

Independent Contractors Insurance Product Summary

WHAT IS A PRODUCT SUMMARY?

It gives you an idea of what an insurance policy has to offer, and the main facts about the cover, without going into all of the terms and conditions.

This one outlines how the Customise Consulting Insurance programme works.

If you need more information, please email

THE COVER IN A NUTSHELL

What types of insurance is included:

Professional Indemnity, Public Liability and Statutory Liability cover which is underwritten by AIG, A- Financial Strength Rating.

Why is it so cheap?

The insurance is arranged by a binding agreement with AIG via a binder agreement. It is for this reason that our application and administrative process is so quick, and why this comprehensive cover can be provided so competitively. Through AIG, are able to provide one of the widest combined liability wordings available with low premiums.

Why do Contractors need it?

Customise Consulting guarantees their recruitment processes with the clients that they place you with. Just as they carry a responsibility to protect themselves from mistakes they make, as a Contractor, you also carry a responsibility to Customise Consulting and the Client, and either one of them have recourse against you for financial loss or damage. The chance of a claim is small but the chance of a claim being large is high!

Remember, as a Contractor you are in the business of selling your knowledge and expertise to others who are ready to pay a price. Lawyers are required by law to have professional indemnity insurance; Doctors aren't practice without it. Anyone who is in the business of giving professional advice, design work or consultancy in any capacity can be sued for making a mistake.

This programme is not designed for anyone in manual labour (e.g. construction or welding work).

The Insurances explained:

Professional Indemnity covers compensation you have to pay because of problems with your work, such as professional error, omissions, or neglect towards a third party to whom you owe a duty of care.

Public Liability covers you if an accident happens that involves third party property damage or bodily injury that is a result of something your business has done and you are sued for compensation. Typically we think of spilling liquid on a client's computer that goes up in pretty white smoke, or an accident caused by your "stuff" that you left lying around.

Statutory Liability covers you for the legal costs and expenses to defend yourself against a breach of Statute, Regulation or Act of Parliament (for example, Fair Trading Act, Privacy Act)

Key Benefits Include:

- Civil Liability: You may fail in a duty of care to your client, perhaps giving incorrect advice or making a mistake in your work
- Breach of Contract: You may breach a written contract to supply products that don't conform to the written specification contained in the contract.
- Infringement of Intellectual Property Rights like Copyright or Trademark
- Defamation
- Loss of your Client's documents
- Cover is extended to include the supply of "deliverables" like software or hardware, ensuring effective cover for IT Contractors
- Licensee Intellectual Property Rights: This is valuable for Software Designers as it provides your clients with legal defence protection against recovery claims being brought by their own customers. For example, if the customer is sued for breaching intellectual property rights using your client's software.

The small print: significant or unusual exclusions or limitations

- We can only cover work that you have told us about and that we've agreed to insure (that is, this policy will cover you for your contracting work whilst you are engaged to Customise Consulting only)
- You will have to pay an initial contribution towards each claim (excess, deductible or retention). This is \$2,500 for the Professional Indemnity policy and \$500 for the Public Liability and Statutory Liability policy. Project Managers will incur a higher excess of \$5,000 under both the Professional Indemnity and Public Liability policies.



- You must take reasonable steps to fix any defects in deliverables which are supplied to a client.
- Claims relating to counterfeit goods, including software, are not covered unless you got them from a source approved by the originator of the goods.
- The insurer won't pay claims for losses or damages against you where your contractual terms go beyond the duty of care you would ordinarily owe at common law.
- Cover is restricted to activities carried out in New Zealand and Australia unless otherwise agreed by your Insurer (except Statutory Liability which is restricted to New Zealand only).
- Any claims or circumstances which could result in a claim in the future, or shortcomings in your work which you knew about or ought to have reasonably known about, before the policy started are not covered

Claims examples:

- An IT Contractor was hired to write a database for a firm to track its customer base, with the expectation of future increased sales. Due to a software bug, the database never functioned properly leading to lost sales.
- A Management Consultant can incur claims for loss of data, breach of contract, or claims while you were acting as an "Interim Manager" (e.g. a company suffered a financial downturn and sues the Interim Manager claiming their strategic advice was the cause).
- A Marketing Consultant can inadvertently put incorrect amounts of mailers out and the client refuses to pay the complete print costs; or there are errors in printing brochures including distorted images or ones used without obtaining the necessary permission.
- A Structural Engineer was providing structural calculations for a first floor extension of a residential building. It was alleged that the calculations were inaccurate. The building experienced subsidence during the building works. The cost of the claim included substantial repair costs at \$680,000.
- An Accountant can fail to spot a serious fraud due to inadequate audit procedures.

Policy length

The Customise Consulting Contractors programme runs 12 months from the inception date of the policy.

How can I apply?

Simply complete the declaration form and return it to your Customise Consulting Consultant who will forward it to Brokers for underwriting and processing. AIG will provide Customise Consulting with a certificate confirming cover is in place for you.

The boring bits

Your premium and insurance cover will be based on the details you provide to us.

You are responsible for providing complete and accurate information which insurers require in connection with any application for insurance cover.

You should inform us immediately of any changes in circumstances that may affect the services provided by us or the cover provided by your policy. This is particularly important before taking out the policy, but it also applies to the life of the policy.

If you fail to disclose any material fact or other information material to the insurance, this could invalidate the policy and mean that claims may not be paid.

You should read and check all insurance documents issued to you and ensure that you are aware of the cover, limits and other terms that apply.

Particular attention should be paid to any terms and conditions of your policy as failure to comply with them could invalidate it.

In the event of a claim, you should take note of the required procedures, which are stated in the policy documentation.

You have an obligation to take reasonable steps to mitigate any loss.

If you need to make a claim, please contact us directly on 09 889 2848 or email admin@customiseconsulting.co.nz. You will need to provide full details of the claim including the date and the amount and circumstances of the loss.

Questions, complaints?

Customise Consulting aims to provide you with a high level of service at all times, but if you are ever unhappy about anything we do – or fail to do – please contact us and we'll do all we can to put things right.

To end on a lighter note, we hope you'll feel free to get in touch any time, with any questions about this programme or business insurance in general.

