

General Insurance Terms of Business



Agreement

The Abbott General Insurance Terms of Business apply to the services provided to you by the following companies in the Abbott Group of related companies:

- Abbott Insurance Brokers Auckland Limited;
- Abbott Insurance Brokers Christchurch Limited;
- Abbott Insurance Brokers Hamilton Limited;
- Abbott Insurance Brokers Nelson Marlborough Limited;
- Abbott Insurance Brokers Rangiora Limited;
- Abbott Insurance Brokers Southern Limited;
- Abbott Insurance Brokers Wellington Limited; and
- Abbott Underwriting Agency Holdings Limited;

together with receivables assigned by any of these companies to Abbott Management Limited (AML) for collection.

Your Letter of Appointment states the particular company providing our services to you. The Abbott General Insurance Terms of Business are also available through the home page of our website at www.abbott.co.nz

We agree to act as your agent to arrange, manage and renew your insurance on your behalf in accordance with your instructions. If requested, we will use our expertise to provide recommendations to you about your insurance needs and the insurers you should consider based on those needs. You make the final decision.

These terms apply until the parties agree to vary them at any time or one of the parties terminates this agreement as set out below.

You will be taken to have accepted the terms of this agreement by continuing to instruct us as your insurance broker.

About us

We are members of:

- The Insurance Brokers Association of New Zealand Inc. (IBANZ), a professional body representing the interests of member insurance brokers, and we subscribe to the IBANZ Code of Practice. This can be found at www.ibanz.co.nz
- Steadfast NZ Limited (Steadfast), which supplies management, marketing, professional, technical, and buying benefits to us.

Our business is governed by the Insurance Intermediaries Act 1994 and the Financial Markets Conduct Act 2013.

- The Insurance Intermediary Act governs our handling of premiums, claims and investment monies.
- The Financial Markets Conduct Act governs many aspects of our relationship with you. For more information, see www.fma.govt.nz

Our role is limited to the provision of insurance broking and risk management related advice and services only.

We are not an insurer.

We do not provide safety inspections, valuations or advice on every potential hazard or threat to your business. In particular:

- We are not qualified valuers, and you should always be sure to satisfy yourself that all sums insured are adequate.
- We cannot guarantee that all risks to your assets, person or business will be covered by any insurance you arrange. You should carefully read all policies and other documentation we issue so you understand what is not covered.

We do not provide advice on tax, regulatory, legal, or accounting matters.

We make no representation or warranty concerning the solvency or ability of any insurer to pay claims in New Zealand. Insurers are required to have a current Financial Strength Rating under the Insurance (Prudential Supervision) Act 2010 and we will inform you of such ratings and the rating scale in the terms of the above Act.

Our services

Our insurance advisers and brokers will provide insurance broking, risk management and financial advice in relation to general insurance products only.

We will perform our services with reasonable care, diligence and skill, based on your needs and information that you have expressly provided to us.

We will negotiate with insurers on your behalf and will use our best endeavours to ensure that policies and endorsements for your insurance are issued by your insurer promptly and correctly.

We may assist you in placing and servicing overseas insurance, or the management of overseas risk, and we may engage the services of a third-party consultant to assist us with this.

Once you notify us of any event or circumstance to support a claim under one or more of your policies, we will promptly notify your relevant insurer of this and pursue the claim on your behalf.

We hold our records about the services we have provided to you for at least 7 years, after which we may destroy them. We will not cancel any of your insurance policies on your behalf without your prior written instruction.

We will keep all information you provide to us about your business confidential and only disclose it in the normal course of negotiating, arranging and administering your insurance except where disclosure is required by law or where the information is already in the public domain.

We are entitled to rely on all your written instructions (including email instructions) without further enquiry.

If your insurances were arranged by another party prior to our appointment:

- We will not be responsible for any premium payments made in relation to those insurances prior to our appointment (unless otherwise agreed with you);
- We will review the policies within 90 days of our appointment, or upon the receipt of the relevant documentation, whichever is the later, and discuss with you any relevant issues we identify with the current policies; and
- We will not be responsible for the adequacy or appointment of your insurance arrangements prior to our review, but will suggest changes as we see fit.

Remuneration

If you instruct us to arrange or renew an insurance policy on your behalf, the insurer will pay us commission based on the premium that you pay. Some insurers may pay us more than others. The rate of commission can vary according to the type of insurance and cover provided and the way the insurance is arranged.

We may charge document fees plus GST. Our document fees depend on the costs to us associated with providing our services to you and are for general office services, including disbursements. We will disclose any such fees to you when we provide our advice.

We may also charge service fees plus GST. Our service fees depend on the complexity of your insurance and the time taken to implement and manage your insurance programme.

Where we arrange the placing and servicing of insurance overseas, our overseas representatives may also receive remuneration from the relevant insurer.

We may pay a referral fee to any party who has referred you to us. This will be paid out of the commission received by us from the insurer and any fee you pay us. We may also receive a referral fee if we refer you to another party that performs additional services for you.

If you instruct us to arrange premium funding for you, we may earn a commission from the premium funder. This is usually calculated as a percentage of the amount funded. The details of your premium funding arrangement will be set out in your separate agreement with the premium funder.

We may set off any outstanding money that you owe us in connection with any insurance policy we arranged for you from any money we receive on your behalf in relation to that insurance policy.

If one of your insurance policies is cancelled mid-term and not replaced by another insurance policy, we will refund any returned premium we receive from the insurer. We do not refund any proportion of any commission or fee we have received.

We are a member of Steadfast NZ Limited (Steadfast). Steadfast has arrangements with insurers under which Steadfast receives a professional services fee of up to 1.5% of the premium paid for each insurance policy arranged by us with those insurers. These payments are used to operate Steadfast.

Your responsibilities

Before you enter into an insurance policy and before you renew it, you have a duty at law to disclose to your insurers all information that a prudent insurer would want to consider in deciding whether to insure you (or to continue insuring you) and if so, on what terms ('material facts'). You must also disclose to your insurers any material changes to the material facts during the term of your policies.

We will communicate all your material facts to your insurers in a timely manner. We are not responsible for checking the accuracy or completeness of your material facts. We will not be responsible for any consequences of your failure to disclose all your material facts to us to pass on to your insurers. Material non-disclosure could result in the insurance contract being terminated from its inception by the insurer.

You must advise us, as soon as practicable, of any event or circumstance that may give rise to you wishing to make a claim under one or more of your insurance policies. We will advise you if you need to complete a claim form or produce documentation to support your claim.

After receiving your insurance documents from us, you must check them and advise us promptly of anything that does not meet your requirements. You must notify any errors to us immediately.

You must pay the premiums and any statutory charges and levies by the time stated on our invoices to you.

We are not obliged to fund your premiums or statutory charges and levies. If you fail to pay any of these on time, we are not liable for any direct or indirect loss or liability you may suffer as a result. Please contact us immediately if you are unable to make any payments on time.

Amounts payable

We will invoice you for the premium, which includes our commission, documentation fees, any applicable service fees, and any applicable taxes, levies or duties payable to a New Zealand government agency.

Payment of our invoice is due to Abbott Management Limited (AML) within 14 days from the 'Effective From' date shown on the invoice.

We accept payment by electronic bank transfer to AML's nominated bank account, which is shown on the invoice and included in our covering correspondence with you.

We cannot accept payment by cash.

Upon our receipt of premiums and related statutory charges from you, we will deal with them in accordance with the Insurance Intermediaries Act 1994.

Once we have invoiced you for premium and other charges outlined above, the relevant Abbott group company will immediately assign the receivable created by that invoice to AML.

If you enter into a premium funding agreement, you are taking out a loan with a premium funder to pay your annual insurance premiums. Loan repayment to the premium funder can be made over 10 or 12 months. In the event there is total loss claim under your policy and the policy entitlement is paid out in full and your policy is cancelled, you are still responsible for repaying the premium funding loan in full.

If you enter a premium funding agreement with us to pay your annual insurance by instalment:

- Any receivables created by this arrangement are immediately assigned to AML; and
- A direct debit authority will be established to effect payment to AML's nominated account.

Late payment or no payment

If you do not pay the cost of your insurance within the time specified on your invoice, an insurer may cancel your policy and you may be uninsured.

Insurers may also charge a premium for any time they have covered you without payment. We will let you know if an insurer has imposed a specific premium payment warranty or condition that may give the insurer the right to cancel your policy if the warranty or condition is not met. Please let your broker know if you are unable to comply with the premium payment warranty or condition.

We may charge interest, collection costs and any legal fees incurred in recovering overdue accounts.

Taxes and levies

- **Goods and Services Tax (GST)**

We will charge GST where applicable. Any quote, estimation or invoice that we may give you will exclude GST, unless otherwise specified.

- **Natural Hazards Insurance Levy**

The Natural Hazards Insurance Levy contributes to earthquake and other natural hazards insurance provided by Natural Hazards Commission Toka Tū Ake. The levy is included in some general insurance policies and is collected by insurers on behalf of Natural Hazards Commission Toka Tū Ake.

- **Fire and Emergency New Zealand Levy**

Fire and Emergency New Zealand (FENZ) is mainly funded by a levy on insurance contracts where property (including contents and stock) is insured against the risk of fire. The charge is paid by policyholders and is collected by insurers on behalf of FENZ.

Your personal information

We will hold any personal information that you provide to us in accordance with the Privacy Act 2020. We will only use your personal information in connection with our services for you.

We may pass on your personal information to insurers and other service providers in connection with our services for you. We may also pass your information to the industry regulator from time to time as required for auditing purposes.

We may also contact you in connection with other services that we feel may be of interest or benefit to you.

You have the right to access and correct any of your personal information that we hold. Your personal information is held on FerretWeb software hosted by Microsoft Azure in Australia.

You can access our Privacy Policy on our website www.abbott.co.nz

Electronic communications

We may correspond with you by electronic means unless you instruct us not to. We are not responsible for any risks associated with electronic communication, including loss of data.

You consent to being entered into our marketing database and, for the purposes of the Unsolicited Electronic Messages Act 2007, you expressly consent to receiving email communications from us with regard to our business or the insurance industry. You may revoke your consent at any time, and we will remove you from our marketing database.

Termination

Either party may terminate this agreement by providing the other party with one month's written notice of termination. After expiry of the one-month period we will cease providing you all our services under this agreement and will:

- Withdraw from any negotiations in progress, including, without limitation, any claims or policy renewals; and
- Pay any premiums we have received from you, but have not yet been disbursed, to your insurer unless agreed by the insurer in writing; and
- Upon request, deliver to you copies of relevant correspondence we have had with your insurer in respect of any current claim.

Either party may terminate this agreement with immediate effect in the event of:

- Insolvency of the other party; or
- A breach of any regulatory requirements, laws or rules by the other party.

We may terminate this agreement with immediate effect if you commit any dishonest or fraudulent act or omission, or your behaviour towards us is, in our opinion, unreasonable or threatening.

Termination of this agreement will not affect the terms of this agreement relating to limitation of liability and confidentiality.

Limitation of liability

Our maximum liability to you for any reason whatsoever (including our breach of contract or negligence) is limited to NZ\$5,000,000.

Applicable law

This agreement is governed by New Zealand law and the New Zealand courts have exclusive jurisdiction.

If you have any questions about our services, please contact us on 0800 238 473.

Definitions

'We', 'us', 'our' means the particular company in the Abbott Group of related companies referred to above and that is stated in your Letter of Appointment.

'You', 'your' means the party who signed the Letter of Appointment in our favour.

'Material facts' means information that would influence the judgement of a prudent insurer setting the premium or taking the risk.