

Aviation Insurance Programme

The Gliding Federation of Australia Inc.

2021 – 2022 Policy Year



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Section 1

Introduction



The Gliding Federation of Australia's aviation insurance programme comprises four separate policies covering different aspects of the association's exposure including gliding clubs and its members. The four policies are Broad Base Liability, Contingency Liability, Hangarkeeper's Liability (administration) and the Club Hangarkeeper's Liability policy. This submission will detail the cover relevant to each policy, the quotes from underwriters and commentary in this introduction.

Until last year, the association also purchased a voluntary workers personal accident policy. If the association would like a quote to reinstate this cover for the 2021-2022 policy period, please do not hesitate to ask.

As the committee is aware, the global insurance market is undergoing an extended period of hardening, following a long unsustainable period of excessive competition resulting in a softening of terms, conditions, and premiums. This in conjunction with the complex and costly claims has resulted in the current hardening environment. We estimate that in the 2020 calendar year, approximately 43 percent of the aviation insurance capacity globally exited the market.

Although the abovementioned situation is a worldwide problem the Australian insurance market has not been as exposed to the expensive losses to the same degree as other markets. Therefore, the reaction has not been as severe as the global markets and we are already seeing a plateau in the Australian market rates. Insurers are predominately focusing on their core risk appetite and are rarely quoting risks that do not within these preferred categories. Some examples of these undesirable risks include vintage and ex-military aircraft, aircraft conducting high-risk operations such as firefighting and gliding related risks.

The overseas markets remain task saturated due to the imposed lockdowns being enforced by local governments. These extended periods of lockdowns are causing significant delays in obtaining terms from these insurers. This is coupled with the abovementioned reluctance to quote new risks that do not fit their underwriting guidelines.

Last year we undertook a full remarket of the GFA aviation insurance policies, which included the overseas markets. However, in view of our above comments and due to the financial pressure caused by the COVID-19 pandemic to the association over the past twelve months, we approached only the Australian aviation insurers to negotiate the most favourable terms possible based on the expiring coverage and limits.

The number of aviation insurers in the Australian aviation market remains unchanged at six. The three insurers that declined to quote the GFA policies last year again confirmed that their positions remain unchanged for the 2021-2022 policy period. We are pleased however to advise that the remaining three insurers being Agile Aviation, QBE Aviation and HDI Global Specialty SE have provided terms.

Please note, the insurers have offered terms on a package basis, meaning they will not accept one policy without the benefit of the others.

We will comment separately as follows on the respective policies due for renewal under the programme.



Broad Base, Contingency and Administration Hangarkeepers Liability

The expiring policies are underwritten on a 50/50 basis, with Agile Aviation as the lead insurer and QBE Aviation as the supporting market. Both markets have supported the GFA and/or the Australian Gliding Clubs/Owners over the past decade, and QBE Aviation have been a supporter for far longer than this.

During our negotiations with insurers last year, the COVID-19 pandemic precautions escalated, and the Australian population was placed under lockdown with stringent travel restrictions. This had a severe impact on gliding activities with clubs unable to open and members unable to attend their local club. When these restrictions were imposed, the incumbent insurers, Agile Aviation and QBE Aviation gave an undertaking that they would consider a credit for the Broad Base liability policy once the COVID impact on the Australian gliding community could be fully determined.

Prior to us approaching the market to negotiate renewal terms for the forthcoming policy period, we requested flying comparisons and statics to show the pandemic's effect on the number of hours flown in the past twelve months. We greatly appreciate the information that was provided to us by Mr Bowman and Mr Thorpe, allowing us to negotiate with the insurers. Below is a summary of the information we presented to Agile Aviation and QBE Aviation:

Glider Launches			
Period: April 2020 to December 2020			
Club	2019	2020	Decline
Lake Keepit	2577	1591	-38.3%
Southern Cross	1295	1177	-9.1%
Bathurst	790	858	8.6%
Darling Downs	1980	1295	-34.6%
Gliding Victoria	2134	812	-61.9%
Kingaroy	1345	1354	0.7%
Overall	10121	7087	-30.0%

Period	No Gliders	Glider Hours	Pilot Hours	Pilot Launches
2018-2019	1,281	62,282	86,912	96,435
2019-2020	1,289	51,243	69,511	73,695

We are pleased to advise that based on the above information Agile Aviation and QBE Aviation have agreed to a return 7.5% and 10% of the 2020-2021 annual premium respectively (subject to nil claims prior to renewal, and policies being renewed with them). Also, because of the reduced flying and the financial stresses the association has faced over the past twelve months, the insurers have quoted the same premium as the expiring policy.

The unchanged premium along with the negotiated credit, results in a premium saving of over \$21,800.00 inclusive of government charges when compared to the 2020-2021 policy. Furthermore, the reinstatement premium should the GFA be required to purchase another \$1,000,000 liability coverage during the policy period has been reduced from \$51,273.75 to \$42,652.50 (a saving of \$8,621.00 when compared with 2020-2021 policy period).

As per my above comments, HDI Global Specialty SE has also provided a quote covering the association's aviation policies. For the 2020-2021 insurance period, their quote was more competitive than Agile Aviation and QBE Aviation and offered the same capacity of 50 percent. Due to the uncertainty caused by the global pandemic and the potential of credit being made available by the incumbent insurers, it was decided by the board to renew with the current insurers.



We have again approached HDI Global Specialty SE to see if they would again be interested in quoting the GFA policies for the 2021-2022 policy period. HDI Global Specialty SE has expressed a keen interest in the opportunity to quote and potentially secure the association's policies. This is reflected in the premium quoted by HDI Global Specialty SE as outlined in the Premium Schedule attached separately to this coverage schedule. The annual premium quoted by HDI Global Specialty SE shows a saving of over \$15,700.00 inclusive of government charges when compared to the incumbent insurers renewal quote, including a nominal saving for the re-instatement premium. Furthermore, HDI Global Specialty SE has quoted a 100 percent capacity across all the policies.

The premium quoted by HDI Global Specialty SE is comparable to the association's 2017 policy renewal. HDI Global Specialty SE has quoted terms in-line with the expiring policy coverage offered by Agile Aviation and QBE Aviation which ensures that there is no gap in coverage should the board decide to renew with HDI Global Specialty SE.

As is expected of any market that underwrites the GFA policies, HDI Global Specialty SE has given us their agreement that if the GFA policies are arranged with them, they will support the hull and liability placements for individual member's gliders as well as gliding clubs. HDI Global Specialty SE has made an additional commitment advising that if they underwrite the GFA policies, they will provide an online quoting platform for individual owners (quotes obtained through our office) offering competitive terms. This platform would be available by late June 2021.

The expiring policy has been profitable for Agile Aviation and QBE Aviation, with two very minor incidents being reported to our office. One incident was a notification only, and we do not expect a formal claim to eventuate. The second incident occurred during a winch launch where the cable fell across a hangar roof damaging several solar panels.

The committee will recall the four terrible tragedies that resulted in five fatalities during the 2017-2018 policy period. The incumbent insurer at the time of these accidents has advised that they have closed their files on three of these incidents as no further correspondence has been received to indicate a forthcoming claim. The reserves that were initially applied to these incidents have been revised down from the GFA claims history, having a positive impact on the association's profit/loss ratio for the last five years.

This is reflected in the competitive terms quoted by HDI Global Specialty SE and the 100 percent capacity offered. Agile Aviation and QBE Aviation have both acknowledged the improved profit/loss ratio by quoting an unchanged annual premium and reducing the re-instatement premium. This however, does not mean that these incidents will not happen again which is why they have offered a maximum capacity of 50 percent each.

Club Hangarkeepers Liability

The Club Hangarkeepers policy covers participating Australian gliding clubs at a heavily discounted premium compared to if coverage was purchased on an individual basis. The cover quoted by the three insurers is based on the expiring policy, including the options for each Club to buy different limits in respect of premises liability cover (Section 1).

Agile Aviation and QBE Aviation have quoted identical premiums when compared to the expiring policy. Both insurers cited the same reason for maintaining the current premium and that is the effect the pandemic has had on individual clubs and their members. As per the expiring policy, Agile Aviation and QBE Aviation have quoted this policy on a co-insurance basis (50 percent each).



HDI Global Specialty SE have quoted a premium saving of over \$150.00 inclusive of government charges for each club who currently purchase a premises liability limit of \$10,000,000 when compared to the terms quoted by Agile Aviation and QBE Aviation.

The Club Hangarkeepers policy is not invoiced to the GFA; however, it functionally forms part of the GFA insurance programme allowing leverage to negotiate competitive terms for the participating clubs. We will continue to invoice the club's individually but do require the board's instructions to renew the GFA policies before offering terms to the individual clubs (as the policies are quoted on a package basis).

Conclusion

As was the case at last year's renewal, we have presented the board with two options for their consideration. The final decision as to which insurer the policies renew with may have consequences in the event of a claim on the Australian gliding community. Under the present arrangement with the policies being underwritten on a co-insurance basis, it guarantees that individual glider owners and clubs have two local insurers available to place the hull and liability insurance with.

If the board were to decide to arrange cover with HDI Global Specialty SE, this could result in one or both incumbent insurers deciding to no longer underwrite gliding risks. While the lead insurer, Agile Aviation, has not made any comment along these lines, QBE Aviation advised last year that the GFA policies supplement the premiums quoted for individual and club policies.

As per my earlier comments, insurers are focusing more and more on their core appetite. Therefore, the prospect of QBE Aviation no longer supporting individual gliding risks should they not be involved with the GFA aviation insurance placement, is not implausible. This is, of course, conjecture based on QBE Aviation's previous comments and the outcome of a worst-case scenario.

Lastly, the previous two years have been profitable for the insurers. In the event of a substantial claim being made under the policies, the association has had a long relationship with Agile Aviation and QBE Aviation allowing easier negotiation in the event of a claim and subsequent renewals. This is not the situation with HDI Global Specialty SE who have received no premium from the GFA nor any history to call upon should a \$1,000,000 claim be made against the policy.

Should HDI Global Specialty SE be appointed as the new insurer, this would result in a considerable saving for the association. Secondly, if the incumbent insurers continue to underwrite gliding risks, this will result in three local markets being available to owners and clubs, including a second online platform providing competitive individual rates and prompt responses for individual owners.

The decision for the board is not clear cut and there are several factors to consider. Once the board has reviewed the schedule, we would appreciate speaking with you to provide advice where possible.

We now have the pleasure of presenting our coverage and quotations for the board's consideration.



Section 2

Broad Base Liability Insurance



Insured

The Gliding Federation of Australia Inc. and/or Affiliated Associations and/or Clubs and/or their individual financial Members for their respective rights and interests and includes any directors, employees, partners or agents of the Insured whilst acting in the scope of their duties.

Additional Insured

World Glide Pty Ltd for their respective rights and interests

Period of Insurance

30 April 2021 to 30 April 2022 at 4pm Local Time of the Insured

Aircraft

Aircraft shall be held to mean glider(s), sailplane(s) and/or powered sailplanes administered by the G.F.A and shall include (but not by way of limitation) the airframe, equipment, instruments, oxygen, radio, including such components whilst detached from the aircraft, provided that similar parts have not been replaced in the aircraft.

Insuring Clause

1. The Insurers agree to pay on behalf of the Insured all sums which the Insured shall become legally obligated to pay as compensatory damages because of bodily injury at any time resulting therefrom, sustained by any person, including passengers **(excluding any liability imposed under Civil Aviation (Carriers Liability) Act)** or because of property damage, caused by an occurrence and arising out of all gliding activities including but not limited to:
 - i. The Ownership, Maintenance or use of Aircraft;
 - ii. Gliding Displays and/or Events (competitive or otherwise);
 - iii. Airport Operator, Hangar Keeper Activities; and
 - iv. Gliding Club Activities.
2. Coverage under this clause is also deemed to include:
 - i. the Insured's Legal Liability to the pilot of any aircraft who is flying such aircraft with the Insured's permission and who complies with the requirements of the Gliding Federation of Australia.
 - ii. the legal liability of the pilot whilst flying or otherwise operating the aircraft.
 - iii. the legal liability of the individual members of any Insured gliding club/syndicate to each other.
 - iv. the legal liability of the Insured in respect of any glider and/or sailplane trailer, excluding any liability arising from the trailer being attached to any towing vehicle being used on the road in such a manner as to render them responsible for insurance under any domestic or international law appertaining to road traffic, or where no such law exists, whilst such vehicle is on any public roadway.

Limit of Liability

AU\$1,000,000 any one occurrence or series of occurrences arising out of the one event, limited to AU\$2,000,000 in the annual aggregate and subject to the Re-instatement Clause, less any amount specified in the Policy Schedule as a deductible

Deductible (unless otherwise stated in the conditions)

AU\$2,500 each and every loss in respect of Property Damage claims

Geographical Limit

Australia & New Zealand however in respect of major international competitions and products liability the geographical limits are amended to worldwide.

Pilot and Uses

Pilots and Uses as required by the Insured excluding

- whilst any aircraft is being used for any purpose or being piloted by any person not authorised and/or approved by the Gliding Federation of Australia
- or whilst the aircraft is outside the geographical limits stated in the schedule unless due to force majeure;
- or whilst any aircraft is being used for aerobatic flying, other than aerobatics as approved and permitted by the flying manufacturers specifications.

Member Definition

"Member" means one who within 30 days after the renewal date of their membership or on the case of a new member, within 30 days of their application being accepted by GFA, has paid all subscription fees and dues to GFA and has no restrictions applied to their gliding certificate that would prevent them from operating the aircraft they were in command of at the time of the accident.

Policy subject to the terms, conditions and exclusions of the policy



Section 3

Contingency Liability Insurance



Insured

The Gliding Federation of Australia Inc. and includes any directors, employees, partners or agents of the Insured whilst acting in the scope of their duties.

Additional Insured

Affiliated Clubs of the Gliding Federation of Australia, authorised officers and/or individual Instructors, Airworthiness Inspectors, Tug Pilots, Airworthiness Inspectors including Ground Crew/Staff, Sporting Coaches and any Owner/Operator of the aircraft used directly in relation to Certification and/or Flying Instruction or activities of Instructors/Inspectors, for their respective rights and interests.

World Glide Pty Ltd for their respective rights and interests.

Period of Insurance

30 April 2021 to 30 April 2022 at 4pm Local Time of the Insured

Aircraft

Aircraft shall be held to mean glider(s), sailplane(s) and/or powered sailplanes administered by the G.F.A and shall include (but not by way of limitation) the airframe, equipment, instruments, oxygen, radio, including such components whilst detached from the aircraft, provided that similar parts have not been replaced in the aircraft.

Insuring Clause

The Insurers agrees, subject to the Limit of Liability shown in the Schedule, to indemnify the Insured for all sums which the Insured shall become legally liable to pay in respect of:

- a) bodily injury at any time resulting therefrom, and /or
- b) loss of or damage to property including loss of use thereof

caused by an Occurrence resulting in an Accident involving Sailplanes and/or Gliders and/or Motor Gliders and/or Glider Tugs and arising out of any and all activities and/or responsibilities of the Insured regarding Airworthiness Certification and/or Flying Instruction and/or other activities of the Insured's Instructors, Sporting Coaches, Inspectors and/or Glider Tug Pilots whilst on duty including whilst flying in any aircraft mentioned above.

Cover afforded to Inspectors is extended only for work on and/or certification of aircraft (excluding their own) whilst working as employees of the Insured, or on a voluntary, or purely cost recovery basis only.

GFA inspectors who are not employees of the Insured (including Approved Maintenance Organisations) who are engaged in airworthiness activities for hire and/or reward are not covered.

Limit of Liability

AU\$10,000,000 Any one occurrence or series of occurrences arising out of the one event, unlimited in the aggregate.

Legal Costs and Expenses are payable in addition to Sum Insured/Liability Limit

Deductible (unless otherwise stated in the conditions)

AU\$1,000 each and every loss in respect of Property Damage claims

Geographical Limit

Australia & New Zealand however in respect of major international competitions and products liability the geographical limits are amended to worldwide.

Pilots and Uses

Pilots and Uses as required by the Insured excluding

- whilst any aircraft is being used for any purpose or being piloted by any person not authorised and/or approved by the Gliding Federation of Australia
- or whilst the aircraft is outside the geographical limits stated in the schedule unless due to force majeure;
- or whilst any aircraft is being used for aerobatic flying, other than aerobatics as approved and permitted by the flying manufacturers specifications.

Member Definition

"Member" means one who within 30 days after the renewal date of their membership or on the case of a new member, within 30 days of their application being accepted by GFA, has paid all subscription fees and dues to GFA and has no restrictions applied to their gliding certificate that would prevent them from operating the aircraft they were in command of at the time of the accident.

Policy subject to the terms, conditions and exclusions of the policy



Section 4

Administration Hangarkeepers Liability Insurance



Insured

The Gliding Federation of Australia Inc. and/or Affiliated Associations and/or Clubs and/or their individual financial Members for their respective rights and interests and includes any directors, employees, partners or agents of the Insured whilst acting in the scope of their duties.

Additional Insured

Affiliated State Gliding Associations
Subsidiary Companies of The Gliding Federation of Australia Inc
World Glide Pty Ltd

Period of Insurance

30 April 2021 to 30 April 2022 at 4pm Local Time of the Insured

Interest Insured

The policy insures all sums for which the above entities are legally obligated to pay as compensatory damages because of bodily injury, sickness or disease (including death) and damage to property arising out of Gliding Administration (including in respect of gliding competitions) in accordance with the objects stated in the Memorandum and Articles of Association.

Location

Hangar / Premises are located as and where required in the course of the Insured's business

Limit of Liability

Section 1 AU\$10,000,000 any one occurrence
Section 2 Not Insured
Section 3 Not Insured
Legal Costs and Expenses are payable in addition to Sum Insured/Liability Limit

Deductible (in respect of Property Damage only)

Section 1 Nil

Scope of Cover

Section 1: Premises Liability
Third Party Bodily Injury or Property Damage
(a) In or about the premises specified in the Schedule, as a direct result of the services granted by the insured
(b) Elsewhere in the course of any work or of the performance of any duties carried out by the Insured or his employees in connection with the business or operations specified in the Schedule caused by the fault or negligence of the Insured or any of his employees engaged in the Insured's business or by any defect in the Insured's premises, ways, works, machinery or plant (including mobile plant & ground service equipment) used in the Insured's business

Policy cover is subject to the terms, conditions and exclusions of the Insurers Policy Wording

Geographical Limit

Commonwealth of Australia

Policy subject to the terms, conditions and exclusions of the policy



Section 5

Club Hangarkeepers Liability Insurance



Insured

The Gliding Federation of Australia Inc. and/or Affiliated Associations and/or Clubs and/or their individual financial Members for their respective rights and interests and includes any directors, employees, partners or agents of the Insured whilst acting in the scope of their duties.

Additional Insured

Nature of Interest

Affiliated State Gliding Associations	
Individual Financial Members of the listed Gliding Clubs	
World Glide Pty Ltd	F.T.R.R&I
South Australia Gliding Association Inc (SAGA)	In respect of operations at Arkapena Airfield SA only
AH & JI Smith Family Trust	In respect of operations at Arkapena Airfield SA only
Rawnsley Park Tourism Pty Ltd	In respect of operations at Arkapena Airfield SA only
Owners or Lessors of the property or land being used by the Insured in the course of the Insured's business	F.T.R.R&I

Period of Insurance

30 April 2021 to 30 April 2022 at 4pm Local Time of the Insured

Interest Insured

The policy insures all sums for which the above entities are legally obligated to pay as compensatory damages because of bodily injury, sickness or disease (including death) and damage to property arising out of Gliding Administration (including in respect of gliding competitions) in accordance with the objects stated in the Memorandum and Articles of Association.

Type of Business

Gliding Club (includes gliding competitions)

Location

Hangar/Premises are located as and where required in the course of the Insured's business

Limit of Liability

Section 1 AU\$ Refer Club Schedule any one occurrence

Section 2 AU\$ 500,000 any one occurrence

Section 3 AU\$ 1,000,000 any one occurrence and in the annual aggregate

Legal Costs and Expenses are payable in addition to Sum Insured/Liability Limit

Deductible (in Respect of Property Damage)

Section 1 AU\$ Nil

Section 2 AU\$ Nil

Section 3 AU\$ 2,500 each and every occurrence unless primary is enforced

Scope of Cover

Section 1: Premises Liability

Third Party Bodily Injury or Property Damage

- (a) In or about the premises specified in the Schedule, as a direct result of the services granted by the insured
- (b) Elsewhere in the course of any work or of the performance of any duties carried out by the Insured or his employees in connection with the business or operations specified in the Schedule caused by the fault or negligence of the Insured or any of his employees engaged in the Insured's business or by any defect in the Insured's premises, ways, works, machinery or plant (including mobile plant & ground service equipment) used in the Insured's business

Section 2: Hangarkeepers Liability

Loss of or damage to Aircraft or Aircraft equipment, not owned, rented, operated or leased by the Insured, whilst on the ground or during a test flight in the care, custody or control of or whilst being serviced, handled or maintained by the Insured or any servant of the Insured

Section 3: Products Liability

Bodily injury or property damage arising out of the possession, use, consumption or handling of any goods or products manufactured, constructed, altered, repaired, serviced, treated, sold, supplied or distributed by the Insured or his employees, but only in respect of such goods or products which form part of or are used in conjunction with aircraft, and then only after such goods or products have ceased to be in the possession or under the control of the Insured

Policy cover is subject to the terms, conditions and exclusions of the Insurers Policy Wording

Geographical Limit

Commonwealth of Australia and in respect of Products Liability the geographical limit is worldwide



List of participating Gliding Clubs:

1	Adelaide Soaring Club
2	Adelaide University Gliding Club; Stonefield Aviation Association Inc and The Barossa Valley Gliding Club Inc
3	Alice Springs Gliding Club
4	Bacchus Marsh Group (Melbourne Gliding Club; Geelong Gliding Club Inc; Beaufort Gliding Club Inc and Australian Gliding Museum Inc)
5	Balaklava Gliding Club
6	Bathurst Soaring Club
7	Bendigo Gliding Club
8	Beverley Soaring Society
9	Boonah Gliding Club
10	Bundaberg Gliding Club
11	Byron Gliding Club
12	Caboolture Gliding Club
13	Central Coast Soaring Club Inc
14	Central Qld Gliding Club
15	Darling Downs Soaring Club
16	Gliding Club of Victoria
17	Gliding Club of Western Australia
18	Grampians Soaring Club
19	Horsham Flying Club
20	Hunter Valley Gliding Club
21	Kingaroy Soaring Club Inc
22	Lake Keepit Soaring Club
23	Leeton Aviators Club Inc
24	Millicent Gliding Club
25	Murray Bridge Gliding Club
26	Narrogin Gliding Club Inc
27	Southern Tablelands Gliding Club
28	Sunraysia Gliding Club
29	Sunshine Coast Gliding Club
30	Sydney Gliding Inc
31	Temora Gliding Club
32	The Soaring Club of Tasmania
33	Waikerie Gliding Club
34	Warwick Gliding Club

Policy cover is subject to the terms, conditions and exclusions of the Insurers Policy Wording.



Section 6

Important Notices



Important Notices

General

Many areas of insurance are complex and some implications 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 you know 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 insurance;
- 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.

Non-disclosure

If you fail to comply with your Duty of Disclosure, the insurer may cancel your contract or reduce the amount it will pay you if you make a claim, or both. If your failure to comply with the Duty of Disclosure is fraudulent, the insurer may refuse to pay a claim and treat the contract as if it never existed.

People you represent

You must make sure you explain the Duty of Disclosure to any person you represent when we arrange any insurance cover for you. Alternatively, you may ask any person you represent to contact us and we will explain their Duty of Disclosure to them directly. Contact your broker if you are unclear about your Duty of Disclosure or require more information about how to comply with your Duty of Disclosure, please refer to the information provided by the relevant insurer in relation to your Duty of Disclosure in the relevant PDS or policy wording.

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.

Contractors, Subcontractors & Consultants

It is advisable to check all insurances held by **Contractors**, 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.

NIBA Code of Practice

We are a member of the National Insurance Brokers Association (NIBA) and are bound by their Code of Conduct. We also subscribe to the General Insurance Brokers' Code of Practice (the Code). The Code sets out standards for Brokers to follow when dealing with clients including requirements to inform clients of remuneration arrangements and any conflict of interest. A copy of the code can be obtained from the NIBA website: www.niba.com.au.

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 the invoice amount by the due date.



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 notice of circumstances which might give rise to a claim covered under the policy.

Policies 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 notifications 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 Australian 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, advise on and arrange insurance, assist on claims, and generally 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, 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 the 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 your 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

It is important you read this FSG in its entirety and retain it for your future reference. By engaging, or continuing to engage us you are, in the absence of any formal written agreement with us, agreeing to the delivery of our services and remuneration as described in this FSG.

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
- Arranging, varying and renewing your insurance policies
- Helping you deal with your insurer in the event of a claim
- Providing other aviation related risk management services

Our Products

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

Electronic Delivery

If you have supplied your e-mail address to us, we will send insurance documents to that address unless you instruct us that you wish to receive these documents by another method e.g., by post

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 i.e.. 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 Australian Financial Complaints Authority (AFCA), a free consumer service. Further information is available from our office or contact AFCA directly on 1800 931 678 or visit www.afca.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 relationship with insurers

We work closely with a range of insurers and underwriting agencies to arrange **broad cover**, competitive pricing and **professional** service levels for our clients. Wherever possible we will recommend you deal with insurers that are authorised under the Insurance Act 1973 (Cth) to carry on insurance business in Australia. Such insurers are subject to oversight by the Australian Prudential Regulation Authority (APRA). We will ~~warn~~ **advise** you when we recommend an unauthorised foreign insurer. Please refer to Important Notices, Page 2, "**Where Placement is with an Unauthorised Foreign Insurer**"

Please note that we cannot guarantee the availability of cover for your particular risks or the solvency of any insurer.



Our Sources of Income

When placing your insurance we usually receive a commission from the Insurer. The amount varies between 0% and 20% 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.

We may also charge separate broking administration fees to cover any related administration and processing costs. Our fees vary depending on the costs associated with providing the services you require. Where applicable, our broking administration fees will be detailed on your invoice, and provided to you at the time you receive advice or as soon as practical after that time.

Steadfast Group

We are a Steadfast Group Limited (Steadfast) Network Broker. Steadfast has exclusive arrangements with some Insurers and premium funders (Partners) under which Steadfast will receive between 0.5 – 1.5% commission for each product arranged by us with those Partners. Steadfast is also a shareholder of some Partners.

We may receive a proportion of that commission from Steadfast at the end of each financial year (or other agreed period).

As a Steadfast Network Broker we have access to member services including model operating and compliance tools, procedures, manuals and training, legal, technical, banking and recruitment advice and assistance, group insurance arrangements, product comparison and placement support, claims support and group purchasing arrangements. These member services are either funded by Steadfast, subsidised by Steadfast or available exclusively to Steadfast Network Brokers for a fee.

You can obtain a copy of Steadfast's FSG at www.steadfast.com.au

Premium Funding

Premium funding allows you to spread out the cash flow associated with paying your insurance premiums over the next twelve months. We receive a commission from the funder for arranging the funding contract, full details are available on request. Please note that should the insurance policy be cancelled before the expiry date for whatever reason, the Premium Funder will charge you the full interest applicable to the contract, as detailed in the Loan Application Form. Typically there will be no refund of our commission on the refund premium and no refund of any fee we may have charged you for arranging the cover. We also reserve the right to charge you a policy cancellation handling fee. In some cases Insurers also apply minimum premiums to policies, which may further reduce the refund that you might otherwise receive. The impact of the above on you is that any refund you receive for the mid term cancellation of your policy will usually be significantly less than a pro rata calculation would produce and in extreme cases may involve you having to make an additional final payment even though the policy has been cancelled. Therefore prior to cancelling a policy and replacing it with another cover we strongly recommend that you discuss your situation with us so that we can advise the exact extent and impact of the early cancellation provisions mentioned above.

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.

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This FSG applies from 1 March 2020