

EMPLOYEE DISHONESTY

INSURANCE POLICY



Contents

Extract from the Insurance Contracts Act 1984	1
Your duty of disclosure	1
Non-disclosure	1
Important notices	1
1. Claims	1
2. Renewal	1
3. Excess	1
4. Acceptance of the Application	1
5. Intermediary remuneration	1
6. How CGU protects your privacy	1
7. Interest on unallocated premium	2
The agreement	2
Definitions	2
Cover	3
Additional benefit	3
Claims Preparation Fees	3
Settlement of claims	3
General exclusions	3
Special conditions	4
1. Premium	4
2. Notification of Loss	4
3. Observance of system of audit, supervision and checks	4
4. Notification of alteration of risk	4
5. Prevention of further Loss after discovery	4
6. Cancellation	4
7. Our rights of conduct and recovery	4
8. Transfer of interest	4
9. Jurisdiction	4
Variations and extensions	5
Cover only applies if shown in the Schedule	5
1. Agency personnel	5
2. Loss caused by unidentifiable Employees	5
3. Superannuation funds	5
4. Welfare, social or sporting club	5
General Insurance Code of Practice	5
Our service commitment	5
Notes	6

Extract from the Insurance Contracts Act 1984

Under the terms of the Act, We must advise You about the following:

Your duty of disclosure

Before You enter into a contract of general insurance with an insurer, You have a duty, under the *Insurance Contracts Act 1984*, to disclose to the insurer every matter that you know, or could reasonably be expected to know, is relevant to the insurer's decision whether to accept the risk of the insurance and, if so, on what terms.

You have the same duty to disclose those matters to the insurer before You renew, extend, vary or reinstate a contract of general insurance.

Your duty however does not require disclosure of matter:

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

Non-disclosure

If You fail to comply with Your duty of disclosure, the insurer may be entitled to reduce its liability under the contract in respect of a claim or may cancel the contract.

If Your non-disclosure is fraudulent, the insurer may also have the option of avoiding the contract from its beginning.

Important notices

1. Claims

This Policy does not provide cover in relation to any Loss discovered before the contract was entered into or Loss resulting from acts of fraud or dishonesty committed more than 12 months prior to the date of discovery of Loss by You.

2. Renewal

This Policy is issued for the Period of Insurance specified in the Schedule and in the event the insurance is to be renewed, a fresh contract of insurance in the terms of this Policy will then be made with You for the period of the renewal. In that event, We may not require a fresh application or a renewal declaration from You, but Your duty of disclosure will apply in respect of the renewal.

3. Excess

An excess is a sum of money We will not pay in respect of a claim. The Schedule and endorsements will detail the Excesses which may be applicable.

4. Acceptance of the Application

This Policy will not be in force until We have received from You a completed application and We have accepted the risk. We reserve the right to decline any application.

5. Intermediary remuneration

CGU has relationships with brokers, Authorised Representatives and other intermediaries who issue CGU policies. CGU pays remuneration to brokers, Authorised Representatives and other intermediaries when they issue, renew or vary CGU policies.

6. How CGU protects your privacy

We use information provided by our customers to allow us to offer our products and services. This means we may need to collect your personal information, and sometimes sensitive information about you as well (for example, health information for travel insurance). We will collect this information directly from you where possible, but there may be occasions when we collect this information from someone else.

CGU will only use your information for the purposes for which it was collected, other related purposes and as permitted or required by law. You may choose not to give us your information, but this may affect our ability to provide you with insurance cover.

We may share this information with companies within our group, government and law enforcement bodies if required by law and others who provide services to us or on our behalf, some of which may be located outside of Australia.

For more details on how we collect, store, use and disclose your information, please read our Privacy Policy located at www.cgu.com.au/privacy. Alternatively, contact us at privacy@cgu.com.au or 13 15 32 and we will send you a copy. We recommend that you obtain a copy of this policy and read it carefully.

By applying for, using or renewing any of our products or services, or providing us with your information, you agree to this information being collected, held, used and disclosed as set out in this policy.

Our Privacy Policy also contains information about how you can access and seek correction of your information, complain about a breach of the privacy law, and how we will deal with your complaint.

7. Interest on unallocated premium

If we are unable to issue your insurance when we receive your application, we are required to hold your Premium in a trust account on your behalf until your insurance can be issued. We will retain any interest payable by our bank to meet, among other things, bank fees and other bank costs we incur in operating the account.

The agreement

In consideration of the premium stated in the Schedule, We agree to indemnify You as described in this Policy.

Definitions

Business means: Your business described in the Schedule and no other.

Claim Documents means:

1. the documentation created in the preparation of, or evidencing, a claim; and
2. all records and documents which may assist Us to investigate:
 - a) a claim; or
 - b) a Loss; or
 - c) Your right of recovery in consequence of a Loss,

including electronic records, computer records, video and audio recordings, working papers, internal memoranda, reports, accounting records and audit documents.

Employee means:

1. a person employed by You under a contract of service in the ordinary course of Your Business during the Period of Insurance and whom You have the right to direct in the detail of that person's performance of work;
2. a former Employee during a period of not more than 30 days following the cessation of that person's service;
3. a Group of Employees, which means:
 - a) two or more Employees acting in collusion;
 - b) an Employee acting alone and also acting as a member of a Group of Employees;
 - c) two or more Groups of Employees having an Employee in common,

but Employee does not include:

4. a person who is not directly paid remuneration by You; or
5. a person who is one of Your directors or trustees, except when performing acts within the scope of the usual duties of an Employee; or
6. a person who is a member of any committee which examines or audits or has custody of or access to Your money, negotiable instruments or goods.

Excess means: the sum shown in the Schedule or in an endorsement to this Policy (if any) which:

1. any Loss must exceed before We will be liable under this Policy; and
2. We will not be liable to pay in respect of each Loss.

Limit of Indemnity means: the Limit of Indemnity shown in the Schedule for all Losses during the Period of Insurance.

Limit per Employee means: the Limit per Employee shown in the Schedule in respect of any Loss or all Losses caused by an act or acts of the one Employee.

Loss means: direct loss:

1. of:
 - a) money;
 - b) negotiable instruments; or
 - c) goods,which:
 - d) belong to You; or
 - e) are in Your possession and for the loss of which You are liable,
2. occurring in the ordinary course of Your Business,
3. caused directly by any act of fraud or dishonesty:
 - a) of an identified Employee; and
 - b) committed within the 12 months before discovery by You of the act of fraud or dishonesty, and
4. discovered by You:
 - a) during the Period of Insurance; or
 - b) if this Policy is not renewed or is cancelled, within the 12 months after the Period of Insurance or the date of cancellation of the Policy,

but in either case, no later than 12 months after the cessation of employment of the identified Employee,

and Loss does not include any indirect or consequential loss whatsoever.

Period of Insurance means: the period of cover shown in the Schedule.

Schedule means: the Schedule to this Policy.

We, Us (Our) means: the insurance company named in the Schedule.

You (Your) means: the insured named in the Schedule.

Cover

1. After You have:
 - a) provided to Us the Claim Documents; and
 - b) made available to Us for interview all persons nominated by Us who in Our opinion will be helpful to assist Us to investigate Your claim or a Loss,subject to the terms and conditions of this Policy, We will indemnify You against Loss.
2. The amount of the indemnity will be determined in accordance with the clauses under the heading **Settlement of Claims.**

General exclusions

1. This Policy does not cover Loss arising from an act committed by an Employee after You have knowledge of, or reasonable cause to suspect, the previous commission by the Employee of an act of fraud or dishonesty, unless if, when You first obtained the knowledge or reasonable cause for suspicion,
 - a) the money, negotiable instruments or goods which are the subject of the Loss were in the possession of the Employee; and
 - b) You immediately took all reasonable action to regain possession of the money, negotiable instruments or goods.
2. There is no insurance under this policy in respect of any claim of whatsoever nature which consists of, or arises directly or indirectly out of, or in connection with, the failure or inability of any:
 - a) electronic circuit, microprocessor, embedded system, BIOS or other instruction set, hardware, software, firmware, program, computer, data processing equipment, telecommunication equipment or systems, or any similar device; or any
 - b) media or systems used in connection with any of the foregoing;

Additional benefit

Claims Preparation Fees

If We are liable to indemnify You against a Loss and where the Limit per Employee and the Limit of Indemnity are not otherwise exhausted, the cover is extended to indemnify You against:

1. the fees payable by You to Your Auditors; and
2. all other costs, charges and expenses,

reasonably and necessarily incurred by You with Our consent in the preparation of a claim. Our liability for this additional benefit is limited to an amount not exceeding 10 per cent of the Limit per Employee, or \$20,000, whichever is less.

Settlement of claims

1. Our total liability for all Losses and Claims Preparation Fees during the Period of Insurance shall not exceed the Limit of Indemnity shown on the Schedule.
2. Our liability for all Losses relating to acts of fraud or dishonesty committed by one Employee, or any Group of Employees, or any number of Groups of Employees that contain one common Employee, will not exceed the Limit per Employee shown on the Schedule.
3. Our liability will be reduced by the sum of all moneys to which an Employee who caused a Loss would have been entitled, but which are retained by You or which You are entitled to retain.
4. We will be liable only for that part of the Loss that exceeds the Excess shown on the Schedule or on any endorsement to this Policy.

whether the property of the Insured or not, at any time to achieve fully and successfully, any or all of the purposes and consequential effects intended by the use of any number, symbol or word to denote, represent or express a date:

including, but without being limited to, any failure or inability to recognise, capture, save, retain or restore and/or correctly to manipulate, interpret, transmit, return, calculate or process any date, data, information, command, logic or instruction as a result of or in connection with:

- i. anything referred to in (a) or (b) recognising, using or adopting any date, day of the week or period of time otherwise than as, or other than, the true or correct date, day of the week or period of time, or
- ii. the operation of any command or logic which has been programmed or incorporated into anything referred to in (a) or (b) above.

Special conditions

1. Premium

We will not be liable under this Policy unless the premium has been paid to Us.

2. Notification of Loss

You must:

- a) notify Us in writing within 14 days after discovery by You of Loss, or any act of fraud or dishonesty by an Employee, or reasonable cause for suspicion thereof, which may give rise to Loss; and
- b) deliver to Us as soon as practicable, but no later than three months after the notice in (a), the Claim Documents and full details in writing of Your claim and the Loss.

3. Observance of system of audit, supervision and checks

You must observe the system of audit, supervision and checks which, in connection with this Policy, You have previously stated to Us that You observe.

4. Notification of alteration of risk

You must as soon as practicable notify us in writing of any change that will, or might, increase the risk, including:

- a) a change in the nature of Your Business;
- b) Your non-observance of the system of audit, supervision and checks which, in connection with this Policy, You stated to Us that You observe,

so that We may either cancel the Policy or agree to the variation of its terms and conditions.

5. Prevention of further Loss after discovery

You must, immediately when You discover Loss, take all reasonable steps to regain possession of the money, negotiable instruments or goods and take all reasonable steps to prevent further Loss occurring.

6. Cancellation

- a) Under Section 60 of the *Insurance Contracts Act 1984*, We may cancel this Policy, by giving notice in writing to You of the date from which cancellation is to take effect, where You have:
 1. failed to comply with Your duty of utmost good faith; or
 2. failed to comply with Your duty of disclosure at the time when this Policy was entered into or renewed; or
 3. made a misrepresentation to Us during the negotiations for this Policy, but before We agreed to issue this Policy; or

4. failed to comply with a provision of this Policy; or
5. failed to pay the premium for this Policy; or
6. made a fraudulent claim under this Policy, or under any other contract of insurance (whether with Us or another insurer) that provided cover during any part of the Period of Insurance of this Policy; or
7. failed to comply with a requirement in this Policy that You notify Us of an act or omission by You which occurred after this Policy was issued.

We may deliver such notice to You personally or by post at Your address last notified to Us.

- b) Under Section 60 of the *Insurance Contracts Act 1984*, We may cancel this Policy at any time where:
 1. it is in force by virtue of Section 58; or
 2. it is an interim contract of general insurance.
- c) You may cancel this Policy at any time by notifying Us in writing.
- d) After cancellation, We will retain or be entitled to the premium for that part of the Period of Insurance during which this Policy has been in force.

7. Our rights of conduct and recovery

- a) We will, upon Your notice to Us of a Loss, have the right to recover the Loss and We will have full discretion in the recovery of the Loss;
- b) You must not in any way prejudice Our right or ability to recover a Loss;
- c) You must co-operate with Us fully in the recovery of Loss.

8. Transfer of interest

You cannot transfer any interest in this Policy without Our written consent.

9. Jurisdiction

Any dispute between You and Us under this Policy shall be determined by the courts, and in accordance with the laws, of the State or Territory of Australia in which We issued this Policy.

Variations and extensions

Cover only applies if shown in the Schedule

1. Agency personnel

The Definition of Employee shall include any person assigned to perform Employee duties for You by any agency whose business it is to furnish personnel.

2. Loss caused by unidentifiable Employees

The Definition of Loss is amended by deleting the word "identified" from subparagraph 3(a) thereof. The cover granted by this variation and extension is subject to You proving that the Loss was caused by fraud or dishonesty of an Employee and any cost incurred in proving this will be at Your expense and will not be payable under additional benefit **Claims Preparation Fees**.

3. Superannuation funds

The Definition of You (Your) includes any superannuation or pension scheme formed by You and exclusively for the benefit of Employees, **but does not** include any scheme that is administered by a professional funds manager.

4. Welfare, social or sporting club

The Definition of You (Your) includes any welfare, social or sporting club formed with Your knowledge and consent, exclusively for the benefit of Employees and their families.

Our service commitment

CGU Insurance is proud of its service standards and supports the General Insurance Code of Practice. In an unlikely event that you are not satisfied with the way in which we have dealt with you, as part of our commitment to customer service, we have an internal dispute resolution process in place to deal with any complaint you may have.

Please contact your nearest CGU Insurance office if you have a complaint, including if you are not satisfied with any of the following:

- one of our products;
- our service;
- the service of our authorised representatives, loss adjusters or investigators; or
- our decision on your claim.

Our staff will help you in any way they can. If they are unable to satisfy your concerns, they will refer the matter to their supervisor or manager. If the manager cannot resolve the matter, the manager will escalate the matter to our Internal Dispute Resolution Department.

General Insurance Code of Practice

CGU Insurance proudly supports the General Insurance Code of Practice.

The purpose of the Code is to raise standards of practice and service in the general insurance industry.

The objectives of the Code are:

- to promote better, more informed relations between insurers and their customers;
- to improve consumer confidence in the general insurance industry;
- to provide better mechanisms for the resolution of complaints and disputes between insurers and their customers; and
- to commit insurers and the professionals they rely upon to higher standards of customer service.

Brochures on the Code are available from **your** nearest CGU Insurance office.

Notes

CONTACT DETAILS

Enquiries 13 24 81

Claims 13 24 80

Mailing address

GPO Box 9902 in your capital city

Sydney

GPO Box 244
Sydney NSW 2001

Melbourne

181 William Street
Melbourne VIC 3000

Brisbane

189 Grey Street
South Bank QLD 4101

Perth

46 Colin Street
West Perth WA 6005

Adelaide

80 Flinders Street
Adelaide SA 5000



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