

Audit Insure

Commercial Accident Insurance Policy

About this booklet

This booklet contains 2 separate parts:
General Information and the Policy Terms and Conditions.

General Information

This part of the booklet contains information you need to know before you take out a Policy. Please read it carefully before taking out this insurance.

Policy Terms and Conditions

The Policy part of this booklet contains the Policy Terms and Conditions, which detail all the terms, conditions and exclusions relating to the Policy. It forms part of your legal contract with us.

If we issue you with an insurance policy, you will be given a Policy Schedule. The Policy Schedule sets out the specific terms applicable to your cover and should be read together with the Policy Terms and Conditions.

The Policy Terms and Conditions and the Policy Schedule we send to you form your legal contract with us so please keep them in a safe place for future reference.

If you require further information about this product, please contact your Financial Services Provider.

About QBE Australia

QBE Insurance (Australia) Limited is a member of the QBE Insurance Group (ASX: QBE). QBE Insurance Group is Australia's largest international general insurance and reinsurance group, and one of the top 25 insurers and reinsurers worldwide. The company has been operating in Australia since 1886 and continues to provide industry-leading insurance solutions that are focused on the needs of intermediaries and their clients.

QBE is a household name in Australian insurance, backed by sizeable assets, and well known as a strong and financially secure organisation.

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GENERAL INFORMATION FOR AUDIT INSURE POLICY

The information contained in this part is general information only and does not form part of your contract with us. The Policy Terms and Conditions in the rest of this booklet contain details of your contract.

Duty of Disclosure – What you must tell us

Under the Insurance Contracts Act 1984 (the Act), you have a Duty of Disclosure. You are required before you enter into, renew, vary, extend or reinstate your Policy, to tell us everything you know and that a reasonable person in the circumstances could be expected to know, is a matter that is relevant to our decision whether to insure you, and anyone else to be insured under the Policy, and if so, on what terms.

- **You do not have to tell us about any matter**
 - that diminishes the risk
 - that is of common knowledge
 - that we know or should know in the ordinary course of our business as an insurer, or
 - which we indicate we do not want to know.
- **If you do not tell us**

If you do not comply with your Duty of Disclosure we may reduce or refuse to pay a claim or cancel your Policy. If your non-disclosure is fraudulent we may also have the option of avoiding the contract from its beginning.

Privacy

Privacy legislation regulates the way private sector organisations can collect, use, keep secure and disclose personal information. We are bound by the Privacy Act 1988 (Cth.), when collecting and handling your personal information. QBE has developed a privacy policy which explains what sort of personal information we hold about you and what we do with it.

We will only collect personal information from or about you for the purpose of assessing your application for insurance and administering your insurance policy, including any claims you make. We will only use and disclose your personal information for a purpose you would reasonably expect.

We may need to disclose personal information to our reinsurers, (who may be located overseas), insurance intermediaries, insurance reference bureaux, credit reference agencies, our advisers and those involved in the claims handling process (including assessors and investigators), for the purposes of assisting us and them in providing relevant services and products, or for the purposes of litigation. We may disclose personal information to people listed as co-insured on your policy and to family members or agents authorised by you. We may also disclose information to organisations which conduct customer service surveys on our behalf. We will request your consent to any other purpose.

By providing your personal information to us, you consent to us making these disclosures. Without your personal information we may not be able to issue insurance cover to you or process your claim.

You also have the opportunity to find out what personal information we hold about you and, when necessary, correct any errors in this information. Generally we will do this without restriction or charge. For further information about our Privacy Policy or to access or correct your personal information, please contact The Compliance Manager, QBE Insurance (Australia) Limited, GPO Box 82 Sydney NSW 2001. Telephone: (02) 9375-4656, Fax: (02) 8275-9022 or Email: compliance.manager@qbe.com

The General Insurance Code of Practice

QBE Insurance (Australia) Limited is a signatory to the General Insurance Code of Practice. The Code aims to:

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

Dispute resolution

We will do everything possible to provide a quality service to you. However, we recognise that occasionally there may be some aspect of our service or a decision we have made that you wish to query or draw to our attention.

We have a Complaints and Dispute Resolution Procedure which undertakes to provide an answer to your complaint within 15 working days.

If you would like to make a complaint or access our internal dispute resolution service please contact your nearest QBE office and ask to speak to a dispute resolution specialist.

Cooling-off information

If you want to return your insurance after your decision to buy it, you may cancel it and receive a full refund. To do this you may notify your Financial Services Provider electronically or in writing within 21 days from the date the Policy commenced.

This cooling-off right does not apply if you have made or are entitled to make a claim. Even after the cooling-off period ends, you still have cancellation rights however your Financial Services Provider may deduct certain amounts from any refund for administration costs or any non-refundable taxes.

If your Policy is for an event that will start and finish within the 21 day cooling-off period, you can only exercise your right before the event starts or the expiry of the cooling-off period, whichever is the earlier. For example, for travel insurance, the commencement of the journey is the event.

Queries about this Policy

If you have any queries regarding this Policy, please visit the website: www.auditinsure.com or feel free to call Underwriting Australia Pty Ltd on (02) 9261 4221 and we will be happy to answer any questions you may have.

Please address any written correspondence to:

Underwriting Australia Pty Ltd
PO Box 20757
World Square NSW 2002

POLICY TERMS AND CONDITIONS FOR AUDIT INSURE POLICY

Insurer

The Policy is underwritten by QBE Insurance (Australia) Limited, ABN 78 003 191 035, AFS Licence No. 239545 of 82 Pitt Street, Sydney.

Our agreement with you

This Policy is a legal contract between you and us. You pay us the premium, and we provide you with the cover you have chosen as set out in the Policy, occurring during the period of insurance shown on your Policy Schedule or any renewal period.

The exclusions in the section(s) headed 'When you are not covered' and conditions in the section headed 'General Conditions' apply to all types of cover.

Your Policy

Your Audit Insure Policy consists of the Policy Terms and Conditions in this booklet and the Policy Schedule we give you. This Policy together with your Policy Schedule will provide a detailed description of the scope of cover, benefits and conditions that are applicable to the insurance protection provided to you. Once established, the Policy remains in force until it is terminated by you or us. Please refer to termination under the heading 'General Conditions'.

The Policy is structured to reimburse you for Professional fees incurred where your clients subscribe to your audit management service and are subject to an Audit by a government agency.

You may elect to offer whatever scope of inquiry, investigation, review or audit service to your clients as you wish, however, you may only recover under this Policy to the extent of the scope of cover provided.

On this basis, there could be gaps between the scope of service you may wish to provide to your clients and that recoverable under this Policy which means that you will have to self fund these gaps. You are not however providing insurance cover to your clients.

Please read your Policy carefully, and satisfy yourself that it provides the cover you require.

If you want more information about any part of your Policy, please ask us, or your Financial Services Provider.

The address and telephone number of your QBE branch are on your Policy Schedule.

You should keep your Policy Booklet and Policy Schedule together in a safe and convenient place for future reference.

Paying your premium

You must pay your premium by the due date. If we do not receive your premium by this date or your payment is dishonoured this Policy will not operate and there will be no cover.

Preventing our right of recovery

If you have agreed not to seek compensation from another person who is liable to compensate you for any loss, damage or liability which is covered by this Policy, we will not cover you under this Policy for that loss, damage or liability.

How Goods and Services Tax affects any payments we make

The amount of premium payable by you for this Policy includes an amount on account of the GST on the premium.

The sum insured and other limits of insurance cover shown on your Policy documentation are GST exclusive.

When we pay a claim, your GST status will determine the maximum amount we pay.

When you are:

- (a) not registered for GST, the maximum amount we pay is the sum insured or the other limits of insurance cover including GST.
- (b) registered for GST, the maximum amount we pay is the sum insured or the other limits of insurance cover less any Input Tax Credit to which you are entitled or would be entitled if you made a relevant acquisition. In these circumstances, the Input Tax Credit may be claimable through your Business Activity Statement (BAS).

You must tell us whether you were entitled to claim an Input Tax Credit on the premium at the time of making a claim under the policy.

Where the settlement of your claim is less than the sum insured or the other limits of insurance cover, we will only pay an amount for GST (less your entitlement for Input Tax Credit) applicable to the settlement. This means that if these amounts are not sufficient to cover your loss, we will only pay the GST relating to our settlement of the claim.

We will (where relevant) pay you on your claim by reference to the GST exclusive amount of any supply made by any business of yours which is relevant to your claim.

GST, Input Tax Credit, Business Activity Statement (BAS) and Acquisition have the same meaning as given to those expressions in A New Tax System (Goods and Services Tax) Act 1999 and related legislation as amended from time to time.

Taxable Percentage is your entitlement to an Input Tax Credit on your premium as a percentage of the total GST on that premium.

Words with special meanings

Some key words and terms used in this Policy have a special meaning.

If words and terms are only used in just one Section of the Policy, we will describe their special meaning in that Section.

Wherever the following words or terms are used in the Policy, they mean what is set out below:

| Word or Term | Meaning |
|----------------------------------|--|
| Annual audit protect fee/premium | the annual fee or premium your clients pay to acquire audit protection against inquiries, investigations, reviews or audits they are exposed to. |
| Audit | <p>any form of examination, enquiry, investigation, review or audit of you or your lodged returns initiated by a Government Authority or Agency involved in the administration of taxes, duties, Superannuation Guarantee contributions, or Work Cover or Work Safe premiums, as applicable, and shall include a wage audit review conducted by or on behalf of your insurer</p> <p>This definition does not include:</p> <ul style="list-style-type: none"> (a) any form of activity involving a review relevant to maintaining industry status, licence, membership, any form of occupational health and safety type compliance, similar requirements, or (b) any form of activity involving a review of how the professional firm assisting the insured party undertakes its professional duties, or (c) any form of practice or procedural audit of any of your files or those of the insured party, or (d) any activity involving a government agency gathering information or data that is not part of an audit, or (e) any activity involved in the familiarisation, education, training, application, implementation, process or operation of any amendments or changes to existing, or the introduction of new, government or industry regulation. |

| Word or Term | Meaning |
|---------------------|---|
| Insured listing | the monthly listing compiled that details those clients whom have sought your audit management service; and are listed on the monthly listing as an individual, trust, superfund, a sole trader, business or operating entity or any other form of tax or duty payer. With respect to a business or operating entity, audit management service extends to all entities within a common majority ownership (50% or more) structure unless these related entities are separately listed. We will automatically cover any additional business or operating entities acquired during the period of insurance, however, the existing limit of liability will remain the same. Otherwise the acquired entities have to be listed and a separate limit of liability applied. |
| Insured party | those parties whose returns you wish to cover for audit management service under this Policy and are listed on the insured listing as an individual, individual with an investment portfolio or rental properties, Passive Trust, Private Superfund, a business or operating entity and BAS entities. With respect to a business or operating entity, cover extends to all entities within a common majority (50% or more) ownership structure unless the various entities wish to be separately listed. |
| Limit of liability | the maximum amount payable for all claims that relate to the listed insured during the period of insurance regardless of the number of claims. The maximum amount is that amount declared in the insured listings. |
| Notification date | the date when you or your representative were first made aware of a potential audit, either verbally or in writing. |
| Period of insurance | the twelve (12) month period from the date the insured party is listed on the insured listing. |
| Policy Schedule | the schedule of insurance or any endorsement schedule we give you. |
| Premium | the prescribed amount and includes GST, stamp duty and an administration fee. |

| Word or Term | Meaning |
|--------------------|--|
| Professional fees | reasonably incurred fees, costs and expenses of a practising accountant or any other professional you may need to engage such as a qualified advisor, solicitor, lawyer or other professional and disbursement costs. Professional fees does not include professional fees to complete relevant returns, questionnaires or documents required by a government authority or agency that the insured party would ordinarily be required to complete and supply or costs, associated with the reconstruction or rewriting of the insured party's records required for the purpose of the audit. |
| Return | any return legally required to be and actually lodged with a government agency. |
| Territorial limits | Australia, its States or Territories. |
| We, our or us | QBE Insurance (Australia) Limited, ABN 78 003 191 035. |
| Website | www.auditinsure.com |
| You or your | the person(s), companies or firms named as the holder of the Policy on the current Policy Schedule. |

What you are insured against

The Policy covers audits on returns where the audits first occur, and are notified to us, during the period of insurance.

In consideration of the insured party being listed in the insured listing and the relevant premium having been paid, we agree to pay for professional fees reasonably and properly incurred, up to the limit of liability as represented in the insured listings, in connection with assisting in responding to or defending an audit of a return lodged with a government agency.

The words 'first occur, and are notified to us' means that, if during the period of insurance, you first become aware of an audit and you notify us during or within 30 days after the period of insurance, then we will acknowledge that a claim has been lodged with us. On the other hand, if you first become aware of an audit and you don't notify us during or within 30 days after the period of insurance, then there is no claim under this Policy.

In addition, if a claim occurs and was not notified to us during the last period of insurance and the policyholder has renewed their Policy with us and the specific client being audited has been re-listed as an insured party for a further 12 months, we will accept the claim and settle 75% of the professional fees being claimed.

Cover does not apply to anything which, prior to the insured party being listed on the insured listing, you or the insured party knew, or ought reasonably to have known, was likely to give rise to a claim under this Policy.

Insured parties

Where your clients participate in your audit management service and you wish to be compensated by this Policy, your clients need to be listed as an insured party on the insured listing and reported to us on a monthly basis together with the relevant premium.

Fees/premiums or fees/premium changes will be advised to you from time to time and displayed on the website.

Insured parties will be insured for a period of 12 months (i.e. period of insurance) from the month of their details appearing on the insured listing. At the end of 12 months, insurance ceases for each insured party and they need to further participate in your audit management service to be relisted again to ensure continuation of cover for a further 12 months.

It is important to note that this Policy does not cover the costs of responding to audits of any insured party unless the Policy is current and the insured party is listed on the insured listing and we have received payment of the premium.

Conduct of an Audit

The insured party must assist you or any other professional you may engage on their behalf to provide any information and documentation reasonably required for the management and payment of claims under this Policy.

You must take all reasonable action, including the utilisation of relevant staff for the work to be undertaken and apply standard hourly rates, so that professional fees incurred are fair and reasonable for the type of audit being managed.

We shall be entitled to obtain any information, report, document or advice relating to the audit from you or from the insured party or their representatives, subject however, to your and their right to refuse to agree on the grounds that to do so might prejudice your or their interest in any litigation subsequent to the audit or the information or documents are deemed sensitive information and are not relevant to assessing and administering a claim.

When you are not covered

General exclusions applying to this Policy

We shall not be liable to make any payment:

- (a) in respect of returns lodged where the Insured Party is seeking a refund of tax or duty that involves further substantiation between the Insured Party and the relevant government agency. This exclusion doesn't apply where the relevant government agency submits the insured party to an official review or audit
- (b) in respect of any audit where a return has been prepared, lodged or submitted dishonestly or fraudulently
- (c) in respect of any audit where the culpable behaviour of the insured party is assessed by the government agency as a case of deliberate evasion or recklessness
- (d) for professional fees that are:
 - (i) associated with any criminal prosecution
 - (ii) associated with any return lodged outside the territorial limits, or

- (iii) for any return lodged more than three months outside the lodgement date prescribed or the date prescribed in an authorised extension of time for lodgement, approved in writing by the relevant government authority or agency.
- (e) for any amounts payable pursuant to an amended notice of assessment or adjustment including but not limited to any additional tax, duty, government impost or similar payments
- (f) for any fine or penalty imposed
- (g) in respect of a fraudulent claim
- (h) for a claim arising from any:
 - (i) circumstances known prior to you or the insured party with a notification date prior to the insured party being listed on the insured listing, or
 - (ii) verbal or written notice of an impending audit given to you or the insured party prior to the insured party being listed on the insured listing
- (i) in respect of any audit of that part of a return that includes a deduction, rebate or claim for tax or duty relief arising out of a mass marketed arrangement adopted for the principal purpose of obtaining that deduction, rebate or claim for tax relief, unless the mass marketed arrangement has received a prior product ruling from the relevant government agency.
- (j) for any costs incurred for any legal action taken against the insured party
- (k) for any costs incurred for any legal action instituted by the insured party
- (l) for any audits or investigations of returns where the insured party has entered into any form of administration or receivership, liquidation, insolvency, winding up or similar process or are insolvent as defined in the Corporations Act 2001 or are bankrupt within the meaning of the Bankruptcy Act 1966.

General conditions

Changing your Policy

If you want to make a change to this Policy, the change becomes effective when:

- we agree to it, and
- we give you a new Policy Schedule detailing the change.

Other interests

You must not transfer any interests in this Policy without our written consent.

Any person whose interests you have told us about and we have noted on your Policy Schedule is bound by the terms of this Policy.

Termination

This Policy has been issued without any insured parties being listed or any premiums having been paid. The Policy remains in force until such times as we terminate.

We may terminate immediately if you or your representatives:

- (a) breach the duty of utmost good faith
- (b) breach a provision of the Policy
- (c) fail to maintain and subsequently correct after reasonable written warning from us, proper records of those clients wishing to be insured parties
- (d) fail to pay to us the appropriate premiums
- (e) make a fraudulent claim under any policy of insurance
- (f) take financial advantage of the insurance protection provided under this Policy by inflating professional fees either by unsupported hours or utilising proper staff resources
- (g) engage in any act or omission which under the Policy you are required to notify us of but which you do not notify us of, or
- (h) engage in any act or omission that under the terms of this Policy authorises us to refuse to pay a claim either in whole or in part.

We may terminate by giving 90 days notice if we no longer wish to underwrite this type of insurance.

If we terminate, we will give you a notice in writing to your address last known to us.

Notices

Any notice we give you will be in writing, and it will be effective:

- if it is delivered to you personally, or
- if it is delivered or posted to your address last known to us.

It is important for you to tell your Financial Services Provider of any change of address as soon as possible.

Changes to information previously advised

You must tell us as soon as possible if circumstances occur, or if changes or alterations are intended or made which increase the risk of loss, damage or injury.

What you must do when you have an Audit Insure Policy

You must:

- (a) use your best endeavours and give due consideration to compliance with the various legislation, procedures or guidelines issued by the relevant government authority or agency
- (b) fully comply with all legal requirements in respect of the proper maintenance of records, books and other documents common for your profession
- (c) use your best endeavours to properly respond to any audit being undertaken against any insured party
- (d) ensure that you and your representatives assist us to settle any claim in a timely manner, and
- (e) tell us of any other insurance you have that may also cover claims under this Policy.

Claims

What you must do

(a) Notification

You must:

- (a) give written notice that an audit is to be conducted by a government authority or agency within one month of being advised. The written notice must be the completed claims advice form and include a copy of the notice from the government agency that clearly identifies the type of audit to be conducted, or
- (b) where an audit has commenced in the absence of any notification document being issued by the government agency, for e.g. upon a visit by an officer of a relevant authority, provide us with a letter signed by you verifying that an audit has in fact commenced, including details of the date of the first visit by the officer of the government agency, together with the officer's full name, title and telephone contact details.

Notification:

Underwriting Australia Pty Ltd
PO Box 20757
World Square NSW 2002
Telephone: 02 9261 4221

(b) Claims Submissions

You must submit claims documentation for assessment by us as follows:

- (a) a completed claims advice form
- (b) where the government authority or agency has issued a document notifying or informing the insured party of the commencement of an audit, a copy of that document
- (c) a tax invoice in the name of:

QBE Insurance (Australia) Limited
82 Pitt Street
Sydney NSW 2000

 and provide a copy
- (d) where you engage other professionals, they must invoice you and you include their fees in your tax invoice and have them provide details as outlined in (e) below
- (e) where over \$1,000, a detailed breakdown of the professional fees incurred identifying partners and employees involved; work undertaken; the number of hours involved; the hourly rate; the total of disbursement costs and the total of professional fees incurred (typically this information is contained in standard 'work in progress' reports)
- (f) proof of lodgement dates that relevant returns were lodged with the government agency
- (g) final written confirmation from the relevant government authority or agency advising that the audit has been finalised.

(c) Claims Payments

When we pay a claim we will make any payment to you.

Most audits are completed within a short period, thus the final payment is submitted as part of the initial claim. Where the audit continues over an extended period, we will make progress payments, however, you will be required to acknowledge, in writing, that should the claim be ultimately rejected because of the application of an 'Exclusion' (refer 'When you are not covered') you must repay us any amounts already paid.

What we do

We may take over and conduct the defence or settlement of any claim or issue legal proceedings for damages. If we do this we will do it in your name. We have full discretion in the conduct of any legal proceedings and in the settlement of any claim. You must co-operate by giving us any statements, documents or assistance we require. This may include giving evidence in any legal proceedings.

What can affect a claim

We may refuse to pay a claim if you are in breach of your Duty of Disclosure or any of the conditions of this Policy, including any endorsements noted on or attached to the Policy Schedule. We pay only once for loss or damage from the same event covered by this Policy. We may be entitled to refuse to pay or to reduce the amount of a claim if:

- it is in any way fraudulent, or
- any fraudulent means or devices are used by you or anyone acting on your behalf to obtain any benefits under this Policy,
- professional fees incurred where the amount of any amended assessment issued by a relevant government agency is greater than 25%. Large amended assessments tend to indicate that there has not been complete disclosure at time of lodgement or audit and that additional professional fees have been incurred to manage the issue.