



# **PROFESSIONAL INDEMNITY INSURANCE FIDELITY COVER ADDENDUM**

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## IMPORTANT NOTICES:

### CLAIMS MADE POLICY

This Proposal is for a policy issued by ProRisk on a claims made and notified basis. This means that the policy only covers claims first made against you during the insurance period and notified to ProRisk in writing during the insurance period. The policy does not provide cover for any claims made against you during the insurance period if at any time prior to the commencement of the insurance period you were aware of facts which might give rise to those claims being made against you.

Section 40(3) of the *Insurance Contracts Act 1984* provides that where the insured gives notice in writing to the insurer during the insurance period of facts that might give rise to a claim against the insured, the insurer cannot refuse to pay a claim which arises out of those facts, by reason only that the claim is made after the insurance period has expired.

### YOUR DUTY OF DISCLOSURE

Section 21 of the *Insurance Contracts Act 1984* provides that before you enter into a contract of general insurance with an insurer, you have a duty to disclose to the insurer every matter that you know, or could reasonably be expected to know, is relevant to the insurer's decision whether to accept the risk of the insurance and, if so, upon what terms. You have the same duty to disclose those matters to the insurer before you renew, extend, vary or reinstate a contract of general insurance.

Your duty, however, does not require disclosure of matter:

- That diminishes the risk to be undertaken by the insurer;
- That is of common knowledge;
- That your insurer knows, or in the ordinary course of its business, ought to know;
- As to which compliance with your duty of disclosure is waived by the insurer.

### NON-DISCLOSURE

If you fail to comply with your duty of disclosure, the insurer may be entitled to reduce its liability under the contract in respect of a claim or may cancel the contract. If your non-disclosure is fraudulent, the insurer may also have the option of avoiding the contract from its beginning.

### RETROACTIVE LIABILITY

The policy is limited by a retroactive date. The policy does not cover any civil liability arising from your conduct of the professional business prior to the retroactive date.

### ALTERATION TO RISK AND DEREGISTRATION

The policy requires you to notify the insurer within thirty days of any material change in the nature of the professional business, or any act of insolvency or bankruptcy of the insured. The policy requires you to give immediate notice of the cancellation, suspension, termination or imposition of conditions in respect of the insured's statutory registration. Claims arising following the cancellation, suspension or termination of the insured's statutory registration are excluded from indemnity under the policy.

### LIMITED LIABILITY

The policy provides that if a payment greater than the limit of indemnity is required to dispose of a claim, the insurer's liability for costs and expenses will be limited to the proportion that the limit of indemnity bears to the payment required to dispose of the claim.

### POLICY CANCELLATION

In the event of policy cancellation by the insured, ProRisk's cancellation rates will apply.

### WAIVER OF RIGHTS OF SUBROGATION

The policy provides that you must not, without our prior written consent, enter into any contract or agreement which excludes, limits or prejudices a right of recovery which the insured may have in respect of any claim covered under the policy. Further, you must not do anything or fail to do anything which excludes, limits or prejudices our rights of subrogation.

### PRIVACY STATEMENT

ProRisk is bound by the obligations of the *Privacy Act 1988* (as amended) regarding the collection, use, disclosure and handling of personal information. We will protect the privacy of your personal information.

We collect personal information about you to enable us to provide you with relevant products and services, to assess your application for insurance and, if a contract is entered, to enable us to provide, administer, and manage your policy, and to investigate and handle any claims under your policy. We may disclose your information to third parties (who may be located overseas), such as the insurer, lawyers, claims adjusters, and others appointed by ProRisk or by the insurer to assist us and them in providing relevant products and services. We may also disclose your information to people listed as co-insured on your policy and to your agents. By providing your personal information to us, you consent to us making these disclosures.

If you do not provide all or part of the information required, we may not be able to provide you with our products and services, consider your application for insurance, administer your policy, assess or handle claims under your policy, or you may breach your Duty of Disclosure.

When you provide us with personal information about other individuals, we rely upon you to have made them aware of that disclosure, and of the terms of the ProRisk Privacy Statement, and to obtain their consent.

For a copy of the ProRisk Privacy Statement or to request access to or update the personal information, contact the Privacy Officer at ProRisk by email: [enquiries@prorisk.com.au](mailto:enquiries@prorisk.com.au) or by mail at the address shown on this Proposal.

## FIDELITY COVER ADDENDUM

### IMPORTANT NOTICE:

- This Addendum attaches to and forms part of the Proposal.
- Please answer all questions in full. Where appropriate, please tick the yes or no box that best indicates your reply.
- If there is insufficient space, please provide further details on your letterhead.
- All attached documents form part of the Proposal.

1. Full names of all individuals and entities to be insured, including service companies and subsidiaries:

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2. (a) Has your business sustained any loss through the fraud or dishonesty of any employee?  
 No  Yes
- (b) When engaging employees, are satisfactory references required and obtained directly from former employers?  
 No  Yes
- (c) Are employees who are responsible for financial and accounting functions and computer programming operations required to take two weeks uninterrupted leave each year?  
 No  Yes
- (d) Are duties segregated so that no one employee can open a new bank account, handle cash or transferable documents, or sign cheques without referral to others?  
 No  Yes
- (e) Are bank accounts independently reconciled on a monthly basis by persons not authorised to deposit or withdraw funds from the accounts?  
 No  Yes

If No to any of 2(a) to (e), please provide details:

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**DECLARATION:** After making appropriate enquiries, I declare that:

- I am authorised on behalf of the prospective Insured(s) to make this Addendum and the Proposal.
- I have read and understood the Important Notices accompanying this Addendum and the Proposal.
- Where I have provided information about another individual, I declare that the individual has been made aware of that fact and of the ProRisk Privacy Statement.

- I authorise ProRisk to collect or disclose any personal information relating to this insurance to or from other insurers or insurance or credit reference services.
- I confirm that the statements and information in this Addendum and the Proposal are true and complete.
- I understand that, until a contract of insurance is entered into, I am under a continuing obligation to immediately inform ProRisk of any change to the information contained in this Addendum or the Proposal.
- I acknowledge that, if a contract of insurance is entered into, this Addendum, the Proposal and any accompanying documents will form the basis of the contract.

Signature:

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Name:

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Position:

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Date:

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