



A Business Owner's Guide to Professional Indemnity Insurance

*What business owners need to know to
protect their business*

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Understand Professional Indemnity Insurance Features & Benefits

Essentials for all Professionals

Professional Indemnity Insurance is essential protection for professionals who provide a service, including design and advice.

Professionals are only human and mistakes do happen. Any financial loss, injury or damage arising from a mistake or failure by the professional to exercise the required level of skill may mean that an award is made in favour of a person or company who suffers a loss, damage or injury.

A professional may also be held liable for a mistake even though there was no negligence. Defence costs under the policy are made available to dispose of such allegations.

Who is a Professional

A professional will hold himself or herself out as having a special skill, which can be relied upon by another. Consequently the law requires that the professional exercise the required skill to an appropriate level expected by that profession.

Anyone who provides an individual or company advice and/or services of a skilful character (according to an established discipline) might be regarded as a 'Professional'. That means persons other than those in 'traditional' Professions, such as doctors, lawyers, architects and engineers, are now considered to be 'Professionals' e.g. IT consultants, advertising agents, real estate agents, mortgage and finance brokers, management consultants, trade associations and fund managers.

Who can make a claim against you

Any third party such as a customer, supplier, competitor, regulatory authority (including ACCC, ASIC, EPA), Industry bodies and others can make a claim against you, if they have allegedly suffered a loss due to negligence (or alleged negligence) arising from your professional services.

Claims can arise from various allegations including:

- Breach of your duty of care
- Negligence / Common Law Matters
- Civil Liabilities
- Conflicts of Interest
- Breach of Confidentiality
- Competition and Consumer Act or similar commonwealth legislation designed to protect consumers

What does Professional Indemnity Insurance Cover

Professional Indemnity Insurance Cover provides indemnity for claims brought against you for financial loss, injury or damage arising from a breach (or an alleged breach) of your professional duty in the course of conducting your business. Professional Indemnity Insurance aims to protect your assets in the event of a claim, to ensure you can still carry on your business.

The need for Professional Indemnity Insurance is not to be confused with Liability Insurance. Liability Insurance expressly excludes claims arising from advice or design, where a separate fee is charged.

As a business owner, it is important that you have a sound understanding of both insurance and uninsured exposures for your business, due to the inability to control all outcomes.

Policy Cover and Features

Professional Indemnity Insurance aims to provide protection for:

- Settlements, compensation and/or damages awarded against the insured; and/or
- Legal costs and other expenses associated with defending a claim.

Policy features may include:

- Competition and Consumer Act or similar commonwealth legislation designed to protect consumers
- Libel and slander dishonesty
- Loss of documents
- Defence costs
- Official enquiries cover

Benefits of Professional Indemnity Insurance

- ✓ Peace of mind and valuable time savings with the knowledge that there are experienced legal professionals that will take care of any claims or allegations made against you.
- ✓ Reduction in the possibility of interruption to your business.
- ✓ Reduction in the probability of lost income as the legal costs incurred will not only be covered by a Professional Indemnity policy, but will be reduced because of the experienced professionals engaged to defend your claim.



**Professional Indemnity
Insurance is a
'Claims Made' Policy**

What is a Claims Made Policy

Professional Indemnity Insurance is offered on a "claims made" basis, meaning it only covers claims made, or possible claims that you become aware of (or could reasonably be expected to give rise to a claim), that are notified to the insurer within a current or active policy period. This is distinct from an "occurrence" based policy that covers any claim provided the loss "occurred" during the policy period, no matter when the claim is brought against you.

Under claims made policies, an act or omission may have occurred in a prior period, and as long as that act or omission was on or after the retroactive date, the policy will extend to those prior acts (assuming the claim was not intentionally withheld at the last renewal, and reported within a reasonable timeframe) and you have maintained continuity of cover with the same insurer.

It is essential to maintain continuity of Professional Indemnity insurance cover, as claims made against you, or circumstances which you become aware of that could give rise to a claim, will not be covered if they are not disclosed within the period of insurance where they first arise.

If there is any claim, or potential claim, or even a circumstance that could reasonably be expected to give rise to a claim, it must be reported to your insurer immediately, regardless of your own view as to fault. If you know of a claim or circumstance and it is not reported within the insurance period in which it arises, your insurance policy is unlikely to respond.

Why do Claims Made Policies Exist

Claims Made policies help reduce uncertainties relating to the “Operative Clause” trigger in long-tail business risks. These uncertainties can be:

- Any damage that is not realised until many years after work has been completed;
- A difficulty in pin-pointing when the act, error or omission occurred; or
- A loss covered by an “Occurrence-based” policy having an inadequate sum insured.

With Claims Made policies, it is important that:

- Cover is maintained for as long as there is a risk of claims being made.
- Run off Cover is considered after the business ceases to operate or is sold.





Understand the Difference Between Occurrence and Claims Made Policies

UNDERSTAND THE DIFFERENCE BETWEEN OCCURRENCE AND CLAIMS MADE POLICIES

The below table highlights the differences between Occurrence and Claims Made Policies.

| CLAIMS MADE CONTRACTS | OCCURRENCE CONTRACTS |
|---|---|
| <p>Claims made coverage is operative only if a claim is made in the policy period and provides indemnity for acts, errors or omission that occurred during or prior to the period of insurance up to the retroactive date of the policy (and the insured had no prior knowledge of the incident/circumstance prior to the period of insurance).</p> <p>In a Claims Made contract the policy must be in force:</p> <ul style="list-style-type: none"> on the date you become aware of a claim or potential claim, and when you inform the insurer of a claim or potential claim. <p>The act, error or omission that causes the loss can occur at any time:</p> <ul style="list-style-type: none"> before or during the policy period, and on or after the retroactive date. | <p>Occurrence based coverage is triggered by an occurrence or event during the period of insurance, irrespective of the date the claim was made.</p> <p>In an Occurrence contract, the policy must be in force:</p> <ul style="list-style-type: none"> on the date the event that causes the loss occurs. <p>Notification can be given to the insurer:</p> <ul style="list-style-type: none"> at any time, subject to the policy notification clause, that may define a limited period to notify. |
| <p>Changing from a Claims Made Policy to an Occurrence Policy</p> <p>The occurrence policy wording will not cover claims made that relate to incidents outside the policy period.</p> <p>If changing from a claims made policy to an occurrence policy, the policyholder will need to purchase Run off Cover to provide protection for their business activities prior to the inception of the 'occurrence policy', or negotiate prior cover with their new insurer, rather than purchasing Run off Cover.</p> | <p>Changing from an Occurrence Policy to a Claims Made Policy</p> <p>If the policyholder moves from an occurrence based policy to claims made policy, there are no issues.</p> <p>As incidents that occurred during the policy period are covered (subject to the terms of the cover), there is no consideration for the expiring occurrence wording.</p> |
| <p>Changing Policy Cover from one Insurer to Another</p> <p>For claims made policies, it is important to negotiate both full retroactive cover and a continuous cover endorsement with the new insurer.</p> | <p>Changing Policy Cover from one Insurer to Another</p> <p>For occurrence policies, there are no issues to the occurrence wording.</p> |
| <p>The following types of insurance are commonly termed "Claims Made" contracts of insurance:</p> <ul style="list-style-type: none"> Professional Indemnity Insurance Directors and Officers Liability Insurance Management Liability Insurance Employment Practices Liability Insurance Fidelity Insurance | <p>Types of Occurrence Policies</p> <p>The following types of insurance are commonly termed "Occurrence" contracts of insurance:</p> <ul style="list-style-type: none"> Public and Products Liability Insurance Business Property Insurance Motor Vehicle Insurance |

UNDERSTAND THE DIFFERENCE BETWEEN OCCURRENCE AND CLAIMS MADE POLICIES

The following diagrams illustrate the difference between Claims Made Policies and Occurrence Policies based on an incident arising whilst a policy was current in Year 1.

Claims Made Policy

With Claims Made Policies, once you have stopped paying your premium, you are no longer covered for unreported claims. Therefore it is imperative to notify potential claims to your insurer immediately and whilst the policy is current and in force.

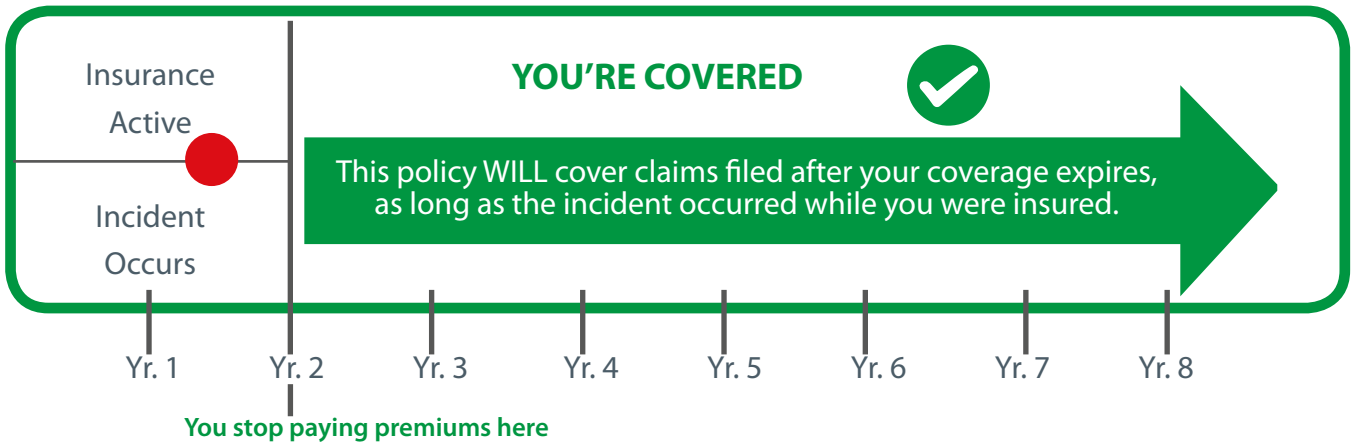


The following types of insurance are commonly termed “Claims Made” contracts of insurance:

- Professional Indemnity Insurance
- Directors and Officers Liability Insurance
- Management Liability Insurance
- Employment Practices Liability Insurance
- Fidelity Insurance

Occurrence Policy

With Occurrence policies, as long as the incident occurs whilst the policy is current and in force, you remain covered.



The following types of insurance are commonly termed “Occurrence” contracts of insurance:

- Public and Products Liability Insurance
- Business Property Insurance
- Motor Vehicle Insurance



**Get to Know the Terms
in your Professional
Indemnity Insurance Policy**

GET TO KNOW THE TERMS IN YOUR PROFESSIONAL INDEMNITY INSURANCE POLICY

A summary of common terms and their definitions relating to Professional Indemnity Insurance.

| | |
|-----------------------------|--|
| Costs Inclusive Excess | The policyholder must pay the amount of the excess towards the legal and defence costs. |
| Costs Exclusive Excess | The policyholder does not pay any excess towards the legal and defence costs but only pays the amount of the excess towards a claim settlement. |
| Known Claims / Circumstance | The prior knowledge of a fact, situation or circumstance that a policyholder knew of before the policy period began; or in which a reasonable person in the insured's professional position, would have thought might result in a claim being made against them. |
| Limit of Indemnity | The total liability of the insurer for compensation and claimants costs and expenses in respect to any one claim. This limit of indemnity, depending on the policy, may also include the policyholder's defence costs. |
| Territorial Limitation | The limitation under the policy to provide cover for acts, errors and omissions committed in certain territories. Policies issued within Australia cover a minimum territorial limit of Australia and commonly extend to New Zealand as well. Many policies also provide Worldwide Territorial Cover excluding USA / Canada. |
| Jurisdiction Limitation | The policy will only cover claims brought within the court system of the nominated countries. |
| Period of Insurance | Relates to the period of cover (generally 12 month policy periods). Upon the expiration or termination of the contract, all liability ceases except for those claims and/or claim circumstances that were notified within the period of insurance to the insurer. |
| Professional Services | The description of the policyholder's activities covered by the policy. This may also be termed as 'Professional Business', 'Professional Services' or 'Business Activities' depending on the terminology in the insurer's policy. |
| Who is a Professional | A Professional is anyone who promotes themselves as a 'professional or expert' in their established discipline, and whom someone else relies on for the advice and/or services they provide. |
| Policyholder | The policy schedule should list all prior and current legal entities as a policyholder. The definition of policyholder commonly includes Principals (directors/partners) and employees. If you have changed company structure, it is important to maintain cover for the prior entities because if they are removed, they will no longer be afforded cover under the policy. |
| Policy Schedule | Outlines the terms and conditions of the insurance contract in conjunction with the applicable policy. |

Cont.

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|--------------------------|--|
| Policy Wording | It is important that you understand the extent of your policy coverage and your insurance requirements. Policy coverage is always subject to the terms, conditions and exclusions of the insurance contract and policy wording provided by the insurer. Each insurance company has its own policy wording. This means that coverage can vary considerably from one insurer to another. It is vital that you compare each policy based on the appropriateness of cover for your individual or business needs. |
| Reinstatement | In the event that the policy limit of indemnity is exhausted due to claim(s), the 'reinstatement' provision, if provided under the policy, reinstates the limit under the policy back to the full sum insured. It is an important benefit to have, as renegotiating or establishing further cover immediately after a claim(s) occurs can be extremely difficult. |
| Retroactive Date / Cover | Retroactive cover is limited to acts, errors or omissions arising from work performed by the insured on or after the retroactive date, which is usually "unlimited" or is a "specified date" that could be the inception date of the policy, date of commencement of the business, or other date as specified in the policy schedule. Note that the retroactive date may precede the inception date of the current policy. Claims arising from work done prior to the retroactive date are not covered. |
| Run off Cover | If a policyholder chooses to sell the business and/or retire, Run off Cover will indemnify the insured for any unknown claims that may arise from mistakes made whilst still in business and during the period of Run off Insurance (after the specified retroactive date and before the run off date). |
| Total Sum Insured | Any one event limit as well as an aggregate limit of damages in any one period of insurance. This may be extended by virtue of the automatic reinstatement clause. |
| Claim | A request for compensation received by the insured from a third party. This can be an originating process (in a legal proceeding or arbitration), cross claim, counter claim, third party or similar notice, or any written or verbal demand - depending upon the applicable policy definition. |
| Claims Made Policies | Claims Made policies provide cover for claims made or known; a fact, situation or circumstance ("known circumstances") that you think could reasonably be expected to give rise to a claim against you during the period of insurance. They require all claims and any fact, situation or circumstance that is likely to result in a claim, to be notified to the insurer within the period of insurance. The actual mistake could occur at any time on or after the retroactive date, and the policyholder must not have had any prior knowledge of the fact, situation or circumstance before the period of insurance. |
| Continuity of Cover | "Continuous Insurance Cover" provides cover for claims arising out of a known circumstance. The benefits of a Continuous Cover Clause do not forgive their overriding legal duty of disclosure under Section 21 of the Insurance Contracts Act (the Act). However, they may provide the policyholder protection for innocent non-disclosure if they have maintained cover with the same insurer with no interruptions since the known circumstance arose. |



**The Benefit of
Continuous Cover with
the same Insurer**

What is Continuous Cover

Continuous Cover gives cover for claims that have arisen out of a known circumstance and should have been notified to the insurer in a prior policy period. This is providing that the following points are taken into account:

- The current insurer was the insurer at the time the policyholder first became aware of the matter.
- Continuous Cover was held with the insurer.
- If the insurer had been notified of a circumstance, the policyholder would have been covered under the policy in force at that time.
- The claim, nor the known circumstance, was previously notified to any insurer.
- The lesser limit of the two applicable policies will apply.
- Delayed notification may be taken into account in the adjustment of the claim, should the insurer's position be prejudiced.
- Issues of 'non-disclosure' and 'known circumstances' exclusions are not raised.
- Fraudulent non-disclosure or misrepresentation does not occur.

Continuous Cover and Section 21 of the Insurance Contracts Act

The benefits of a Continuous Cover clause do not forgive a policyholder's overriding legal duty of disclosure under Section 21 of the Insurance Contracts Act (the Act):

- Any policyholder has a duty to disclose every matter that is known and could be relevant to the insurer accepting the risk.
- Section 28 of the Act details the solutions available to an insurer if it could be shown that a policyholder failed to comply with its duty to disclose.



**Selling or Ceasing Business?
Check if you require
Run Off Cover**

What is 'Run Off Cover'

If a policyholder chooses to sell his/her business and/or retire, Run Off Cover may be purchased. Run Off Cover provides indemnity to the policyholder for any unknown claims and/or circumstances that may arise whilst the policyholder was still in business and during the period of Run Off Insurance (after the specified retroactive date and before the run off date). It only provides cover for prior activities and does not cover any future activities after the run off date.

Run Off Cover policies are commonly offered and reviewed from year to year. However, insurers are increasingly able to offer multi-year policies that can be a preferable option.

How Long Should 'Run Off Cover' be maintained

Run Off Cover should generally be held for a minimum of 12 months. However, it is important for a policyholder to assess their exposure based on potential risks associated to their business activities and the possibility that claims will arise.

Some industries, such as Construction and Engineering, have long tail liability so it can depend upon the Statute of Limitations legislation applying to that particular claim. In some cases, a claim can be brought in excess of 15 years after the act, error or omission occurred.

If you are unsure whether or not to maintain Run-off Cover, it is important to seek advice from your broker and/or a legal adviser.



Questions to Consider When Setting your Sum Insured

When considering the level of cover for your Professional Indemnity Insurance, you need to review your past, present and future business and review the exposure to types of possible claims that may arise from your clients and other third parties.

In general, a sum insured of less than \$1 million is unlikely to be adequate for even a small practice which assesses its exposure as low.

- In a worst-case scenario, if something went wrong, what could be the potential financial loss to third parties?
- Is there a potential for bodily injury claims (or even multiple injuries) arising from your professional services?
- What is the potential for financial loss to any third party arising from your professional services?
- What is the potential for multiple claims in any one policy year?
- Does your policy limit include defence costs and erode your policy sum insured, or are defence costs in addition to the policy limit? Consider the potential legal and investigation costs which may be incurred over the life of the claim.
- How long may a claim take to settle? Claims can sometimes take many years to finalise, which means the legal costs and interest liability will mount, as will the effect of inflation.
- How many parties may be implicated in any claim or action? The more parties there are, the more difficult and costlier it is to settle a claim.
- What is the nature, scale, and complexity of work done in the past and during the policy period? A policy generally covers exposure from prior work, where the retroactive date has been extended to do so. Consider any potential risk exposure that may arise from prior business activities, as in some cases it may take years before a liability becomes apparent.
- What is the overall contract/project value you work on? You may only have a small part and only earn a small amount of fees, but consider whether an allegation of an act of negligence, error or omission could delay the entire contract/project and be extremely costly.
- Review contractual or legislative obligations to take out a minimum level of cover.



**Review the Checklist
Below to Make Sure
You're Covered**

1. Policyholder
Check that your full business name is correctly listed. This needs to be the legal entity in which you trade under.
2. Business Description
Ensure that the business description correctly reflects the business services that are insured under the policy.
3. Prior Business
Ensure all prior company names (legal entities) are listed under the insured name and that the Business Services are listed under the Business Description. (If they are not listed, it is likely you are not covered for work undertaken through these entities).
4. Retro-active Date
The retro-active date should provide cover for either unlimited date or the date your business commenced. In some circumstances, insurers may not be able to provide full retrospective cover from the date your business commenced if no previous professional indemnity insurance was in place before.
5. Policy Limits (Limit of Indemnity)
Review your policy limit to ensure that you are adequately protected. Consider your prior, current and forthcoming work.
6. Policy Excess
Minimum excesses are set by insurance companies. Whilst increasing your excess may have a slight reduction in premium (generally not more than 5–10%), the premium saving should be compared to the additional amount payable in the event of a claim or multiple claims.
7. Territorial and Jurisdictional Limits
Insurance policies issued within Australia provide at minimum Australian Territorial and Jurisdictional Limits. If you are providing products and services to or in other countries, then you should ensure that your policy is suitable for this.
8. Policy Extensions
Review the policy extensions to ensure you understand the nature of cover provided.
9. Policy Endorsements, Exclusions & Conditions
Review the policy endorsements, exclusions and conditions to ensure that you understand the extent of the cover provided.

Cont. 10. Claims & Notifications of Circumstances

It is extremely important in order to comply with the policy coverage to notify all claims or circumstances to your insurer in the year that they arose, prior to the expiry of your policy.

Failure to do so may result in a claim not being insured. Ask all your employees/ contractors to confirm in writing that they are not aware of any circumstances or claims against them. Encourage openness and not a culture of fear regarding notifications to Professional Indemnity Insurers.

If in doubt, refer any issues to your insurance broker or adviser, or in their absence directly to your Professional Indemnity Insurer.

The policyholder has an obligation to understand the terms of the contract. Whilst an insurance broker's role is to provide advice and to ensure that the policy is in accordance with your instructions, current legislation places responsibility on all parties to an Insurance Contract to be aware of the details of that Contract.

We recommend you read your Policy Documents in conjunction with the Policy Wording and retain these documents and that you keep them both in a safe place.



**Before Entering Into
Insurance Contracts,
Consider the Conditions**

When entering into contracts whether it be with your landlord, suppliers, customers or other third parties, consider the conditions and how you may be held liable.

Contractual Liabilities

Contractual Liabilities (indemnities) and Commercial Risks are generally excluded under insurance, unless such liability would have existed in absence of the contract being in place. In some cases contracts may impose unreasonable conditions and/or liability that would not exist in absence of the contract being in place.

Outlined below are Indemnity and Hold Harmless Clauses that may apply to some contracts:

What is an Indemnity Clause

In accordance with the provisions set out in the contract, an Indemnity Clause is about risk allocation. Parties to commercial contracts allocate their respective legal risk exposures – whether their exposure is in breach of contract, negligence or other unlawful conduct. The precise wording of the indemnity clause determines the extent of the indemnity and the risks allocated between the parties to the contract.

At law, an indemnity is a legally binding promise whereby one party undertakes to accept the risk of loss that another party may suffer. An indemnity is therefore an obligation to reimburse or make good the recipient of the indemnity for the loss or liability it may suffer, to the extent provided in the contract.

What is a Hold Harmless Clause

A Hold Harmless clause gives the recipient of that clause the benefit of being held harmless by the other contracting party, or any other party claiming against the recipient. Like an indemnity clause, a hold harmless clause is a risk transfer mechanism.

What is a Hold Harmless Clause (cont.)

An example of this clause is when the contractor holds the principal harmless from any action, claims, liability or loss in respect of the performance of the services. Under this clause, the contractor is not only prevented from bringing any claim against the principal (even if the principal has contributed to the loss or liability in the first place), the contractor may be required to hold the principal harmless by ensuring that the principal does not suffer any loss or liability as a result of the performance of the services which may include claims by a third party.

Insurance Implications of Indemnity & Hold Harmless Clauses

If you agree in a contract to hold harmless another party without any right to adjust their respective liabilities according to each party's contribution to the loss or liability, this may jeopardise a company's insurance for financial liability risks (i.e. potentially no cover in place). This in effect waives your rights (and that of your insurer) to subrogate (recover) the loss from a potential at fault party.

What insurance generally covers in respect to Contractual Liabilities

Outlined below is the extent of cover provided by liability and indemnity insurance in relation to contractual liability:

The insurer will not be held liable for any assumptions made by the insured, under any express warranty, guarantee, hold-harmless agreement or indemnity clause. That is, unless such liability would have been in place in the absence of such an agreement.

Where a claim is an alleged breach of contract, the insurer will not reduce their liability. Contributory negligence is not available as a defence.

Cover is provided where, in absence of the agreement, the liability would still be owed. It is not going to extend to cover any breach of contract where additional liability is assumed or as an agent.

It is always recommended that when entering into a new agreement, you seek legal advice as to the nature of the agreement.



Your Duty of Disclosure to Your Insurer

Duty of Disclosure

Before you enter into a contract of insurance, you have a duty under the Insurance Contracts Act 1984 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 on whether or not to accept the risk of the insurance. You have the same duty to disclose those matters to the insurer before you renew, extend, vary or reinstate your insurance.

Your duty does not require disclosure of matters that:

- Diminish the risk to be undertaken by the insurer.
- Are of common knowledge.
- The insurers know, or, in the ordinary course of their business, ought to know.
- The insurer waives compliance with your duty.

Non-Disclosure

If you fail to comply with your duty of disclosure, the insurer may be entitled to reduce their liability under the contract in relation to a claim or may cancel the contract. If your non-disclosure is fraudulent, they can also void the contract from its beginning.

Reasonable Precautions

You must take all reasonable precautions for the maintenance and safety of the insured property. Your insurer will not be liable for any loss, damage, injury or liability arising from a deliberate or fraudulent act committed by you or on your behalf.

Utmost Good Faith

Insurance contracts are subject to the doctrine of utmost good faith and this is part of the law. Both parties must strictly adhere to utmost good faith and failure to do so may prejudice any claim/s made.



Change of Risk or Circumstances

Change of Risk or Circumstances

It is important that you notify your insurer or adviser of anything that represents a departure from your normal form of business during the insurance period.

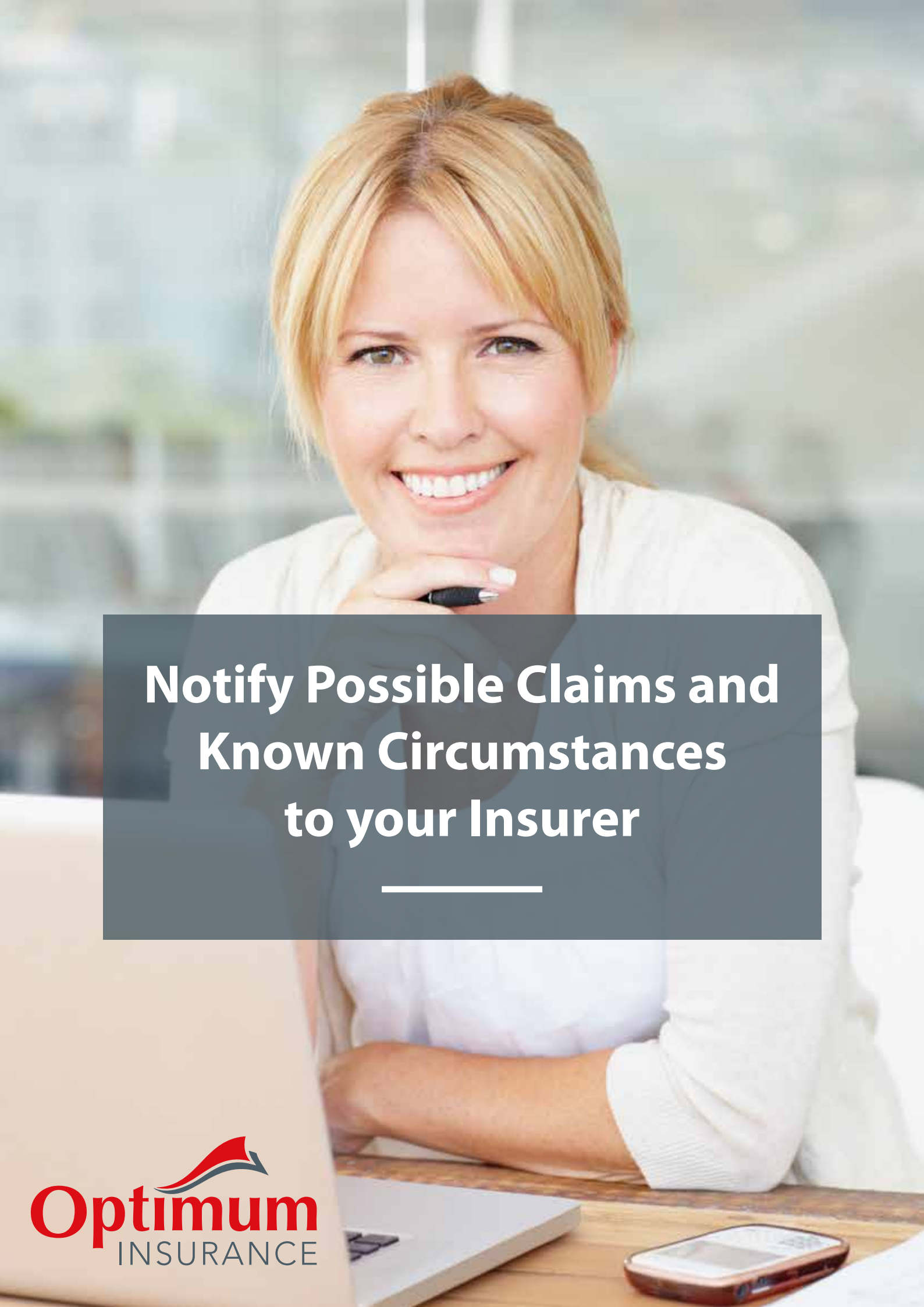
Your insurer has assessed and accepted the risks of your insurance policy based on the information given. Therefore, alterations to your business or anything related to your business may have an impact on your insurance contract, underwriting guidelines and/or policy conditions.

Examples of Material Changes to your Business

Changes to your business that you would need to notify your insurer of, include:

- Acquisition of new companies and/or mergers
- Change of business activities
- Contractual liabilities
- Granting of indemnities or hold-harmless agreements

If variations such as the above are made to your business but not provided to your insurer, your claim could be prejudiced.



**Notify Possible Claims and
Known Circumstances
to your Insurer**

Notifying Circumstances

If there is any claim or potential claim, or even a circumstance that could reasonably be expected to give rise to a claim, it must be reported to your insurer immediately, regardless of your own view as to fault. If you know of a claim or circumstance and it is not reported within the insurance period in which it arises, your insurance policy is unlikely to respond.

This is because if a claim eventuates from the notified circumstance, the insurer cannot deny indemnity, despite the fact that the claim arose outside the period of insurance. Furthermore, if you change insurers, and you have a known circumstance with the new insurer, it will not be accepted.

What is a 'circumstance' that could give rise to a claim?

This varies from insurer to insurer, so always check your policy first; generally the definition of "claim" will define what a notifiable event is. The advice we commonly provide our clients with is that, if an employee reports a mistake that could potentially give rise to a future claim, you should report it. Consider if the error is likely to cost your client money or be a breach of your company or professional guidelines.

We should also dispel any beliefs that any incident reported to an insurer will cause premiums to rise. Not true, unless the issue is likely to result in a claim. Instead what this does is demonstrate an understanding of the policy holder's obligations to report any issue that might later require the policy's assistance – something that is viewed very favourably by insurers in most cases.

Failure to Notify


If you fail to notify your insurer of a known circumstance, your claim could be denied. It will also be subject to Section 54 of the Insurance Contract Act (the Act), that:

- Prevents an insurer from relying on a term of a contract of insurance to refuse to pay a claim because of an act or omission of the policyholder that occurred after the policy began; and
- Specifies that the insurer may seek to reduce the amount they pay by proving the extent of the prejudice they have suffered because of the late notification.

Failure to notify leaves the policyholder open to a dispute over the indemnity of a claim and they run the risk of subsequent policies being cancelled due to non-disclosure, either fraudulent or innocent.

If in doubt, always notify your insurer and if a circumstance arises in to a claim, you have complied with the claims disclosure requirements under the insurance contract.





**Contact an Adviser for
Expert Advice**


Optimum
INSURANCE

About Optimum

Optimum Insurance Services are insurance advisers based in Australia, servicing clients in Asia Pacific markets. As a Corporate Authorised Representative of Insurance Advisernet, we proudly provide a wide range of insurance products and services.

Our award winning Founder, Amanda Smith, inspires her team of qualified advisers to embody her standards of excellence, so clients receive an Optimum experience every time.

We understand insurance can be complex and risky. At Optimum, we:

- ✓ Minimise your business risks by equipping you with the right policies for your business
- ✓ Make choosing an insurance policy easy by providing tailored, expert service
- ✓ Deliver quality customer service and expert advice, from finding the right quote, to efficiently processing claims procedures

With Optimum, you'll get peace of mind by knowing that all your needs are covered, from quote to claim.



Quality Policies at Competitive Prices

We recognise policy quality and price are extremely important for business owners.

Rest assured that with Optimum, you will receive high quality, comprehensive policies that are made to match your business' risk requirements that are competitive in the marketplace.

Our comprehensive risk analysis and trained personnel ensures we ask the right questions to make sure you receive the most suitable quotes for your individual needs.

We only use industry leading, financially stable insurance companies that provide excellent service, and we pride ourselves on our ability to offer quality insurance products and services.

We don't compromise on quality - and never will.

Contact Us

We hope you're interested in hiring Optimum Insurance to support and help protect your business.

Get in touch, and one of our insurance experts will be happy to help you find the right insurance solutions for your needs:

+61 1300 739 861

service@optimuminsurance.com.au

www.optimuminsurance.com.au

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