

2016 Renewal Report
for the
Aviation Insurance Programme
of
The Gliding Federation of Australia

Policy Period 30 April 2016 – 30 April 2017

Introduction

Aviation Insurance Brokers of Australia have the pleasure in presenting our Renewal Report for the forthcoming policy period. This report details our strategy for this renewal and highlights the outcomes which have been achieved on behalf of the Gliding Federation of Australia (GFA).

At present the GFA's insurance programme is comprised of five policies which are in place to protect GFA members, the incorporated operating entity and other stakeholders noted on the various policies. The five policies are:

- Broadbased Liability Policy
- Contingency Liability Policy
- Hangarkeeper's (admin) Liability Policy
- Club Group Hangarkeeper's Liability Policy
- Voluntary Workers Personal Accident Policy

Following our discussions in March it was agreed upon to only approach the GFA's incumbent insurer for renewal quotes. There are some underlying motivations for this decision which primarily revolved around taking a long term view in terms of what's best for the organisation and its membership.

The primary benefit we believe is derived from building upon the loyalty to your current insurer who has underwritten this programme for the last four years at very favourable rates. In turn they have recognised such loyalty with favourable pricing and conditions which will be detailed further in our report.

The other major benefit is one which is not immediately apparent but rather an expectation of the market's view towards this programme when again approached to quote in future years. Insurers often become disillusioned and view repetitive unsuccessful quotes as 'tyre kicking' and thus aren't likely to offer their best terms when being approach every year on the same risk. Conversely when an account is rarely presented to them the opportunity is rather seen as a genuine and rare instance which is more likely to receive the underwriters' full attention.

As part of our company's service to the GFA and its members we continue to arrange hull and liability policies for Clubs and individuals. This in turn results in referral payments to the GFA as a percentage of the premiums paid. As part of our role we are continuing to strive to develop additional value for all stakeholders. Accordingly where there is a centre of influence, including large clubs, we are promoting the Club Insurance Programme (CIP). This is basically where we aim to offer all owners who have their aircraft based with a particular club the option of including their aircraft on the CIP. The process involved is fairly simple in that owners simply need to let us know they are part of the club and we will quote them a pro-rata premium to have their policy expiry date aligned with the Club's renewal. As a result, at renewal of the Club's policy and depending on the number of participants insurers will discount not only the members' insurance premiums but also the Club's premium. As discussed we appreciate any feedback and promotion of our services in this regard and we will continue to raise awareness among the Clubs we already insure.

In terms of claims activity, the current policy period has been virtually claim free with only one incident likely to give rise to a claim. This incident involves a wreck recovery of a member's glider which isn't covered by the QBE Hull & Liability policy. The quantum of the loss is relatively low and is still pending a formal demand from local authorities in order to be progressed as without such a demand there is no legal liability attached to the incident.

We will now offer comment on each policy for your consideration.

Broadbased Liability Policy

To reaffirm the intent of the above policy, the cover is aimed at providing the insured (as detailed on the schedule) a broad but nominal amount of cover for liabilities arising from gliding activities. Individual glider owners and Clubs are always encouraged to review their exposure and to seek professional advice as to the adequacy of their individual insurances. The primary benefit of the BBL results in reduced liability premiums for gliders owners and liability protection in the event of an accident regardless if they chose not to carry additional cover.

You may recall last year the decision was made to increase the liability limit from \$250,000 any one accident to \$1,000,000 in recognition of the reformed legal liability landscape and to take advantage of favourable insurance market pricing. As mentioned in our introduction the renewal has been negotiated on the basis of the expiring policy, however, if the GFA wishes to consider amending the current liability limits we welcome your enquiry.

As a result of our marketing activities with Allianz this year, they have agreed to numerous concessions in recognition of your ongoing loyalty and support with growing their glider insurance portfolio. Each of the important changes are detailed below:

BBL Property Damage Excess will be reduced to \$1,000

It has become apparent recently that some smaller claims involving ground handling matters have been below the current \$2,500 excess which results in the member bearing the entire loss. With this change in excess members will now benefit an extra \$1,500 worth of cover in the event of a third party property damage claim being made against them.

BBL Property Damage Excess Waiver – Applicable only when member insures with Allianz

Allianz has agreed that from renewal of the GFA policy, where a member insures their glider with Allianz and where there is already a hull excess applicable to a claim that the BBL Property Damage excess will not apply (i.e. there will not be two excesses). Please note this waiver does not apply where Allianz does not insure the glider.

Coronial Inquest Coverage

The policy will be amended to provide cover for the GFA where they are required to attend a coronial inquest. The coverage will be limited to \$50,000 and the exact wording of the coverage will be provided in due course.

Premium loyalty discount

Allianz has agreed to a 2.5% premium reduction from what they quoted twelve months ago. This reduction is in recognition of the favourable loss ratio attributable during their tenure as the GFA's insurer and in appreciation of your ongoing loyalty.

Considering the above changes and looking back at what was available in terms of pricing and cover to the GFA only five years ago, we consider the current offer from Allianz as an exceptional result.

Following the conclusion to this report you will find our Premium Schedule which details the premium quoted along with the reinstatement provision, fees and government charges.

Contingency Liability Policy

The intention of the Contingency Liability Policy is to provide coverage for individuals who provide their services to the industry largely on a non-commercial basis. This coverage is limited to airworthiness certification and flying instruction activities.

You may recall last year we incorporated a change to the Insuring Clause concerning coverage being afforded to Inspectors certifying third party aircraft on a cost recover basis only. This was incorporated into the Allianz policy at renewal and otherwise the cover remains unchanged from what was advised at renewal last year.

It is essential that any individual relying on the coverage provided under this policy is aware of definition of the 'Insured' and who falls within this definition. Underwriters have previously not been willing to accommodate higher liability limits for this policy and this remains the case.

As per last year unless there are any particular concerns surrounding this policy or the coverage it provides, it will be renewed as per the existing cover.

Administration / HKL Policy

The only change made to the Hangarkeeper's Liability Policy during the last twelve months was the inclusion of World Glide Pty Ltd for their respective rights and interests. Otherwise there have been no changes to the extent of cover with Allianz offering renewal on the basis of the expiring policy.

As per the contingency policy unless there is a pressing need for clarification on wording or other issues we suggest the cover be renewed as expiring. We do however suggest you ensure the adequacy of the cover provided and welcome your enquiry if you have particular concerns.

Group Hangarkeeper's Liability Policy

While the above policy is not invoiced to the GFA it also forms part of the insurance programme we arrange on your behalf. This intention of this policy is to recognise the operational similarities between Clubs and thus finding common ground in terms of the insurance requirements.

The group policy is rated very favourably in terms of premium as evidenced by the participation of virtually all large and many smaller Clubs. Given this and despite our requests for consideration towards a lower premium, the cover has been quoted on the same basis as the expiring policy in terms of premium and coverage.

As per our agreement last year, we will continue administering this policy for both invoicing and all dealings with the Clubs. The policy however is connected and forms part of the GFA's programme which is quoted as a package. Therefore in the event the GFA elects to not renew the insurance programme the renewal offers to the individual Clubs will be withdrawn. Notwithstanding this subjectivity and given your instructions and preference not to market the insurance renewal we will proceed with providing Clubs their renewal offers later this week.

Voluntary Workers Personal Accident Insurance

This policy is not placed with Allianz but rather a non-aviation insurer being Accident & Health International.

The renewal of this policy has been received from underwriters and found to be offered on the same basis of the expiring policy. A copy of the underwriter's renewal offer is attached with our report and we encourage you to review the adequacy of the cover and the policy wording.

If any changes are necessary we welcome your enquiry and we will again emphasise Accident & Health International are our only option in terms of placement of this policy.

Conclusion

The renewal this year differs significantly from last year where there were several factors to consider and various decisions to be made. This year it's not a matter of which insurer to renew with or what liability limit to elect, but an opportunity to carefully review the extent of cover and as such copies of the current policies will accompany our report.

We continue to strive to deliver additional value for the GFA and its membership not just through day-to-day enquiries but also with the provision of broader advice concerning strategy and risk placement. As evidenced by this renewal and by virtue of this year's marketing strategy we have managed to achieve both reduced premiums and increased coverage.

To put some perspective behind this year's renewal offer, in 2011 the premium was approximately 40% more expensive with only 25% of the liability limit now being provided and with less favourable conditions. Additionally the group Hangarkeeper's policy is providing tangible benefits and savings to all participating Clubs.

As the appointed broker of the GFA we view these accomplishments with great pride and look forward to continuity to develop value for all stakeholders by leveraging our strategic relationships whilst steadfastly representing your interests. We thank the GFA, its members and board for their ongoing support and look forward to being of continued service.

Our Premium Schedule follows for your consideration and we look forward to hearing from you.

Allianz Premium Schedule

BBL Policy Limit	Premium	Service Fee	GST	Stamp Duty	Total
\$1M limit / \$2M Aggregate	\$158,437	\$1,800	\$16,023.70	\$17,428.07	\$193,688.77

If the aggregate limit requires an increase, the additional premium will be as follows:

\$1M limit option - \$30,000 plus GST & S/duty applies for each additional \$1M

*All the above figures are based on a 'package' incorporating the BBL, Contingency & Admin HKL policies

Group Hangarkeeper's Liability

Premium per club	GST	S/duty	Total
\$675 + \$45 admin fee	\$72.00	\$74.25	\$866.25

Aviation Insurance Brokers will invoice each club for the premium due

Important Notices

General

Many areas of insurance are complex and some implication may not be evident to you. Your Broker will keep you informed, but if at any time you are unsure of any aspect of your insurance, please contact Aviation Insurance Brokers of Australia Pty Ltd to discuss the matter.

Utmost Good Faith

A contract of insurance is a contract of the utmost good faith. This means that you and the Insurer must act towards each other, in respect of any matter arising under or in relation to the contract, with the utmost good faith. For example:

- You must act with the utmost good faith when submitting any claim to the Insurer
- If you fail to act towards the insurer with the utmost good faith it may prejudice the claim; and
- the insurer must act with the utmost good faith when handling the claim.

Your Duty of Disclosure

You and everyone who is insured under your policy must comply with the duty of disclosure. Make sure you explain the duty to any other insureds you apply on behalf of.

The duty requires you to tell the Insurer certain matters which will help it decide whether to insure you, and if so, on what terms. The duty applies when you first apply for your policy and on any renewal, variation, extension or replacement of the policy. i.e. This is an ongoing responsibility throughout the duration of the policy.

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

If we act on your behalf, to assist us 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 insure you and, if so, on what terms. We will then assist you in determining what needs to be disclosed to the insurer in order to meet your duty.

When you answer any questions asked by the Insurer, you must give honest and complete answers and tell the Insurer, in answer to each question, about every matter that is known to you and which a reasonable person in the circumstances could be expected to have told the Insurer in answer to the question.

Examples of matters that should be disclosed are:

- any claims you have made in recent years for the particular type of insure;
- refusal by an Insurer to renew your policy;
- any unusual feature of the insured risk that may increase the likelihood of a claim.

If you (or anyone who is insured under the policy) do not comply with the duty, the Insurer may 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.

Material Change of Risk

Many policies require you to notify the Insurer in writing of any material change to the insured risk during the period of insurance. The Insurer can then decide whether to cover the new risk. Some examples of material changes are if you:

- Change the aircraft use;
- Acquire or merge with another business;
- Are unable to pay your debts as they fall due and you enter into an arrangement with your creditors.

If you are in any doubt as to whether the Insurer should be told about any particular change to the insured risk, please ask us.

Interests of Third Parties

Many policies do not cover the interest of third parties (eg. Co-owners, lessors and mortgagees) whose interest is not noted on the policy. If you require the interest of any third party to be covered, please let us know, so that we can ask the Insurer to note that party's interest on the policy.

Subcontractors & Consultants

It is advisable to check all insurances held by subcontractors utilised, including Workers Compensation, Public Liability and Professional Indemnity.

Leasing, Hiring and Borrowing Property.

When you lease, hire or borrow property, plant, equipment or aircraft, make sure that the contract clearly identifies who is responsible to insure. This will help avoid arguments after a loss and ensure that any claims are efficiently processed.

Recovery Rights / Hold Harmless / Waiver of Subrogation

Many policies exclude or limit the Insurer's liability if you have entered, or enter, into an agreement that excludes or limits your rights of recovery against third parties whose acts, errors, omissions or other conduct have caused or contributed to your loss or liability. (These are often called "hold harmless" agreements).

If you have entered, or consider entering, such an agreement, please let us know, so that we can advise you about how the agreement affects, or will affect, your cover.

Insurer's Documents

Where applicable we send you herewith notice(s) issued by your Insurer(s) pursuant to the provisions of the Insurance Contracts Act 1984. Should these documents include details of variation to cover or should a new policy document or wording have been issued by the insurer and be attached hereto, we urge you to read carefully the details included therein.

Making Claims

It is important that you notify us of any claim or potential claim or circumstance that may give rise to a claim under your various policies. It is your responsibility to notify these circumstances to us. Failure to adhere to the notification requirements particularly timing, as set out in the policy or other coverage document, may entitle Insurer(s) to deny your claim. In presenting a claim it is your responsibility to disclose all facts which are material to the claim.

It is impossible to give guidelines for procedures in every claim, simply because of the nature of accidents; they cannot be predicted; and they do not follow set patterns. However by following the general procedures outlined below, the impact of any incident or loss on your business operations will be minimised.

1. Report the incident to Aviation Insurance Brokers of Australia Pty Ltd by telephone, facsimile or email – wherever practical, within 24 hours of the incident.
2. Regardless of whether or not the claim has been reported or a loss assessor appointed, you must immediately do whatever is necessary to prevent further loss of life or property damage. For example:
 - Call the fire brigade, ambulance, police or other appropriate emergency service.
 - If during business hours, ensure the evacuation, if necessary, of staff and neighbours.
 - Secure aircraft or move to a secure location.
3. Complete all claims documentation and forward to Aviation Insurance Brokers of Australia Pty Ltd with any supporting documents without delay.
4. Whatever the circumstances of the incident, **DO NOT ADMIT LIABILITY EVEN IF YOU THINK YOU ARE AT FAULT.** Your insurer is entitled to deny a claim or pay a reduced amount if statements made by you or your employees prejudice the Insurer's position.

"Claims Made" Policies

Some kinds of liability policies (such as Professional Indemnity, Directors' & Officers' Liability) are usually issued on a "claims made" basis. This means that (subject to the other terms of the policy) the policy only covers claims first made against you during the period of insurance.

Under Section 40(3) of the Insurance Contract Act, if your policy is a "claims made" policy, and you give notice in writing to the Insurer of facts that might give rise to a claim against you as soon as is reasonably practicable after you become aware of those facts but before the period of insurance expires, the policy will cover (subject to the other terms of the policy) any subsequent claims against you that arises from those facts, even if that claim is not made until after the period of insurance has expired. In order to ensure that any entitlement to indemnity under the policy is protected, you must therefore report all incidents that may give rise to a claim against you to the Insurers without delay after such incidents first come to your attention and prior to the expiration of the policy period.

If your policy is a "claims made" policy, and if it has a "retroactive date", it will not cover any claim that arises from any act, error, omission or contact that occurred before that retroactive date.

Where Placement is with an Unauthorised Foreign Insurer

The insurance contract may be placed wholly or partly with a foreign Insurer that is not authorised under the Insurance Act 1973 to conduct insurance business in Australia. Such Insurer(s) are not subject to the provisions of that Act which establishes a system of financial supervision of general Insurer(s) in Australia.

It is a matter for your consideration whether you should obtain any further information from us on matters such as:

- name and postal address of the Insurer;
- country of incorporation of Insurer and whether the country has a scheme of financial supervision of Insurer(s);
- paid up capital of the Insurer; and
- which country's laws will determine disputes under the contract.

Misstatement of Premium

We try to tell you the correct amount of premium and statutory charges that applies to your insurance. In the event that we misstate that amount (either because we have made an unintentional error or because a third party has misstated the amount), we reserve the right to correct the amount. By instructing us to arrange insurance for you, you agree, where permitted by law, that you shall not hold us responsible for any loss that you may suffer as a result of any such misstatement.

Payment of Premium

Payment of premium is required on receipt of invoice/s. This is an important part of the transaction and often there are strict requirements imposed by insurers. It is important to note, Aviation Insurance Brokers of Australia Pty Ltd will not be responsible for any consequences that may arise from any delay or failure by you to pay us the amount payable to receipt of invoices/s.

Notification of Circumstances & Claim Professional Risks

Professional Risks Insurance policies are written on a 'claims made and notified' basis. The policy responds to claims which are both made against the Insured and reported to Insurers during the policy period, provided the act which cause the claim/circumstance occurred after the Retroactive Date specified in the policy schedule.

The contractual right of the Insured is dependent upon the Claim being first made against them during the policy period and notification being made to the relevant Insurer prior to the expiry of the policy in effect at that time.

In addition to this contractual right to notify claims, the Insurer under this contract of liability insurance is not relieved of liability in respect of a claim made after the policy period, where the Insured during the policy period gave written notice of facts which might give rise to a claim as soon as was reasonably practicable, after the Insured first became aware of those facts.

This right provides the Insured with the ability to provide to provide notice of circumstances which might give rise to a claim covered under the policy.

Polices regularly exclude Claims made against the Insured, or which arise from circumstances known to the Insured (which might reasonably be expected to give rise to a claim covered by the policy) prior to the inception date of that policy. As a result, failure to notify Insurers within the policy period of claims brought against the Insured and circumstances which become apparent to the Insured during that policy period may be rejected by Insurers of both current and future policies. In addition, Insurers have the right to withhold indemnity to the extent their position has been prejudiced by the actions of late notification.

Indemnity under the policy is also often dependent upon the Insurer's prior written consent to the insured incurring legal costs and/or agreeing any settlement with a third party.

In order to preserve your right to indemnity under the policy, it is therefore necessary that both claims made and circumstances which may give rise to claims in the future are notified to Insurers immediately as they become apparent.

Both claims and circumstances which may give rise to claims in the future are referred to below as 'notifications'.

Claims Management

The proper management of notification made under Professional Risks Insurance policies is vital for the following reasons:

The preservation of the Insured's right to indemnity under the policy;

The management of disappointed clients and the effect that this might have on the Insured's business; and

To ensure the most efficient resolution of dispute between the Insured and the third party concerned.

Privacy & Consent Notice

The new amendments to the Privacy Act 1988(Cth) took effect on 12 March 2014. The Act and its Australia Privacy Principles set out standards for the collection, use, disclosure and handling of personal information.

Aviation Insurance Brokers of Australia Pty Ltd respects your privacy and is committed to protecting your personal information.

- We require personal information in order to recommend and advise on and arrange insurance, assist on claims, and general administer your insurance, including financing thereof, transacted through our company.
- We may disclose your personal information to Insurers and their service providers such as Loss Adjusters, Risk Surveyors, etc; our Business Partners; Your Financiers when seeking evidence of insurance and/or negotiating premium funding.
- Where personal information is provided to Insurers offshore, we take reasonable steps to ensure that the overseas recipient does not breach the privacy principles, by way of them being bound to privacy laws in their country.
- We may also disclose personal information about you as required or permitted by law.
- In requesting our services in any form you are consenting to us collecting and disclosing your personal information to meet our service objectives.
- Quality of personal information is critical and you should advise any changes thereto immediately.
- If you do not provide requested information our ability to assist in placement or administration of your insurance covers may be hampered to the extent where we may decline to provide services to you. Additionally you may be in breach of your Duty of Disclosure.
- On request, in most cases, we will give you access to personal information held by us.

For specific issues on privacy contact our "Privacy Officer",

Building 221, Qantas Avenue

Archerfield Airport

Archerfield Qld 4108

Telephone: (07) 3274 4732

Facsimile: (07) 3274 4758

Unless you notify us in writing otherwise, by proceeding to deal with us you confirm on your behalf and/or on the behalf of those you represent agreement to the above principles.

Financial Services Guide

The Purpose of this Guide

This Financial Services Guide (FSG) is designed to assist you in deciding whether to use any of our services and contains important information about:

- The services we offer you
- How we and our associates are remunerated
- Any potential conflicts of interest we may have
- What to do in the event of a complaint

Responsibility for Services Provided

We hold an Australia Financial Services Licence and we are authorised to advise and deal in the full spectrum of general insurance products. We are responsible for the financial services provided to you, including the distribution of this FSG. We are required to meet high standards for staff training, organisational competence, management expertise, financial control and compliance disciplines.

Who Do We Act For

We usually act on your behalf and in your interests in all matters. Sometimes, it may be more appropriate for us to access insurance or manage claims where we act as an agent of the Insurer. If and when this situation arises we will explain and highlight this to you.

Our Services

We offer a range of specialist insurance broking services to assist you to protect your assets and guard against unexpected liabilities including:

- Reviewing and advising on your insurance needs
- Identifying risk factors to avoid claims
- Seeking competitive premium quotations

Our Products

We can advise on and arrange a broad range of aviation insurance products on your behalf.

Premium Refunds

Please note that refund of premiums issued under this contract of insurance as a result of cancellation or adjustment may be calculated on a "Nett" basis ie. Nett of Broker's Earnings.

What We Expect From You

To enable us to provide the right advice we need you to provide us with complete information about the risk(s) that you face and those that you want to be insured for. You should also tell us about any relevant changes as they occur so that we can review your insurance needs accordingly.

Customer Relations/Complaints

Clients not satisfied with our services should contact our Complaints Officer. We are members of the Financial Ombudsman Service (FOS), a free consumer service. Further information is available from our office or contact FOS directly on 1300 780 808 or visit www.fos.org.au. We also follow the Insurance Brokers Code of Practice.

We hold a Professional Indemnity Policy. This policy is designed to pay claims by Third Parties (including our clients) arising out of our Professional Negligence and satisfies the requirements for compensation arrangements under Section 912B of The Act.

Our Sources of Income

When placing your insurance we usually receive a commission from the Insurer. The amount varies between 0% and 15% of the base premium you pay. Where a policy is cancelled before the period of insurance has ended we usually retain the commission on any return premium involved.

We have a set standard non-refundable Broker Fees that we charge you for services such as:

- Market research on products available.
- Assessing the claims paying ability of Insurers.
- Sourcing alternative quotations and coverage.
- Risk analysis and portfolio co-ordination.

All fees payable for our services will be advised to you at the time of providing the advice or service. We retain the interest on premium paid by you that are held in our trust account before paying the Insurer. If you pay by credit card we may charge you a credit card fee, which is disclosed and shown separately on invoices, they are non-refundable. This fee covers the costs of bank charges associated with such facilities.

Premium funding products enable you to pay your premiums by instalments. Premium funders do charge interest. We can arrange premium funding if you require it. We may receive commission based on a percentage of the premium from the premium funder for doing so. We will tell you the basis and amount of any such payment if you ask us.

How Our Representatives Are Paid

Our staff do not receive any benefit directly from the sale of a product to you. Our staff receive an annual salary but may receive bonuses payable based on the overall performance of our business. If a person has referred you to us, we may pay them a part of any fees or commission received.

Conflicts Of Interest

As a business we have relationships with and receive income from various third parties. All material conflicts that impact our advice, that are not mentioned in this FSG, will be advised to you on the invoices related to that advice.

AFS Licence No.: 241408 / ABN: 52 647 799 869

Building 221 Qantas Avenue

Archerfield Airport

Archerfield Qld 4108

PHONE: (07) 3274 4732

FAX: (07) 3274 4758

EMAIL: admin@aviationinsurance.com.au

WEBSITE: www.aviationinsurance.com.au

This FSG applies from 29.09.2015