

# Glossary of insurance terms

<b>Accident year experience</b>	The matching of all claims occurring (regardless of when reported or paid) during a given 12 month period with all premium earned over the same period.
<b>Acquisition cost</b>	The total of net commission and operating expenses incurred in the generation of net earned premium and often expressed as a percentage of net earned premium. The operating expenses are after the transfer of direct costs for claims settlement expenses which are included in net incurred claims expense.
<b>Attritional claims ratio</b>	Total of all claims with a net cost of less than US\$2.5 million as a percentage of net earned premium.
<b>Admitted insurance</b>	Insurance written by an insurer that is admitted (or licensed) to do business in the (US) state in which the policy was sold.
<b>Agent</b>	One who negotiates contracts of insurance or reinsurance as an insurance company's representative i.e. the agent's primary responsibility is with the insurance carrier and not the insurance buyer.
<b>Broker</b>	One who negotiates contracts of insurance or reinsurance on behalf of an insured party, receiving a commission from the insurer or reinsurer for placement and other services rendered. In contrast with an agent, the broker's primary alliance is with the insurance buyer not the insurance carrier.
<b>Capacity</b>	In relation to a Lloyd's member, the maximum amount of insurance premiums (gross of reinsurance but net of brokerage) which a member can accept. In relation to a syndicate, the aggregate of each member's capacity allocated to that syndicate.
<b>Casualty insurance</b>	Insurance that is primarily concerned with the losses resulting from injuries to third persons or their property (i.e. not the policyholder) and the resulting legal liability imposed on the insured. It includes, but is not limited to, general liability, employers' liability, workers' compensation, professional liability, public liability and motor liability insurance.
<b>Catastrophe reinsurance</b>	A reinsurance contract (often in the form of excess of loss reinsurance) that, subject to specified limits and retention, compensates the ceding insurer for losses in related to an accumulation of claims resulting from a catastrophe event or series of events.
<b>Claim</b>	The amount payable under a contract of insurance or reinsurance arising from a loss relating to an insured event.
<b>Claims incurred</b>	The aggregate of all claims paid during an accounting period adjusted by the change in the claims provision for that accounting period.
<b>Claims provision</b>	The estimate of the most likely cost of settling present and future claims and associated claims adjustment expenses plus a risk margin to cover possible fluctuation of the liability.
<b>Claims ratio</b>	Net claims incurred as a percentage of net earned premium.
<b>Combined operating ratio</b>	The sum of the claims ratio, commission ratio and expense ratio. A combined operating ratio below 100% indicates profitable underwriting results. A combined operating ratio over 100% indicates unprofitable underwriting results.
<b>Commercial lines</b>	Refers to insurance for businesses, professionals and commercial establishments.
<b>Commission</b>	Fee paid to an agent or broker as a percentage of the policy premium. The percentage varies widely depending on coverage, the insurer and the marketing methods.
<b>Commission ratio</b>	Net commission expense as a percentage of net earned premium.
<b>Credit spread</b>	The difference in yield between a corporate bond and a reference yield (e.g. LIBOR, BBSW or a fixed sovereign bond yield).
<b>Credit spread duration</b>	The weighted average term of cash flows for a corporate bond. It is used to measure the price sensitivity of a bond to changes in credit spreads.
<b>Deductible</b>	The amount or proportion of some or all losses arising under an insurance contract that the insured must bear.
<b>Deferred acquisition costs</b>	Acquisition costs relating to the unexpired period of risk of contracts in force at the balance sheet date which are carried forward from one accounting period to subsequent accounting periods.

<b>Excess of loss reinsurance</b>	A form of reinsurance in which, in return for a premium, the reinsurer accepts liability for claims settled by the original insurer in excess of an agreed amount, generally subject to an upper limit.
<b>Expense ratio</b>	Underwriting and administrative expenses as a percentage of net earned premium.
<b>Facultative reinsurance</b>	The reinsurance of individual risks through a transaction between the reinsurer and the cedant (usually the primary insurer) involving a specified risk.
<b>General insurance</b>	Generally used to describe non-life insurance business including property and casualty insurance.
<b>Gross claims incurred</b>	The amount of claims incurred during an accounting period before deducting reinsurance recoveries.
<b>Gross earned premium (GEP)</b>	The total premium on insurance earned by an insurer or reinsurer during a specified period on premiums underwritten in the current and previous underwriting years.
<b>Gross written premium (GWP)</b>	The total premium on insurance underwritten by an insurer or reinsurer during a specified period, before deduction of reinsurance premium.
<b>Incurred but not reported (IBNR)</b>	Claims arising out of events that have occurred before the end of an accounting period but have not been reported to the insurer by that date.
<b>Insurance profit</b>	The sum of the underwriting profit (loss) and investment income on assets backing policyholders' funds.
<b>Insurance profit margin</b>	The ratio of insurance profit to net earned premium.
<b>Inward reinsurance</b>	The reinsurance or assumption of risks written by another insurer.
<b>Large individual risk and catastrophe claims ratio</b>	The aggregate of claims each with a net cost of US\$2.5 million or more as a percentage of net earned premium.
<b>Lenders' mortgage insurance (LMI)</b>	A policy that protects the lender (e.g. a bank) against non-payment or default on a residential property loan.
<b>Lead/non-lead underwriter</b>	A lead underwriter operates in the subscription market and sets the terms and price of a policy. The follower or non-lead is an underwriter of a syndicate or an insurance company that agrees to accept a proportion of a given risk on terms set by the lead underwriter.
<b>Lender placed insurance (LPI)</b>	Coverage obtained by the lender when the customer's voluntary home building insurance has lapsed, been cancelled or proof of the customer's insurance has not been received. Coverage is required by the mortgage contract to protect the lender's interest in the property if damage was to occur and the customer had not maintained adequate coverage.
<b>Letters of credit (LoC)</b>	Written undertaking by a financial institution to provide funding if required.
<b>Lloyd's</b>	Insurance and reinsurance market in London. It is not a company but is a society of individuals and corporate underwriting members.
<b>Lloyd's managing agent</b>	An underwriting agent which has permission from Lloyd's to manage one or more syndicates and carry on underwriting and other functions for a member.
<b>Long-tail</b>	Classes of insurance business involving coverage for risks where notice of a claim may not be received for many years and claims may be outstanding for more than one year before they are finally quantifiable and settled by the insurer.
<b>Managing General Agent (MGA)</b>	A wholesale insurance agent with the authority to accept placements from (and often to appoint) retail agents on behalf of an insurer. MGAs generally provide underwriting and administrative services such as policy issuance on behalf of the insurers they represent. Some may handle claims.
<b>Maximum event retention (MER)</b>	An estimate of the largest loss to which an insurer will be exposed (taking into account the probability of that loss at a return period of one in 250 years) due to a concentration of risk exposures, after netting off any potential reinsurance recoveries and inward and outward reinstatement premiums.
<b>Multi peril crop scheme</b>	US federally regulated crop insurance protecting against crop yield losses by allowing participating insurers to insure a certain percentage of historical crop production.

<b>Net claims incurred</b>	The amount of claims incurred during an accounting period after deducting reinsurance recoveries.
<b>Net claims ratio</b>	Net claims incurred as a percentage of net earned premium.
<b>Net earned premium (NEP)</b>	Net written premium adjusted by the change in net unearned premium for a year.
<b>Net investment income</b>	Gross investment income net of foreign exchange gains and losses and investment expenses.
<b>Net written premium (NWP)</b>	The total premium on insurance underwritten by an insurer during a specified period after the deduction of premium applicable to reinsurance.
<b>Outstanding claims provision</b>	The amount of provision established for claims and related claims expenses that have occurred but have not been paid.
<b>Personal lines</b>	Insurance for individuals and families, such as private motor vehicle and homeowners insurance.
<b>Policyholders' funds</b>	Those financial assets held to fund the insurance provisions of the Group.
<b>Premium</b>	Amount payable by the insured or reinsured in order to obtain insurance or reinsurance protection.
<b>Prescribed capital amount (PCA)</b>	This comprises the sum of the capital charges for asset risk, asset concentration risk, insurance concentration risk and operational risk as required by APRA. The PCA must be disclosed at least annually.
<b>Probability of adequacy</b>	A statistical measure of the level of confidence that the outstanding claims provision will be sufficient to pay claims as and when they fall due.
<b>Proportional reinsurance</b>	A type of reinsurance in which the original insurer and the reinsurer share claims in the same proportion as they share premiums.
<b>Prudential capital requirement (PCR)</b>	The sum of the Prescribed Capital Account (PCA) plus any supervisory adjustment determined by APRA. The PCR may not be disclosed.
<b>Recoveries</b>	The amount of claims recovered from reinsurance, third parties or salvage.
<b>Reinsurance</b>	An agreement to indemnify a primary insurer by a reinsurer in consideration of a premium with respect to agreed risks insured by the primary insurer. The enterprise accepting the risk is the reinsurer and is said to accept inward reinsurance. The enterprise ceding the risks is the cedant or ceding company and is said to place outward reinsurance.
<b>Reinsurance to close</b>	A reinsurance agreement under which members of a syndicate, for a year of account to be closed, are reinsured by members who comprise that or another syndicate for a later year of account against all liabilities arising out of insurance business written by the reinsured syndicate.
<b>Reinsurer</b>	The insurer that assumes all or part of the insurance or reinsurance liability written by another insurer. The term includes retrocessionaires, being insurers that assume reinsurance from a reinsurer.
<b>Retention</b>	That amount of liability for which an insurance company will remain responsible after it has completed its reinsurance arrangements.
<b>Retrocession</b>	Reinsurance of a reinsurer by another reinsurance carrier.
<b>Short-tail</b>	Classes of insurance business involving coverage for risks where claims are usually known and settled within 12 months.
<b>Solvency Ratio</b>	Ratio of net tangible assets to net earned premium. This is an important industry indicator in assessing the ability of general insurers to settle their existing liabilities.
<b>Stop loss reinsurance</b>	A form of excess of loss reinsurance which provides that the reinsurer will pay some or all of the reassured's losses in excess of a stated percentage of the reassured's premium income, subject (usually) to an overall limit of liability.
<b>Surplus (or excess) lines insurers</b>	In contrast to "admitted insurers", every (US) state also allows non-admitted (or "surplus" or "excess lines") carriers to transact business where there is a special need that cannot or will not be met by admitted carriers. The rates and forms of non-admitted carriers generally are not regulated in that state, nor are the policies back-stopped by the state insolvency fund covering admitted insurance. Brokers must inform insurers if their insurance has been placed with a non-admitted insurer.

<b>Survival ratio</b>	A measure of how many years it would take for dust disease claims to exhaust the current level of claims provision. It is calculated on the average level of claims payments in the last three years.
<b>Syndicate</b>	A member or group of members, underwriting insurance business at Lloyd's through the agency of a managing agent.
<b>Treaty reinsurance</b>	Reinsurance of risks in which the reinsurer is obliged by agreement with the cedant to accept, within agreed limits, all risks to be underwritten by the cedant within specified classes of business in a given period of time.
<b>Underwriting</b>	The process of reviewing applications submitted for insurance or reinsurance coverage, deciding whether to provide all or part of the coverage requested and determining the applicable premium.
<b>Underwriting expenses</b>	The aggregate of policy acquisition costs, excluding commissions, and the portion of administrative, general and other expenses attributable to underwriting operations.
<b>Underwriting result</b>	The amount of profit or loss from insurance activities exclusive of net investment income and capital gains or losses.
<b>Underwriting year</b>	The year in which the contract of insurance commenced or was underwritten.
<b>Unearned premium</b>	The portion of a premium representing the unexpired portion of the contract term as of a certain date.
<b>Written premium</b>	Premiums written, whether or not earned, during a given period.

## Types of Insurance Covers

### Professional Indemnity

#### What is professional indemnity insurance?

If you provide a professional service, there are many areas where you may be exposed to liability for an economic loss as a result of an error or omission by you or one of your employees. These liability challenges and threats have increased due to a demand of accountability on experts giving advice, an increasingly more litigious society, increased competition in key product and service markets and an increasing customer expectation.

These threats and challenges are made worse with an increased innovation and change in many professions, outsourcing of services and ever increasing consumer protection legislation.

#### Who does it affect?

The definition of 'professional' has broadened in recent years. Due to this, professional indemnity insurance is now held by workers across a wide range of industries. Any professional person providing services such as advice, is regarded by their client as an expert and is therefore open to a claim being made against them should their advice be wrong.

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Professional liability insurance was once associated mainly with such groups as accountants, solicitors, medical workers and engineers. Currently however, it provides protection for advice and treatment provided by people in many industries, including architects and designers, education workers, real estate agents, health workers and consultants. Although generally a voluntary form of insurance, certain professionals, including insurance brokers, legal professionals, medical practitioners and some accountants, are required to hold professional liability insurance. Professional contractors often need to hold professional indemnity insurance if working with government bodies, local authorities or private consulting firms.

### Why is it useful?

Losing a claim made against you can result in enormous costs and expenses. Some claims take more than five years to settle, leaving a large bill for court costs and legal expenses. Even when successful, defending a claim can be costly.

### Occurrence v claims-made policies

Most general liability wordings (e.g. public and product liability) are underwritten on a 'loss or claims occurrence' basis (i.e. the policy is triggered by an event, like someone falling over and injuring themselves on your premises). It is the date that this event occurred falling between the start date and the expiry date of an Insurance policy, which will respond.

In contrast, the trigger for a 'claims-made' policy is not the occurrence of the event itself but the initiation of the claim against the insured. This is an important distinction.

So the actual event may have occurred two or three years ago but it is only now the client brings a claim against you. Instead of going back to the policy that was in force two or three years ago, you claim from the policy in force at the time that they informed you first that they were going to take action against you for their financial loss.

Such covers are ideally suited to certain professions where you are providing advice over a period of time but no actual date of the event which caused the loss can be accurately given.

The scenario leading to them wanting to make a claim against you needs to have occurred after the retro-active date set into the policy. So long as the allegations of the act, error or omission occurred after this date, and you have a current policy in force at the time action was threatened or alleged, then this policy should respond.

To summarise then, assuming there are no other impediments to cover (e.g. prior knowledge of a potential claim), your current claims-made policy would provide you with insurance for the event even though it occurred several years ago.

Liberty Professional & Financial Risks offers tailored insurance solutions in Professional Indemnity, Directors and Officers Liability, Cyber Insurance, Financial Institutions and Information Technology (IT) risk arenas.

Our integrated team of underwriters, risk engineers and claims professionals focuses on providing that rare commodity - a customised service - through developing long-term relationships with brokers and clients.

Liberty Professional & Financial Risks is committed to adding value through knowledge sharing with clients and brokers: our technical publications, training workshops and conference participation all contribute to the dialogue.

#### [Professional Indemnity](#)

Comprehensive protection from litigation and a suite of products to protect professionals in a range of knowledge-based industries

#### [Directors & Officers Liability](#)

Protection for the legal and personal liability of company directors and officers, which is currently at an all-time high

#### [Umbrella Defence Costs](#)

Liberty's unique response to the 2014 Bridgecorp ruling, which could prevent any liability policy holder from accessing defence costs

#### [Financial Institutions](#)

Protecting finance professionals exposed to litigation risk from regulators, clients and competitors

#### [Information Technology Liability](#)

Recognising the fast rate of change in the IT industry and protecting clients from a range of third party and related risks

#### [Cyber](#)

Covering companies vulnerable to business interruption, legal fines, penalties & expenses, digital asset losses and damage to reputation

## **Directors & Officers Liability**

### **What Does Directors and Officers Insurance Cover?**

Directors' and Officers' insurance compensates directors and officers for loss, including legal costs, where they have committed a 'wrongful act' while carrying out their role as managers of the corporate entity.

A wrongful act is usually defined as an error, mis-statement, misleading statement, conduct, omission, neglect or breach of a duty of care.

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This insurance is a personal cover for directors and officers. The only indemnity available to the corporation is for its obligations to reimburse legal costs for its directors and officers should they be found not liable.

### **Why do you need it?**

Not only are there are specific duties and responsibilities imposed on directors as to how they conduct a business, they have more than 600 laws and regulations they must follow. This is on top of the responsibilities imposed under common law and contract conditions. In nearly all circumstances, the individual director or officer will be made personally liable.

### **Who is covered?**

Directors & Officers Liability insurance covers the decisions made by people involved in managing and running an organisation. It is important to note that it covers the individuals not the company. The people generally covered include:

- past, present & future natural persons
- a director, secretary or executive officer
- an employee involved in the management of a company

As per Section 199 of the Corporations Act, the Company can indemnify the individual Directors for reimbursement of their legal costs only where the Director has not been found liable and then they can claim under the Company Reimbursement section.

### **Where do claims originate?**

- Internally within the company itself, shareholders and / or employees
- Externally from customers, competitors and / or creditors
- Regulatory authorities such as the ACCC (as per the Australian Consumer Law), Australian Taxation Office, Occupation Health & Safety Legislation, Environmental Protection Agency, Crimes Act and ASIC.

### **Additional Cover**

Additional cover can be purchased to insure for:

- Supplementary legal expenses for defence costs for claims against the corporation for EPA or OH&S prosecutions
- Securities cover (Side C) for claims against the entity relating to Shareholding issues.
- Employment practices liability against the entity for defence costs and settlement of employment related matters such as wrongful dismissal, discrimination, harassment etc.

### **How Much Cover Is Enough?**

A guide to determining the amount of insurance cover needed is to estimate the worst possible outcome of a mistake made by a director or officer of the company.

Other factors to be considered are legal trends and the effects of inflation on the settlement amount if the claim is not resolved for some years. This last point is important as the amount of



cover purchased in the year that the event was reported may not be sufficient if the claim does not settle for many years.

The policy limit selected includes cover for costs and expenses incurred in the defence of the claim. For example, if the policy limit is \$5 million, and the claim settles for \$4.8 million with defence costs of \$700,000 having been incurred, the directors and officers would be uninsured for the amount in excess of the \$5 million policy limit (i.e. \$500,000).

## Management Liability

### Why Do You Need Management Liability?

**Managing a business** has a large number of exposures associated with it and it is surprising to learn that many clients choose not to cover themselves for actions that may be made against them. This can be easily included in their insurance programs.

### What are Management Exposures?

A company and its directors face both personal and company liabilities from numerous stakeholders including the following:

- **Employees** – actions alleging discrimination, harassment, breach of employment contract, defamation, misleading misrepresentation, wrongful discipline, etc;
- **Creditors** – alleging that the Director allowed the company to trade whilst knowing it could not pay its debts;
- **Government agencies** – Directors and Officers may be personally liable for breaches of hundreds of statutes (eg. Australian Tax Office, Australian Securities Commission, Trade Practices Commission);
- **Competitors** – Trade Practices Act claims brought against the Directors for misleading and deceptive type conduct;
- **Shareholders** – alleging that the Directors mismanaged the operations of the company and its funds.

If there is an alleged breach of company law or regulation, your conduct as a manager and as a company is questioned. It is possible that a claim is completely without foundation, but it still costs time and money to defend a matter to a successful conclusion. Do you have the resources to fund your own defence?

### What is Management Liability insurance?

Management Liability protects the individuals and the company in relation to the exposures associated with managing a company. Each and every Director, Officer and Senior Manager of an incorporated entity is personally exposed to liability for a breach of duty they owe to stakeholders. The main parts of the cover are as follows:

- **Directors and Officers:** covers the Directors, Officers and Employees (including where the company can reimburse the directors) for any claim alleging a Wrongful Act (such as negligence, breach of duty, misrepresentations) by a Director or Officer

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- **Company Reimbursement:** provides reimbursement to the company if an individual director or officer has been indemnified by the company (which is a likely requirement under the company's deed of indemnity found in your constitution).
- **Company Cover:** covers the Company where there is a claim against the entity alleging wrongful acts, such as negligence, breach of duty, misrepresentations. A traditional Directors and Officers policy does not include this section
- **Employment Practices:** covers the Company for claims alleging employment breaches including wrongful dismissal, discrimination, harassment, deprivation of career opportunity, breach of contract etc.
- **Superannuation Trustee Liability:** for trustees of a staff superannuation fund for any alleged act, error, omission, breach of duty, breach of trust, breach of authority, misstatement or misleading statement by the company.
- **Employee Crime:** covers the company for theft, fraud, dishonesty embezzlement by its employees either acting alone or in collusion with others

### The Management Liability Policy

Management Liability policy has been designed to use the coverage available in an ordinary Directors & Officers Liability cover which traditionally covered only Individual Directors for their own personal liability but if they successfully defended an action, could seek reimbursement from the insured company (Company Reimbursement)

Now insurers have expanded this cover further to include entity coverage for claims that would ordinarily be against an individual director or officer, as well as other employment practices issues, trustee cover for those that oversee the staff superannuation fund, Crime cover for the protection of employees stealing from company as well as other events.

The Insuring Clauses found in a typical Management Liability wording are:

- Directors & Officers Liability cover
- Company / Entity Cover
- Employment Practices Cover
- Superannuation Trustee Cover
- Crime Cover

Additional cover in the policy

- Investigation/Legal Costs – directors & the Entity
- Advanced payment of defence costs
- Estate, Heir, Legal Representative, Spouse or Domestic Partner
- Automatic Reinstatement (non exec)
- Discovery Period
- Retirement Cover
- Outside Directorship
- New / Former Subsidiary
- Pollution Defence Costs
- Fines & Pecuniary Penalties Extension
- Public Relations Cover
- Emergency Legal expenses
- Statutory Liability incl Occupational Health & Safety Legislation
- Internet Liability
- Advertising Liability

- Crisis Loss costs
- Costs of defending Extradition Proceedings
- Continuous Cover
- Extended Reporting Period

Providing your financial position is good, you should make sure that there is no **insolvency exclusion** in the policy, at least for claims for matters that led to insolvency. Seek good advice but normally, the provision of satisfactory Financial Statements can have this deleted.

## Association Liability

### What is it and why do you need it?

The Scenario – yes it was an honour when members of your organisation asked if you could sit on their committee. You knew it carried great responsibility. They are depending on you to make appropriate decisions for the organisation.

They chose you because they felt you had the skills to assist in supervising the organisation to continue forward, to grow and prosper and deliver the services that the membership expect.

But what if you made a mistake? What if one of the other members of the committee made a mistake and you were included in with them? Would you be personally liable? Would the organisation protect you?

The answer is that the law provides that under given circumstances, directors, officers, employees and/or volunteers can be held **personally accountable for their actions**. These individuals can be held accountable for failing to act in accordance with the conduct in line with the duties owed to the members who put you there.

Therefore an Association needs Financial Protection for its directors, officers, employees, and volunteers and there are two methods by which an organisation can provide this

- Indemnification.
- Insurance

There is of course a third method – do not be on a committee at all!

### Indemnification or Insurance – the issues

Statutes permit non-profit corporations to indemnify their directors and officers against loss incurred as a result of certain types of claims. Such indemnification does not provide protection in all instances.

Plus the organisation may not have sufficient financial resources with which to pay the losses and defence expenses. Therefore most non-profit organisations purchase **Association Liability insurance**.

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While there is a financial outlay buying insurance, it is a much cheaper solution compared to the consequences. So we strongly recommend considering the protection of an Association Liability policy.

### Association Liability Claims Scenario

One of the most famous cases that did not have Directors & Officers Liability cover but led to the development of Association Liability as we know it today.

It is the **National Safety Council case** and involved a man called Max Eise who volunteered his time to be Chairman of a Not for Profit Organisation back in the early '90's. He trusted those Officers reporting to him. However Max breached his duty of Care because Max was accountable along with his fellow Directors for one of the biggest frauds in Australian History to a Not For Profit Organisation (NFPO). Max was Chairman of the National Safety Council (Victoria Division)

When the Victorian division of the National Safety Council collapsed in 1990 with debts of \$255 million, each of its directors, who were acting in a voluntary capacity, was sued by the Commonwealth Bank.

The collapse was largely attributable to the fraud of managing director John Friedrich and it was arguable the directors were not really to blame. All board members settled with CBA out of court except for one the Chairman of the Board, Max Eise.

Protesting his innocence to the end, Max opted to defend the action, lost and had a \$97 million judgement made against him. NCS did not have an Association Liability policy in place and Eise, whose primary asset was his home, lost everything.

## IT Liability Insurance

### What is IT Liability?

IT Insurance protects you from claims if your client holds you responsible for errors, or the failure of your work to perform as promised in your contract.

There are two main sections of an IT policy which are:

- **Professional Indemnity insurance** provides essential financial protection for IT Professionals against potential losses arising out of their professional service or advice. This includes but is not limited to acts, errors or omissions made by the IT Professional.
- **Public & Products Liability** covers IT Professionals for their legal liability in the event of personal injury or damage to property to others during the course of normal business operations or as a result of a product defect. This includes where the public visit your home or business, or if you visit their premises.

The policy can also often be extended to include the following additional risks

- Breaches of the Trade Practices Act
- Defamation
- Dishonesty of Employees
- Loss of data and documents

- Accidental Breach of Copyright and Intellectual Property Rights
- Breach of Confidentiality
- Sub Contractors where you are responsible for them
- Loss Mitigation Expense
- Unintentional Breach of Contract
- Trade Practice Acts
- Product Re-call Expenses

### Why is it useful?

Professional Indemnity protects the IT Professional against claims of negligence or other act, error or omission made against them by a client. We combine this usually with Public Liability insurance for your additional protection mainly to avoid any dispute over how damage was caused. Was it physical damage or caused by programming or software error?

Coverage includes legal defence costs - no matter how baseless the allegations. IT Insurance will pay for any resulting judgments against you, including court costs, up to the coverage limits on your policy.

Information Technology and Telecommunications (IT&T) companies are facing increasing liability challenges and threats. Even the best managed IT&T companies can find themselves embroiled in legal action from ever demanding customers as the reliance on the products and services provided by IT&T company's increases. They can face financial loss threats from the following sources:

- Due to systems not being delivered within contractual timeframes
- Due to systems not performing as intended or they are incompatible, inappropriate or ineffective hardware or software
- Arising from software development risk even when the contract has not been completed
- Arising from a breach of a third parties Intellectual Property Rights such as copyright, trademark or register design
- Arising from loss of data, libel and slander and sub contractors acts
- Data migration difficulties
- Inadequate hardware or software support
- Injury caused by faulty hardware or software
- Physical loss of equipment
- The consequential loss of revenue to a client suffered as a result of any of the above

## Medical Malpractice - Allied Health Professionals

### What is Medical Malpractice for Allied Health Professionals?

Whether you're an occupational therapist, optician, speech pathologist, nutritionist, or many of the other types of allied health workers, you are susceptible to the risk of making a mistake or omitting appropriate advice or treatment.

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An **allied health professionals are vulnerable to risk** simply because they serve patients just like Medical Practitioners do. If a client decides to take legal action against you, the cost of defending the matter can quickly drain your finances and could even force you into bankruptcy!

### Who does it affect?

If a patient issues a claim against you and accuses you of making a damaging or negligent error, what's the likelihood that you can defend yourself? If the court rules in favor of the plaintiff how do you plan on paying the financial damages? Will it affect your career or reputation?

While physicians and other healthcare professionals can rely on compulsory medical defence cover in the case of litigation, allied health professionals are not forced to take cover. We strongly recommend they do.

**All Allied Health Professionals are at Risk!** It is extremely important to manage your risk.

### Why is it useful?

Allied health professionals should be able to treat their patients **without needing to worry** about litigation.

All allied health professionals need to obtain some form of **Medical Malpractice Insurance**. This coverage provides coverage for actual or alleged errors, omissions, negligence, breach of duty or similar claims arising from your professional duties. It also can provide cover for a breach of Privacy and Health Records legislation, Intellectual Property Infringement, Breach of consumer laws, legal representation at official enquiries and allegations of dishonesty. Further, **Public Liability** cover picks up those liability claims not directly related to your profession but arising from carrying out your activities. For instance if a patient is injured slipping, tripping or falling over whilst visiting your rooms.

Fortunately certain insurance companies provide specialist policies that focus on protecting allied health professionals and combine the two risks into one package especially tailored to your specific occupation and duties. An **Allied Health Medical Malpractice combined liability insurance** is one of the ways that you can protect yourself and your practice from the costs in firstly defending the matter and then if necessary settling the matter.

Taking out insurance is really about transferring risk to an insurance company, but it is also possible to reduce risk by carefully managing it using good systems and protocols.

## Medical Malpractice - Establishments

CPR Insurance Services are able to arrange, place and manage all your Medical Malpractice Insurance requirements.

There are three types of categories of Medical Malpractice which are:

- Establishments
- Allied Health
- Practitioner's Defence Cover

## Medical Malpractice – Establishments

Medical Malpractice Insurance is essential protection for those operating medical establishments at risk of breaching their professional duty of care. Cover provides for potential significant legal costs and settlements as a shield for financial loss. Medical Malpractice Insurance complements the separate insurance cover available for medical practitioners (doctors).

Typically a Medical Malpractice insurance policy is designed for healthcare establishments, practices and clinics including:

- complimentary medicine clinics
  - day surgeries
  - imaging and diagnostic clinics
  - IVF clinics
  - medical centres
  - pathology labs
  - Private Hospitals
  - Home Nursing Services
  - Day Surgeries
  - Optometrists
  - Medical Centres • Podiatrists
  - Rehabilitation Centres
  - Chemists
  - Radiology Practices
  - Laser Eye Surgeries
  - Pathology Laboratories
  - Natural Therapists
  - Nursing Homes and Retirement Villages
- and other medical facilities

## Medical Malpractice – Practitioner's Defence Cover

We can access some Medical Defence Unions that provide Medical Malpractice insurance for individual Medical Practitioners and Medical Students. While most practitioners prefer to deal direct with their Medical Defence Union as a member, it is possible for us to arrange this cover for you which has the particular advantage of arranging this in conjunction with your other insurances such as the Medical Establishment and Property Insurance for your rooms or clinic. We can be there to not only make sure your cover is arranged but be there to support any claims on your behalf. We are your “One Stop Shop” for insurance arrangements.

## Investment Managers Liability Insurance

### What is it?

The complex nature of investment management. The regulatory environment continues to expand and the potential exposure faced by an investment manager continues to increase. The pressure on Investment Managers to meet their clients expectations creates enormous demands which can lead to mistakes.

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Therefore a specially tailored liability cover fully catering for the Investment Management type professions is offered by a number of insurers which we can on your behalf.

### Who can be covered?

- equity/fixed interest/diversified fund managers
- funds managers
- venture capital fund managers
- asset allocation consultants
- research houses
- private equity fund managers
- property/infrastructure fund managers
- hedge fund managers.

Types that are difficult to obtain cover include mortgage fund managers and agriculture fund managers.

### How is it covered?

Insurers may bundle together up to five primary insuring clauses in any combination with limits either shared or separated into the following:

- Directors and Officers Liability
- Company Reimbursement
- Entity Securities
- Professional Indemnity
- Crime/Fidelity

The professional indemnity will normally cover the creation, operation and management of an investment structure, funds managed under instruction, marketing of investment structures or authority, portfolio management and asset allocation services, professional supervision, administration, custodial or registry services, responsible entity or trustee services and any publications.

Crime cover includes internal (employee related) crime and external (third party related crime). External can include theft, forgery, fraudulent alteration, counterfeiting and computer fraud.

## Multi-Media Risks

### Multimedia Liability- What is it?

A number of insurers have designed specific covers to protect Multimedia clients for a wide range of exposures faced in their Industry.

It is aimed at occupations that distribute information to the public through web sites or other means of communication (desktop publishing, email). No longer the exposures of the traditional publisher used to face but now have expanded to Publishers and Broadcasters of instructional material, Electronic publishing services and other entity engaged in preparing materials for publication and republication .

Then there are the risks faced by Television and Radio stations, Motion Picture companies, Cable and Satellite broadcasters. Basically any type of Electronic transmission business or those that carry out Researching, exhibition, serialization and material distribution services such as the Advertising business, Websites or Online or Interactive occupations, that can push the



boundaries of content delivery, made possible by the converging advancements of technology. All could be exposed to Trademark infringement, personal injury liability due to libel and slander or unfair competition claims and so on.

#### What does it cover?

The Multimedia liability policy covers liability arising from the publication, broadcast or dissemination of content. There are the Defamation Risks, Copyright Breaches, Cyber Risks, Advertising Liability and even Personal Appearance Liability that can be covered. Then there are the more common covers that can be included such as Professional Indemnity; covering civil liability and Public and Products liability. Plus these policies include Defence Costs with some in addition to the Limit of Liability.

Extensions with some insurers include awards decided by Ombudsman, Cost of inquiries, Vicarious liability cover for consultants, contractors, and agents, Extended reporting period, Innocent party indemnity, Loss of documents and Withdrawal expenses.

Some will provide additional benefits such as limits of liability and excesses that are exclusive of legal costs, Reinstatement of the limit of liability and Continuous Cover clauses. Others may provide Worldwide jurisdictional and territorial cover (if needed), The Insured may have the option to defend, choice of a panel lawyer or can choose your own legal representative.

#### What should you do now?

Although new media and other publishers worry about claims like libel and copyright infringement, attorneys and insurers have seen a dramatic rise in the last few years in the number and severity of claims for Media Liability errors and omissions.

Unlike traditional claims involving allegations of [libel](#), copyright infringement, invasion of privacy, piracy and plagiarism, Media Liability errors and omissions claims seek to impose liability on the publisher for physical injuries or economic loss allegedly caused by some error or negligent publication in the ideas or expressions contained in the published material. Given the evolving nature of film and video producer liability, there are also those unexpected claims against you that your insurer failed to predict?

## Cyber Risks Insurance

#### Cyber Risk Insurance – What is it?

This is basically insurance for companies that rely on technology. We already know that critical data is at risk from viruses, hackers, malicious employees, and accidental damage.

We have all seen the newspaper articles and news stories. So many major companies have been hacked into recently but even more have had attempts to them. Companies such as Amazon, Sony and even the NBN here in Australia have been accessed. Google says they have more than 1,000 attempts per day.

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But these companies have the financial strength and resources to prevent or resolve these matters even though not all of them can. As a small to medium business, you can either:

- Manage the risk through constant monitoring and maintenance by your IT Consultant
- Transfer the risk to insurers willing to carry that exposure

Our recommendation is to do both. Prevention is always better than cure but should something still go wrong have something to back you up for any financial repercussions. Information is a vital asset – make sure it is protected.

### Why do you need it?

What can occur if “Hackers” happen to be successful, is that confidential data can be lost or used inappropriately. Privacy can be breached. Financial Records can be accessed, Bank Accounts and Credit cards accessed. **Companies have a duty of care** to protect their client’s records. Data is more portable than ever before, the equivalent of ten filing cabinets can now fit on a device smaller than a mobile phone. It can be quickly transferred and stored by Hackers and inappropriately used or sold to others to use.

Then also systems can fail, businesses cease to trade. Commercial property insurance protects your physical computers, but not the data stored on them. Business interruption cover will not respond to outages caused by computer viruses or hackers. General liability policies will not cover claims for intellectual property rights infringement, defamation, or privacy violations.

### What does it cover?

We can obtain a policy for you that provides broad cover for a wide variety of risks resulting from the use of technology within business. Features include:

- Cover for your civil liability resulting from data breaches
- Contractual fines coverage, including credit card company and PCI fines, arising from privacy breaches
- Cover for your own costs to notify individuals in the event of a privacy breach where required by law and the cost of actions taken to mitigate a larger liability claim
- System repair and restoration cover in the event of accidental damage to data, including a computer virus or hack attack
- Cover for your lost revenue arising from system downtime after a computer virus or hack attack
- Electronic fraud coverage
- Cover for your liability arising from a breach of statutory ecommerce duties
- Media liability cover for electronic content, including intellectual property rights infringement and defamation
- Give you cover you for claims made anywhere in the world as standard
- An experienced claims panel will react quickly and locally, from privacy breach notification to electronic fraud investigation
- If your brand is at risk, they will hire PR consultants to manage the impact.

## Public & Products Liability

## **What is legal liability insurance?**

Legal Liability or General Liability insurance is there to protect your business against financial loss resulting from allegations or claims of bodily injury or property damage caused to others by you or your employees. A wide variety of exposures from various sources can give rise to a liability claim. Major sources of liability for businesses include:

### **Public Liability**

Where a third party (a different person to those in the business such as a client or visitor) becomes injured arising from the activities of your firm. Examples include a customer slipping or tripping over something on the floor left by an employee.

### **Products liability**

Product liability exposures exist when you manufacture, distribute or sell a product. An example could be Imagine you're a furniture manufacturer and your are sued by the parents of a child that experienced brain injury due to suffocation in a crib that your company made. Your products liability insurance would pay for the cost of your defence, in addition to the actual damages awarded by the court.

### **Property Owner's liability**

These liability exposures exist when you own premises. So, if a client trips and falls on a broken step that you didn't fix up or maintain properly and as a result you were found negligent, property owner's liability insurance will pay for defence costs and damages due to the injury. Simply, you are responsible as a property owner against injuries or property damage caused to other people arising from the building.

### **Contract Works liability**

Contractors have significant liability exposures relating to the work a contractor has performed and finished. For example, a three level walkway at a hotel gave way during a concert and many people were killed. When the contractors that constructed the hotel were sued for negligence, they were protected by the liability attached Contract Works or Construction Risk policy.

## **Who should have liability insurance?**

All businesses, including home-based operations, benefit from adequate general liability coverage. And just because you work from your home doesn't mean business liability insurance isn't essential. A client who comes to your house for a meeting could slip and fall, and if you don't have business liability insurance in place, you can be caught without protection.

## **Business Package Insurance**

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## What is a Business Insurance Package?

Many Insurers have packaged their cover into one Business Package for small to medium-sized businesses. Larger Companies with combined assets usually above \$5,000,000 will normally need an Industrial Special Risks (ISR) policy.

A problem is that Business Package Insurance policies vary with each Insurer sometimes significantly, while an ISR is a standard wording varied by endorsements. An advantage of choosing an Insurance Broker is that they can seek the most suitable cover for you at the best possible price.

The basics of a Business Package Insurance policy cover are:

- **Fire**– covers fire, lightening, explosion, storm damage, aircraft, water discharge and malicious damage
- **Accidental Damage**– a sub-limit covering any kind of loss not specifically excluded
- **Business Interruption**– covers the loss of turnover you are unable to make following an insured event
- **Burglary**– covers theft and burglary including damage caused by a break in to your premises
- **Glass**– accidental breakage of fixed glass or porcelain
- **Money**– loss following robbery from your premises or whilst in transit
- **Public/Products Liability**– covers bodily injury or property damage you cause to a third party
- **General Property**– covers mobile equipment and tools of trade away from your premises
- **Machinery Breakdown**– repairs to mechanical equipment following sudden damage
- **Electronic Equipment Breakdown**– repairs to electronic equipment following sudden breakdown.
- **Transit**– Fire, flood, collision and overturning of your goods moving around Australia
- **Tax Audit**– Covers unexpected additional professional fees if the ATO suddenly audit your business
- **Employee Dishonesty**– covers loss caused by embezzlement by your staff
- **Vehicle Insurance**– some packages include Motor Comprehensive cover for car accidents and theft

## Things to remember in Business Package Insurance Policies

Watch out and discuss with your Broker some of the following issues:

- **“Average clause”** which may only pay a proportion of your claim if under-insured
- Full **Reinstatement/Replacement** conditions – sometimes called “New for Old” rather than Market value
- **Stock** is different to **Contents** though some packages combine it. Make sure you apportion correctly
- Remember the **extra costs** you incur and not just your actual loss ie Removal of Debris, Professional Fees, Extra costs to Reinstat (council by-laws). These are often under-insured
- Never under-estimate the value of **Business Interruption** cover. It can be the difference between survival for your business or oblivion when you cannot generate income from your lost assets
- **Burglary** cover does not include cash or negotiable instruments. For this you need the **Money** section
- Good Security can keep rates down for the **Burglary** and **Money** sections

- Get a regular valuation of your **Buildings** insured for its rebuilding costs and factor in escalation for future costs including if a widespread catastrophe where labour and supplies can be in short supply

## Business Interruption

### Business Interruption Insurance – Why do You Need it?

Imagine receiving a phone call in the middle of the night and being told that the building containing your business is on fire. Fortunately no one was in the building, but it is badly damaged. It will take at least ten months to re-build to be able to move back in and re-operate the business. Yes, you can claim to replace the Contents or if applicable, the Stock under the Fire Section. You may also own the building and that can be reinstated.

However, could you afford to lose not only ten months of revenues, but also the period in re-establishing the business back to the same level as it was before the fire? Bills continue to come in. You do not want to sack your staff as they will be difficult to replace when the business is re-establishing and they have been very loyal to you. Perhaps you could afford the expense of relocating to temporary premises? But would one be readily available? Is there one nearby? What would it cost to let your customers know where you are now located?

The Insurance Council of Australia estimates 50% of small to medium businesses cease operating within three years without this cover or enough cover. But with an appropriate level of business interruption insurance, you would be able to manage this loss and maintain the profitability of your business.

### What is business interruption insurance?

It is not just a fire that can cause interruption to your business. It could be Storm or other damage you have cover for. Perhaps the neighbouring building has had the fire or a crime has occurred and you cannot get access to your business for a while. If you have lost access or availability, you would lose the ability to make money. In this scenario, business interruption insurance is essential. It protects the income stream to your company. The shortfall in your Gross Profit is covered by Business interruption insurance (also known as consequential loss or loss of profits insurance) and has the following four main components:

1. **Business Interruption (BI) cover:** Replaces the lost gross earnings (profit) during the shut-down resulting from a covered property loss. The cover can also continue to pay your workforce while you have no work for them. Though some Insureds choose to exclude payroll (which reduces the premium), we recommend including it as it prevents losing your trained employees or losing them to other jobs while waiting for your business to recover. Or at the very least, tailor it to suit your business needs.
2. **Additional cost of Working:** Covers the cost to relocate to another address and continue operations. During relocation, businesses typically incur the extra expenses of rent, equipment lease and the cost of advertising. Also modifications or a fit out may be needed. All of which is covered by this section of the policy.
3. **Claims Preparation Costs:** This coverage is optional, but is recommended in the circumstances where you need to hire an accountant or other professional to help prove your loss.

4. **Indemnity Period:** This is how long you will continue to be paid from the date of loss. It needs to factor in not only the time to actually rebuild or repair machinery or replenish stock, but also building and repair delays because of limited availability of building supplies and contractors to perform the work, particularly after a major catastrophe. There can also be delays in obtaining Council approval or permits. Most Insureds choose only a 12 month indemnity period but that may not be enough.

### Cover for damage to other people's premises

While there may be Business Interruption cover during the time your landlord's premises are being repaired or reinstated, you can also extend the policy to allow for your key customers or suppliers sustaining material damage and subsequently having a consequence on your business. This includes damage to public utilities or if unable to access your premises due to government authority closure.

### Who should have business interruption coverage?

Any business that has a physical situation with contents, equipment, tools or information that are essential for transacting business should have this protection. It is critically important for manufacturing, processing, retail and wholesale businesses. If damage occurs to your physical location, this results in the interruption of business and would interfere with your ability to generate revenue.

The most ignored section of a Business Package and possibly the most misunderstood is business interruption insurance. Yet it could be the most important.

### How does it work?

BI insurance or business interruption insurance is triggered by a covered material damage claim. Typically, a business interruption insurance policy replaces any lost gross profit while the material damage is being repaired or reinstated. It also covers the extra expenses related to keeping the business operating during a business interruption. If payroll is included with the gross profit your employees continue to get paid even if they're not working.

To maintain maximum protection, it is best to complete a business income insurance calculation every year so you know how much coverage you need as your business grows. Determining the appropriate limit is challenging as you should look at what loss you might make if the material damage occurred on the last day of the policy for the ensuring 12 months and beyond. Make sure you consult with a business interruption expert.

## Product Recall

### Product Recall Insurance – What is it?

Product recalls continue to be a growing concern for manufacturers and consumers. Now there has never been a better time to consider product recall insurance. Can you afford not to cover yourself for this risk?

Product Recall Insurance can protect business from the devastating effects of such incidents by providing coverage for those expenses that occur before the product defect has resulted in damage to a third party.

## What can be covered?

The recall of your product in the market as a result of:

- Defect
- Government Recall
- Malicious Product Tampering
- Product Extortion

Given the cost of a recall can be incurred by the manufacturer and importer right through to the wholesaler, distributor, exporter or retailer, you need cover right across the supply chain.

Most traditional recall extensions do not provide cover for the major costs of a recall such as Business Interruption, Replacements Costs, Rehabilitation Expenses or Extortion. It has been the case that these extra covers can account for almost 65% of the total cost arising from a particular Product Recall.

The policy covers the key expense areas which arise following a recall including:

- Business Interruption
- Replacement Costs
- Recall Costs
- Consultants & Advisors Costs
- Rehabilitation Expenses
- Third Party Financial Loss
- Extortion Costs

The policy also provides cover for the costs and expenses involved in engaging expert independent consultants & advisors who can assist in guiding the company through the critical first few weeks of an incident.

## Tools of Trade Insurance

### What is Tools of Trade General Property insurance?

At some point in a tradesman's life, he will have his work tools pinched.

Not only that, but he could have an accident, or the premises or vehicle containing the tools could catch on Fire. Perhaps a major storm destroys your gear.

Sometimes it's one valuable piece of equipment, other times it's an entire trailer load of work tools. It's frustrating and it's expensive not just in terms of replacement, but without tools most tradesmen are unable to work. You can't work, you do not earn income.

There are a number of different types of tools insurance policies available. The most appropriate tools insurance cover for tradesmen is a policy that covers tools and stock (cabling, light switches, landscaping supplies etc) which may be held at home, onsite, in a vehicle and in transit.

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### Who does it affect?

Where would you be without your most powerful tool?

When a crucial tool or piece of equipment is stolen or damaged, work grinds to a halt, right along with your ability to make money..

So many tradesmen take the risk, don't have tools insurance and end up regretting it.

### Why is it useful?

Many tradesmen are surprised to know that the replacement cost for a tradesman's tools can be \$10,000 or more. It's a lot of money, and to spend that amount all at once is a very big ask.

Tools insurance is usually not taken out by tradesmen until they realise the benefits and with **tax deductible** annual premiums starting from just \$180 for \$5,000 worth of tools insurance cover, it's crazy not to have it.

### You also need enough cover

It is good practice to keep a list of your tools on file which can be of enormous benefit if you need to claim. Over the years tradesmen accumulate tools and they often don't keep tabs on the value of their tools. Sometimes when we start asking about the types of tools they have, they begin to realise just how much gear they've collected and the potential cost involved in replacement if their tools are stolen or damaged.

### Also be aware.

Most policies have two sections, a **Specified** Items section and an **Unspecified** items section.

It doesn't cost any more to specify the value of particular tools, but if they are unspecified items insured, the insurer will only pay a maximum amount per item regardless of whether the replacement cost is much higher. This varies between insurers from as low as \$1,000 per item to \$2,500 per item. This is important to check.

Tools insurance **excesses** can be from \$100 to \$500 depending on the insurer.

The tools insurance policy should also specify replacement of the tools at **replacement cost** value, rather than on existing values. Stock would be replaced at cost price.

Finally, no tools insurance policy covers every circumstance. For example, tools are **not normally covered when they are left in the open or on site**. It is very important to understand what you are covered for, what is excluded and what excesses apply.

## Contract Works & Liability

### What is a Contract Works & Liability Insurance Policy?

Construction policies combine both Material Damage and Public Liability covers which means it will cover perils such as Fire, Storm, Malicious Damage, along with the risk of bodily injury or

property damage that could injure other parties visiting or working at the site. **After all Construction sites can be dangerous places where accidents do happen.**

Further, these policies can include the “forgotten” expenses when there is a claim such as:

- Expediting expenses – such as costs of express delivery, overtime, additional labour and equipment costs to urgently restore or replace property
- Mitigation costs – such as costs to extinguish a fire or prevent or minimise damage to insured property
- Professional fees – incurred for the restoration or repair of the property insured
- Removal of debris – such as costs to demolish and remove damaged works to start the repair or rebuild
- Variations and escalation – an allowance to vary the sum insured if the final contract value is exceeded

Policies can be extended or can automatically include:

- Off-site storage and transit to the full sum insured – damage to supplies needed for the project
- Products liability for previously completed projects
- Resultant damage from faulty design, workmanship and materials
- Advanced business interruption
- Contractors plant and equipment – whether you own, rent or in your care or custody
- Existing structures
- Financiers interests
- Hired in plant
- Overseas risks (supporting business domiciled in Australia)
- Liability – Vibration, Removal and/or weakening of support

## Prestige Householders Insurance

### It is time for a top of the range Prestige Householders Policy?

Are you concerned that your Householders Insurance does not provide enough cover? Are you sick of dealing with Call Centres who offer no personal advice? Are you unsure about the cover you have but do not have the time to look for better? Would you pay a little more for outstanding Insurance Protection? Are you concerned that your current cover is not enough?

Did you read about the lack of full cover by many in the recent floods, cyclones and bushfires? Then having to find extra finance just to rebuild their homes because they were under-insured!

There are House and Contents Policies that give you Rolls Royce coverage. Broader protection than standard policies and peace of mind and won't cost too much.

Minimum Sums Insured are \$750,000 Building and \$150,000 Contents. Key features include:

- **No Underinsurance:** After a covered loss, Insurers will pay to have your home repaired or rebuilt to its original design or style even if the cost exceeds your policy limit. This includes necessary upgrades due to modern building codes.

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- **Free Appraisal Service:** Prestige cover Insurers have Appraisers who will visit you to carefully note the home's features, estimate the home's replacement cost and help you determine the amount of coverage you really need. They also assist with security and fire prevention advice.
- **Additional Living Expenses:** If your home cannot be lived in due to a covered loss and you need a temporary residence while your house is rebuilt, they help cover the reasonable increase in your normal living expenses. Normal policies limit coverage to a percentage of your home's insured value.
- **Replacement Cost Coverage:** In the event that the things inside your home are damaged, they will cover most belongings for the amount it costs to replace them today, without deduction for depreciation, up to the limit you chose on your policy. And some do not require you to replace them. You may choose a cash settlement instead.
- **The Extras:** These homeowner's policies often include extra coverages to help protect you in unexpected situations, ranging from tree removal after a storm, restoration of electronic data destroyed by a computer virus or lock replacement if your keys are lost or stolen. Have a look on the reverse side for further examples of what is available.

### House Cover

- House Up to reconstruction cost (if Additional Rebuilding Cost)
- Land Stabilisation Up to 10% of covered loss amount to house or other structures
- Other Structures Up to 25% of house sum insured

### Contents Cover

- Contents Up to contents sum insured (Repair or Replacement Cost) worldwide
- Money, Gold & Cheques Up to \$2,500
- Guns Up to \$5,000 if lost, misplaced or stolen
- Negotiable Papers & Securities Up to \$5,000
- Stamps, Coins & Medals Up to \$5,000
- Trailers Up to \$5,000
- Watercraft Up to \$10,000
- Silverware Up to \$100,000 if lost, misplaced or stolen
- Jewellery Up to \$50,000 (\$25,000 per item) if lost, misplaced or stolen
- Alterations & Additions for Units Up to 25% of contents sum insured
- Food Spoilage Included in contents sum insured (\$10,000 limit for wine)
- Newly Acquired Items Up to 25% of contents sum insured
- Parents in Care Up to \$20,000
- Property of Domestic Employees & Guests Unlimited
- Unlisted Residence Cover Up to 10% of contents sum insured
- Common Area Cover Up to \$50,000

### House & Contents Cover

- Emergency Clothing & Essential Purchases Up to \$5,000
- Fire Department Charges Up to \$5,000
- Garden & Landscaping Up to 5% of house sum insured or 10% of contents sum insured up to \$10,000 per plant, tree or shrub
- Loss of Rent For the reasonable time required to restore residence, up to 4 years
- Precautionary Repairs Included in sum insured for house & contents
- Tree Removal Up to \$5,000
- Construction Materials Up to 10% of house sum insured or 25% of contents sum insured or up to \$200,000

- Rebuilding for Compliance Necessary costs
- Alternative Accommodation Costs of reasonable increase in living expenses, up to 4 years
- Alternative Accommodation for Pets Up to \$30,000
- Arson Reward Up to \$5,000
- Business Equipment Up to \$30,000, but up to \$50,000 for medical practitioners
- Emergency Access to Residence Up to \$2,500
- Emergency Preventative Measures Up to \$5,000
- Forced Evacuation Reasonable increase in living expenses
- Forced Evacuation for Pets Up to \$2,500
- Lock Replacement Unlimited for house locks, \$5,000 for car unlocking devices
- Misappropriation of Funds Up to \$25,000
- Mould Rectification Costs Up to \$25,000
- Modification of Lifestyle Costs Up to \$50,000
- Permanent Disability Benefit for Domestic Workers Up to \$25,000
- Trace & Access Removal and replacement costs
- Costs to Discharge a Mortgage Up to \$5,000 for reasonable legal costs
- Debris Removal Reasonable necessary costs
- Electronic Data Restoration Up to \$10,000

### Private Collections Cover

- Private Collections Up to Sum Insured per category (specified or unspecified) worldwide
- Defective Title Up to \$50,000 or 25% of the category sum insured, whichever is lesser
- Market Appreciation Up to 125% of schedule cover up to a maximum increase of \$100,000
- Newly Acquired Items Up to 25% of category sum insured (\$100,000 limit for jewellery)

### Personal Liability Cover

- Personal Liability Up to \$30,000,000 worldwide
- Defence Coverage In addition to sum insured (available until total sum insured paid out)
- Credit Cards, Forgery & Counterfeiting Up to \$30,000
- Domestic Workers Compensation As per relevant State or Territory legislation
- Golf Exposures - Third Party Property Damage Unlimited
- Golf Exposures - Personal Accident Up to \$25,000 per occurrence
- Golf Exposures - Hole in One Up to \$1,000
- Identity Fraud Up to \$50,000 per occurrence
- Reversal of Damages Maximum \$50,000 per year for 3 years

### Personal Safeguard Cover

- Traumatic Losses covered Kidnapping, Child Abduction, Stalking, Home Invasion,
- Car Jacking & Hijacking
- PR, Security Consultant, Forensic Analyst Expenses Up to \$100,000
- Travel, Accommodation & Meals Up to \$25,000
- Rest, Counselling & Rehabilitation Expenses Up to \$50,000
- Increased Costs of Security Up to \$25,000
- Loss of Income Up to \$50,000 per person, up to \$75,000 per loss
- Reward Cover Up to \$25,000

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- Accidental Death & Dismemberment Up to \$50,000 per benefit

## Farm Package Insurance

### What is a Farm Package Policy?

A Farm Pack provides a broad range of insurance protection for farmers. It consists of fifteen main sections (depending on the insurer) to help protect your Farming business. The package may be tailored to suit your needs and budget.

The basics of a **Farm Package** Insurance policy cover are:

- **Home Property**– covers the Buildings and Contents of the Domestic/Residential part of the farm
- **Farm Property**– covers the “Business” assets of the farm such as Sheds, Stables, Barns and Fencing against risks such as Fire, Storm, Accidental Damage, Business Interruption and other perils
- **Public and Products Liability** - covers bodily injury or property damage you cause to a third party
- **Private & Farm Motor Vehicles** - some packages include this to cover accidents and theft
- **Personal Accident and Sickness**– compensation if you are unable to work the farm due to injury or long term illness.
- **Land Transit** - Fire, flood, collision and overturning of your goods moving around Australia
- **Pleasure Craft**– whether a tinny on your own Dam or a boat on the local river, it can be included
- **Machinery Breakdown**– repairs to mechanical equipment following sudden damage
- **Computer/Electronic Equipment Breakdown**- repairs to electronic equipment following sudden breakdown.
- **Theft** - covers theft and burglary including damage caused by a trespasser on the farm
- **Working Dogs**- Death, theft or putting down following veterinarian’s advice
- **Frozen Embryos/Semen**– Accidental damage to frozen embryos/semen stored at the situation
- **Tax Audit** - Covers unexpected additional professional fees if the ATO suddenly audit your business
- **General Property** - Accidental damage for farm property insured whilst in Australia

### Insurers commitment to Regional Australia

It is true that many insurers are no longer willing to offer these types of policies any more to regional Australia, but there still are many others that will including QBE, CGU, Allianz and Argis. They recognise that the economy of agricultural based communities is linked with the fortunes of the seasons. They have to take a long term view in the way in which they conduct business because they too in some years will do better than others.

### Things to remember in Farm Package Insurance Policies

Watch out and discuss with your Broker some of the following issues:

- **“Average clause”** which may only pay a proportion of your claim if under-insured
- Full **Reinstatement/Replacement** conditions – sometimes called “New for Old” rather than Market value
- **Stock** is different to **Contents** though some packages combine it. Make sure you apportion correctly

- Never under-estimate the value of **Business Interruption** cover. It can be the difference between survival for your business or oblivion when you cannot generate income from your lost assets
- Get a regular valuation of your **Buildings** insured for its rebuilding costs and factor in escalation for future costs including if a widespread catastrophe where labour and supplies can be in short supply

## Industrial Special Risks Insurance

### Industrial Special Risks Insurance – What is it?

Industrial Special Risks is known as a policy that covers everything except what is specifically excluded. It is kind of an Insurance in reverse. Instead of telling what is covered, it simply tells you what is not covered. However, this can also make it just as complicated.

For many years, two “Industry” versions have been used as the basic cover. Either Mk iv and Mk v have often been followed. In recent times, with a huge range of different endorsements designed to reduce the cover down to an acceptable level for Insurers. Industrial special risks insurance is for a number of businesses, a “must” for a well-diversified insurance plan.

### Why do you need it?

This type of insurance is there to cover risks such as Fire, Storm or Criminal Acts to assets and property that belong to a business. It has both a Material Damage Section and a Consequential Loss (Business Interruption) Section.

What I like about this cover as an Insurance Broker is it is capable of picking up any potential gaps not thought about by the Broker while the ones that have been thought about, a decision is made whether they should be covered or handled in a different way. Many times this is taken out of the Broker’s hands because the insurer simply does not have the capacity to accept them. They become the set of endorsements Insurers automatically exclude. It is the Gaps not thought about which are protected by an ISR because the insurer has not specifically excluded.

These can be issues to do with rare events such as subsidence and structural problems. Many can be so improbable but not unforeseeable and because of this, the insurer has not thought to exclude. For this reason it gives better protection.

As this is designed to be combined with your first insurance level, it is often used by larger commercial and corporate businesses. Those that have a great deal of size and diversity, in particular, are advised to consider this policy. However, most insurers will have a minimum size criteria with most only considering if you have more than \$5 Million in assets to be insured.

### What does it cover?

As already discussed, industrial special risks (ISR) insurance covers many areas in which others don’t touch – this is an important point.

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Then there are risks you expect to be covered but can be contained or restricted by endorsement. A Material Damage section of an ISR policy will pick up all the following, but the only thing you are likely to see mentioned is an endorsement restricting or being more specific about what it will not cover:

- **Accidental Glass Breakage:** Internal and external sources of glass are covered, such as those in signs, cisterns, sinks, etc. *The endorsement may simply exclude drinking implements or containers made of glass.*
- **Burglary:** Damage or events due to forced or violent entry, theft on the premises or outbuildings, etc. *An endorsement may exclude cover where the declared security, such as a back to base alarm, has not been turned on.*
- **Money:** Any damage to money for any cause other than the following common exceptions: embezzlement, money handled by carriers, unlocked/unattended vehicle. *An exclusion may refuse a claim that is not reported within five working days, along with others. It may also sub-limit the amount of money to a total limit of say \$500,000 or \$1,000,000 depending on the type of business and what has been agreed.*
- **Perils:** Aircraft, smoke, riots and strikes, earthquakes, subterranean fire, volcanic eruption, vehicle impact, explosion, lightning, fire, smoke, storm and rainwater, overflowing or discharged water, and others. *An endorsement may exclude such events if caused by acts of war caused by Government. Another may exclude ownership of Aircraft or any water borne craft.*

Additional exclusions may apply, and this may include or exclude certain aspects of your policy. However, this should give you a more accurate idea of the wide coverage provided by industrial special risks insurance.

## Landlords Insurance

### Landlords Insurance – What is it?

When it comes to insurance, being an owner-occupier is quite different from being a landlord. A recent survey conducted by Woolcott Research of 300 landlords showed that two out of five self-managing landlords interviewed had experienced tenants defaulting on rent or damaging their property. That's why it's important to take out landlord-specific insurance.

Landlord protection insurance covers some particular risks associated with renting out a property that may not be covered by a typical home and contents or strata title insurance policy.

According to the Woolcott study, less than half of all self-managing landlords have specific landlord insurance, even though three out of five recognise a bond is not sufficient to cover most incidents with tenants. These landlords are putting their valuable assets at risk. You do need to make sure you are covered should something go wrong.

### Why do you need it?

Most tenants take good care of the property they are leasing, those that don't may intentionally cause extensive damage which is not generally covered by a standard home insurance or body corporate policy. Standard home buildings and contents policies do not usually provide cover for two of the most significant risks facing landlords malicious or intentional damage by tenants and failure to pay rent.



## What does it cover?

Common features of a landlord insurance policy include:

- Malicious or intentional damage to the property by the tenant or their guests
- Theft by the tenant or their guests
- Loss of rent if the tenant defaults on their payments
- Liability, including for a claim against you by the tenant, and
- Legal expenses incurred in taking action against a tenant.

Not all landlord protection policies are the same. Some, for instance, are

- Designed to be taken out in addition to a typical home and contents or strata title policy, while others are more comprehensive.
- Covering contents of the property. This is particularly important if you rent out a partially or fully furnished property.
- List the incidents you are covered for, or you can obtain accidental loss or damage cover to protect against a broader range of incidents.
- Pay you the loss of land value caused by government legislation or local authority bylaws that reduces the floor area of your buildings.
- Following an insured loss, you may discover that you are required to comply with government or local authority by-laws which have come into force since your building was built. These unexpected additional expenses can be covered.
- Include the benefit covering the complete cost of rebuilding the property to new condition up to the sum insured as listed on your schedule. Even the cost of removing debris and the cost of architects, surveyors and legal fees are often automatically included in the buildings sum insured.
- Provide the optional cover for the loss of rent following accidental loss or damage to your buildings. If your property is so badly damaged that it is uninhabitable, Insurers will pay the lost rent until the buildings can be lived in, for up to 12 months.

## Personal Accident & Illness Insurance

### What is it?

When you are running your own business, you may also have dependents such as a family needing you to bring home an income to pay the bills and keep a roof over their head. Perhaps also the business has financial commitments such as leases on equipment and other items. What would you do if you became ill or were injured, not just on the job but during leisure time? Do you have enough savings to continue to pay these on-going costs?

### Why do you need it?

As a working director, Workers Compensation will not cover you, only your employees. But even if you are an employee, Workers Compensation generally only covers you for injuries sustained when attending work. Should you sustain any injury or illness that has a prolonged recovery, sick leave can easily be exhausted. Then who will pay the bills?

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Including Personal Accident and Illness cover in your Insurance Programme can help minimise the impact to you and your business.

Personal Accident and Illness cover can provide you with an income while you recuperate, maintaining your lifestyle until you are ready to work again. It can continue to pay the bills for up to two years.

Personal Accident and Illness Insurance can provide you or your family with a lump sum benefit in the case of accidental death or permanent disablement. Replacing your income while you recover from an injury or illness that prevents you from carrying on your usual work is the most beneficial aspect of this cover.

### **What is Covered?**

This type of cover can provide:

- Benefits to the insured in the event of accidental Death or Permanent Injury (based on the compensation percentage shown on the policy schedule multiplied by the capital sum insured); and
- Average Weekly Income Benefits to the insured for certain Accidents and/or Sickness of the nominated persons.

### **What can be excluded?**

Generally the following exclusions will apply but can vary depending on the insurer. You should refer to the insurer's Product Disclosure Statement for further details.

Exclusions or restrictions can apply when you reach a particular Age; have AIDS or HIV; certain diseases; any existing medical condition; being under the influence of Alcohol and drugs; certain Occupations or sports; Pregnancy; and Suicide/self injury.

## **Surety Bonds**

### **Surety – Contract Performance and Commercial Bonds**

Surety bonds are available to cover different parts or phases over the life of a construction contract. The purpose of surety bonds are to provide the principal client (project owner) with a level of financial compensation in the event of the default or failure of a contractor under a construction contract.

There are a range of bonds available to contractors to meet a number of contract requirements include:

- performance bonds
- maintenance bonds
- bid bonds
- retention bonds
- advance payment bonds, and
- off-site materials bonds.

Surety bonds are designed for:

- general builders
- civil, heavy and specialist engineering
- manufacturing, and
- mining.

## Contract Bonds

Set up by contractors for the benefit of their customers or potential customers ('the principal'), Contract Bonds provide security against default or non-performance. When compared with a bank guarantee, they have the advantage of not tying up working capital or lines of credit.

Contract Bonds include:

- **Bid Bonds** are submitted with a bid or tender to ensure that your client will actually enter into a contract if their bid is accepted. A Bid Bond also guarantees that a performance Bond will be supplied.
- **Performance Bonds** support the contractor's obligations during a contract period providing security to their customers against default or non-performance.
- **Advance Payment Bonds** serve to secure the principal's position where funds are advanced to your client for the purposes of the pre-purchase of equipment or site establishment.
- **Retention Release Bonds** provide security to the principal where funds are advanced to your client from the retention fund.
- **Maintenance Bonds** secure your post-completion obligations during the warranty or latent defects period, usually 3 to 12 months post-completion.
- **Off-Site Material Bonds** cover the principal in respect of goods or materials produced and held off site and paid for by them. The Off-Site Materials Bond responds where the goods or materials are not available when required for incorporation into the contract.

## Commercial Bonds

Commercial Bonds cover regulations and commercial contractual obligations and include:

- **Residential Deposit Bonds** provide a convenient way to secure residential (home or investment) property without having to release capital.
- **Commercial Deposit Bonds** provide a convenient way to secure business (office, industrial or retail) property without having to release capital
- **Lease Performance Bonds** issued at the request of a tenant in favour of their landlord and provide financial protection in lieu of a security deposit on a lease agreement.
- **Probate/Transfer Indemnity Bonds** provide a fast and inexpensive way to release assets from a deceased estate without having to obtain a grant of probate.

## Trades/Mobile Business Insurance

The Main Risk for "Tradies" is their Public Liability exposure and secondly, their General Property (Tools of Trade) risks. Some occupations such as Electricians have even more requirements if they are working in Queensland

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However, a Tradesman may not just be working from home. They may have a depot with office staff or perhaps a workshop in an Industrial area, so need to cover themselves for Fire and other perils (such as Storm, Vandalism, Flood), Burglary, Glass or Machinery Breakdown. A Trades Pack policy may be needed for adequate protection

They may also have commercial vehicles and trailers to carry their tools of trade around in. These could be big vehicles or mobile plant and equipment, depending on their vocation.

They may be in the Construction game and find themselves responsible for the Contract Works exposure. That is Fire and other perils at the work site as well as the liability risk for the unfinished work.

## Corporate Travel

### What is it?

Corporate Travel Insurance covers expenses for medical treatment, emergency medical evacuation, flight cancellations or lost luggage for your Employees or Directors who travel overseas or within Australia on business. Some insurers offer cover for acts of terrorism and war.

A Corporate Travel policy is specifically designed to protect companies from many kinds of business travel expenses without many of the usual restrictions and exclusions placed on regular travel policies. This allows you to have confidence in their personal safety and security when travelling.

### What does it cover?

Most insurers will provide cover on a broad basis. Look for the following in the cover:

- Personal Accident & Sickness
- Medical Expenses
- Additional Expenses including Curtailment
- Repatriation of Mortal Remains or funeral expenses
- Missed Transport Connection Expenses
- Baggage, Money, Travel Documents; including cover for Keys & Locks and delayed baggage
- Kidnap, Ransom, Detention & Extortion
- Alternative Employee Expenses
- Hire Car Excess
- Extra Territorial Workers Compensation
- Personal Liability
- 24 hour emergency assistance through an Assist Group that provides Security and Emergency Management such as:
  - Emergency medical assistance
  - Medical evacuations to first world care every year.
  - Services such as replacing a lost passport, to providing interpreters to retrieval of a deceased person and their transportation back to Australia.
  - Availability 24 hours a day, 365 days a year.
- Loss of Deposits and cancellation such as from financial collapse or insolvency of an entity such as an airline hotel chain, travel agent or tour company
- Death by sickness - lump sum being paid out on similar to Life insurance

- Overseas leisure travel of insured company director's and their accompanying spouse and dependant children are automatically included
- Overseas medical expenses related to pre-existing conditions
- Ongoing medical expenses cover up to 24 months after the event, even after the Insured Person has returned to Australia
- Cover for events resulting from terrorist attacks
- Worldwide War Cover but most include exclusion areas which can be included at an additional cost

### Why do you need it?

You have a duty to look after your employees and Directors who travel regularly interstate and overseas. Legally you may be vicariously liable anyway. They take time away from friends and family sometimes at great risk. Their personal health and safety, as well as their own personal belongings are at risk. They will perform their work better and represent your company much better knowing that they would be looked after in an emergency travel situation.

## Fine Art Insurance

### What is fine art?

The that fine art, antiques and collectibles are becoming a recognised alternative financial vehicle to build wealth as well as giving much personal pleasure to admirers and owners. Traditionally paintings or sculptures were generally considered fine art, but we now also include porcelain, jade, photographs, tapestries, sports and other memorabilia, vintage clothing, antiquarian books, antiques and all kinds of collectibles.

- *Art and Antique Collectors Insurance*
- *Art, Antique Dealers and Galleries Insurance*

## Marine Insurance

Marine Insurance is a specialist area covering a wide range of covers including the following:

### Carriers Cargo Liability

Carriers cargo liability insurance protects the carrier who operates using approved consignment notes or other contracts of carriage against their liability, in terms of these contracts, for loss or damage to their customers' goods or livestock.

This cover is a relatively inexpensive way for the carrier who manages their risk contractually to protect them. Agreed legal costs incurred to defend claims against the carrier are covered.

Policies can also be extended to cover delay, loss of market or consequential loss caused solely by loss or damage to the insured goods or livestock. This cover is only limited to the difference between the amount paid for damage to the goods and the limit sum insured, not a small sub-limit.

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## Features and benefits

- delay, loss of market, consequential cover
- removal/disposal of damaged goods or livestock up to sublimit agreed
- legal costs incurred
- optional extension to cover the liability of the carrier's subcontractors when working for the carrier.

## Goods in Transit (Carriers)

Goods in transit (carriers) insurance provides the carrier with the ability to have commercial settlements made to their customers for loss or damage to their goods or livestock from an insured event at the carrier's request, irrespective of their liability. If the carrier chooses not to accept the customer's claim, the policy remains in force, with agreed legal costs covered, should the carrier elect at a later time to accept the claim.

This cover is available to all carriers - there is no requirement for the carrier to issue consignment notes or operate under other contracts of carriage.

This policy offers two levels of cover:

- comprehensive – against loss or damage to goods from accident or deliberate act of a third party or death of livestock from accident, natural causes or humane slaughter
- defined events – against loss or damage to goods or death of livestock from major transit perils including fire, flood, collision, overturning, impact.

Defined events cover can be optionally extended to cover:

- theft, pilferage, non-delivery
- accidental loss or damage during loading or unloading
- deterioration of refrigerated goods from breakdown or mismanagement of refrigerating machinery.

## *Features and benefits*

- removal and disposal of damaged goods/livestock (including clean up of accident site), salvage, on forwarding, mustering/agistment of livestock up to the set sublimit
- goods falling from or coming unsecured from vehicle (comprehensive cover only)
- insured's own equipment up to the set sub-limit (defined events only)
- irretrievable wandering off of livestock.

Goods in Transit Goods in transit is either an annual cover where premium is based on the value of goods in transit, at the insured's risk, during the policy period. Or it can be a single transit cover. It is the simplest and most convenient way to cover the insured's inland transit risks.

## *Features and benefits*

- choice of cover between all risks of loss/damage to goods or death of livestock and major nominated transit perils
- wide transit cover – from when goods are first moved for transit until last moved at destination
- debris removal up to the designated sub-limit

- delayed unpacking – discovery of transit damage up to 90 days after delivery
- no disposal or sale of branded goods without insured's consent
- cover for goods to and from packers' premises and for up to one month while goods are held there
- companies acquired included under policy.

## **Conventional and Specialised Cargo**

For our clients moving cargo in and out of Australia, worldwide to worldwide, or domestically we can obtain cover for:

- combined cargo (import/export and within Australia)
- annual import/export, and
- single transit covers.

Some insurers provide specific wordings for a particular type of risk or commodity. Specialised cargo can include:

- fruit and vegetables
- bulk commodities
- livestock, and
- cargo loss of profits.

### **Goods in Transit (own vehicles)**

Goods in transit (own vehicles) is a simple and inexpensive annual cover for major transit risks and theft of goods carried in any vehicle owned and/or operated by the insured and is not restricted to nominated vehicles.

It is particularly suited to small businesses and farmers with one or more vehicles used to collect or deliver goods or livestock.

Annual premium is calculated on the number of vehicles operated, type of goods/livestock carried and the nominated sum insured.

### ***Features and benefits***

- debris removal up to a maximum of \$5000
- no disposal or sale of branded goods without consent of the insured
- no need to declare total goods carried.

### **Pleasure Craft Insurance**

#### **Private Pleasure Craft Insurance – What is it?**

The unexpected can happen whether your boat is out to sea or at wharf: loss, theft, damage or the unforeseen effects of violent weather. Pleasure craft insurance helps cover you against the unexpected when it comes to your pleasure boats. It can also include personal accident and legal

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liability cover for you and any person you allow to control your boat when in the water.

A wide range of boat types can be insured including yachts and power boats. Comprehensive insurance cover gives you complete peace of mind and protection to safeguard your boating activities. Some comprehensive insurance automatically includes items that other insurance providers may offer as add-ons at an additional charge. So it is important to compare covers between insurers to give you and your boat the best possible protection. Premiums will vary between insurers with the cover.

### **What does it cover me for?**

The policy should provide the following basic coverage:

- Accidental loss, damage, fire and/or explosion and theft to your boat
- Cover for liability to other people, including death or injury, and damage to their property
- Transit Damage
- Clean Up Costs - discharge and escape of fuel, lubricant and sewage from holding tanks on your boat
- 24 hour emergency assistance and personal service on and off the water.
- Choose between agreed or market value policies – depending on age of the Vessel
- Claims assistance available 24/7

### **Make sure you consider these additional benefits or options**

Many of the specialist Marine Insurers are able to include the following in their policies:

- Automatic cover for a new boat
- No claim bonus so that premiums reduce if you are not claiming. Optional values for liability cover
- Transit cover throughout Australia
- Extend cover up to 250 nautical miles offshore if required
- Discounts while your boat is laid up
- Personal accident cover
- Salvage expenses in addition to the sum insured of your boat
- Apportioned excesses for high value vessels
- Cover for overheating of motors caused by external blocking of cooling system
- Personal Effects cover
- Cover for Fishing gear, Water Ski equipment and Diving equipment
- Cover for Time Trials for Power Vessels
- Legal liability protection which covers members of your family, you, when you are on someone else's boat and if applicable, observers and water skiers or Barefoot skiers towed by you
- New for old on mechanical and electrical components of the motor up to at least five years of age which cannot be satisfactorily repaired up to the motor market value
- Emergency trailerable towing
- Your boat whilst left unattended or moored temporarily off any exposed beach or shore

**Hull Insurance** - Insuring commercial vessels requires an understanding of our clients' business, the vessels employed in that business and the protection required for the risks involved.

Types of Marine Hull risks insured include:

- passenger, excursion and tourist vessels

- tug and barge operations, coastal trading, inland & harbour craft, fishing vessels and dredgers, and
- innocent owners/mortgagees cover, loss of charter hire, loss of earnings.

Commercial hull insurance includes a wide range of policies which cover shipowners, charterers and operators of commercial vessels against a multitude of risks including:

#### **Hull and machinery**

Insurance against damage to or loss of the vessel including collision liability risk, loss mitigation expenses and General Average contributions.

#### **Loss of earnings**

Insurance against loss of revenue and costs arising out of an incident that is covered under hull and machinery insurance.

#### **Increased value**

Insurance against potential fluctuation in value as well as the increased costs of acquiring new assets in the event of a total loss.

#### **War and strikes**

Insurance against war and strikes perils.

#### **Protection and indemnity (P&I)**

Insurance against certain liabilities such as personal injury and damage to third party property.

The wording of these clauses is Internationally standardised and insurance cover is based on globally recognised clauses such as the Institute Time Clauses – Hulls 1/10/83.

However, we refer these risks to a number of insurers to seek the best price with the broadest available cover. Their expertise, security and claims service is also a consideration in what is a very specialised field.

### **[Ship Repairers Liability](#)**

#### **Who are ship repairers?**

Ship repairers are responsible for watercraft and equipment in their care, custody and control, as well as damage to third party property and personal injury, arising in the course of their operations. Our ship repairer's liability insurance provides cover for legal liability that arises in the course of a ship repair business.

#### **What is ship repairers liability?**

Ship Repairer's Liability insurance offers a flexible solution for the ship repair sector. It provides comprehensive insurance that can be tailored for your own unique needs, whether you are



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operating a large commercial ship repair facility or operate as a sole trade providing maintenance or repair services to watercraft. Our product is backed by our proven specialist expertise, acclaimed service standards and the security of a large global insurer.

## Features

Cover usually provides a wide scope of cover including:

- no discovery period
- no negligence trigger.

### **Policy features include cover for liability arising from:**

- watercraft in care, custody and control
- third party property damage and personal injury
- products liability
- ownership, tenancy or use of premises (including car parks)
- ownership, tenancy or use of berths, jetties, pontoons or moorings
- pollution, including clean-up costs
- consequential loss and loss of use of damaged watercraft
- use of subcontractors
- removal of wreck
- damage to temporarily hired equipment
- travelling workmen
- legal defence, investigation and other mitigation costs
- hot work liability.

**Marina Liability** Marina operators are exposed to both land and marine liabilities. They offer a broad range of marine services including berthing, mooring, storage, fuelling, ship repair and maintenance. They also offer a number of land based services which can include car parks, retail, residential and commercial facilities.

Marina Operators Liability Insurance includes:

- Watercraft in care, custody and control
- Ship repair, storage, moorings, hauling out and fuelling services
- Movement of vessels not exceeding 40 kms from business address
- Pollution, including clean-up costs
- Consequential loss and loss of use of damaged watercraft
- Removal of wreck.

## Trade Credit Insurance

### Trade Credit Insurance – What is it?

It is essentially protection against bad debt. CPR Insurance Services can provide Trade Credit insurance solutions, providing a range of domestic and export policies that can be tailored to suit a business and their risk management needs whether they are a local, regional or global company.

## Who needs Trade Credit insurance?

If a registered business is selling its goods and services on credit terms (eg offering 30 days to pay) then it is vulnerable to bad debts and should consider the protection of a trade credit policy. Benefits of Trade Credit insurance include:

- lost working capital is quickly replaced
- policies can be assigned to a financier to increase borrowing capacity
- our Insurers have an international information network helps provide an early warning of potential payment difficulties
- policy holders are provided with a range of credit management tools to improve cash flow.

## What does Trade Credit insurance cover?

Trade Credit insurance covers the non-payment of trade debts following the event of insolvency (eg receivership, liquidation, and bankruptcy) and protracted default. If the trade debt is from an export transaction, the additional events of contract repudiation and various political risks can be included.

If a business sells goods and services on credit terms, a substantial percentage of their working capital is probably tied up as money owed from their customers. Trade Credit Insurance protects against these assets becoming bad debts. Claims are payable 30 days from our receipt of the Confirmation of Debt from the insolvency practitioner in charge of the failed debtor.

## Does Trade Credit assist my credit management?

Trade Credit policies should be designed to complement and support good credit management and help you to trade with confidence. They will respond promptly to increases in credit limits and be available to assist if a customer slows in paying an account. Some Trade Credit Insurers provide assistance with the collection of debt when a customer doesn't pay on time with preferred terms available from selected collection agencies.

## What types of Trade Credit insurance are available?

Insurers offers a range of products that can be tailored to suit each business and countries. We can advise details of various products in each market.

Can a business insure sales to members of the public?

No, Trade Credit insurance is for business to business transactions such as manufacturers selling to wholesalers, wholesalers to retailers or contractors to builders.

## How much does it cost?

Premiums can be calculated as a percentage of turnover or for some product types, are offered on a fixed fee basis. Minimum turnover will generally need to be between \$1,000,000 and \$3,000,000 to be considered. Factors including industry, country of policyholder and buyer categories such as manufacturers, wholesalers or retailers, will influence the premium charged. However premiums start from approximately \$13,000 plus charges for GST and Stamp Duty (if applicable) depending on the Insurer.

The logo for Willis, featuring the word "Willis" in a stylized, dark blue serif font. The letters are closely spaced, and the font has a classic, professional appearance.

# Commercial Crime Insurance

## What is it?

The risks of crime have become increasingly global. Also developments in technology ensure businesses are now more than ever, faced with not only an increased exposure to commercial crime but a huge variety of different ways coming through from many different ways. Thieves and fraudsters can include internal employees, external sources, or a combination of the two working together for their own personal gain.

## Why do you need it?

During periods of economic uncertainty it appears people become more desperate and this appears to lead to increased criminal activity. Therefore the discovery rates by Businesses and their Managers are escalating. Mergers or acquisitions can heighten exposure to crime. Also when Businesses implement cost saving measures such as salary freezes and redundancies, disgruntled employees to look for alternative ways to supplement or increase their income. As the worldwide use of computers has grown, so has computer-related criminal activity. Cyber thieves attempt to assume identities, commit credit card fraud, alter websites and maliciously destroy online systems. Small, portable high-tech products that can quickly skim cards or film password entries can easily be bought on the black market. As a result we can all be an easy target for internal and external sources because the earning potential is huge.

As organisations operate globally, cross-border criminals, fraudsters and professional gangs have the opportunity to operate on an international scale. Detecting a crime on this scale is more complex. Fraud or crime poses a greater threat in emerging countries. As a company expands its operations there can be a lack of understanding in terms of the language and culture of the new territory .

## What does it cover?

Commercial Crime coverage is designed to meet the needs of corporate organisations in challenging times. It provides broad coverage to ensure protection and peace of mind against a wide range of criminal activity.

You should look for a broad coverage that offers protection for your business by providing Worldwide coverage, an insurer with a large capacity, broad definitions of external parties and third parties, a broad definition of employee, Insured definition includes employee superannuation funds and cover for loss sustained at any time.

The types of extensions of coverage you should seek include Care Custody and control cover, Client Liability, Credit Card Fraud, Data Reconstitution Costs, Erroneous Funds Transfer, Extended Discovery Period up to 12 months, Extortion, Interest, Investigation Costs and Automatic cover for new subsidiaries and run off cover for ceased subsidiaries.

# Superannuation Trustees Liability Insurance

The continued introduction of legislation relating to superannuation has resulted in a significant increase in the list of responsibilities faced by superannuation trustees. In addition, the compulsory Superannuation Contribution requirements have resulted in an enormous increase in

the amount of funds residing in superannuation and retirement trusts that mean increased responsibilities upon the Fund's trustees.

### Why do you need cover?

As a superannuation fund trustee, you must act in the best interests of the fund's beneficiaries. The law requires you to perform your duties honestly and competently. Serious civil penalties can result from a breach of these obligations.

Even the most careful and ethical trustees are at risk. Trustees have legislative and common law duties (including fiduciary duties). They are similar duties to those carried by company directors and officers. Like them, trustees carry personal responsibility not only for their actions but also where they fail to act in certain circumstances. The Superannuation Industry (Supervision) Act (SIS) requires trustees to as an example:

- To exercise a reasonable degree of care, skill and diligence;
- Keep the trust fund's money and other assets separate from the trustees' or the employer company's own money and assets, avoiding a conflict of interest
- To act in the best interests of the beneficiaries,
- Ensure that the entity can meet current and future liabilities,
- Not borrow money,
- Not lend money,
- Report adverse events to beneficiaries and the regulator within a defined period,
- Always deal at arm's length.

### The Benefits of Trustees Liability Insurance

Trustees Liability insurance provides protection for the Trustee and the Trust against the cost of claims against its Trustees for losses arising from their Wrongful Acts. Legally it is the Trustee and not the fund that is liable for any legal actions arising from a Wrongful Act, as the fund is not able to be sued because it is not a legal entity. However, the Trustees are provided with an indemnity by the Trust from fund assets, therefore, if an action were brought against a Trustee, the Trust would fund the losses and defence costs. Therefore, Trustees Liability coverage provides for reimbursement of the fund to ensure that the costs of funding a loss or defending an action are not passed on to members.

### How can claims arise?

Disputes can arise over:

- Payment of retirement benefits,
- Claims under life or temporary and permanent disablement policies organised by the trustees,
- Payment of benefits going to the wrong person, such as a former spouse,
- Misrepresentation about likely superannuation payouts,
- Conflicts of interest between the employer company and the fund member, and
- Transfer of benefits to a new fund when a fund is wound up.

### What does the Policy cover?

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You should look for cover that includes legal liability for wrongful acts in connection with the superannuation fund and includes defence costs. Some policies will include penalties or fines under the SIS Act, Corporations Act or an adverse determination of the Superannuation Complaints Tribunal as a result of unintentional breaches of strict liability provisions.

Then there are extensions such as Crime, replacing or restoring lost or damaged documents, and inclusion of funds acquired prior to the policy period.

## **Residential Strata Insurance**

### **Residential Strata Insurance – What is it?**

A Strata Title provides the legal ownership of a portion of an apartment block. These portions are known as 'lots'. Owners of a 'lot' receive a title deed to their unit. You can sell, lease or live in your lot as you would a house. Each unit owner owns the interior spaces of the lot, but the building as a whole is owned by the Owner's Corporation.

Strata Title Insurance is issued to the Owner's Corporation and covers the building and other common area contents as well as legal liability. Each individual unit holder is responsible for insuring their own contents and liability for incidents occurring inside their unit.

In addition to the cover for the building, and common liability the residential strata insurance can also provide the following covers in accordance with the strata titles act.

Some Residential Strata policies can accommodate risks that are 100% residential, 100% office or commercial though some insurers do not write high hazard tenant occupations (including wood workers and wok cooking risks) or any mix in between without the loss of benefits for residential units. Many insurers will not deal directly with body corporate entities nor will they appoint strata managers as Authorised Representatives. Therefore utilising the services of an Insurance Broker to obtain cover for you is a huge advantage.

The key benefits and features of Residential Strata policies vary amongst insurers and while we seek to get you a good price, you also need good cover. A broad package backed by strong insurers offering an excellent claims service should be your priority. You do get what you pay for.

### **What can it cover?**

The main sections of a Residential Strata Insurance policy include the following:

#### ***Property – Buildings & Common Contents***

This section of the policy insures your buildings and common contents for physical loss, damage or destruction by any cause (not otherwise excluded). Some of the benefits include:

- Accidental Damage – no sub-limit
- Temporary Accommodation, Loss of Rent Receivable, Failure of Supply Services, Infectious or Contagious Diseases, Murder or Suicide, Reletting Costs, Maintenance Fees and Removal and Storage of Lot/Unit Owners Contents
- Common Contents – usually up to 1% of buildings sum insured (in addition to sum insured)
- Common Contents in the open air (in addition to sum insured)



- Fusion – for motors
- Storm damage to gates and fences
- Lot / Unit Owners Fixtures and Improvements in Residential Lot / Units
- Building sum insured is not subject to a co-insurance or average clause
- Catastrophe cover – can be up to 30% buildings sum insured (in addition to sum insured)
- Breakage of Glass.
- Theft - loss or damage to your Insured Property as a result of theft or attempted theft.
- Loss of Keys

Additional benefits can be included with some insurers such as:

- Alterations & Additions
- Catastrophe Cover (automatic 15%)
- Emergency Accommodation/M meal Costs
- Emergency costs to minimise losses
- Fusion of motors up to 5kw (6.7hp)
- Inflationary Costs (CPI Increase)
- Loss of rent
- Modifications due to injury
- Property of Others
- Travel Expenses

### ***Property Owners Legal Liability***

This section of the policy covers the Owner's Corporation or Body Corporate for their legal liability following an occurrence that causes personal injury or property damage. It can include:

- Cover for compensation the Insured becomes legally liable to pay for Personal Injury and Property Damage
- Legal Costs – in addition to the limit of liability
- Liability in connection with the Insured's ownership of any underground or overhead services, roads, footpaths or bridges that form part of the property at the Situation

Additional benefits with some insurers can include:

- Liability in connection with the hire by any person of sporting or recreational facilities owned by the Insured – included
- Liability in connection with any social or recreational activities arranged for or on behalf of the Lot / Unit Owners or occupiers of any Lot / Unit – included
- Includes liability in connection with the application of pesticides, herbicides or fertilizers to Common Areas at the Situation or the Property Insured
- Includes liability in connection with the Insured's ownership, use, control or possession of garden appliances, wheel chairs and golf buggies that do not require registration by any legislation or competent authority
- Includes liability in connection with Lot / Unit Owners' Fixtures and Improvements of a Lot / Unit that is occupied solely for residential purposes

We recommend a Sum Insured of at least \$20,000,000

### ***Fidelity Guarantee***

Fidelity Guarantee covers the amount of any loss that the insured incurs as a result of fraudulent misappropriation of the Body Corporate's funds. The loss must occur during the period of insurance and must be caused by a person who has responsibility to care for and protect the funds. Unfortunately some people in a position of Trust do not always act honestly. This cover provides protection should this happen.

- Cover for fraudulent embezzlement or fraudulent misappropriation of funds set aside for the purpose of management of the Body Corporate / Company affairs
- Cover can usually be available up to \$100,000

### ***Voluntary Workers Personal Accident***

This section of the policy provides monetary benefits in accordance with a Schedule of Benefits listed in the policy in the event that a voluntary worker is injured or dies as a result of an accident while carrying out that voluntary work. Many Body Corporates have volunteers who provide Garden or maintenance services etc, so there is a need to look after them should they become injured. The Schedule can include:

- Death or total and permanent loss of both hands, or the use of both feet, or the use of one hand & one foot – 100% of the capital benefit selected
- Total loss of sight in both eyes – 100% of the capital benefit selected
- Total and Permanent loss of use of one hand or of the use of one foot or sight in one eye – 50% of the capital benefit selected
- Total disablement from engaging in or attending to usual profession, business or occupation – 100% of the weekly benefit selected up to 104 weeks
- Partial disablement from engaging in or attending to usual profession, business or occupation – 50% of the weekly benefit selected up to 104 weeks
- Travel expenses in obtaining medical treatment – up to 1% in total per incident of the capital benefit selected
- Capital benefits are usually available up to \$200,000 depending on the insurer
- Weekly benefits often available up to \$2,000 per week depending on the insurer

There are a number of additional benefits provided under this section of the policy that include:

- Domestic Assistance
- Funeral Expenses
- Miscellaneous Expenses

### ***Office Bearer's Liability***

Office Bearers Liability will indemnify the committee members for Loss arising from a Wrongful Act which results in a Claim. A Wrongful Act could be anything from an error or omission, misstatement, defamation, breach of confidentiality, breach of trust and any other allegation of a breach of a duty of care while holding a committee position within the Body Corporate.

- Covers legal liability of office bearers for any wrongful act they commit

- Claims investigation, defence and settlement costs

There are a number of additional benefits and extensions of cover available including:

- Advancement of Defence Costs
- Continuous cover – that covers matters that should have been reported prior to renewal
- Cross Liability
- Extended reporting period benefit – if the cover lapses it can be extended up to 30 days

### ***Machinery Breakdown***

This provides cover against sudden and unforeseen physical destruction or physical damage to machinery that requires repair or replacement to enable normal working of the machinery to continue. In a Residential Body Corporate, these can be the Pool pump, submersible pumps that deal with rain water run-off or Airconditioning systems forming part of the buildings. Cover can include:

- Breakdown of unspecified machinery – Available for machinery driven by motors not exceeding 5hp (4kw), limited any one incident.
- Breakdown cover for specified machinery
- Breakdown, collapse or explosion cover for specified boilers and pressure plant
- Automatic Cover for additional unspecified machinery – up to 90 days

### ***Legal Expenses***

This section covers Legal Expenses you are liable to pay following legal proceedings brought against you.

- Covers legal expenses in defence of workplace occupation health and other specific disputes – up to a selected limit.
- Cover can be available up to \$100,000

### ***Audit Expenses***

This section covers reasonable and necessary Audit costs incurred due to an investigation of your financial affairs by a Government body.

- Covers fees of a professional advisor in relation to an audit of your business by the Australian Taxation Office or any other Government agency – up to limit selected
- Cover can be available up to \$50,000

### ***Other Sections that can be available also in a Residential Strata Insurance***

### **Workplace, health & Safety Breaches**

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This covers you for legal expenses incurred in appealing against any imposition of an improvement or prohibition notice or determination made under any workplace, occupational health and safety or similar legislation.

### **Lot Owner's Improvements**

This covers Damage to Lot Owners Improvements (i.e. new fixtures or upgraded fixtures to a unit) that are not otherwise covered in Section 1.

### **Workers' Compensation**

This section provides cover for employees and is subject to the relevant workers' compensation legislation in the State or Territory where the employees are based.

Note: Some circumstances make workers' compensation insurance compulsory if you have employees

## **Commercial Strata Insurance**

This is insurance designed specifically for Commercial Property Owners and is ideally suited to commercial properties of any size.

The Commercial Strata Body Corporate can be insured ordinarily in different ways but depending on its size. There are specific packaged policies for properties up to a value of \$35,000,000. Above these amounts, an Industrial Special Risks policy tailored to the risk is taken.

### **What does it cover?**

The special package policies available generally have the following sections:

- Section 1 - full accidental damage property cover with an automatic 30% loss of rent benefit in addition to the sum insured.
- Section 2 - provides property owner's liability cover up to a maximum of \$20,000,000
- Section 3 – Machinery Breakdown where electric motors suffer stoppages.

These policies are aimed at the Strata owner with lower risk type tenants. They do always include cover for high hazard tenant occupations, such as Wood Work, Tattoo Parlours and Large deep frying or Wok Cooking risks.

### **What are the benefits within the cover?**

The following are an example of the types of benefits you might find in these policies

#### **Section 1 – Property Insured**

- Accidental Damage – no sub-limit
- Property sum insured is not subject to a co-insurance clause
- Additional Benefits (in addition to sum insured)
  - } Loss of Rent Receivable, Failure of Supply Services, Infectious or Contagious Diseases, Murder

or Suicide, Reletting Costs, Maintenance Fees – up to 30% of Property sum insured (in addition to sum insured)

- | Property in the Open Air - \$10,000 to \$30,000 sub limit
- | Replacement Locks & Keys – between \$2,000 and \$5,000 per incident
- | Fire Extinguishment Costs - Costs and expenses reasonably and necessarily incurred
- | Arson Reward – from \$10,000 to \$20,000 per Incident
- | Personal Property – from \$5,000 to \$20,000 per Incident
- | Claims Preparation Costs - up to \$50,000 per Incident
- | Mortgage Discharge – between \$5,000 and \$20,000 per Incident
- | Removal of Water from Basement – between \$10,000 to \$50,000 per Period of Insurance
- | Additional Utility Charges – from \$2,000 to \$5,000 per Incident
- | Exploratory Costs - Costs and expenses reasonably and necessarily incurred
- | Alterations and Additions - Covered when the cost of the alteration or addition is up to \$500,000
- | Fusion (motors up to 5 kw) - Costs and expenses reasonably and necessarily incurred
- | Increase Sum Insured by the Consumer Price Index

### Additional Benefits Included in the Sum Insured

- } Removal of Debris - Costs and expenses reasonably and necessarily incurred
  - } Architect and Professional Fees - Costs and expenses reasonably and necessarily incurred
  - } Government Fees, Contributions or Imposts - Costs and expenses reasonably and necessarily incurred
  - } Legal Fees - Costs and expenses reasonably and necessarily incurred
  - } Temporary Protection – between \$10,000 and \$20,000 per Incident
  - } Storm Damage to Gates and Fences - Costs and expenses reasonably and necessarily incurred
- Optional Additional Benefits

- ↳ Catastrophe cover (Sum Insured increased as a result of a government-declared catastrophe or emergency) – options available up to 30% of Property sum insured

## Section 2 – Property Owners Legal Liability

Cover for compensation the Insured becomes legally liable to pay for Personal Injury and Property Damage

- Legal Costs & Expenses – up to 30% of the limit of liability, in addition to the limit of liability
- Liability in connection with the Insured's ownership of any underground or overhead services, roads, footpaths or bridges that form part of the property at the Situation – included
- Liability in connection with the hire by any person of sporting or recreational facilities owned by the Insured – included
- Includes liability in connection with the application of pesticides, herbicides or fertilizers at the Situation or the Property Insured
- Includes liability in connection with the Insured's ownership, use, control or possession of garden appliances, wheel chairs and golf buggies that do not require registration by any legislation or competent authority
- Sums Insured available up to \$20m

### Section 3 – Machinery Breakdown

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- Option A – Unspecified Machine(s) driven by motors not exceeding 5HP or 4kW - limit any one incident as specified in the schedule
- Option B - Machines and Boilers and Pressure Plant individually listed and described in the Schedule

## Event Liability Insurance

### *Event Liability Insurance – What is it?*

This is a public and products liability insurance policy for Events is designed to provide cover for Event Organisers for their risk exposure to personal injury and property damage claims. The Event could be for one day or a series of events over time. Public liability insurance will cover your legal liability to compensate third parties for personal injury or property damage caused by an occurrence in connection with your business activities. Public liability insurance also covers the legal costs associated with the defence of these actions.

### **What does the cover provide?**

Generally you can choose between \$10 million and \$20 million limits of indemnity. Minimum premiums start at \$1,000 including GST and Stamp Duty. Generally the time frame can be up to 30 days but depends on the insurer as there is an ability to provide Annual Policies which can reduce overall costs. The timeframe can be extended to include Set Up and Pack Down time.

Most policies will provide an allowance for up to 100,000 attendees.

Then there is also the ability to package additional Public Liability for Exhibitors or Stalls. And even to extend the cover to include Event cancellation insurance such as “No Show” by the main attraction or from adverse weather. There is even the ability to include Prize reimbursement and “Hole in One” indemnity cover for Golfing events.

However cover for Fireworks or Pyrotechnics and Amusement Rides are often excluded from cover. It would be advisable to manage these risks by sub-contracting to operators providing contracts that holds harmless the organisers from any claims arising from these activities at the same time demanding proof of their own insurance.

### **What sort of Events can be covered?**

Here are some examples of events that can be covered.

- Art exhibitions
- Auctions
- Book launches
- Boat shows
- Car shows
- Community Fairs
- Concerts
- Conferences
- Cultural events
- Entertainment events
- Fashion events • Festivals
- Food and wine shows
- Garden shows
- Lectures
- Parades
- Photo shoots

- Plays and theatre productions
- Promotions
- Sporting events
- Trade fairs
- Telethons

## Mobile Plant and Machinery

*These are policies designed to cover a wide range of risks specifically on Material Damage, Breakdown of the Machinery, related Consequential Loss as well as the legal liability exposure related to such equipment. Specifically the policy provides cover for:*

- Provides cover for sudden and unforeseen physical loss, damage or destruction for owned or hired in mobile plant and equipment.
- The sudden and unexpected breakdown of a mechanical, electrical or electronic part of a Machine that prevents the normal use of the machine.
- Cover for Third Party or Property Damage arising from the use, operation or towing of a registered road vehicle or machine in connection with the business along with the legal liability for personal injury, property damage or advertising injury caused by an occurrence in connection with the declared business activities.
- Can be extended to cover loss of profits that occurs as a result of damage or breakdown damage (if this cover is taken) to a machine which causes an interruption to the business.

The Material Damage section can include

- Accidental overload for machines designed to lift.
- Dry hire after the insured declares activity. Includes theft by hirer.
- Cover for unspecified attachments which reduce chances of having no cover for undeclared items.
- Substitute machines cover for similar machines whilst insured item is undergoing repair or maintenance.
- Transit cover by road, rail and air

The Liability Section can include:

- Liability for either that particular machine or for all declared activities
- Cover for completed operations
- Registered vehicles when used as a tool of trade
- Hook Liability to a specific sub-limit
- Damage to underground services (with conditions)
- Dry Hire
- Hired out road vehicles – damage waivers

## Patent Insurance

**What is it?**

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A patent itself is a kind of insurance. The definition of a patent is an exclusive right granted by the government to make, use or sell the patented products. In other words, no one other than the patent-holder can manufacture or market the patented products.

Patent insurance has been around for many years on the international scene but not many businesses know about it. With more and more firms entering the knowledge-based business and fighting hard to safeguard their interests and achieve their business objectives, insuring one's intellectual assets have now become an imperative and vital strategic business decision.

### **Why do you need it?**

Most companies, including well-established ones, may not want to use their gross profits to fight any Intellectual Property or Patent matters that may arise during the course of their business. Small to Medium Businesses, that have weaker cash flows, fear the idea of patent litigations. It can have a huge impact on their growth, affects their research and development, and ultimately on their turnover.

Some companies do not apply for patents because of the mistaken belief that it costs too much in money and time in obtaining and protecting the patents. On the contrary, the cost of applying and securing a patent is only a fraction of the cost of developing the new product. If the invention has financial viability, then it makes good sense to apply for a patent.

Once the patent is granted, insuring the patent should be the next step as it reduces the financial burden of fighting any legal suits. An insured patent also discourages probable infringement, as the infringing firms would fear the financial strength of the patent holder (due to the presence of a big insurance company) in fighting any legal battle.

### **How does it work?**

It is Insurance that protects a patent holder against loss due to infringement of a patent. There are various forms including:

- Patent infringement liability insurance which is a form of professional liability insurance for manufacturers, users and sellers accused of infringing a patent holder's rights. Coverage is provided for defense and indemnity and can include profits and royalties that must be turned over to the patent holder. Coverage is written on a claims-made basis.
- Patent enforcement litigation Insurance for a holder of a patent against infringement by another person. Coverage is written on a claims-made basis and includes the cost of legal defense to enforce the patent. The policy includes a co-payment provision, usually 25%. Excluded are liability for compensatory or consequential damages, fines, punitive damages, exemplary damages, and multiple damages.

If new technology is patented by the company, they will benefit from the patent pursuance or enforcement insurance. If the patents are not held by the company, it is possible that some other company holds the patents, and therefore the company must have the patent litigation insurance, to mitigate the risk of possible infringement suits against the company.

### **Who Should Obtain Patent Insurance?**

Patent insurance of both kinds (defence and offence) should be obtained by Businesses of all sizes – small, medium and large. Basically, if you have your own patents, you should have Patent



Enforcement Insurance. If you don't have patents on your product line, it is recommended you have Patent infringement Liability Insurance.

Effective management of intellectual property basically involves creating, maintaining, and safeguarding its patent portfolio, apart from strategic planning of risk management. This requires constant vigilance for any infringement by competitors. The company also needs to be cautious in its research and development work while expanding its portfolio, so that it does not infringe on others' patents. According to American Intellectual Property Law Association, depending on the amount of infringement in question, the average cost of a patent litigation is \$0.5 million to \$5 million for both the plaintiff and defendant,. In some cases, the costs could also go as high as even \$500 million.

For small and medium enterprises and firms entering a new business, it could be a question of survival as a single infringement case might impair their entire portfolio of products and services. The invisible costs may include the stress on the employees involved and also loss of many man-hours as they go about fighting an infringement or an allegation of infringement. The company's business and its image may also take a beating as customers and investors lose their confidence when a lawsuit is filed.

## **Environmental Risks Insurance**

### **Environmental Risks – What is it?**

There is a growing awareness of environmental concerns and tougher environmental regulations from all levels of government, it has become more necessary for companies to take steps to protect themselves against environmental risks.

Environmental Risk Insurance is becoming an increasingly important cover for all businesses. Not just the increasing liability exposures which can impact their bottom line but also the increasing legislation allowing for heavy fines and penalties. Then there is the often forgotten resulting damage to both a business' reputation.

Pollution can bring about a number of risks and exposures for companies and many standard business insurance policies provide only partial cover for some of the risks that arise when an industrial pollution event occurs. Usually it may be limited due to various policy exclusions.

Sudden and accidental pollution may be covered but events such as the gradual pollution of an area due to a slow leak or contamination may not be. This type of pollution is hard to identify but can be environmentally disastrous, not to mention a financial catastrophe for any company.

Companies without an Environmental Risk policy may also encounter potential grey areas surrounding various types of pollution incidents. This makes it difficult to prove it fits in with the coverage provided when making a claim. Remediation work or restoration, may also be specifically excluded.

Some insurers now offer carefully worded policies to protect companies against the financial risks involved in environmental pollution so that a business is covered if the unfortunate event of environmental pollution occurs.

The logo for Willis, featuring the word "Willis" in a stylized, dark blue serif font. The letters are closely spaced, and the font has a classic, professional appearance.

## What does Environmental Risk Insurance cover?

These policies seek to provide cover against the financial risks involved with pollution. Pollution liabilities are no longer the impossible risk management problems they once were. Today, Environmental Risk Insurance offers a full range of environmental liability solutions, from traditional risk transfer for simple operational exposures, to custom structured programs designed specifically for complex merger, acquisition or liability relief transactions.

These Environmental Insurance policies can cover sudden and accidental pollution as well as gradual pollution and includes:

- Clean-up costs
- Consequential Loss caused by pollution
- Third party bodily injury
- Third party property damage
- Third party clean-up costs
- Defence costs
- Fines and penalties (but not for criminal acts)

## Who needs these types of cover?

Some Environmental Risk policies are structured to target particular businesses and the operational risks they may face, environmental liability offering can include:

- Premises pollution liability
- Contractors pollution liability
- Remediation cost containment

These covers can be specifically tailored for industries such as:

- Chemical Manufacturing, Blending and Distribution
- Mining
- Utilities
- Bulk Storage
- Laboratories
- Industrial Facilities
- Recyclers
- Landfills
- Water Treatment Plants
- Waste Treatment Storage Facilities

## In Conclusion

Overall, the benefit of an Environmental Risk insurance policy is that it can fill the gaps in pollution liability coverage that exist in a company's existing insurance policies. This can significantly reduce exposures that may be uninsured under the business's pollution liability policy.

## Statutory Liability

Across all industries, companies are expected to comply with a variety of statutes. These laws created by government are not easy to understand, or are quite onerous but ignorance is no excuse. A breach of a statute could result in the company facing an investigation or prosecution by a regulatory body and subsequently the imposition of a fine or penalty.

We recommend setting internal policies in place. Despite this, there remains an ongoing risk that a company may face exposure due to unintentionally breaching a statute. Such exposures can arise not only from the actions of the company itself but also from the acts of its directors, officers and employees.

A Statutory Liability policy is designed to protect the insured company and its directors, officers or employees from an insurable loss incurred as a consequence of a wrongful breach of statute.

### **Who needs it?**

Any company in any industry is exposed to regulations relating to workplace safety, employment law and environmental regulations, to name only the most commonly cited ones. An unintentional breach of these statutes can result in costly fines and investigation costs.

Insurers will consider a range of professional risks, but they are not meant to be a replacement for internal controls and procedures. They will want to see a genuine focus on safety at work, employment practices and environmental compliance. Where a risk is perceived to be higher, Insurers may seek extra information and may choose to decline insurance or restrict cover for higher risk segments. Management of the risks must be demonstrated

### **What can it cover?**

The cover provided will include statutory fines or penalties (where they can be indemnifiable by law) and the legal costs incurred in defending a claim which alleges a wrongful breach of statute. In addition, cover includes the costs incurred attending any regulatory investigation.

Further the policy can include features such as:

- Advancement of defence costs - advance payments even before it has been established whether the company is liable to pay a statutory fine or penalty.
- Reputational crisis containment - in the case of an investigation or prosecution by a regulator, public relations expenses to assist in protecting a company's reputation.
- Costs related to workplace audits - will pay for workplace audits carried out by the regulator.
- Experienced claims specialists - respond appropriately to investigations and workplace audits in the event of a claim.

## **Tax Audit Insurance**

### **Tax Audit Insurance – What is it?**

This is Insurance that covers your professional accounting fees should you be audited by the Australian Taxation Office (ATO) or any other Australian (Federal, State or Territory)

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government agency which has the statutory responsibility to conduct audits in relation to taxation, duties, levies or other such statutory imposts in connection with a Business.

Any client, individual or entity, can be the subject of an audit. Tax audits can be expensive and are on the increase.

### **What are random tax and government audits?**

Audits, reviews and investigations are conducted by the Australian Tax Office (ATO) and other state and federal government agencies to ensure business and tax payer compliance with various tax and legislative requirements such as Income, Land and Payroll Tax, GST, Workers Compensation, Superannuation Guarantee, Compliance research, Development Grants and more.

### **How likely am I to get a random audit, review or investigation?**

The ATO and other federal and state agencies, continue to announce they are increasing their audit activity. Increasingly, Individuals, Businesses and Self Managed Superannuation Funds are at risk of a random audit or review.

The ATO also publishes a compliance program annually. The segments they target are individuals - micro businesses (annual turnover under \$2 million) and small to medium enterprises (annual turnover of over \$2 million). The ATO continually increases its data collection or detection scope (including property and share transactions) under its data matching program that in 2007 - 08 accessed 78 million taxpayer income records. Benchmarking and risk profiling average business income and expenses is another ATO compliance detection tool. Statistically, a client can expect to be audited at least once every four years.

### **What are the costs to businesses and tax payers in the event of a random audit, review or investigation?**

If your business or individual return is subjected to a random audit, review or investigation, you are responsible for the costs involved in providing the required information. Even the simplest enquiry can require hours of work. In multiple years or multiple companies and trusts, thousands of dollars in accounting and legal fees can be incurred.

### **What audits, reviews and investigations are covered?**

- Income Tax
- GST & BAS
- Superannuation Guarantee
- PAYG Withholding
- Fringe Benefits Tax
- Payroll Tax
- Land Tax
- Stamp Duty
- Work Cover
- Self Managed Superannuation Funds
- And many other lodged returns

### **What is not covered?**

- audits conducted by APRA
- incidental, routine enquiries
- audits where notification was received prior to the cover being taken up
- fraudulent, reckless, dishonest, criminal or malicious act or omission
- false or misleading statements attributed to deliberate evasion, recklessness or carelessness unless the client could not reasonably be expected to know the status of the statement
- criminal prosecution of the client
- a client's activities where the collective turnover in the latest financial year is greater than \$50 million

### Who is covered?

Different levels of cover are available for:

- Salary and wage earners;
- Businesses or business groups with turnover under \$100 million;
- Self managed superannuation funds;

In many cases, individuals and family entities can be covered by the same policy that covers the business entity – for no extra cost.

## Film Production Insurance

### Film and Video Production insurance

CPR Insurance Services are able to obtain insurance for anyone in Film or television production.

This type of insurance is rated on the proposed Film's budget. The rate then depends on the type of production and the potential risks associated with it.

Here is a list of some of the information we may require in order to obtain a quotation:

- Type of Production
- Budget a full budget or top sheet may be required.
- Storyline a synopsis or script will be needed.
- Locations
- Shoot Schedule
- Contracts
- Shooting Format
- Facilities Companies
- Financing source
- Names of heads of Departments
- Key Cast and crew
- Risk Assessments

The cover under each section is depends on the potential exposure as does the excess which is an amount of money the production has to pay in the event of a claim before the Insurance claim.


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The following provides details of the basic covers available in a standard Production Insurance package. These do vary between different insurer's own policy packages. Each section is subject to the full terms and conditions which can be found in the full policy wording.

### **Cast Insurance**

This class of cover is also known as Film Producers' Indemnity Insurance, provides for the increased costs incurred due to the death, injury or illness of named persons. Determining who should be nominated for cover can be difficult. As a basic guide, the production company should only insure those personnel who are integral to the completion/continuation of the production.

In most cases the Director is the most important and is usually always insured under this policy along with the main performers/actors. Depending on the type of productions, other key personnel can be a Narrator, Director of Photography, Producer and Animators. If the film is being made overseas then other key members of the crew would be insured on the basis that they would not be easily replaced. Insurance is normally taken out for Pre-Production and the Shoot but can also be taken out for the Post-Production period.

The Director is often insured for the longest period being from the first day of pre-production and cover is usually maintained to the end of post-production because of their continuing involvement in the film. Performers may be involved in post-production for voiceovers and pickup shots. Insurers quite often require a medical examination to be completed before providing cover.

Having this cover in place for the additional expenses incurred due to and directly from the death or bodily injury occurring, or illness first becoming apparent, of the

named person during the period from the commencement of their contract with the Production Company to at least the end of principal photography is considered vital and usually a mandatory requirement of those providing finance to a production.

### **Negative/Videotape/Faulty Stock Camera and Processing Insurance**

Cover is provided to indemnify the production for the increased costs incurred due to loss of, or damage to the negative, and includes the risks of faulty stock, camera and processing. These are the additional costs which result solely and directly from physical loss or physical damage to negative or videotape occurring during the period of insurance and before a protection print or duplicate tape has been completed and removed from the premises where the negative or videotape is normally located.

Coverage will normally commence about a week before the shoot and will cease at the end of post-production. It is important that Insurers are advised what systems and formats will be utilised on the production in order that the most adequate cover is provided for particularly with ever changing technology.

### **Multi Risks**

This particular cover is usually split into three sections:

- props, sets and wardrobe,
- production office contents,
- technical equipment (cameras, lighting and electrical)

Make sure that the sum insured on each of these sections represents the full value. For production specific insurance it must be put in place before the commencement of the shoot. Also it must be determined whether items owned by specific crew members are covered by the production or by the owner who is hiring them to the company. If the crew member is providing insurance cover then the applicable contract should reflect same. Annual insurance can be arranged for all owners and or hirers of equipment no matter the value of the equipment to be insured. The policy should be extremely flexible and cover may be arranged on a worldwide basis.

- **Props, Sets and Wardrobe**

Covers physical loss or physical damage to scenery, costumes and theatrical property occurring during the period of insurance whether is either owned or in the Production Company's care, custody or control and are being used for the insured production.

- **Production Office Contents**

Covers physical loss or physical damage occurring during the period of insurance to the contents while within a production office, including whether on location or in transit to or from a location.

- **Technical Equipment**

Covers physical loss or physical damage to technical equipment occurring during the period of insurance which is either owned or in the Production Company's care, custody or control and is being used for the insured production. Technical equipment includes, but is not limited to, cameras, camera equipment, sound and lighting equipment, portable electrical equipment, mechanical effects equipment and grip equipment.

### **Extra Expense**

This section provides cover to the production company for the increased costs incurred by loss of or damage to props, sets and / or facilities. This is cover for the additional costs which result solely and directly from physical loss or physical damage occurring during the period of insurance to the property or facilities used by you for the insured production.

Whilst it may be difficult selecting the sum insured for this cover it should reflect the maximum exposure that the production company believes could be incurred. The basic area to consider under this cover is that it is not necessarily covering only those items which are insured under the Multi-Risks cover such as props, sets and wardrobe. If the production is being shot in a studio then the studio is considered to be a facility. If the studio were to be destroyed by fire then the production company would obviously incur increased costs in moving to another studio or location. Cover should be extended to include mechanical / electrical breakdown. Cover may be taken either for an individual production or on an annual basis if required

## **Money**

Covers physical loss or physical damage occurring during the period of insurance to money designated for use on the insured production whether used as “petty cash” or “production floats”.

## **Public Liability**

This cover indemnifies the Production Company up to the amount insured against any claim for damages for which it may become legally liable to pay for accidents occurring during the period of insurance which cause bodily injury or disease or loss of or damage to property in connection with the insured production.

The cover includes defence costs.

The policy covers the production company for claims made against it by third parties for acts of negligence resulting in property damage or injury or death to persons, other than employees of the production company. The cover extends to include loss of use. This, of course, could result in large additional costs being incurred. Cover can be obtained for limits between \$5,000,000 and \$20,000,000 although most councils and Government authorities are requesting \$20,000,000. On occasions limits in excess of \$20,000,000 may be demanded.

Cover may be effected for individual productions or on an annual basis if required.

## **Employers Liability**

If required due to the location situation, this is cover that indemnifies the Production Company up to the limit insured against any claim for damages which the Production Company may become legally liable to pay for accidents occurring during the period of insurance which cause bodily injury or disease to any person employed by it in connection with the insured production and arising out of their employment on the insured production. The cover will also include defence costs.

## **Professional Indemnity (Errors and Omissions)**

Also known as Motion Picture Producers’ Liability, this is a “claims made” cover providing indemnity for legal action taken against the producer and the production company for actions of defamation, plagiarism, breach of copyright, invasion of privacy, infringement or interference with privacy or publicity rights or theft of intellectual rights. The cover includes defence costs within the indemnity limit and is usually worldwide. The policy will state a limit on any one claim as well as in the aggregate of all claims.

This cover is often taken out separately often after the production has finished though this is not normally recommended due to confidential information being released leading to earlier than expected claim issues.

Initially a cover for at least three years is normally taken. Minimum coverage is \$1,000,000 AUD on any one claim / \$3,000,000 AUD in the aggregate. Many production companies take cover for at least \$2,000,000 AUD on any one claim / \$6,000,000 AUD in aggregate.

A fully completed Proposal Form and accepted by Insurers is required prior to the inception of any cover. This would include the Insured’s solicitor to review and approve the relevant



clearance procedures. The title clearance should be obtained as soon as possible to ascertain that the title is available – it may be too late when the Production has been completed.

#### Other Policies that should also be included in a Film Production Insurance Programme.

- **Contingent Personal Accident**

Provides cover up to the limit insured where the insured person suffers bodily injury while actually working on the insured production which results in the insured person's accidental death or permanent incapacity.

- **Travel Cover**

Provides travel cover up to the limits arranged for each named person on each trip. The cover starts at the time the named person leaves their departure point and ends at the time the named person arrives back or at the time the named person's employment on the insured production ends, whichever is the earlier.

## Motor Vehicle Insurance

### Motor Vehicle Insurance

There are four types of motor vehicle insurance: Compulsory Third Party (CTP) Insurance; Comprehensive Insurance; Fire and Theft Only; and Third Party Property Only. Consumers should shop around and ensure they purchase cover appropriate to their situation.

- **CTP** is mandatory in all States and Territories and provides compensation for bodily injuries caused by vehicles. It **does not provide cover for any damage to the vehicle** and therefore other forms of motor vehicle insurance should also be purchased.
- **Comprehensive Insurance** can cover damage to vehicles, theft of vehicles, collision, malicious damage and weather damage. Depending on the policy, it can cover damage caused to other vehicles.
- **Fire and Theft Only** is a limited form of insurance that only covers for fire damage to, and theft of, vehicles. It does not cover collision damage to vehicles.
- **Third Party Property Only** provides cover for vehicles damaged by the policyholder's vehicle. It does not provide cover for the policyholder's own vehicle. This product is generally only taken out by consumers with a low value vehicle, protecting themselves against damage to other motorists.

<http://www.professionrisk.com.au/pages/types-of-cover.php>