

## IMPORTANT INFORMATION

### The duty of disclosure

Before you enter into a contract of general insurance with an insurer, 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, 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 or reinstate a contract of general insurance.

Your duty, however, does not require disclosure of a matter:

- that diminishes the risk to be undertaken by the insurer;
- that is of common knowledge;
- that your insurer knows or, in the ordinary course of his business, ought to know;
- as to which compliance with your duty is waived by the insurer.

### Non-disclosure

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.

**Please note:** The disclosure is especially important in matters relating to the physical risk, past claims, cancellations of insurance covers, the imposition of increased premiums etc. and any matters that might affect the acceptance of the risk (such as insolvency or criminal convictions). Your duty of disclosure must be taken seriously as it may affect your right to claim. Disclosure is not limited to matters applying to the insured named in the policy but includes other past businesses or private insurances.

### The average clause (under insurance)

Many policies contain a co-insurance (or average) provision whereby you may be required to bear a rateable proportion of the loss in the event that the sum insured is less than the value of the insured property at the commencement of the insurance. Sums insured should be such as to ensure you are not penalised by this provision.

### Hold harmless agreements

You will prejudice your rights of a claim if, without prior agreement from your insurer, you make any agreement that may prevent the insurer from recovering the loss from a third party. These 'hold harmless' clauses are often found in leases, in maintenance or supply contracts (e.g. from burglar alarm or fire protection installers), building or repair contracts and sales agreements. If you are in doubt consult us. This notification requirement applies to all Property insurances and also to Public Liability insurance. It has a special connotation in Products Liability where you must not without the insurer's agreement, indemnify or hold a supplier harmless.

### Insuring the interest of other parties

If you require the interest of any additional parties to be covered you MUST request this. Most policy conditions will

exclude indemnity to other parties (e.g. mortgagees, lessors, principals etc.) unless their interest is properly noted on the policy.

### 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 if you fail to do so, you may prejudice any claim.

### Change of risk or circumstances

It is our duty as brokers to give you sound professional advice, but that advice can only be sound and valid if we are kept properly informed of changes and developments to your business or circumstances. It is imperative you advise us of location changes, of new business activities, radical departure from your normal form of business or change in products as such have a tremendous bearing on the adequacy of your insurance program.

Your insurers have assessed and accepted your risks on the basis of information given – any variation of those details could lead to an uninsured loss if they are not disclosed. For example, an insurer may well accept an engineering risk but no longer give cover if a woodworking activity is entered into. In Liability insurance, underwriters must be informed if the nature of your business changes and, specifically in Products Liability, if your product range changes or you are involved in products not previously made known to underwriters.

In Personal Accident insurance, a change in occupation could prejudice your cover. In order to ensure proper protection, please consult with us if you are in doubt as to whether an insurer should or should not be told of certain changes. We would rather give you the extra service by answering those queries, than allow you to take the risk of losing your proper protection under your insurance policies.

### Notice regarding this resource

The following points should be applied at all times:

1. This manual provides a summary of cover only and does not replace, take precedence or form part of the insurance contracts arranged by us on your behalf. The insurance contracts, which are held by Motorsport Australia, provide details of the insurance terms, conditions and exclusions.
2. This manual is not intended to be a complete or exact guide to terms, conditions, warranties and exclusions of your insurance contracts.
3. These can only be determined by studying the policy documents. This manual is intended to give you a broad working knowledge of the covers in place.
4. This manual is not to be construed as legal evidence of insurance.
5. It is essential that you comply with all relevant laws, by-laws and regulations. You must take all due and reasonable precautions to prevent or mitigate losses, acting as though you were uninsured. Failure to do so may prejudice your rights and entitlements under your various insurance policies. Please do not hesitate to contact us should any assistance be required.

GENERAL ADVICE WARNING: The information provided by Gallagher is considered general advice only and does not take into account your personal or financial situation. This information must be read in conjunction with the Policy documentation