



Summary of Insurance Cover for Charitable, Not For Profit, Voluntary Organisations & Organisations that involve Volunteers



Aon Risk Services Australia Limited

A.B.N. 17 000 434 720

Australian Financial Services License No: 241141

130 George Street

PARRAMATTA NSW 2150

Telephone No: (02) 8623 4000

Facsimile No: (02) 9253 7299

Toll Free No: 1800 806 584

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General Advice Warning

The information provided to you may be general advice. In preparing the information, no account was taken of your own personal objectives, financial situations, or needs.

Accordingly, you should take into account the appropriateness of any general advice or information we have given having regard to your own objectives, financial situation and needs before acting on it.

Where the information relates to a particular financial product, you should obtain and consider the relevant Product Disclosure Statement before making any decision to acquire that financial product. Please feel free to contact your nearest Aon branch for further information and assistance.

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Aon Directory

Personnel responsible for the servicing of this Insurance Programme are:-

Manager:

Gavin Deadman

Direct: (02) 8623 4054
Mobile: 0414 341 724
E-mail: gavin.deadman@aon.com

Client Manager

Stephen Thurston

Direct: (02) 8623 4130
Email: stephen.thurston@aon.com

Client Executives:

Helen Stewart (A - D)

Direct: (02) 8623 4219
E-mail: helen.stewart1@aon.com

Vivian Qusted (E – M)

Direct: (02) 8623 4073
E-mail: vivian.quested@aon.com

Whitney Munoz (N – S)

Direct: (02) 8623 4203
E-mail: whitney.munoz@aon.com

Razel Capuno (T – Z)

Direct: (02) 8623 4052
E-mail: razel.capuno@aon.com

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130 George Street
PARRAMATTA NSW 2150

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Facsimile No: (02) 9253 7299
Toll Free No: 1800 806 584

NB: *This is only a summary of cover offered. For full details on any cover, reference should be made to a full policy document or PDS available from Aon.*

Aon as a broking firm within Australia is one of the largest providers of Not for Profit Insurance

Aon - at a glance

Aon is Australia's leading insurance broker

We are the

No 1 insurance broker in Australia

No 1 global insurance broker

No 1 global reinsurance broker

No 1 global manager of captive insurance companies.

The Aon Group is a diverse organisation providing a complete suite of specialised risk management, risk financing and insurance services to a wide range of clients.

In the insurance sector and specifically the insurance broking realm, Aon is one of the few companies to offer a national network of offices, where consistent service can be guaranteed.

In Australia, Aon has approximately 1,600 employees who operate in over 30 offices.

We are reputable and professional

When selecting insurers, we look for longevity and commitment to a sector. We regard insurer security as paramount and insist on a Standard & Poor's Insurer Financial Strength Rating to provide you with the confidence that your insurers will be there to look after you whenever you need them.

We are your partner

When you choose Aon as your broker, we become your partner and advocate. Our role is to use our understanding of your insurance needs, combined with our knowledge of the benefits, exclusions and costs of competing policies on the market, to negotiate the best solution for you.

We are a values-based organisation

Aon's values are Trust, Openness, Commitment, Teamwork, Integrity and Innovation. We apply these in every aspect of what we do, at all levels of the organisation, whether we are dealing with our clients, suppliers, stakeholders and colleagues.

Integrity is Aon's core value and the guiding principle for how we approach our work, business relationships, decisions and actions. Here at Aon, we live this value by following our Code of Conduct, doing what we say we are going to do and by always conducting our business according to the highest ethical and legal standards.

Aon quality control procedures are of a level that is commensurate with our international standing. Aon maintains Group Service and Technical Procedures to ensure that the highest possible service is delivered to our clients at all times.

Our people are our best assets

Aon's brokers combine industry experience, sector specialisation with professional training to deliver our clients unparalleled advice, negotiation power, claims support and service.

Our team is complemented by people with skills that have not been typically provided by traditional insurance brokers. Qualified valuers, analytical staff, accountants, risk profilers, lawyers, OH&S and workers' compensation specialists are good examples of additional skill sets that we have invested in over the past few years.

We are recognised by our peers

Aon is Australia's leading insurance broker. Our peers have recognised us through numerous awards including the Australian Banking & Finance award for Best Insurance Broker and the Australia & New Zealand Insurance Industry Broker of the Year award. This reputation is not just based on market share, but grounded in the depth of experience and knowledge of our staff, acknowledged by our peers.

We care about our community

Aon has a long-standing commitment to community support and several years ago we established Aon Charitable Foundation. This provides a focused vehicle for delivering benefits to the community through a broad program involving direct financial support, fundraising and staff engagement at various levels.

In this way, philanthropy is taken to a new level, providing not only much needed financial support but also other benefits such as additional resources, sharing of knowledge and expertise, business networks and promotion all of which make a significant long-term difference to our charity partners. The Aon Charitable Foundation focuses on national charity partnerships in five core areas: healthcare, welfare, education, environment and research.

Our commitment to our clients

Aon strives to achieve best practice in professional service. We are passionate about championing your needs to protect your ongoing prosperity. To help us meet your requirements and expectations, we have developed a Services Methodology that is a set of principles about how we provide insurance solutions to our clients.

10 reasons to choose Aon

1. As Australia’s largest broker we offer you global strength with local expertise.
2. With other 30 locations in Australia, chances are we are just ‘around the corner’ from you.
3. Our people are our biggest asset - offer you experts who care about what they do.
4. We are active in over 60 industry groups - so we understand your specific needs.
5. Aon can tailor insurance to suite your requirements - it’s not just a one size fits all approach.
6. As your broker we are your advocate. If something does go wrong we will be there to support you.
7. We have extensive experience - having been present in Australia for over 30 years, and can trace our heritage back more than 100 years.
8. We care about our community. Aon’s Charitable Trust donates generously to charitable organisations and our team is very active in helping others.
9. We research emerging risks and develop new products and solutions to address these risks. Our environmental service offering is one such example.
10. We are part of a bigger Aon group with 36,000 colleagues in 500 offices and 120 countries. This enables our clients to benefit from the knowledge and experiences of our colleagues all over the work.

We want you to think and feel:

- Aon has understood my risks and needs
- Aon has offered me the best insurance solutions for my risks
- I am confident that Aon has done a good job
- I understand Aon’s expertise and capabilities
- I would recommend Aon to a friend or colleague.

The Role of an Insurance Broker

Many organisations utilise agents who act on behalf of the insurance company for both underwriting and claims and, can only provide that particular insurance company’s product.

Aon are insurance brokers and as such act on behalf of the Insured Organisation. We can deal with any insurance company and “shop around” to get the most competitive policy wording and price on the Insured’s behalf. (Cheapest price does not mean most comprehensive cover).

In the event of a claim Aon act on behalf of the Insured to settle same.

In the event of a claim Aon’s role as the broker is to provide the link between all parties. A copy of all documents must be passed through to the organisation’s Insurance Co-ordinator for submitting to Aon, including all minutes of all meetings at which the brokers are not present. Do not hesitate to call upon Aon for advice or assistance - we are there to support you.

Insurance Policies

The insurance policies organised by Aon Risk Services under Vital Pack have been finalised after consultation with Volunteering Australia.

Aon’s insurance policies are designed to cover and protect the Named Insured (Organisation), directors, employees and volunteers.

Insurance Information

The insurance market, like any other deregulated marketplace, is subject to the influences of supply and demand. Covers to consider are:-

- Fire
 - Consequential Loss
 - Burglary
 - Money
 - Machinery Breakdown / Deterioration of Stock
 - Computer Breakdown
 - Fidelity Guarantee
 - General Property
 - Voluntary Workers Personal Accident
 - Motor Vehicle Comprehensive
 - Motor Vehicle Non-Owned
 - Public & Products Liability
 - Professional Indemnity
 - Directors & Offices Liability
- } Protector Liability

A summary of insurance policies available through Aon follows in Section 2.

Volunteers Vital Pack

Aon Risk Services Australia Limited has developed a package of insurances to cover charitable, not for profit and volunteer organisations/agencies including the activities of their volunteers.

Cover is available for your organisation as follows:

Combined Special Risk

Providing material damage cover for the organisation as follows:

Fire

Loss of or damage to Insured's equipment or office contents from fire, explosion, earthquake, strike, lightning, storm and tempest, impact, accidental and malicious damage.'

Aon's policy is based on reinstatement and replacement values, i.e. new for old. What this means is all building and contents sums insured should be kept up to today's replacement values, e.g. if you purchased a desk five years ago for \$500 and to replace same today would cost \$1,000, the latter is what you should insure for.

Policies of insurance for this class of risk have a Co-insurance Clause. Sometimes called "Average". If the value of the insured property exceeds the amount of insurance, then your Insurer will require you to contribute proportionately to each and every loss.

Where a contract includes the "Averaging" provision, we are required to draw to your attention the nature and effect of the provision.

"Average" means that if you under-insure, you may not receive full compensation in the event of a loss occurring.

"Average" puts you in a position where you proportionately share in losses. For example: the effect of an 85% "Average" clause can be shown by using the following formula:-

Declared Asset Values					
85% of Total New Replacement Value	x	Amount of Loss	=	Amount Payable by the Insurer (Not exceeding the Sum Insured)	

The "Average" formula is not applied if the declared asset values are (in this example) 85% or more of the Total New Replacement Value at the location of loss.

Co-Insurance is therefore a proportional penalty for having too little insurance.

In practice, the Companies allow for unintentional errors in calculating the Sum Insured by providing a safety margin in the Co-Insurance Clause. This provides for unanticipated increases in the rebuilding cost during the period of insurance.

Normally this allowance is 15%.

If the value of the insured property exceeds the amount of insurance, then your Insurer will require you to contribute proportionately to each and every loss.

Replacement Value

In today's costs Replacement Value does not necessarily bear any relation to the written down or market value of buildings, contents, plant or machinery. The only concern is arriving at accurate present day replacement values plus a margin for inflation over the next twelve (12) months.

Why Insure for Full Value?

Insurance is a means of transferring part of your business risk to someone else, the cost being the premium.

If you cannot afford to carry the cost of losing the property, then you should insure. Insurance is pointless if you only transfer part of the risk just because you appear to save some premium cost. (Average or Co-insurance could occur). We say "appear" because you only get what you pay for. That approach is as fraught with danger as insuring with a cheap, unsound Insurance Company, and makes about as much sense.

What is the correct Sum Insured?

Most Property Insurances nowadays, including Vital Pack, are reinstatement contracts, which means, for example, if you lose a building of a certain type and size, the Insurance will generally replace it with a new building of similar size and type. For this to happen without the penalty of the Co-Insurance Clause, it is necessary for the property to be insured for its full replacement cost **at the date of the loss**.

For this reason it is important that the organisations review their sums insured each year for building and contents, to keep their policy up to date.

It is recommended that valuations are obtained once every five years and then increased by the consumer price index until the next valuation is completed.

Whilst the Industrial Special Risks policy covers items at specifically noted locations, items which move away from the office should be covered under a General Property policy.

Business Interruption

Loss of gross profit, fees, grants, etc as a result of a claim under the Fire policy.

Burglary/Theft

Loss of or damage to equipment as a result of forcible or violent entry or theft by a person feloniously concealed on the premises.

This is a first loss sub-limit and the sum insured selected should represent the maximum limit you believe a burglar could get away with. Taking into consideration your security and the fact that most burglars will target high value items, such as PC's, laptops, etc may be whilst your Fire sum insured is \$50,000, your Burglary sum insured could be \$10,000.

Glass

Replacement value of all internal/external glass.

Money

Covering money on premises during normal business hours, money in transit, money at residence, for loss due to armed hold-up or theft by third parties, including money outside business hours if stored in an approved strong room or safe, otherwise money outside business hours would be limited to \$500.

The sum insured should be set as the maximum limit any one loss.

Machinery Breakdown/Deterioration of Stock and/or Electronic Breakdown

To cover damage to the Insured's machinery or computers due to a breakdown or for machinery subsequent loss of stock due to this breakdown.

Fidelity Guarantee

To cover staff embezzling stock/funds or money from the organisation.

The major benefits of the Combined Special Risks with Aon: -

- *Policy includes Accidental Damage*
- *Policy includes Malicious Damage*
- *Cover is based on Reinstatement and Replacement Values, i.e. new for old*
- *Policy will cover multi locations under the one policy where details have been provided.*

General Property

Covering loss of or damage to the Insured's specified equipment, tools or contents from fire, explosion, earthquake, strikes, lightening, storm and tempest, impact including whilst in transit and burglary and theft from a securely locked vehicle.

Under this policy you list the items to be insured and their values, and they are covered for same.

Coverage is for declared items and covers the items anywhere in Australia including the following major benefits: -

- *cover whilst in transit*
- *cover including theft from a securely locked vehicle*
- *cover included accidents whilst in transit i.e. a van involved in an accident destroying the materials in the back.*

Those listed under this policy would be covered for the claim.

Deductible

All policies will have a deductible also called "excess". The amount nominated by you or imposed by the Insurer as a deduction from the sum insured or the amount paid by the Insured in response to a claim.

These should be kept as low as possible.

Other Insurances

Aon review and arrange these on an individual organisation requirement basis, i.e, Marine Transit, Crime Policies, etc.

Motor Vehicles

The policy organised by Aon with Vital Pack provides broad coverage for all the motor vehicles owned or leased and insured by Aon for the various volunteer and community Groups.

The policy acts similarly to a standard comprehensive policy of insurance, eg; if your vehicle is damaged, same is repaired or cash settled if a write off. Damage to third party vehicles or property is covered by the policy.

Due to the use of all owned vehicles on a constant basis, there are large numbers of kilometres travelled and therefore higher frequency of claims, whether they be windscreens or claims for damage to the vehicles themselves.

The major improvements in Vital Pack Motor Vehicle policy are highlighted as follows;

- *Market value policy*
- *Below market deductibles*
- *The Vital Pack policy has a base deductible of only \$400. Most other companies policies start with a minimum deductible of \$500 or more for the basic deductible, plus add on deductibles for age and inexperience excess.*

Aon have maintained the following additional broad benefits in the Vital Pack Motor Vehicle Policy:-

- ↘ Automatic coverage for additional vehicles allowed up to \$300,000 provided the ownership of the vehicle is advised to Aon within 14 days of purchase.
- ↘ CTP gap coverage - all vehicles that may cross borders ie, Albany to Wodonga as each State and Territory have different compulsory Third Party personal injury legislation the gaps are picked up by this policy.
- ↘ Hire vehicles following accident or theft - most policies will only cover hire of vehicle following the theft of the vehicle and then only whilst the vehicle is not recovered. Aon's policy covers hire vehicles for \$1,000 a week up to a maximum of \$5,000 following the vehicle being involved in an accident or the vehicle being stolen.
- ↘ Signwriting up to vehicles value
- ↘ Automatic inclusion of accessories ie, wheelchair hoist, declared in the vehicle sum insured
- ↘ Excess waived if Third Party at fault identified.
- ↘ The deletion of the conveyance of passengers for hire fare or reward clause - all policies have this clause automatically included in them to prevent people using their vehicles as taxis. If this clause was left in the organisation's policy and it was established that any fares (donations) were being collected, the insurer would have the right to decline the claim.
- ↘ Third party property damage limit \$35,000,000.
- ↘ A flat deductible - there are no additional deductible excesses for age or inexperience.
- ↘ Nil all windscreen claims - most insurers will either only offer one free windscreen per year or charge their basic excess for windscreen damage.
- ↘ Total loss of leased vehicles - if a leased vehicle is written off in the first year of registration of the vehicle, whilst the insurer may replace the vehicle with a like vehicle the money owing to the lease company would exceed the cost of the replacement vehicle due to the structuring of the lease. Under Aon's policy there is an additional 25% of the vehicles value to cover this pay out to the lease company.
- ↘ Replacement vehicle if written off within the first two years of original registration.
- ↘ Nil age limit on driver - provided they have appropriate license and is allowed to drive the vehicle.

A copy of the PDS is available upon request from Aon.

Motor Vehicle Non-Owned

Covering loss of no claims bonus and/or reimbursement of excess and/or hire costs

Definition: any vehicle belonging to a voluntary worker or utilised by a volunteer or paid worker, carrying out voluntary work or vehicle on loan to the insured.

↘ Loss Of No Claim Bonus And/Or Reimbursement Of Excess

Benefits:

- Limit any one accident \$1,500.
- The substantiated cumulative loss of any no claim allowance not otherwise recoverable which may occur resulting from accidental damage to the vehicle.
- Reimbursement of any prescribed excess under a policy of insurance relative to any motor vehicle as defined which is not legally recoverable from any other source.

↘ Loss Of Use Of Vehicle

Following accidental damage to vehicles:-

Option A

Limit \$2,000 in total or \$500 per week or any part thereof, for any one accident.

Option B

Limit \$5,000 in total or \$1,000 per week or any part thereof, for any one accident.

Deductible: Nil

NB: It is a condition of this insurance that the vehicle is comprehensively insured by the owner against accidental damage or for Third Party Property Damage only. For Third Party Property Damage claims these will be for loss of excess only.

Major benefits of the policy:-

- ↘ Unique wording for Voluntary/Community Organisations.
- ↘ Limit any one claim - \$1,500.
- ↘ Under Option A Limit \$500 per week up to a maximum \$2,000, and Under Option B limit \$1,000 per week up to maximum \$5,000 for hire vehicles included

A copy of the PDS is available upon request from Aon.

Motor Vehicle Personal Injury

Each organisation should check the legislation in their state for this cover.

Personal injury legislation covers passengers of vehicles and pedestrians injured in or by vehicles and is usually included with the registration of the vehicle in each state.

Each organisation should ensure that vehicles being utilised by the organisation have the correct registration and personal injury insurance.

Voluntary Workers - Personal Accident

This cover is to insure your volunteers whilst carrying out voluntary work on behalf of your organisation.

Coverage is as follows:

Interest:

Accidental injury or death, and the payment of weekly benefits, whilst engaged in various voluntary activities including travel associated therewith.

Situation:

Anywhere in the commonwealth of Australia.

Benefit Period:

104 weeks.

Sum Insured:

At the option of your organisation, but commencing at:-

Death & Capital Benefits	\$ 25,000
Weekly Benefits	\$ 500

Weekly Benefit Period: 104 weeks, the weekly benefit is payable when volunteers income earned elsewhere is lost. The weekly benefit is paid up to the income lost or the elected weekly sum declared in the policy whichever is the lesser.

If a volunteer does not earn a normal income then they cannot claim loss of income, instead they will be reimbursed the cost of:

*a) Home Help - Due to an injury a volunteer may need to hire a person to assist with Domestic Duties and/or childminding (limit any one claim linked to weekly elected benefit).

*b) Student Tutorial - To employ a tutor if you are prevented by your injury from attending classes (limit any one claim linked to elected weekly benefit).

a) and b) only covered if other policy benefits are taken out.

* on the requirement of a medical practitioner.

For all Volunteers the following additional benefits apply:-

- a) Paraplegia or Quadriplegia - home or car renovation/modification up to \$10,000
- b) Medical Expenses excluding any such costs wholly or partially covered by Medicare. Up to \$10,000 per claim (\$50 excess per claim).

Under the Medicare Act it is illegal for Insurance Companies to cover those medical items that would or should have been covered by Medicare. This means Insurers cannot cover Medicare payments or Medicare gaps in payments, eg. a Country GP charges \$100 for their service and the Medicare scheduled fee is \$75. This would leave a \$25 gap which is uninsurable.

NB: All medical costs must be recovered from all available sources, eg Medicare or private health fund before any claim can be made on this policy. Medical expenses are 12 months from date of injury.

- c) Ambulance Hire not recoverable from any other source.
- d) Funeral expenses - \$10,000.
- e) Out of pocket expenses due to an injury reasonably and necessarily incurred - \$3,000.
- f) Pharmaceutical expenses due to an injury incurred on the advice of a medical practitioner -\$1,000.

NB: All claims must be reported within 12 months of occurring.

Additional benefits of the Aon policy are as follows:-

↘ ***Nil excess on all claims except medical expense claims.***

↘ ***No age limit on volunteers - some limitations will apply as follows:-***

* ***In relation to Domestic Help, the weekly benefit is limited to 52 weeks for insured persons over 65 years of age.***

* ***Volunteer must be able to take direction and work independently***

↘ ***Aon's policy can also cover Work Experience and Work Placement personnel***

The Table of Benefits are as follows:-

Table of Benefits

INSURED EVENTS	THE COMPENSATION being a percentage of the Sum Insured stated in the Schedule
Injury resulting directly in:	
1. Death	1. 100%
2. Permanent Total Disablement	2. 100%
3. Permanent and incurable paralysis all limbs	3. 100%
4. Permanent Total Loss of sight of both eyes	4. 100%
5. Permanent Total loss of sight of one eye	5. 100%
6. Permanent Total Loss of use of two limbs	6. 100%
7. Permanent Total Loss of use of one limb	7. 100%
8. Permanent and incurable insanity	8. 100%
9. Permanent Total Loss of hearing in	
a) both ears	9a. 80%
b) one ear	9b. 20%
10. Permanent Total Loss of four fingers and thumb of either hand	10. 80%
11. Permanent total Loss of the lens of one eye	11. 60%
12. Permanent total Loss of use of four fingers of either hand	12. 50%
13. Third degree burns and/or resultant disfigurement which covers more than 40% of the entire external body	13. 50%
14. Permanent total Loss of use of one thumb of either hand	
a) both joints	14a. 30%
b) one joint	14b. 15%
15. Permanent Total Loss of use of fingers of either hand	
a) three joints	15a. 10%
b) two joints	15b. 7.5%
c) one joint	15c. 5%
16. Permanent Total Loss of use of toes of either foot	
a) all - one foot	16a. 15%
b) great - both joints	16b. 5%
c) great - one joint	16c. 3%
d) other than great, each toe	16d. 1%
17. Fractured leg or patella with established non-union	17. 10%
18. Shortening of leg by least 5cm	18. 7.5%

INSURED EVENTS

Injury resulting directly in:

- 19. Permanent Disability not otherwise provided for under Insured Events 9 to 18
- 20. Temporary Total Disablement caused directly and solely by Injury
- 21. Temporary Partial Disablement caused directly and solely by Injury

THE COMPENSATION being a percentage of the Sum Insured stated in the Schedule

- 19. Such percentage of the Sum Insured as We shall in Our absolute discretion determine and being in Our opinion not inconsistent with the compensations provided under Insured Events 9 to 18 inclusive.
- 20. During such disablement, the Weekly compensation as specified or Salary as defined whichever is the lesser.
- 21. 25% of the amount payable for Insured Event 20.

DEFINITION

PERMANENT TOTAL DISABLEMENT means disablement resulting from an Injury and which has lasted for at least twelve (12) calendar months from the date of such Injury and which thereafter is beyond hope of improvement and which entirely prevents you from carrying on your usual occupation or business.

A copy of the PDS is available upon request from Aon.

Workers' Compensation

All paid workers of organisations are entitled to this cover by State and Territory legislation. Aon Risk Services Australia Limited can assist in placement in WA, NT, Tasmania and ACT.

All other states are legislated by their respective governments who require covers to be placed on a direct basis with either the state workers' compensation board or government appointed private insurers.

Public Liability

The Liability policy organised by Aon covers as follows:

Cover is for the organisation, Directors, paid workers and volunteers.

Interest:

Covering all sums for which the Insured shall become legally liable to pay as compensation for personal injury or property damage caused by an occurrence in connection with the Insured's business activities within Australia.

Situation:

Anywhere in Australia.

Deductible:

\$1,000 each and every loss.

Limit of Liability:

As selected by each group, but commencing at \$10,000,000 any one loss.

Highlights of cover:-

- ↘ Definition of Insured amended to include voluntary workers.
- ↘ Property in physical or legal control included to a sub-limit of \$50,000.
- ↘ Goods sold and supplied cover provided under Product Liability.
- ↘ Declared events covered.

It should be remembered that cover is finalised on the activities of each organisation. If these change, particularly after placement of cover your broker or insurer should be notified.

Particular attention should be paid to the following:-

Policy excludes Liability arising from The participation in any sporting activities (unless otherwise agreed)

This exclusion does not apply to the following activities:- novelty & passive events such as bowls, snookers, dancing, bushwalking, darts, tai-chi, bocce, table tennis, badminton, croquet, 3 legged races, egg and spoon races etc.

Subrogation

Your Insurer may wish to recover from a third party who was responsible for the claim made against you. Consequently, the Insurer requires you to subrogate (or substitute) your rights to sue in favour of your Insurer who has reimbursed you the cost of the damage.

Your insurance policy may be conditional that you do not "waive your rights" or "hold harmless" other parties such as workmen who come onto your property.

Consequently you should not sign any contract for work etc. without reference to your Aon Account Executive or Account Broker.

Agreements Affecting Subrogation Rights

Your Policy will not insure you for any event where you agreed not to recover from persons liable to compensate you for your loss unless the Insurer has given his written agreement.

Hold Harmless Agreements, Contracting Out, Removal Of Subrogation Rights

You may prejudice your rights of a claim if, without prior agreement from your Insurer, you make any agreement that will prevent the Insurer from recovering the loss from a third party.

These "hold harmless" clauses are often found in leases, in maintenance or supply contracts from burglar alarm or fire protection installers and in repair contracts and the like. So if you are in doubt, consult your Aon Account Director or Account Broker.

This notification requirement applies to all property and liability insurance. It has a special significance in Liability, where you must not (without the Insurer's agreement) hold a supplier harmless.

Legal Liability

In respect of this class of insurance, your cover does not extend to any liability you have agreed to accept, unless you would have been so liable in the absence of such agreement.

Reasonable Precautions

You must take all reasonable precautions for the maintenance and safety of the property insured and the Insurer will not be liable for any loss, damage, injury or liability arising from a deliberate or fraudulent act committed by you or on your behalf.

New Events or Activities

Any undeclared events or activities will not be covered by your policy. A change in activity or organising a new event, fair or fundraising activity must be advised to your broker or insurer, to ensure cover is provided under the Liability programme.

CentreLink's Mutual Obligation

Aon's Voluntary Workers' and Public Liability policies will respond to cover the above.

The insurers will not replace the government (i.e. CentreLink) to cover the payment of CentreLink benefits cancelled due to a result of an injury sustained whilst performing mutual obligation work especially where many may have been forced to do so by CentreLink for their payments to continue.

Aon's policy would certainly respond to Death and Capital Benefits and Medical Expenses (excluding those payable or those that should have been paid by Medicare) as it currently does now.

Work For The Dole

With respect to the "Work For The Dole" initiative, the New South Wales Department of Education, Training and Youth Affairs has confirmed that the Commonwealth will provide Personal Accident and Medical Expenses not covered by Medicare Australia wide.

For Associations Incorporation is no Protection

Legal remedies against non-profit associations and their directors and office bearers are little different from those available against a company and its directors.

Liabilities can arise out of the organisation of events, giving negligent advice, the sales of goods, or any of the various ways liability for negligence can arise in modern society. Non-profit organisations are not exempt from the impact of Trade Practices, Occupational Health and Safety and Equal Opportunity legislation.

An Association also has liabilities to the general public for negligence. Such liability may arise out of the organisation of events, or from the occupation of land, or from the giving of negligent advice or in respect of goods sold or from unregistered vehicles or from first aid treatment of any of the numerous ways in which liability for negligence can arise in modern society.

The fact that the Incorporated Association may be vicariously liable for the negligence of an office bearer does not in any way remove the personal liability of an office bearer whose act of negligence has caused loss or injury.

The Corporations Act places restraints on indemnities to officers, though there are no statutory restraints on indemnities to office bearers of incorporated (or unincorporated) Associations.

An Association's by-laws may well provide that its executives and office bearers shall be indemnified out of the assets of the organisation against any liability incurred in defending any proceedings (civil or criminal) in which judgement is given in favour of the individual or in which he is acquitted.

Although such protection for successful defence costs is provided by the association, there will be no protection for awards for damages in the event of an adverse verdict.

Furthermore, it would not be legal to provide insurance for the consequences of any dishonest or legal act. However, the consequences of negligence can be insured against.

Insurance can be taken out for not only the damages awarded against the individual but also for any defence costs the organisation may meet under the provisions of its by-laws. Such insurance can be effected by means of a combination of three policies:

- ↳ **General Liability**
(Public & Products Liability)
 - ↳ **Professional Indemnity**
 - ↳ **Directors & Officers**
- } Sometimes called Protector Liability

Association and/or Protector Liability and the Legal Background

This is a conveniently purchased combination of Professional Indemnity and Directors' and Officers' Liability insurance structured for not-for-profit organisations.

Group policies may be arranged for a member organisation of an umbrella body, thereby achieving substantial premium savings.

It should be noted that the limit of indemnity is just the one specified amount for both the Professional Indemnity and the Directors' and Officers' risks together.

Broadly speaking the law relating to legal liabilities of organisations limited by guarantee and of their directors is the same as the law relating generally to companies. Incorporation by Act of Parliament or by Royal Charter is not dissimilar from incorporation under statute.

All Australian jurisdictions have an Association Incorporation Act, but there are a number of variations between the different States.

Incorporation under an Association Incorporation Act gives the benefit of limited liability to the members so that their liability is limited to any amount owing for unpaid subscriptions. This is an undoubted benefit to the members, but incorporation of the association leads also to a benefit to persons with a claim, as if an incorporated association is sued, the amount of any liability is paid out of the assets of the incorporated association and not out of the personal assets of the office bearers or of the members.

However, incorporation is not a panacea granting immunity to office bearers and members, who can still have personal liabilities.

Most Australian States impose specific statutory duties on officers and members requiring them to comply with certain aspects of fiduciary duties of honesty and loyalty. South Australian legislation goes further and requires officers to act "honestly and with reasonable diligence". However, it is strongly probable that the duty of office bearers to act both honestly and with reasonable diligence arises at common law independently of any specific statutory obligation.

Once it is borne in mind that an incorporated association is a legal entity, the remedies are little different from those available to shareholders of a company against the company and its directors and officers. Similarly the liability of an association and its office bearers and employees to other employees is little different from the similar liabilities in respect of companies.

NB: With respect to Professional Indemnity, Directors and Officers and Association and/or Protector Liability, sums insured are at the option of the organisation. Based on the activities of the organisation, sums insured, numbers and activities of volunteers, premiums are charged accordingly.

Association and/or Protector Liability

This is a conveniently purchased combination of Professional Indemnity and Directors & Officers Liability insurance, covering the following:-

(a) Professional Indemnity

Indemnifies the Insured Organisation against loss arising from any claim by reason of any wrongful act in the course of professional duty rendered or which should have been rendered first made against them jointly or severally during the period of insurance.

In addition the policy covers defence costs incurred.

(b) Office Bearers (Directors & Officers Liability)

Pay on behalf of the Office Bearers of the Association against loss arising from any claim by reason of any wrongful act in the capacity of Officer Bearer of the Association first made against them jointly or severally.

(c) Association Reimbursement

Pay on behalf of the Association loss arising from any claim by reason of any wrongful act committed by any Officer Bearer whilst acting in the capacity as an Officer Bearer of the Association either first made against the Association or first made against the Officer Bearer of the Association jointly or severally.

(d) Association Liability

Pay on behalf of the Association all loss for which the Association becomes legally liable by reason of any wrongful act committed by an Office Bearer of the Association, for which indemnity is not provided under Insuring Clauses (a), (b) or (c) above.

Coverage could be required for claims arising from:-

- ↳ actual or alleged wrongful or unfair dismissal
- ↳ failure to employ or promote
- ↳ breach of any written or oral, express or implied employment contract or quasi employment contract.
- ↳ wrongful deprivation of career opportunity
- ↳ failure to grant tenure
- ↳ negligent evaluation
- ↳ unfair discipline
- ↳ denial of natural justice
- ↳ employment related defamation
- ↳ sexual harassment

- ↳ wrongful infliction of emotional distress
- ↳ discrimination
- ↳ misleading representation or advertising involving employment with the Insured Association
- ↳ invasion of privacy.

Other Covers Available

- ↳ Marine Transit - where items are moved to other locations.
- ↳ Full Crime - where staff and third parties may fraudulently embezzle funds.
- ↳ Liability - for sporting teams, umpires, referees participation.
- ↳ Medial Malpractice

The above list is not exhaustive and if you have any concerns please review same with our insurer or broker.

Important Notices

It is essential that you carefully read and understand the following **Important Notices**. If you have any queries please seek advice from Aon.

Duty Of Disclosure

In accordance with the provisions of the Insurance Contracts Act 1984 (Cth), you and everyone who is an insured under your policy and/or everyone who arranges insurance on behalf of a business entity and/or body corporate, must comply with the Duty of Disclosure. Make sure that you explain the duty to any other insureds you apply on behalf of and/or to others involved in arranging insurance.

The duty requires you to tell an insurer certain matters which will help it decide whether to offer insurance and, if so, on what terms.

The duty applies at the first application for a policy and on any renewal, variation, extension or replacement of the policy.

The type of duty that applies can vary according to the type of policy.

To assist Aon in protecting your interests, it is important that you tell us every matter that:

- ↳ you know, or
- ↳ a reasonable person in the circumstances could be expected to know,

is relevant to the insurer's decision whether to offer insurance and, if so, on what terms.

Aon will then assist you in determining what needs to be disclosed to the insurer in order to meet your duty.

Examples of matters that should be disclosed are:

- ↳ any claims made in recent years for the particular type of insurance;
- ↳ refusal by an insurer to renew a policy;
- ↳ any unusual feature of the insured risk that may increase the likelihood of a claim.

Failure to comply with the duty may give the insurer the right to cancel the policy or reduce the amount it pays in the event of a claim. If the failure to comply with the duty is fraudulent, the insurer may treat the policy as if it never existed and pay nothing.

Even if Aon is handling claims for you, you must disclose these matters on your proposal. Aon cannot complete or add to your proposal in any way.

If you are uncertain about whether or not a particular matter should be disclosed, please contact Aon.

Waiver of Rights

Some policies contain a clause that limits or excludes claims where the insured has limited its rights to recover a loss from another party in circumstances where that other party is responsible for the loss. For example, this may happen where the insured has entered into a contract limiting the liability that the other contracting party would have been under in the absence of the contract.

If you have entered into, or propose to enter into a contract which might limit rights against another contracting party, please let Aon know, so that we can advise you about how the agreement affects, or will affect, your cover.

Claims Made Policies

Directors' and Officers' Liability, Comprehensive Crime, Professional Indemnity and Superannuation Trustees' Liability policies and some other liability policies are written on a "Claims Made" basis.

This means that they cover only those claims made against you during the period of insurance. In some cases you must also notify the insurer of the claim during the period of insurance.

A Claims Made policy does not provide cover in relation to:

- ↳ claims made after the expiry of the period of insurance even though the event giving rise to the claim may have occurred during the period of insurance;
- ↳ claims notified or arising out of circumstances notified under any previous policy;
- ↳ claims made against you prior to the commencement of the period of insurance;
- ↳ claims arising out of circumstances noted on the proposal form for the current period of insurance or on any previous proposal form; and
- ↳ events that occurred prior to the retroactive date of the policy (if such a date is specified).

However, where you give notice in writing to the insurer of any facts that might give rise to a claim against you as soon as reasonably practicable after you become aware of those facts, but before the expiry of the period of insurance, the policy will, subject to its terms and conditions, provide cover even if that claim is made after the expiry of the period of insurance. For this reason, you must send us written notice during the policy period of any facts or events that might give rise to a future claim. If you do not, you may not have cover if a claim arises later.

Upon expiry of the policy no further claims can be made thereunder and the need to maintain insurance or the arrangement of run-off cover is essential.

Occurrence Basis Policies

Combined General Liability, Industrial Special Risks, Travel, Aviation, Contract Works, Marine policies and some other policies are written on an occurrence basis.

This means when there is an incident/occurrence giving rise to a claim, the policy that responds is the policy that was in force at the time of the incident/occurrence.

Cooling Off Period Rights

For certain personal and domestic type policies (e.g. motor, home buildings and contents, travel , sickness and accident , consumer credit and personal and domestic property type insurance) , you may have a right under the Corporations Act (Cth) to return your policy. You will be provided with a Product Disclosure Statement that tells you what the cooling off right is .

The period can be no less than 14 days from entry into the policy but it may be longer at the insurer's option. The cooling off right does not apply if you

have exercised a right under the policy (e.g. made a claim).

The amount of premium refunded will vary for each insurer . They are permitted (unless the policy states otherwise) to deduct :

- ↳ an amount representing the insurer’s period of time on risk;
- ↳ any tax or duty paid or owing for which the insurer is unable to obtain a refund ; and
- ↳ any reasonable administrative and transaction costs incurred by the insurer reasonably related to the acquisition of the policy and termination of the relationship , which don’t exceed the true cost of an arm’s length transaction.

Despite the cooling off period, you may still have cancellation rights under your policy.

If you want to return or cancel your policy contact Aon so we can assist .

Interests of Other Parties

Many policies exclude cover for an interest in the insured property held by someone other than the named insured, unless that interest is specifically noted on the policy. For example, if property is jointly owned, or subject to finance, the interest of the joint owner or financier may be excluded if it is not specifically noted on the policy.

Generally, the safest course is to have all interests in all property insured noted on each policy.

Utmost Good Faith

Every contract of insurance is based on the principle of *utmost good faith*, requiring each party (which means both 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 your rights under the policy and in particular, any claim.

Change of Risk or Circumstances

It is important that you advise Aon of any material alterations to your business or products or indeed of any development which may have a bearing on the adequacy of your Insurance Program.

Your insurers have assessed and accepted your risks at an agreed premium on the basis of information provided during the placement and/or subsequent renewals of your insurance policies. Any variation of those details, if not advised to them, could prejudice the insurance cover.

The following list may be used as a guide to activities that should be notified to Aon when they are being proposed or when they occur so that action can be taken to ensure your interests are adequately protected. It is by no means a complete list so, when in doubt, contact Aon for guidance:

1. Acquisition of new Organisations and/or mergers in which you are involved in.
2. Alterations, amendment to or disconnection of fire or burglary protection systems.
3. Contractual liabilities, including Premises Leases and hiring agreements.
4. Changes in process, occupancy, products, or extension of business operations.
5. Granting of indemnities or hold-harmless agreements.
6. Hire, lease or borrowing of plant or equipment.
7. Increase in value in excess of policy limits declared for buildings, plant, machinery and stock.
8. Proposed installation of pressure plant or new key machines or hazardous storage.
9. Removal of office stocks or equipment to new locations.
10. Purchase, construction or occupancy of new premises, alterations, vacation, temporary unoccupancy, extension or demolition of existing premises.
11. Use of aircraft or waterborne craft except for ordinary travel.
12. Special events such as fetes, festivals, concerts, door knocks, etc.
13. Major increase in volunteer numbers.
14. Potential claims reported to the organisation but not advised to Aon.
15. New vehicles.

Binder Agreements

Aon has binder agreements with some insurers under which we are authorised to commit those insurers to providing cover without reference to them. Some of the classes of insurance provided in your program may be placed under such binder agreements.

When acting under a binder agreement we will be acting under an authority given to Aon by the insurer and will be effecting the insurance contract as agent of the insurer and not as your agent.

Nevertheless, we believe that in respect of those classes of insurance written under a binder agreement, the policy terms are very favourable and the rates are highly competitive. In addition, our binder arrangements with the insurers are such that

we remain your agent in the handling of any claims that might arise under any of the policies written.

Mis-statement of Premium

Aon makes every effort to determine the correct amount of premium and statutory charges that apply to your insurance. In the event that Aon mis-state that amount (either because we have made an unintentional error or because a third party has mis-stated the amount), we reserve the right to correct the error.

By instructing Aon to arrange insurance for you, you agree, where permitted by law, that you shall not hold Aon responsible for any loss that you may suffer as a result of any such mis-statement.

Privacy Act 1988

The Aon Group of companies have always valued the privacy of personal information. When Aon collect, use, disclose or handle personal information, Aon will be bound by the Privacy Act 1988 (the 'Act').

Aon collect personal information to offer, provide, manage and administer the many financial services and products we and our group of companies are involved in. These include insurance broking and claims management, risk management consulting, and other forms of insurance services (including underwriting of insurance products and reinsurance), employee benefits, premium financing, superannuation and investment advisory services. Aon also collect it to be able to develop, establish and administer alliances and arrangements with other organisations in relation to the promotion, administration and use of our respective products and services.

Aon disclose personal information to third parties who we believe are necessary to assist us in providing the relevant services and products to our clients. For instance, we disclose personal information to the relevant product provider and their representatives, our agents and contractors and related companies. We limit, however, the use and disclosure of any personal information provided by us to such third parties for the specific purpose for which it was supplied.

When you give Aon personal information about other individuals, we rely on you to have made or make them aware that you will or may provide their personal information to us, the types of third parties we may provide it to, the relevant purposes we and the third parties we disclose it to will use it for, and how they can access it. If it is sensitive information

we rely on you to have obtained their consent on these matters. If you have not done either of these things, you must tell us before you provide the relevant information.

If you collect, use, disclose or handle personal information on our behalf, or receive it from us, you and your representatives must meet the relevant requirements of the National Privacy Principles set out in the Privacy Act 1988 (Cth) and you must only use such information for the specific agreed purpose(s).

If you would like a copy of the Aon Privacy Policy, or wish to seek access to or correct the personal information we collected or disclosed about you, please telephone or email your Aon representative or access the Aon website www.aon.com.au.

Communications

The engagement of an Insurance Broker can in many ways be regarded as the addition of an insurance department to an organisation.

Any department can only function effectively and efficiently, however, if management keeps it fully informed and properly instructed.

Since an Insurance Broker is a "remote" department it is critical that the closest possible liaison be maintained and that relevant information be furnished promptly and completely.

By ensuring that this is done, the organisation will receive the full benefit of the Insurance Broker's professional expertise and will gain maximum value from the Insurance Programme which it has chosen to carry.

Alterations and Developments

It is essential that you notify us immediately of any material alteration or development that may have a bearing on your Insurance Programme.

Such alterations or developments could include:

- Purchase, construction or occupation of new premises or alteration, vacation, unoccupancy, extension or demolition of existing premises. (Please contact us prior to calling tenders for construction or demolition work so that we may advise on the insurance and related considerations involved.)
- Any change in your operations, including activities, events, products or occupancy (including by other tenants).
- Any addition or mergers with other community groups.

- ↘ Removal of stocks, plant or equipment to new locations (including the premises of others).
- ↘ Hire, lease or borrowing (inwards or outwards) of plant or equipment.
- ↘ Assumptions of liabilities under contract, or the granting of "Indemnities" or "Hold Harmless" agreements.

Valuations

The onus to determine and prove the value of assets insured under your Insurance Programme rests with you.

Aon strongly recommends that you arrange independent professional valuations in this regard on a regular basis.

We are able to provide you with the contact details of a professional valuation consultant.

Vital Pack Insurers

The insurers involved on the Vital Pack Insurance Programme are **all APRA approved** and are as follows:-

- ↘ Accident & Health International Underwriting - *on behalf of CGU*
- ↘ Ace Insurance
- ↘ Ansvar Insurance
- ↘ Calliden
- ↘ Chubb Insurance
- ↘ CGU Insurance - *a member of the IAG Group*
- ↘ Lumley General Insurance – *a member of the Westfarmers Group*
- ↘ SLE Worldwide Australia - *on behalf of Lloyd's of London and Ace*
- ↘ Vero Insurance

Market Security Policy

Aon regards the issue of insurer security extremely seriously, and in fact maintains two dedicated market security departments based both in the USA and the UK.

Our goal is to procure insurance for our clients with underwriters possessing the financial strength to perform in today's economic environment. In meeting this goal Aon naturally and properly, places great reliance on government/state regulators as the final safety net of security, as they have unique powers and access to information.

Regular reviews are also conducted of all markets that our brokers use, or are considering using, as well as reviewing publicly available information concerning an underwriter's financial condition. This information includes but is not limited to:

- ↘ Approval by various regulatory authorities
- ↘ Analyses by the major insurance rating agencies, such as: A.M. Best, Standard & Poor's, Moody's and Duff & Phelps. Where ratings are assigned, they are taken into account as part of the overall assessment. The vast majority of Aon placements are made with underwriters which are rated the equivalent of an A.M. Best rating of "Excellent" by the professional rating agencies
- ↘ Key performance test results which consist of financial ratios established by the National Association of Insurance Commissioners (NAIC) for US underwriters and Standard & Poor's for international underwriters and
- ↘ Input from our global affiliates and correspondents.

When conducting these reviews particular attention is paid, but not limited, to the following:

- ↘ The size of Paid-up Capital and Shareholders' Funds
- ↘ The amount of Gross Reinsurance ceded and the quality of Reinsurers
- ↘ The Underwriting Result, Investment Income and Pre-Tax Result
- ↘ The size of Technical Reserves
- ↘ Solvency margin (Shareholders' Funds/Net Premium)
- ↘ Level of Technical Reserves to Net Premium
- ↘ Level of Insurance Debts to Shareholders' Funds
- ↘ Change of Net Premium and Shareholders' Funds and
- ↘ Level of Investment Income to Pre-Tax Profit.

Also evaluated are such non-financial factors as shareholders, management and underwriting expertise, claims payment record and general market information.

The market security departments endeavour to process information for the review of each market annually according to established guidelines and procedures. In addition, the security staff endeavour to keep up-to-date with the state of the market,

including any major developments in all countries where Aon places business. Annual reports and accounts are kept on file and where necessary, Annual Convention Statement or similar regulatory returns.

It is important to note that Aon does not guarantee the security or solvency of any underwriter with which we place business. Aon encourages clients to review the publicly available information obtained by us as only the insured can make the ultimate decision to accept or reject a particular underwriter.

GST, Stamp Duty & Insurance Implications

As the Federal Government has introduced GST, all general insurance premiums, government charges and broker fees will be subject to this GST charge.

Due to the GST legislation, insurers will only deal with organisations who hold an ABN number.

Also, your organisation should ensure that GST is claimable back as a input tax credit or through exemption, as GST is charged on the insurer premium and State Government fire service levy (where applicable). This can add up to be \$100's of dollars for a volunteer organisation.

Also, whilst State Government stamp duty does not attract GST, the stamp duty is charged on the combined premium, fire service levy (if applicable) and GST.

A stamp duty exemption assists in eliminating this charge. This is applied for via the Stamp Duty Commissioner in your State or Territory.

Financial Services Guide (FSG)

A Financial Services Guide will be issued on products deemed 'retail' under the Federal Government's Financial Services Reform Act.

These policies will include:-

- Motor Vehicle
- Motor Vehicle Non-Owned
- Volunteers Personal Accident

as well as other covers.

Terrorism Levy

Following the events in the United States of America of 11 September 2001, insurance and reinsurance companies around the world, including Australia, progressively withdrew cover for terrorism risk. They did so by applying an appropriate exclusion clause to the affected policies. The Australian Commonwealth Government adopted a consultative approach and after a period of discussion with industry, and in particular the property, banking and insurance sectors, introduced into Parliament draft legislation towards the end of 2002.

Since then the Government has passed the Terrorism Insurance Act 2003. This Act and supporting Regulations, establishes a government owned reinsurance corporation, the Australian Reinsurance Pool Corporation (ARPC), which will provide the necessary financial support to enable insurance companies to offer cover for terrorism risks in Australia.

The scheme operates to override the terrorism exclusion clause currently in force. The scheme came into force on 1 July 2003. Eligible policies in force between that date and 30 September 2003 have been fully reinsured by ARPC.

Eligible policies with an inception date on or after 1 October 2003 will be subject to a reinsurance premium payable by the insurer to the ARPC. These and other additional costs may be reflected in the premium charged by insurers from that date.

The scheme, in broad terms, applies to non residential property and their contents, business interruption covers which relate to the ownership or occupation of such property and liability covers to the extent that the liability arises from the ownership or occupation of such property. These are typically insured under Industrial Special Risks, Business, Office, Construction and Public Liability insurance policies.

The scheme is compulsory; that is, all affected policyholders are covered by the scheme and will be obliged to pay any adjusted premium (note: any premium increase will be subject to taxes and charges such as fire service levy, GST and stamp duty in the normal way).

The scheme hinges upon an event being deemed a "declared terrorism incident" (DTI) by the Government. Such a declaration renders the terrorism exclusion clause, which must still appear in the insurer's policy wording, inoperative and enables policyholders to lodge claims with their insurer for the cost of damage caused by a terrorist incident.

Please note that in the event of a massive terrorist incident; that is, one where the cost of the event exceeds \$10 billion, and the capacity of the Pool is exhausted, it is possible that the Government may exercise its right to impose a percentage reduction in its contribution. If this occurs, then claimants would not be covered in full.

What do you need to do?

No action is necessary. If a “declared terrorism incident” occurs and your eligible policy has a terrorism exclusion, then you are covered and your claim will be payable in the same manner as any other claim under your policy.

If you have any questions, please contact your Aon Representative.

Risk Management

Organisation Self-Audit Guidelines and Suggestions

A recognised method of injury prevention in any business or organisation is to implement a Risk control process, through which the hazards associated with the business or organisation are:

↳ **“IDENTIFIED, MEASURED, EVALUATED AND CONTROLLED”**

In this way the insured organisation is protected by an adequate insurance programme, as well as a self imposed Risk Management control process to reduce risk exposures.

Risk management is a high priority for all insurers. There is also legislation in place through Occupational Health & Safety Acts, Workers’ Compensation, etc, which make risk management a priority for an organisations.

Aon have organised a General Risk Management Brochure for all insured groups. This information has been put into Volunteering Australia’s Risk Management Book. This book can be obtained from the Volunteering Australia website

www.volunteeringaustralia.org

Publications

“Running The Risk”

Claims Procedures

Aon provide claims procedures to all Insured Organisations to advise on what to do in the event of a claim.

Insurance Glossary of Terms

Your insurance policies contain terminology specific to the insurance industry. To assist your understanding we have explained below the more commonly used terms.

Co-insurance

Sometimes called “Average”. If the value of the insured property exceeds the amount of insurance, then your Insurer will require you to contribute proportionately to each and every loss.

It is therefore essential that values are regularly reviewed and sums insured represent the current value.

Reinstatement and/or Replacement

If property is insured on this basis you will receive settlement representing the cost of replacing the property to the pre accident condition or restoring the damage with new materials. You receive “new for old” (ie. no deduction for depreciation) as long as the sum insured accurately represents the current value.

Indemnity

The principle of “Indemnity” is to place you in the same financial position after a loss as that which would have applied immediately before the loss. Being insured on this basis is less cover than Reinstatement and Replacement because you do not receive “new for old”.

Deductible

Also called “excess”. The amount nominated by you or imposed by the Insurer as a deduction from the sum insured or the amount paid by the Insured in response to a partial loss.

Subrogation

Your Insurer may wish to recover from a third party who was responsible for damage to your property. Consequently, the Insurer requires you to subrogate (or substitute) your rights to sue in favour of your Insurer who has reimbursed you the cost of the damage.

Your insurance policy may be conditional that you do not “waive your rights” or “hold harmless” other parties such as workmen who come onto your property.

Consequently you should not sign any contract for work etc. without reference to your Aon Account Director or Account Broker.

Extra Cost of Reinstatement

Provides protection for additional costs to comply with Government regulations following the loss, provided you had not been advised of such requirements prior to the loss.

Gross Profit

Is the amount which the total of the turnover and closing stock exceeds the total of the opening stock and the uninsured working expenses as specified in the policy.

Indemnity Period

Is the period from the date of the damage and ending not later than the period specified thereafter during which the business is affected by the damage.

Most Commonly Asked Questions

1. **What sum insured/values should each organisation insure for?**
Aon’s policy for Property Coverage organised for each organisation is based on reinstatement and replacement values, ie; new for old.

In this presentation, please refer to the Combined Special Risk Section.
2. **What change in assets or locations should I advise to Aon?**
Acquisition of major assets, eg; buildings, computer systems, etc, should be advised to Aon as soon as possible. **Insurers only cover the assets and locations they are aware of.**
- 3a). **What activities should I advise the Insurer of ?**
All activities your organisation carries out, including events, fairs, etc.

3b). **What about new activities or a change in activities ?**
These should be advised to your broker or insurer.

4. **How are motor vehicles under lease insured?**
Motor vehicles leased by the organisation are insured under the comprehensive policy organised by Aon the same as any other organisation owned vehicle.

The details of the vehicle should be advised to Aon, e.g. year, make of vehicle, registration number, value, and these are included under the policy. Loss of lease is included in Aon’s policy.

5a). **What does the Public Liability policy cover me for?**
The policy covers all sums for which you become legally liable to pay to third parties as compensation for personal injury and/or property damage caused by an occurrence in connection with your business activities. The policy should cover all activities of the organisation including those of volunteers.

5b). **Does the policy cover one volunteer taking legal action against another?**
No, however, the policy can be extended to cover “member to member”* liability.

* *Member to member liability covers all sums insured which one of your paying members becomes legally liable to pay to another paying member as compensation for personal injury and/or property damage, i.e. members of a club.*

6. **In the event of a claim, can I admit liability?**
No matter how minor an accident, in the event of a claim or incident that may lead to a claim no liability should be admitted. It is most important that no admission of liability, either verbally or in writing, be made as this constitutes a breach of policy conditions and may prejudice acceptance of the claim or the claim settlement.

7. **Do you require a list of all our volunteers?**
We do not require a list of names, just the total number of volunteers involved with the organisation in a year.

8. **Are Staff Vehicles covered under the Motor Non-Owned Section?**

Staff vehicles are not covered under the Motor Non-Owned policy unless they are being used for activities on behalf of the organisation and are declared in the number of vehicles insured i.e. driving to and from the office there is no cover.

9. **Are vehicles still insured when they are loaned or hired to other organisations?**

Yes, as long as the vehicles are authorised by your organisation to be used by the other organisation and are used by the hirer for similar not for profit activities. As your organisation will have to pay a deductible or excess in the event of a claim Aon advise that it is recommended to have an agreement in place with the hirer to pay the excess in the event of a claim.

10. **What if our circumstances change from those originally declared?**

If you merge with or takeover an organisation, or change your activities, i.e. organise an event, move into childcare, etc, you must advise your insurers to ensure cover is extended to cover these activities.

11. **We are fully insured, why do we need risk management?**

Insurance is only one way to manage the risks facing an organisation. It may not be the best way of managing a risk because:-

- a) it may cost much more than other ways of controlling risk.
- b) it does not achieve the preferred outcome (preventing harm), it only compensates after the event/injury.
- c) it may not cover all risks and may be capped to a ceiling, and
- d) it depends on the insurance company being solvent and able to pay the compensation at the time of the claim.

12. **Do we still need a risk management plan if volunteers in our state are protected by volunteer protection legislation?**

The Commonwealth and some states in Australia are following the American example of passing laws to protect certain volunteers from being personally sued

under certain conditions. The volunteer's liability is transferred to the community organisation, which may then be able to be sued for the actions of its volunteer. Your risk management plan therefore needs to take into account the provisions of any volunteer protection legislation in your state.

NB: This type of legislation does NOT give all volunteers a blanket immunity in all circumstances. (It may not apply, e.g., if the volunteer was involved in a motor vehicle accident, was affected by alcohol or certain other drugs, or was acting outside the scope of the activities authorised by the community organisation or contrary to its instructions).

13. **Why do volunteers need to be part of our risk management plan?**

A not for profit organisation is responsible for the actions of its volunteers and paid staff. Inappropriate volunteer behaviour can seriously harm and prevent a not for profit organisation from achieving its mission. Volunteers, like employees, are a valuable resource to your organisation and should be part of any risk management system. Including volunteers in your risk management system will help protect both your organisation and your volunteers. The various volunteers protection Acts do not lessen the need for appropriate risk management strategies.

14. **Will imposing risk management plans and exemptions on volunteers make it harder to recruit and train volunteers?**

Volunteers want to enhance the resources of a not for profit organisation, not deplete them. They want to help it to achieve its mission, not hinder it. Most volunteers want to be part of a well managed organisation that considers their needs and rights, and gives them proper training that enables them to maximise their contribution.

Appropriate risk management plans which are clearly communicated will reassure volunteers and give them confidence about working for the organisation.

15. What are some common mistakes in risk management plans?
- a) they are formally prepared, but never implemented or regularly revised.
 - b) they cover the risk that are easy to treat and leave the difficult risks untreated.
 - c) they rely too heavily on insurance as a strategy.
 - d) they assume the organisation's insurance covers risks that it does not.
 - e) the risk management plan is not amended when insurance policies alter or new activities begin.

16. Wouldn't it be easier just to copy another organisation's risk management plan?

Not for profit organisations are diverse, even within the same sector. A risk management plan will be quite different even for similar organisations because of variables such as size, organisational culture, property ownership and leadership. You are far more likely to identify all of the risks relating to your organisation by working through the process of planning your own risk management strategy, than by just blindly copying another organisation's work. An understanding of what risk management means and an ownership of strategy to protect and enhance the mission of your organisation are essential.

17. How are volunteers covered for injury?

Apart from Medicare, the only other cover available is Voluntary Workers Personal Accident.

18. How do I cover one day events?

These can be an extension to your existing Public Liability policy.

19. Does our policy have an age limit?

The only policy that usually has an age limit is Voluntary Workers Personal Accident. Look for policies with "nil" age limitations, but beware as coverage is still only for volunteers (or members where extended) and the volunteers must be able to take direction/orders from the organisation.

20. Are volunteers covered at events?

Coverage should be provided through Public Liability and Voluntary Workers Personal Accident.

21. We hire our hall/meeting rooms out. What should we ask of third parties?

Third parties at events or hiring halls/premises should bring their own insurance, such as Public Liability, Voluntary Workers Personal Accident and Workers Compensation.

Quotation

Aon "tailor make" our policies to fit the insurance requirements of your organisation.

In order to provide a quotation for your organisation, Aon would require a completed Aon Quote Declaration including Liability and Event Questionnaires, as applicable.

For any further information or any queries you may have, please do not hesitate to contact Aon Risk Services Australia Limited as per our directory of service personnel.