

UNINSURED RISKS

One of our roles as your insurance adviser is to highlight areas where you may have an exposure to loss but are presently uninsured.

To assist you, we have set out on the following pages some of the various classes of insurance presently available, together with a brief explanation on each. Some of these classes we may have already arranged insurance for on your behalf, but there are many more that could still apply to your business.

This list is not exhaustive and does not include all types of policies available in the various insurance markets. Availability of some classes may be subject to market conditions at the time.

Although many of these insurance policies may not be appropriate to your needs today, your circumstances may change and so we recommend that you review this list regularly to ensure that you remain comfortable carrying any uninsured exposures.

Naturally, you are invited to call or email us anytime and unless we hear from you, we shall assume you do not require any further review or information regarding uninsured risks at this time.

For ease of reference, we have split the list into four headings:

- [Asset Risks Protection](#)
- [Income and Other Financial Exposures](#)
- [Liability Risks and Exposures](#)
- [People Exposures and Protection](#)

Asset Risk Protection

CLASS	BRIEF DESCRIPTION	CLASS	BRIEF DESCRIPTION
Aviation Hull	Loss of or damage to aircraft and related equipment.	Boiler Explosion	Damage to registered boilers by explosion, overheating, collapse.
Burglary	Theft of property following forcible and violent entry to premises.	Contract Works	Loss or damage to the project during construction.
Contractors' Plant & Machinery	Loss or damage to unregistered mobile plant, drilling rigs and the like.	Corporate Travel	Costs following accident or illness whilst travelling.
Crop	Fire or hail damage to cash crops.	Electronic Equipment	Material damage and loss of data following breakdown or malfunction.
Extended Warranty	Extensions to warranty periods of products.	Farm Pack	Farm risks including property, liability and motor.
Fire and Perils	Damage to fixed assets caused by a range of nominated risks.	Flood	Loss or damage to property caused by "flood", as defined.
Glass	Damage to fixed glass.	Landlords	Loss or damage to residential rented premises and their contents.
Householders	Loss or damage to residential premises and their contents.	Industrial Special Risks	Fire and Perils and Accidental Damage to fixed assets.
Jewellers Block	Loss or damage to stock of precious metals and gems.	Livestock and Bloodstock	Loss following death or loss of use of valuable animals.
Machinery Breakdown & Deterioration of Stock	Cost to repair following mechanical or electrical breakdown of plant and equipment. Cover also available for deterioration of stock resulting from breakdown.	Marine Builders Risk	Loss of damage to vessels during construction, testing and commissioning and delivery.
Marine Cargo	Damage to goods while in transit.	Marine Hull	Damage to private and commercial vessels and related equipment.
Motor	Loss or damage to registered vehicles.	Personal Valuables	Loss or damage to jewellery, works of art and other valuables.
Political Risks	Expropriation of overseas assets by Governments or local authorities.	Refrigerated Stock	Loss of refrigerated stock due to refrigeration equipment breakdown.
Rewriting Records	Costs to rewrite, replace or reconstruct records and data.	Rural/Farm Property	Country farms, properties & assets.

CLASS	BRIEF DESCRIPTION	CLASS	BRIEF DESCRIPTION
Theft	Loss of property within premises without forcible and violent entry.	Theft in open air	Loss of property in the open air without forcible and violent entry.
Tools & equipment	Loss or damage to tools or equipment in vehicles, or site or in storage including laptops.	Weather	Loss due to inadequate or exorbitant rain or temperatures.

Income & Other Financial Risk Exposures

CLASS	BRIEF DESCRIPTION	CLASS	BRIEF DESCRIPTION
Accounts Receivable	Loss due to irrecoverable debts following destruction of theft of debtors' records.	Advance Consequential Loss	Loss of future earnings and increased expenses following delayed completion of a project caused by damage.
Audit & Investigation	Expenses due to unexpected audits required by any statutory body, including Australian Tax Office.	Bonds Performance Guarantees	An alternative to bank guarantees.
Business Interruption	Loss of income and increased expenses due to damage to fixed assets.	Cancellation and Abandonment	Cover is provided for loss of income and additional expenses incurred due to occurrences such as adverse weather conditions or non-appearance of performers for many reasons, including death or illness.
Commercial Legal Expenses	The reimbursement of legal costs in either defending or pursuing legal action in areas of contract, employment, criminal, property, patent and copy write, motor and trade practices (both civil and statutory).	Computer Breakdown	Profits -Loss of income and increased expenses following mechanical and electronic breakdown of computer equipment.
Computer Crime	Loss of funds following tampering with computer systems.	Credit Insurance	Protection for insured debts following insolvency of a debtor and can be tailored to cover any single or group of specific debtors or a blanket cover over all debtors.
Export Credit	Provides exporters with cover for default by customers or default due to political interference.	Fidelity Guarantee	Losses due to the dishonesty of employees.
Intellectual Property	Legal expenses incurred to defend patent, trademark, copyright etc.	Kidnap, Ransom and Extortion	Monies paid following kidnap of staff or family or threats of damage to assets.
Machinery Breakdown Profits increased	Loss of income and expenses following breakdown of key plant and equipment.	Marine Profits	Loss of income and increased expenses following marine transit material damage claims.
Money	Loss or damage to cash, cheques, negotiable instruments.	Product Tamper	Loss of net profit, recall and other expenses following product tampering.
Strike	Additional expenses incurred following labour disturbances.	Takeover Defence	Expenses to successfully defend a takeover of a public company.

Liability Risks & Exposures

CLASS	BRIEF DESCRIPTION	CLASS	BRIEF DESCRIPTION
Airport Operators	Bodily injury and property damage arising from the operation of a licensed airport.	Association Liability	Provides indemnity to those who hold positions on management committees incorporated organisations against negligent acts, errors or omissions.
Aviation Liability	Bodily injury and property damage arising from the operation of an aircraft.	Broadform Public & Products Liability	Bodily injury and property damage arising from business activities and from products manufactured, imported or sold.
Copyright Breach	Infringement of copyrights, trademarks, registered designs or patents or any plagiarism or breach of confidentiality. Commonly found in Professional Indemnity insurance.	Cyber Insurance	Provides cover for breach of privacy legislation, loss of income, hacker damage and cyber extortion.

CLASS	BRIEF DESCRIPTION	CLASS	BRIEF DESCRIPTION
Defamation	Damages following libel and slander.	Directors & Officers Liability	Damages following a wrongful act committed by the directors or officers of a company.
Forged Transfers	Damages and expenses following negligence in share registry.	Employers Liability Accident Make-up Pay	Pays "Gap" between Workers' Compensation Act benefits and actual weekly pay.
Employment Practices Liability	Liability for employment related issues such as wrongful dismissal, sexual harassment, and discrimination.	Extra Territorial Workers' Compensation	For employees working interstate or overseas.
Environmental Impairment Liability	Bodily injury and property damage following gradual pollution.	Labour Hire Liability	Specialist liability policy for labour-hire industry.
Management Liability	Incorporates, Directors & Officers Liability Insurance, Employment practices Liability and in some cases Professional Indemnity	Marine Liability	Bodily injury and property damage arising from: <ul style="list-style-type: none"> • Operation of vessels • Carriers liability • Ship-repair activities • Charterers liability • Container liability • Stevedore liability
Motor-CTP	Bodily injury arising from registered vehicles.	Product Recall Expenses	Expenses incurred in the recall of defective products.
Professional Indemnity or Errors and Omissions	Liability for negligent services performed or advice given to clients.	Statutory Liability	Payment of fines following inadvertent breach of legislation i.e. OH & S
Trustees Liability	Damages following mismanagement of superannuation funds by trustees.	Umbrella Liability	Provides cover in excess of standard Public & Products Liability policies, including Motor Third Party, but also provides blanket cover for many areas excluded by those policies

People Exposures and Protection

CLASS	BRIEF DESCRIPTION	CLASS	BRIEF DESCRIPTION
Consumer Credit	Personal Accident and unemployment insurance to protect finance loans.	Group Life Cover	Provides a group of people with cover for death or disability at much lower rates than can be provided individually.
Income Protection	Provides cover in the event a person is unable to follow their chosen occupation. (a non-cancellable contract).	Journey Cover	Injury to employees solely and directly occurring whilst in direct travel to and from work. (Important cover in States where there is no cover under Workers' Compensation e.g. WA).
Key Man	Financial loss following death or disablement of key personnel.	Loss of Licence	Lost income when an income producing licence cannot be maintained as a consequence of disability.
Major Trauma Cover	Provides lump sum of money following diagnosis of specified major personal health conditions.	Partnership and Shareholder Protection	Provides a package designed to protect the surviving shareholders in the event of the death or disability of a principal.
Personal Accident & Illness	Death or disability following an accident or illness (cancellable contract).	Salary Continuance	Provides cover for continuation of employees' salaries after sick leave has been exhausted.
Travel and Expatriate Cover	Medical and repatriation expenses following injury or illness while travelling or working overseas.	Workers Compensation	Statutory policy to cover employees injured whilst working or become ill due to work related conditions.

Important Information

All insurance policies have policy dollar limit and exclusions. For your benefit, please read the following important information detailed below:

- [Cyber Insurance](#)
- [Adequacy of your Sum Insured](#)
- [What happens if I under-insure](#)
- [Under-Insurance and Business Interruption Insurance](#)
- [Business Continuity Planning](#)
- [Workers Compensation Insurance](#)
- [Motor Vehicle Insurance](#)
- [Public and Products Liability, Professional Indemnity and Management Liability Insurance](#)
- [Flood Exclusion](#)
- [Claims-Made vs Occurrence Policy Wordings](#)

Cyber Insurance

Business Insurance Specialists believes that Cyber Insurance should be very strongly considered in today's environment. Everyone uses the internet and/or email in business. To better understand the coverages available and obtain costings for this type of cover, please contact us.

Adequacy of your Sum Insured

As insurance brokers, we are not valuers, accountants or bookkeepers. We do not provide advice as to the amount of sum insured you choose; nor do we provide advice as to the adequacy of any sum insured you have chosen, as it relates to the possible risk you may have in the future. You remain, at all times, including at the inception of the policy, during the course of the policy year, and on renewal of the policy, solely and fully responsible to ensure that the levels of the sum insured you choose is adequate for your needs.

What happens if I under-insure

If you are under-insured, you might be in for an unpleasant surprise if you ever made a claim. Even in situations of partial claim or loss, it is likely that you will be deemed to be carrying a percentage of risk and you will not receive a complete pay out. Business and home policies have one of the highest incidences of under-insurance and it is estimated that over 70% of policies have some form of under-insurance.

To show the impact of under-insurance, we include the following example based on a policy with 80% co-insurance:

Adjusted Loss = (Actual Insured Amount / (80% of Correct Sum Insured)) x Loss

Adjusted Loss = (\$500,000 / (80% x \$1,000,000)) x \$200,000

Adjusted Loss = \$125,000

In this example, the uninsured loss would result in a \$75,000 reduction in the claims payout.

A quantity valuer who is professionally qualified to provide a building replacement valuation is recommended.

Under-Insurance and Business Interruption Insurance

Under-insurance must be also considered when determining a sum insured for loss of profits / business interruption insurance. Remember, accounting gross profit is not the same as insurable gross profit just as the replacement value of your assets is completely different from the written down book value. To ensure you get it right, you should consult your accountant who can advise you on how much gross profit cover you need and also assist with calculating extra costs you may incur during a claim, such as cost to relocate temporarily, costs to advise your customers of your change in address, hiring of temporary replacement machinery, additional rent or staffing costs, etc. Please contact us if you wish to speak to an accountant who specialises in determining Insurable Gross Profit.

Business Continuity Planning

Businesses that recover quickly from a loss or claim, are those that plan in advance. This involves not only purchasing the right insurance, but also developing and maintaining an adequate recover plan.

You can minimise the risk of damage in advance of an emergency by:

- Training employees in fire safety, particularly those responsible for storage areas, housekeeping, maintenance and operations where open flames or flammable substances are used.
- Testing and if necessary modernising the electrical system since faulty wiring causes a large percentage of non-residential fires.
- Ensuring computer monitors and television screens are not left on stand-by mode when not in used. It is estimated that there are around 700 fires a year from this source.
- Stopping the overloading of power boards and where possible eliminating them altogether. Where they are required purchase good quality ones and have them tested on a regular basis.
- Ban smoking within all buildings (in line with occupation and health regulations)
- Carefully control any hot works – grinding, welding and cutting, etc.
- Situating your business in a fire-resistant building – a structure made of non-combustible materials with firewalls that is also a good idea to have a sprinkler system to douse fires.
- Limiting storm-related damage by making sure the building conforms to damage-resistant building codes.

You can develop a business continuity plan by:

- Keeping up-to-date triplicate records of both electronic and written records. In some jurisdictions, if companies fail to maintain and safeguard accurate business records, the company may still be held liable.
- Identifying the critical business activities and the resources needed to support them in order to maintain customer service while your business is closed for repairs.
- Planning for the worst possible scenario. Do research before a disaster strikes by finding alternative facilities, equipment and supplies, and locating qualified contractors to repair your facility.
- Setting up an emergency response plan and training employees how to execute it.
- Considering the resources you may need to activate during an emergency such as back-up sources of power and communications systems. Also, stockpiling the supplies you may need such as first-aid kits, and flashlights.
- Compiling a list of important phone numbers (including cell phone numbers) and addresses, including your Business Insurance Specialists office, local and state emergency management agencies, major clients, contractors, suppliers, realtors, financial institutions. The list should also include employees and company officials. Keep copies off the premises in case the disaster is widespread. Ideally a copy should be kept offsite.
- Deciding on a communications strategy to prevent loss of your customers. Clients must know how to contact your company at its new location. Among the possibilities to explore, depending on the circumstances, are posting notices outside of the original premises; contacting clients by phone, e-mail or regular mail; placing a notice or advertisement in local newspapers and asking friends and acquaintances in the local business community to help disseminate the information.
- Review and exercise your plan on a regular basis and communicate changes to key employees.

Use your Business Continuity Plan including the risk assessment, business impact analysis and business continuity plan to set your indemnity period, level of wages cover, and additional increase cost of working. It also assists in determining what extensions to the standard cover are required.

Workers Compensation Insurance

Workers Compensation Insurance Workers Compensation Insurance, as defined by the various State and Territory legislations, is designed to cover your employees. Where you have employees, you must by law, take out a Workers Compensation Insurance policy. Workers Compensation policies are separate insurance policies. Domestic Workers Compensation can also be taken for your domestic employees such as cleaners, gardeners and the like.

Motor Vehicle Insurance

Where this policy is or includes a motor vehicle insurance new policy, renewal or endorsement, whether it be a single vehicle or a fleet of vehicles, you must ensure you read the policy wording and attaching schedule and understand the restrictions on cover. Some policies restrict the type or age of drivers and where this is so, and you allow your vehicle to be driven by such a person, you may have no cover in the event of a claim. Motor vehicle insurance policies can cover either Agreed Value or Market Value cover. In the event your policy is a market value cover and the vehicle is deemed a total loss as a result of an accident or theft, the payment (amount) you will receive is determined by your insurance company, using industry guides, and will represent the market value of the vehicle immediately prior to the accident or theft, taking into the account the condition of the vehicle.

Public and Products Liability, Professional Indemnity and Management Liability Insurance including Directors and Officers Liability Insurance

We wish to bring your attention to the importance and unusual aspects of contractual liability agreements entered into by some businesses. Many contracts routinely entered in by businesses in the ordinary course of business, contain provisions that impose liabilities or penalties of various types on the signatories. Such liabilities can be extremely onerous. Contracts of this kind may prove to have hidden penalties. Some companies sign the contracts under the impression that their current insurance policies will protect them in the event of provision being invoked against them. However, most insurance contracts very carefully avoid extending the scope of cover beyond that specifically prescribed in the original policy contract. A company may therefore find itself facing an extremely heavy and unanticipated liability claim bereft of any insurance protection.

Examples of imposed liabilities is common use are those embodied in the standard agreements used for leases and by the construction of fire protection industries. These agreements render the purchase and/or owner and/or lease responsible for the costs of injuries to people or damage to property caused by the activities of other parties or the malfunction of equipment. It is essential then, that when a business' legal adviser believes the contract a business is contemplating signing may have insurance implications, the contract given to us for analysis on this score. Under certain circumstances, your insurance can be endorsed to provide cover.

Flood Exclusion

Unless 'Flood' is shown as covered in the Policy Schedule, insurers will not cover loss or damage to Property insured caused by Flood and exclusion under the cover section shall apply. Should you require 'Flood' cover, please contact our office.

Claims-Made vs Occurrence Policy Wordings for Professional Indemnity and Management Liability Insurance policies

Professional Indemnity Insurance and Management Liability Insurance policies are different to normal Public and Products Liability Insurance policies. Under most normal Public and Products Liability Insurance policies, you can lodge a claim on a previous policy up to 7 years prior – even if you only become aware of the claim today. (Always of course, on the proviso that the property damage or personal injury occurred when the previous policy was in force).

This is NOT the case with Professional Indemnity Insurance and Management Liability Insurance policies however. Cover under these policies is on a "claims-made" basis. This means you must always keep a current policy if you are ever to lodge a claim. You can't go back and lodge a claim under your lapsed policy for an event that occurred for example, last year, that you only become aware of this year, once your policy has expired. Even if the event occurred, last year, it would be claimed under this year's policy as this is the year the claim was first "made" upon you. Hence, it is important to keep Professional Indemnity insurance and Management Liability Insurance policies renewal every year.

If you are aware of any incident that could potentially become a claim, you must inform the insurer prior to the policy expiring – failure to do so one an incident you were aware of, means you will never be able to lodge a claim for it, even though you renewed the policy again.

If you have retired from work and are no longer taking on new work, you should renew the policies under a "run-off basis" for at least 3 years and perhaps longer. Whilst run-off policies still require a premium to be paid, this may be less expensive than you is that your policy will continue to provide necessary protection against new notifications of claims where the event occurred whilst you were still working.