

IMPORTANT INFORMATION

INTRODUCTION

This document is issued by UCA in conjunction with their insurance brokers and risk manager so assist you in understanding your rights and obligations as an “insured” under the UCA insurance programme.

If there is any part of this document that you do not understand or you require further explanation, please contact us immediately for referral to Risk & Compliance.

DUTY OF DISCLOSURE

Before you (which includes everyone who is insured under UCA’s policy) enter into a contract of general insurance with an insurer, you have a duty under the Insurance Contracts Act 1984, to disclose to the insurer every matter that you know, or could reasonably be expected to know, is relevant to the insurer’s decision whether to accept the risk of the insurance and, if so, on what terms. The same duty arises on renewal, extension, reinstatement or variation of the policy. The disclosure required is especially important in matters relating to the physical risk, past claims, cancellation of insurance covers, the imposition of increased premiums, insolvency or criminal convictions. Disclosure is not limited to specific questions in a proposal or matters applying to the insured named in the policy but includes other relevant matters including past business or businesses or private insurances. If you breach the duty, even innocently, the insurer may be able to reduce its liability in respect of a claim or may cancel the contract. If the non-disclosure is fraudulent the insurer may also have the option of avoiding the policy from inception.

CHANGE OF RISK OR CIRCUMSTANCES

Please advise Risk & Compliance about any changes to your circumstances or business, such as any alteration of risk, location changes, new or changed business activities, as they could affect the insurance cover.

AVERAGE CLAUSE – UNDER INSURANCE

Many insurance policies that cover loss of or damage to property contain an average (or co-insurance) clause. This means that you should insure for full value which may be replacement, indemnity or market value depending on the type of insurance cover arranged. If you are under insured your claim may be reduced in proportion to the amount of under-insurance.

A simple example of the application of average (co-insurance), in the event of under insurance is:

Full value	\$100,000
Sum insured/ declared value	\$ 50,000 (i.e. 50% under insurance)
Fire damage claim	\$ 40,000

Insurer pays 50% of the claim, i.e. $\$50,000/\$100,000 \times \$40,000 = \$20,000$

Note: The co-insurance calculation is applied to the amount of the loss and not the policy sum insured/ declared value. Whilst the sum Insured/ declared value exceeds the amount of the loss, the Insured is only entitled to 50% of the loss.

UNREPORTED LOSSES

Please let us know whether there are any losses which have occurred that have not been reported to us, whether you intend making a claim or not.

NEW CLAIMS

Any quotation provided to UCA is based on the understanding that there will be no deterioration in the claims experience between the date insurers quoted their terms and the inception date of the cover. If claims do occur during this period, insurers have the right to revise the terms quoted or even withdraw their quotation.

HOLD HARMLESS AGREEMENTS, CONTRACTING OUT, REMOVAL OF SUBROGATION RIGHTS

You may prejudice your rights to a claim if, without prior agreement from the insurer, you make any agreement that could prevent the insurer from recovering the loss from a third party. These “hold harmless” clauses are often found in leases, licences and contracts for maintenance, supply, construction and repair.

If you have entered, or consider entering into such an agreement, please let us know for referral to our broker so that advice can be sought.

INSURING THE INTEREST OF OTHER PARTIES

If you require the interest of another party to be covered by the policy, you **MUST** advise us. Most policies will attempt to exclude indemnity to other parties (e.g. mortgagees, lessors, principals etc.) unless their interest is expressly noted on the policy.

SEVERAL LIABILITY

Where your policy cover is provided by more than one insurer it is important to note that each insurer is only responsible to the extent of their individual subscription and there is no obligation for that insurer to make up the shortfall of any other subscribing insurer in a claim or return premium payment.

CLAIMS MADE POLICIES

Some types of Liability policies (such as Professional Indemnity, Directors' & Officers' Liability, Trustees' Liability and Commercial Builders' Structural Defects) are usually issued on a “claims made” basis. This means that (subject to the policy terms and conditions) the policy only covers claims first made against an insured during the period of insurance.

To protect your interests, please ensure that any claims or circumstances which you believe may give rise to a claim, and which have not been notified by you on the Proposal Form or previously notified to insurers, are notified to us for on-forwarding to the broker and the insurer.