

Tax Audit Insurance Proposal

An Important Notice to the Applicant 'Claims Made' Contracts of Insurance

Please read and retain in your file

The proposed insurance is issued on a 'claims made' basis.

This means that the policy responds to:-

1. claims for Costs arising in connection with Audits of which you become aware of during the policy period and notified to CGU Professional Risks during that policy period, provided that you were not aware at any time prior to the policy inception of circumstances which would have put a reasonable person in your position on notice that a claim for Costs arising in connection with such Audit may be made: and
2. pursuant to Section 40 sub-section 3 of the Insurance contracts Act which states:
"where the insured gave notice in writing to the insurer of facts that might give rise to a claim against the insured as soon as was reasonably practicable after the insured became aware of those facts but before the insurance cover provided by the contract expired, the insurer is not relieved of liability under the contract in respect of the claim, when made, by reason only that it was made after the expiration of the period of insurance cover provided by the contract."

When the policy expires, no new notification can be made on the expired policy even though the event giving rise to the claim may have occurred during the policy period.

You will not be entitled to indemnity under the new policy in respect of any claim arising out of circumstances of which you were aware any time prior to policy inception which would have put a reasonable person in your position on notice that a claim may be made under this proposed insurance.

When completing the proposal form you are obliged to report and provide full details of all circumstances which have become known to you and which would put a reasonable person in your position on notice that a claim may be made by you.

In accordance with the Insurance Contracts Act 1984 we are required to advise you of your responsibilities in relating to disclosure of relevant information.

Duty of Disclosure

Before you enter into a contract of insurance with an insurer, you have a duty under the Insurance Contracts Act 1984 to disclose to the insurer every matter that you are aware of, or could reasonably be expected to be aware of, that 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 insurers before you renew, extend, vary or reinstate a contract of general insurance.

Your duty however does not require you to disclose 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.

It should be noted that this duty continues after the proposal form has been completed until the policy is entered into.