the collection, use and disclosure (including overseas disclosure) of your personal information for the purposes described in our Privacy Policy. Where you provide information about others, you represent to us that you have made them aware of that disclosure and of our Privacy Policy and that you have obtained their consent. If you do not provide us with full information, we cannot properly advise and assist you and you may breach your duty of disclosure. For information about how to access and or correct the personal information we hold about you or if you have any concerns or complaints, ask us for a copy of the AJG Privacy Policy or visit www.ajg.com.au.

General Insurance Code of Practice

Arthur J. Gallagher proudly supports the General Insurance Code of Practice. The purpose of the Code is to raise standards of practice and service in the general insurance industry. A copy of the Code can be obtained from www.codeofpractice.com.au or from us upon request.

Sanctions Affected Insureds

Your attention is drawn to the fact that Insurers are prohibited from engaging in transactions with and cover cannot be provided to individuals or entities that are subject to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, Australia, United Kingdom or United States of America or Bermuda.