

# BDI Insurance Brokers Ltd t/a Coversure

## Terms of Engagement

### 1. Agreement

1.1 These Terms of Engagement govern all services that BDI Insurance Brokers Limited T/A Coversure (BDI, we, our or us) provide to you **(Terms)**.

1.2 **You** and **your** in these Terms includes you and anyone or any entity that you represent in your engagement with us.

1.3 These Terms may be varied by us at any time by written notice to you. If you do not agree with any such variation, you may terminate these Terms and our engagement in accordance with clause **1.4** . By continuing to receive our Services, you are deemed to have accepted these Terms in their entirety, including any variations. If you do not accept these Terms, you must notify us immediately and we may cease providing you with our Services.

1.5 These Terms replace any other prior terms that you may have signed with us and will apply to all Services that we provide to you going forward, unless expressly agreed otherwise.

### 2. Services

2.1 We are a member of the Insurance Brokers Association of New Zealand Inc. **(IBANZ)**, a professional body representing the interests of certain member insurance brokers, and we subscribe to the IBANZ Code of Practice.

2.2 We are also governed by the Insurance Intermediaries Act 1994 **(Act)**. This Act sets out certain things and procedures that Insurance Brokers must adhere to concerning receipt and payment of premiums, claims and investment monies.

2.3 We offer a wide range of insurance advisory and risk management services to both businesses and individuals as set out in this clause 2 **(Services)**. We may provide some or all of the following Services to you under these Terms:

2.3.1 a review of your risk exposure and insurance needs: this includes reviewing your current risks, auditing your existing insurance portfolio and researching your insurance needs;

2.3.2 advice about insurance products: this includes making recommendations for your consideration regarding cover, improvements or premium;

2.3.3 arranging, amending and renewing of insurance contracts **(Policies)** on your behalf: this includes providing you with statements of advice, policy documents, insurance schedules, confirmation notices including variations in cover, and advising you of policy expiry dates;

2.3.4 arranging premium funding by instalment if required;

2.3.5 assistance with insurance claims: this includes managing and administering your claim;

2.3.6 providing advice or commentary on insurance market conditions; and

2.3.7 providing insurance policy comparisons, together with any additional services that you request, and we agree, to provide to you from time to time.

2.4 We are not obliged to provide you with any Services beyond those that we agree to provide. Our Services provided to you may be limited to specific entities, risks or policies and may be limited in other respects by agreement with you.

2.5 As your insurance broker, we normally act as your representative in arranging insurance on your behalf. As part of the Services, we will make recommendations and suggestions to you regarding potential insurers and Policies based on your requirements however you acknowledge that the final choice of insurer and Policy will remain your responsibility and we accept no liability in respect of that choice.

2.6 You acknowledge that:

2.6.1 we may arrange Policies for you with insurers domiciled in New Zealand or elsewhere or a combination of both;

2.6.2 we may engage the services and assistance of third-party brokers, reinsurance brokers, consultants or others to assist us in arranging and placement of such Policies for you;

2.7 we may provide you with assistance with the placing and servicing of insurance for risks domiciled outside New Zealand, or the management of risks outside New Zealand;

2.7.1 we may engage the services and assistance of third-party brokers, consultants, insurance brokers, reinsurance brokers or others to assist us with the provision of the Services to you; and

2.8 we may enter into binder arrangements with insurers from time to time to arrange Policies for you on their behalf.

2.9 we will negotiate with insurers on your behalf and will keep you informed of any significant developments. We will endeavour to ensure that Policies and endorsements for insurance that we place on your behalf are issued by your insurers promptly and correctly, subject to availability.

2.10 The documents relating to your Policies detail the precise terms and conditions relating to the insurance(s) we have arranged for you and the information contained in them is important. You acknowledge that you are responsible for maintaining these documents and we recommend that you keep them in a safe place for as long as you might be entitled to claim under a Policy. Subject to any legal requirements, we will hold copies of Policies and any related correspondence for at least seven years. After this period, we may destroy any of this documentation without further notice.

2.11 Upon our receipt of premiums and related statutory charges from you, we will arrange for their disbursement to the relevant insurers and authorities in accordance with market practice. We hold all client monies separate from our business operating accounts.

2.12 You can provide us with instructions by email or in writing using our contact – [fireandgeneral@coversure.co.nz](mailto:fireandgeneral@coversure.co.nz). We shall be entitled to rely on all written instructions without further enquiry, including email instructions, however, we accept no liability for any instructions received until we acknowledge receipt and acceptance of the instructions to you in writing.

### 3. Your Responsibilities

3.1 In order for us to be able to provide you with the Services, you:

3.1.1 must act at all times with utmost good faith towards your insurer or prospective insurer, which as a minimum requires you to act honestly toward your insurer and to not mislead or withhold information that is relevant to the insured risks;

3.1.2 acknowledge that you have a duty of disclosure to your insurer and you must, on an ongoing basis, provide us with all material facts relating to the Policies that we arrange or seek to arrange on your behalf. Material facts are those that would influence an insurer when they are deciding whether to accept the risk, and the terms and conditions that will apply if they do so. Failure to provide full and accurate information may mean that your cover is reduced, cancelled, or if the non-disclosure is fraudulent, the insurer may be able to avoid (cancel) the contract from the very beginning. If you are in any doubt as to what facts are considered to be material, you should disclose them to us.

3.1.3 You must provide accurate, complete and timely information to us. You are responsible for all information you provide in any proposal, claim form or other document. We are not responsible for checking the accuracy or completeness of any information you provide to us or any insurer. We will not be responsible for any consequence resulting from a failure by you to disclose all material facts to an insurer (including, without limitation, the possibility of your insurance policies being rendered void or limited).

3.1.4 You must advise us on an ongoing basis of any change in your business that might affect your insurances. This may include acquisitions, disposals, mergers, sale of principal assets, or material changes to your business operations.

3.1.5 If you want to vary any insurance e.g. by increasing the sum insured or adding other property, you must provide us with details of the changes you require and any other information you need to disclose to insurers. Any adjustment to the premium will be advised to you.

3.1.6 You must advise us (or your insurers) as soon as is reasonably practicable of an event or circumstance that may give rise to a claim or potential claim under your Policy/Policies. If you do not inform us (or your insurers) of such a claim or potential claim, you may prejudice your rights under your Policy/Policies. You will be advised if you need to complete a claim form or produce documentation to support your claim.

3.1.7 After receiving your insurance documents from us, you must check them and advise us promptly of anything that does not meet your requirements. Any errors or issues should be notified to us immediately.

3.1.8 You must pay the premium(s), any statutory charges, government levies, taxes, GST and fees when due as set out in our invoice(s), unless premium funding has been arranged. We are not obliged to send reminders to you if your premium is not paid on time although we may do so.

3.1.9 If you do not pay the premium on time, we are required to advise the insurer. The insurer has the right to cancel the insurance and you will not be insured. The insurer may also charge a short-term premium for the time they have insured the risk. You will be required to pay this amount regardless of whether you have made a claim.

3.2 Please note that we have no obligation to fund any premium, taxes or fees (if applicable) on your behalf and we will have no responsibility for any loss you may suffer as a result of policy cancellation or any prejudicial steps an insurer may otherwise take as a result of late payment.

3.3 You must notify us promptly of any change of address or contact details. We may send all communications to you at the last address that you notified to us formally.

#### **4. Remuneration**

4.1 Our remuneration is not our profit. It is the revenue from which we attend to our company affairs, pay salaries, rent, expenses, and taxes, and attend to all Services on your behalf. This remuneration is earned in various ways.

4.2 Unless we tell you otherwise, in accordance with normal market practice we will be remunerated by commission from the insurer when you enter into a Policy that we arrange (including when a Policy is renewed and, in some cases, when a Policy is varied).

4.3 The commission is a percentage of your insurance premium (excluding government charges, levies and taxes). Some insurers may pay us more than others, and some may pay us more than one type of commission. The rate of commission can vary according to the type of insurance and cover provided, and the way the transaction is arranged. Where we operate a binder on behalf of an insurer, we may receive a higher commission in respect of that business.

4.4 Where we arrange the placing and servicing of insurance overseas, our overseas representatives may also receive remuneration from insurers in accordance with normal market practice.

4.5 As well as receiving commission, we may also charge you a fee, for example, if you wish us to provide services in addition to those already agreed. Such fees will be agreed with you prior to us undertaking those services and any fee schedule that we provide to you or that is agreed between us will be considered to form part of these Terms and will be binding on you. In some cases, fees may be included within the amount that we charge you for the Policy.

4.6 In some cases, we may also receive commissions or other remuneration from an insurer based upon volume or the profitability of insurance placed across a portfolio with that insurer over a period of time.

4.7 We may also: pay a fee to a party who has referred you to us and pay this fee out of the commission received from insurers and/or fees you pay to us; earn a fee if we have referred you to another party that performs work for you; earn interest on funds held in our insurance broking client account; and receive non-financial benefits from insurers such as, for example, training grants, conference fees, equipment, social functions, gifts and gratuities.

4.8 We reserve the right to:

set off any outstanding sums that you owe us in connection with any of our Services from any money we receive or hold on your behalf; and charge you an administration fee for issuing replacement policies, certificates, copy policies or certificates requested by you and/or other parties.

4.9 We also reserve the right to retain in full all remuneration that we have earned, even if a policy is cancelled before the expiry of the period of insurance and not replaced by another Policy. In this situation, we will refund you the returned premium we receive from insurers less any cancellation or administrative fee imposed by the insurer, but we will not refund you any proportion of any

commission, brokerage or fee we have received. You acknowledge that our remuneration is not conditional on a Policy being entered into.

## **5. Extent of our liability**

5.1 If you are a “consumer” for the purposes of the Fair Trading Act 1986 and Consumer Guarantees Act 1993, nothing in these Terms excludes, restricts or modifies the application of any provision, the exercise of any right or remedy, or the imposition of any liability that we may have under the Fair Trading Act 1986 or the Consumer Guarantees Act 1993.

5.2 We make no representation or warranty concerning, and will not be responsible for, the solvency or ability of any insurer to pay claims. We will only recommend insurers with a rating of at least A- from Standard & Poor’s, or B+ from A M Best, unless no such insurer is available or there are other special circumstances, in which case we will advise you of this fact and the options for insurers with lower ratings, if any.

5.3 We will keep you informed of an insurer’s financial strength rating for the purposes of the Insurance (Prudential Supervision) Act 2010, or, if applicable, an insurer’s exemption from the rating requirement (as may be the case).

5.4 While we will endeavour to provide you with relevant and up to date information, we are not responsible for the accuracy or reliability of information we receive from an insurance company, reinsurer or other party which we then forward to you.

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

5.6 We will not be responsible for any payments made in relation to those insurances prior to our appointment (including payment of premiums and claims);

5.7 We will review the relevant insurance policies within 60 days of our appointment, or as soon as practicable following receipt of the document(s), whichever is the later, and discuss with you any relevant issues we identify with those insurance policies; and

5.8 We will not be responsible for the adequacy or appropriateness of such insurances for your needs, prior to our review and the implementation of any changes we recommend.

5.9 We will not be responsible for the actions of any insurer or its ability or willingness to pay claims, return premiums, or meet its other financial or legal obligations.

5.10 Subject to clause 5.1 and to the extent permitted by law, the maximum aggregate liability BDI and any of our related companies arising out of or in connection with these Terms will be limited to NZ\$1,000,000.00.

5.11 Subject to clause 5.1 and notwithstanding clause 5.6, in no event will we be liable for any indirect, special or consequential loss, or for any loss of business, loss of profit or loss of data, however arising.

## **6. Disclosure of Interest**

6.1 We make every attempt to manage appropriately any situation in which there may be a conflict of interest. Should we become aware of a situation where a conflict of interest could arise, we will disclose it to you.

## **7. Free Look or Cooling Off Period**

7.1 Some insurers may provide insurance which allows for a “free look” or “cooling off” period during which the insurance may be cancelled by you without penalty and without giving reason within a specified period from its commencement.

7.2 Cancellation may be exercised by notice in writing to us from a person(s) authorised to represent each of the parties who are named as insured, quoting your policy number.

7.3 Should you cancel the insurance within the “free look” or “cooling off” period and in accordance with any other requirements imposed by the insurer, the insurers will normally refund any premium, provided no claim(s) have been made. In such cases, our commission will also be refunded.

## **8. Complaints and Disputes**

8.1 If you are not fully satisfied with our services please contact us in writing, addressed to “The Manager” and provide details of your complaint. Your complaint will be acknowledged in writing and we will endeavour to resolve any issues within 20 working days in accordance with our internal complaints process.

8.2 If you remain dissatisfied, you have the right to refer your complaint to our dispute’s resolution provider FSCL. You may also have a right to complain to the Insurance Brokers Association of New Zealand Inc Discipline and Complaints Committee.

Refer to the website [www.ibanz.co.nz](http://www.ibanz.co.nz) for additional information.

## **9. Termination**

9.1 Either party may terminate these Terms by giving written notice of cancellation to the other party, such notice to be effective on the date specified in it, which may be immediately.

9.2 If, pursuant to clause 9.1, we receive a cancellation notice from you or we provide you with a cancellation notice, we will on the date of cancellation cease providing you any Services and:

9.2.1 withdraw from any negotiations in progress with insurers or other parties, including, without limitation, any claims or renewals of Policies;

9.2.2 return any premiums we have received from you but not yet disbursed; and/or

9.2.3 upon request, deliver to you copies of relevant correspondence we have had with your insurer(s) in respect of any current claim.

9.3 You acknowledge that providing us with a cancellation notice under clause 9.1 will only terminate our provision of the Services to you and it will not terminate your Policies. We will not cancel any of your Policies without specific written instruction from a person/persons who is/are authorised to represent each of the parties who are named as insureds in the Policy. We may also require the approval of any interested parties noted in Policy. You acknowledge that:

9.4 We may not be able to cancel a Policy without the insurer’s approval; and

9.4.1 some Policies contain a non-cancellation clause or cancellation penalties which, for the avoidance of doubt, you will be responsible for paying.

## 10. General

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

10.2 We handle personal information we collect and hold about you in accordance with standard privacy policy practice.

10.3 Subject to your express consent in accordance with the Unsolicited Electronic Messages Act 2007, we may enter your details into our marketing database in order to send you email communications with regard to our business or the insurance industry. You may revoke such consent at any time, and we will remove you from our marketing database.

10.4 Any failure by us to enforce any right or obligation under these Terms will not in any way limit or waive our right to subsequently enforce such right or obligation.

10.5 If any part of these Terms becomes invalid or unenforceable for any reason whatsoever, the remaining terms will continue to apply, subject to any modifications as are necessary to continue to give effect to them.

10.6 These Terms are governed by the laws of New Zealand and the parties submit to the exclusive jurisdiction of the New Zealand Courts.

10.6.1 No cover or action by us shall be deemed to be taken or given until confirmed by us in writing.