

AB PHILLIPS

Important Disclosure Notices

Utmost Good Faith

Every contract of insurance is based on the utmost good faith requiring each party (i.e. you and the insurer) to act towards the other party in respect of any matter arising under the contract with the Utmost Good Faith. If you fail to do so you may prejudice any claim.

Your Duty of Disclosure

Make sure you comply with your Duty of Disclosure or Duty Not To Misrepresent

The Insurance Contracts Act 1984 requires that you, and everyone who is an insured under your policy comply with the duty of disclosure. Make sure you explain the duty to any other insureds you may apply on behalf of. We do not do this unless specifically agreed in writing.

If your contract is a consumer insurance contract, then you have a duty to take reasonable care not to make a misrepresentation to the insurer when answering questions that the insurer will ask and when you provide the insurer with information.

You have the above duties in relation to non-consumer insurance contracts and consumer insurance (as applicable) until the insurer agrees to insure you and before the insurer agrees to renew your policy. You also have the same duty before you extend, vary or reinstate an insurance policy.

Avoid making misrepresentations or not telling the insurer something

If you (or anyone who is or proposed to be an insured, under the policy) do not take reasonable care not to make a misrepresentation to the insurer for consumer insurance contracts, or if you do not tell the insurer something that you are required to tell them for non-consumer insurance contracts, they may cancel your policy or reduce the amount they will pay you in the event of a claim, or both. If the misrepresentation or failure is fraudulent, the insurer may refuse to pay a claim and treat the policy as if it never existed.

Average or Co-Insurance

If your insurance contains an Average or Co-insurance provision, you may be required to bear a rateable portion of the loss in the event that the sum insured, or limit of liability, is less than the value of the insured property at the commencement of the insurance. It is essential therefore you ensure that the property, the subject of your insurance, is insured for its full and correct value at the time you enter into this contract of insurance.

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Important Disclosure Notices

Other Parties' Interest

The contract only covers the interest in the property of the Named Insured and does not extend to cover the interest of any Third Party in such property. We recommend that any existing or new contracts to which you are a party, and which may affect your insurances be brought to our attention so that we may advise you concerning the effect of those contracts on your ability to recover under your insurance.

Subrogation / Hold Harmless Waiver Clauses

It is the condition of a Contract of Insurance that you may not forego any right of recovery that may exist against another party without prior approval in writing being given by your insurer.

Limit of Liability

The Limits of Liability shall not exceed the sum insured stated against each item in the policy.

IMPORTANT NOTICE

We provide our financial services under the terms and conditions noted in our Financial Services Guide and Privacy Collection Notice issued to you. You must read these documents before proceeding and by proceeding you represent and warrant you have received and read them. We are committed to protecting your privacy in accordance with the Privacy Act and the Australian Privacy Principles. Full details about our privacy practices can be found in our Privacy Policy available at our website or by contacting us for a copy. For full terms and conditions including definitions, conditions, other limits and exclusions, please refer to your Policy Document or Product Disclosure Statement. We would like to remind you, that if any of your policies are cancellable and you cancel before the expiry date, we will refund the unused premium less our commission. The Insurer or Agency may also impose a fee on Cancellation. Any errors that you identify must be reported to your Account Manager for amendment.

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APPLICATION OF GST ON INSURANCE POLICIES

The ability for an Insured to claim GST back from the Australian Taxation Office (ATO) as an Input Tax Credit (ITC) depends on the purpose for which the insurance is acquired and on the basis that the Insured's business is a registered entity, i.e.: -

- Where the Insured is registered for GST, generally they will be entitled to claim an Input Tax Credit (ITC) for the GST paid;
- Where there is only part business use, the Insured will only be entitled to claim a part of the GST paid as an Input Tax Credit;
- Unregistered entities and individuals not in business will not be entitled to Input Tax Credits;
- Where the insurance relates to making input taxed supplies, the Insured will not be entitled to claim Input Tax Credits;
- An Insured's ability to claim Input Tax Credits on an insurance premium is of critical importance when it comes to the treatment of claim settlements.

Declaration of Sums Insured

Insured's who are registered for GST purposes should evaluate their sums insured under each policy (and/or advise asset values, turnover etc. where applicable) having taken into consideration the following:

- their entitlement to any ITC; and
- the fact that after an Insurer has paid a claim under a policy, the Insurer will generally be entitled to claim an ITC for the amount of GST that an Insured is unable to recover.

An Insured who is registered for GST should consider the net amount (after all ITCs have been taken into account) which is to be insured and advise the sums insured or asset values or turnover on a **GST Exclusive basis**.

An unregistered Insured who is wholly input taxed or a registered Insured who is partially input taxed will need to advise the sums insured or asset values or turnover on a **GST Inclusive basis** in addition to their precise taxable status.

Insurance Claims and the Application of the Policy Excess

Payment of an excess by an Insured is not treated as consideration for a taxable supply and is therefore not subject to GST.

AB PHILLIPS

Important Disclosure Notices

Insurance Claims and GST

The treatment of settlements for GST purposes depends on whether or not the Insured is registered for GST and their entitlement to claim a full or partial Input Tax Credit on the premium paid.

Registered Insured

A registered Insured is entitled to an Input Tax Credit on a premium to the extent that it is acquired for a taxable purpose. If the Insured is entitled to an ITC in respect of the premium, it must notify the Insurer of the percentage that it is entitled to claim. This must be done on or before making the claim.

So long as the percentage notified by the Insured to the Insurer is correct, the Insured will have no GST liability on a settlement received under the policy.

Unregistered Insured

An unregistered Insured is not entitled to claim an Input Tax Credit on the premium and has no liability to pay GST on the settlement. The Insurer can claim a DAM adjustment equal to 1/11th of the gross payment made.

Settlements to non-registered entities will be for the “GST-inclusive price” of the insured item.

CHANGES AND DEVELOPMENTS

Changes and developments can and do occur which could have a bearing on the adequacy of your cover or which Insurers must be advised.

Listed below are examples of areas where notification must be given immediately to AB Phillips to enable us to arrange the appropriate cover or to obtain approval from Insurers for the necessary adjustment.

1. Acquisition of new companies and/or mergers and/or joint ventures in which you are involved in Australia or overseas.
2. Purchase, construction or occupancy of new premises, alteration, vacation, temporary un-occupancy, extension or demolition of existing premises.
3. Increase in values in excess of insured limits for buildings, plant and stock.
4. Removal of stock and or plant and machinery to new or alternate locations.
5. Hiring, leasing, borrowing or importing of new or replacement plant and equipment.
6. Contractual liabilities, particularly any contracts which impose greater than usual liabilities.
7. Granting of indemnities or hold-harmless agreements.
8. Changes in process, occupancy, products, or extension of business operations, including new products or processes.