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Welcome to the first edition of the CAFBA Members Insurance Newsletter. Our newsletter will be published regularly and will report on various insurance and other general interest topics relating to your industry.

Firstly, our congratulations on the merger of the Victorian & New South Wales Associations, AAFA & AEFA to form CAFBA.

PROFESSIONAL INDEMNITY INSURANCE

With the forthcoming policy expiry of members Professional Indemnity Insurance, this issue is principally focused on the importance of notifying known claims or circumstances immediately to your insurer as well as providing an overview of policy coverage and exceptions.

The importance of notifying all 'Known Claims or Circumstance'

A 'known circumstance' could be defined as any fact, situation or circumstance, which a reasonable person in the insured's professional position would have thought, might result in someone making a claim against him/her. Therefore if a claim arises after the inception date of the policy from a fact, situation or circumstance that the insured knew or should have known, at the time of the commencement of the policy that might give rise to a claim, it would normally be excluded as it arose from a 'known circumstance'.

By notifying all known claims and circumstances that might give rise to a claim, during a policy period, an insured can get the benefit of their statutory rights under Section 40(3) of the Insurance Contracts Act 1984 (the Act). Section 40(3) provides an insured with statutory rights to notify a circumstance or insured, to an insurer, during the currency of the policy. If a claim eventuates against an insured from the notified circumstances, then the insurer cannot deny indemnity, despite the fact that the claim arose outside the period of insurance. Therefore, any fact, situation or circumstance, which a reasonable person in the insured's professional position would have thought might result in someone making a claim against them, should be notified to their current insurer.

Professional Indemnity policies are "Claims Made" policies, that is they only cover Claims made or Known Circumstances that you become aware could reasonably be expected to give rise to a claim that arise during the period of insurance. Acts or omissions may have occurred in a prior period and, as long as the act or omission was after the retro-active date, the policy will extend to those prior acts.

It is also essential to maintain continuity of Professional Indemnity insurance cover (no gaps in the period of cover) as Claims made against you or Circumstances, of which you become aware could give rise to a claim, will not be covered if they are not disclosed within the period of insurance where they first arise.

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

PROFESSIONAL INDEMNITY INSURANCE (cont'd)



Overview of Policy Coverage

Professional indemnity insurance protects the insured against certain types of claims brought against them by third parties.

It provides indemnity for claims brought against the insured company and its principals, partners and employees for 'financial loss' arising from a breach or an alleged breach of professional duty in the course of conducting the professional activities of the insured. The policy includes protection for:

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

Major policy exceptions include:

- Prior Claims, Known Circumstances or Circumstances that may give rise to a claim prior to the inception of insurance cover.
- Fines and Penalties
- Dishonest, Fraudulent & Criminal Acts of Directors
- Insolvency
- War / Terrorism / Asbestos / Pollution / Radioactivity
- Employers Liability (Workers Compensation Claim)
- Assumption of Liability
- Directors & Officers Liability (including company mis-management)
- Waiver of Subrogation Rights
- Contractual Liabilities (unless otherwise covered in the absence of such agreements)

Type of Claims Covered

Any third party can make a claim against you if they have directly relied upon your advice or opinion and have suffered a loss due to breach (or alleged breach) of your Professional Services. Claims can arise from various allegations or claims, including:

- Breach of your duty of care
- Negligence / Common Law Matter / Civil Liabilities
- Conflicts of Interest
- Breach of Confidentiality
- Trade Practices Act 1974 (Misleading and Deceptive Conduct), the Fair Trading Act 1987 (NSW), the Fair Trading Act 1985 (Victoria) or similar legislation enacted by the other States or Territories of the Commonwealth of Australia
- Regulatory Authorities – such as ACCC, ASIC, Industry Bodies and others.

OUR INSURANCE PRODUCTS & SERVICES

How many times have your clients left arranging insurance for their finance till the last minute?

We can arrange insurance for your clients that they require in order for their finance to be settled. If your client needs insurance urgently prior to settlement or is not happy with their existing insurance arrangement, we will do our best to get them a quote urgently.

We offer a broad range of insurance products and services through a vast panel of insurance companies that are available for most industries.

Further information on types of insurance products and an overview of policy coverage is available on our website.

www.optimuminsurance.com.au

UPDATED CONTACT DETAILS

Please update your records with our new contact details which are detailed on page 1 of this newsletter. Our phone numbers are now toll free and our email address has changed to reflect our new website. Postal Address details are unchanged.

Further details on CAFBA Members Insurance Products is available www.optimuminsurance.com.au/cafba