

IMPORTANT NOTICES & INFORMATION

For your protection under legislation, we are required to inform you of your duty of disclosure and draw your attention to the following important information.

YOUR DUTY OF DISCLOSURE

Please note that in relation to policies which are not governed by the Insurance Contracts Act 1984 such as Marine Insurance (other than Marine Inland Transit Insurance) and insurance required by statute, the Insured still owes a Duty of Disclosure to the Insurer. This is a duty to disclose to the Insurer before the contract is concluded, every material circumstance which is known to the Insured. Every circumstance is material which would influence the judgement of a prudent Insurer in fixing the premium or determining whether he will take the risk. **The Insurer may avoid the contract from inception if the Insured fails to make such disclosure.** In the case of insurance required by statute, such as Compulsory Third Party Motor Vehicle insurance, the Insurer may have rights of recovery against the Insured in the event of misrepresentation, misstatement or non-disclosure.

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 with the utmost good faith. Failure to do so on your part may prejudice any claim or the continuation of cover provided by Insurers.

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

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 your Account Manager 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, or another party who would be otherwise liable.

Some policies contain provisions that either exclude the Insurer from liability, or reduce its' liability, if you have entered into any agreements that exclude or limit your rights to recover damages from another party in relation to any loss, damage or destruction that is the subject of a claim under the policy.

Examples of such agreements are the “hold harmless” clauses which are often found in leases, in maintenance or supply contracts from burglar alarm or fire protection installers and in repair contracts. If you are in doubt, please consult your Account Manager.

UNNAMED PARTIES

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

CLAIMS MADE DURING THE PERIOD OF INSURANCE

Your attention is drawn to the fact that some policies 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, in terms of the provisions of Section 40(3) of the Insurance Contracts Act 1984, 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, when made, by

reason only that it was made after the expiration of the Period of Insurance cover provided by the contract.

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 OCCURRING PRIOR TO COMMENCEMENT

Your attention is drawn to the fact that your policies do not provide indemnity in respect of events that occurred **PRIOR** to commencement of the contract.

NOT A RENEWABLE CONTRACT

Cover under your policies terminates on the date shown in this Manual or as indicated in the YOURCOY tax invoice or adjustment note.

Some policies are not renewable contracts. If you wish to effect similar insurance for any subsequent period, it will be necessary for you to complete a new proposal prior to the termination of the current policy so that terms of insurance and quotations can then be developed for your consideration.

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.

ESSENTIAL READING OF POLICY WORDING

The original of your policy wordings have been provided to you or will be passed to you as soon as they are received from Insurers. It is in your own interests to read these documents without delay and advise YOURCOY in writing of any aspects which are not clear to you or where any aspect of the cover does not meet with your requirements.

GENERAL

Many areas of insurance are complex and some implications may not be evident to you. Your Account Manager and/or Account Director will keep you informed, but if at any time you are unsure of any aspect of your insurances, please contact YOURCOY to discuss the matter. A directory of personnel to contact is included in this section of the Manual.