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# Important Information

About Your Insurances



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**About this Document**

We have prepared this document to assist you to understand important issues relating to your insurances. We recommend that you read it carefully. Please contact us if there is anything you do not understand, or if you have any questions.

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**Your Duty of Disclosure**

When you take out insurance, renew, or vary a policy you hold, you have a duty to disclose under the Insurance Contracts Act 1984.

Your duties will differ depending on the type of insurance you are taking out, renewing, or varying.

The duty not to make a misrepresentation applies to insurances that are wholly or predominately for personal, domestic, or household purpose. This duty will also apply if you are taking out a new policy and the insurer has issued a notice that it is a consumer insurance contract.

For all insurances that are not a consumer insurance contract, the duty of disclosure applies.

**Duty to Not Make a Misrepresentation**

*Applicable to Consumer Insurance Contracts*

You have a duty under the Insurance Contracts Act 1984 (ICA) to take reasonable care not to make a misrepresentation to the insurer (your duty).

Your duty applies only in respect of a policy that is a consumer insurance contract, which is a term defined in the ICA.

Your duty applies before you enter into the policy, and also before you renew, extend, vary, or reinstate the policy.

Before you do any of these things, you may be required to answer questions and the insurer will use the answers you provide in deciding whether to insure you, and anyone else to be insured under the policy, and on what terms. To ensure you meet your duty, your answers to the questions must be truthful, accurate and complete.

If you fail to meet your duty, the insurer may be able to cancel your contract or reduce the amount it will pay if you make a claim, or both.

If your failure is fraudulent, the insurer may be able to refuse to pay a claim and treat the contract as if it never existed.

**Duty of Disclosure**

*Applicable to Non-Consumer Insurance Contracts*

Before you enter into an insurance contract, you have a duty to tell the insurer anything you know, or could reasonably be expected to know, that may affect the insurer's decision to insure you and on what terms.

You have this duty until the insurer agrees to insure you.

You have the same duty before you renew, extend, vary, or reinstate an insurance contract.

You do not need to tell the insurer anything that:

- reduces the risk they insure you for; or
  - is common knowledge; or
  - the insurer knows, or should know; or
  - the insurer waives your duty to tell them about.
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<b>Your Duty of Disclosure (continued)</b>	<p>If you do not tell the insurer something If you do not tell the insurer anything you are required to, they may cancel your contract or reduce the amount they will pay you if you make a claim or both.</p> <p>If your failure to tell the insurer is fraudulent, they may refuse to pay a claim and treat the contract as if it never existed.</p> <p><b><u>People You Represent</u></b> <i>Applicable to all disclosures</i></p> <p>You must make sure you explain the Duty of Disclosure to any person you represent when we arrange any insurance cover for you. Alternatively, you may ask any person you represent to contact us, and we will explain their Duty of Disclosure to them directly.</p>								
<b>Duty of Good Faith</b>	<p>Both parties to an insurance contract, the insurer and the insured, must act towards each other with the utmost good faith. If you fail to do so, the insurer may be able to cancel your insurance. If the insurer fails to do so, you may be able to sue the insurer.</p>								
<b>Essential Reading of Policy Wording</b>	<p>The policy wordings for your insurances have either been provided to you or will be sent to you as soon as they are received from your Insurers. We recommend that you read these documents carefully as soon as possible and advise us in writing of any aspects which are not clear to you or if any aspect of the cover does not meet with your requirements.</p>								
<b>Reviewing your Sum Insured and Limits</b>	<p>Reviewing the sums insured and declared values in your policies on a regular basis and at each renewal will help you to ensure that you have maximum protection under your policies.</p> <p>Consider whether you require cover for replacement on a 'new for old' basis and other costs such as removal of debris. The value of the property/assets insured may need to be updated if you change locations, renovate, or expand your premises, or purchase new property/assets.</p> <p>If you do not check these values and advise us of changes you require, you could be underinsured as the insurer may apply an Average or Co-insurance clause.</p>								
<b>Average or Co-Insurance</b>	<p>Some policies contain an Average clause. This means that if you insure for less than the full value of the property, your claim may be reduced in proportion to the amount of the under-insurance. These clauses are also called "Co-Insurance" clauses.</p> <p>A simple example is as follows:</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 70%;">Full (Replacement) Value</td> <td style="text-align: right;">\$1,000,000</td> </tr> <tr> <td>Sum Insured</td> <td style="text-align: right;">\$ 500,000</td> </tr> </table> <p>Therefore, you would be self-insured for 50% of the Full Value.</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 70%;">Amount of Claim</td> <td style="text-align: right;">\$ 100,000</td> </tr> <tr> <td>Amount payable after Co-Insurance</td> <td style="text-align: right;">\$ 50,000 (50%)</td> </tr> </table> <p>Some Business Interruption policies contain an Average/Co-Insurance clause, but the calculation is different. Generally, the Rate of Gross Profit, Revenue or Rentals (as applicable) is applied to the Annual Turnover, Revenue or Rentals (as applicable) after adjustment for business trends or other circumstances.</p> <p>If you are in any doubt about whether and how Average/Co-Insurance clauses apply to your insurances, please contact your us for assistance.</p>	Full (Replacement) Value	\$1,000,000	Sum Insured	\$ 500,000	Amount of Claim	\$ 100,000	Amount payable after Co-Insurance	\$ 50,000 (50%)
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**Contracts and Leases You Sign**

If you sign a contract with an indemnity, “hold harmless” or release, it can invalidate your insurance – unless you obtain the Insurer’s consent in advance.

This is because some policies contain a ‘contractual liability exclusions’ that mean the Insurer can refuse to pay or reduce the amount it is liable to pay by the extent to which it is unable to recover from the third party. These exclusions are often found in public and products liability, broadform liability and professional indemnity policies.

These clauses are often found in leases and other contracts you sign from time to time relating to your business. Do not sign a contract or lease without contacting us and/or taking legal advice as to whether the contract terms will prejudice your policy.

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**Leasing, Hiring and Borrowing Property**

When you lease, hire, or borrow property, make sure that the contract clearly identifies who is responsible for insuring the property.

Industrial Special Risks policies automatically cover property which you are responsible to insure, subject to the policy excess. Public liability insurance may assist you meet claims relating to property damage to property which you lease or hire. A sub-limit usually applies to the amount you can claim for damage to property in your care, custody, or control.

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**Additional Insureds and Noting Interests**

If a person is to be named on your policy or insured as a co-insured or joint insured, notify us immediately so we can request this in advance from the insurer. Your property and liability policies will not provide automatic cover for the insurable interest of other parties (e.g., mortgagees, lessors).

Check with us whether the insurer will include someone else as an insured or note their interests before you agree to this in a contract or lease. We cannot guarantee that an insurer will agree to include someone as an insured under your policy or to note their interests on your policy.

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**Claims Occurring Prior to Commencement**

Most of your policies do not provide indemnity in respect of events that occurred before the insurance commenced. They cover events that occur during the policy period.

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**Claims Made During the Period of Insurance**

Some policies (e.g. professional indemnity insurance) provide cover on a “claims made” basis. This means that claims first advised to you (or made against you) and reported to your insurer during the policy period are insured under that policy, irrespective of when the incident causing the claim occurred. (unless there is a date beyond which the policy does not cover – this is called a “retroactive date”). If you become aware of circumstances which could give rise to a claim, notify the insurer during the policy period.

Report all incidents that may give rise to a claim against you to the insurers immediately after they come to your attention and before the policy expires

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**Insurer Solvency**

We do not warrant or guarantee the current or ongoing solvency or financial viability of the insurer because we have no control over the insurer's performance, and this can be affected by many complex commercial and economic factors.

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**Unauthorised Foreign Insurers**

In limited cases, we may recommend that you insure with an unauthorised foreign insurer. An unauthorised foreign insurer is an insurer that is not authorised under the Insurance Act 1973 (Act) to conduct insurance business in Australia and is not subject to the system of financial supervision of general insurers in Australia that is monitored by the Australian Prudential Regulation Authority.

If the insurer becomes insolvent, you will not be protected by the Federal Government's Financial Claims Scheme provided under Part VC of that Act

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**Any Questions?**

If you have any questions about the important notices above, please contact Brixton Insurance Pty Ltd using the below details:

Email: [hello@brixtoninsurance.com.au](mailto:hello@brixtoninsurance.com.au)  
Phone: 03 9018 6345  
Address: Suite 14, Level 2 830 Whitehorse Road Box Hill VIC 3128  
Website: [www.brixtoninsurance.com.au](http://www.brixtoninsurance.com.au)

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