

# IUA simplified interruption insurance

## Why you should be using IUA

### **IUA business interruption cover is different from other policies.**

For us, Business Interruption Insurance is about creating certainty rather than doubt. We can tailor a product to suit the business rather than the business fitting the policy. We will listen and help you with your calculations and arrange cover for your client.

We have been around for a long time too. IUA started in 1985, initially in Sydney and within 10 years had an office in Sydney, Brisbane, Melbourne and Adelaide. 31 years on and in a changing world of technology we now have an office in Sydney and Melbourne.

IUA services all cities in all states and territories. As part of our service we'll visit you and discuss the most appropriate business interruption cover for your clients. Above all, we want to be transparent in the cover we arrange, so we'll always provide a worksheet so you can see exactly how we've arrived at our calculations.

Our experienced underwriters started with IUA when it was in its infancy. Christopher Connolly in 1990 and Leo Quoye in 1992. Together they have over 50 years specialising in Interruption Insurance. Added to their experience is QBE as the security underwriter.

IUA's Simplified Interruption Insurance is made up of 3 main parts

1

Insured Gross Profit  
(Policy Item 1)

2

After Loss Costs  
(Policy Item 2)

3

Additional Benefits



Interruption Underwriting Agencies

## Key Features

Designed for the business, the wording and terminology of the Policy is easy to understand, which means the claim's basis of settlement is easy too.

## Easy to Quote

There are 3 main elements we need to provide a quotation:

1. What they do
2. Sales turnover
3. Where they are

Other basic Underwriting Information:

- Construction, age and condition of building
- Security protection
- Fire protection
- Claims history

Of course, any other information in accordance with your client's duty of disclosure.

## No Average

This single subject must be the greatest red herring of the industry. The Policy does not apply average which means that the limit is the limit. The Policy provides for an agreed Rate of Insured Gross Profit.

## Extended Indemnity Period

We believe all businesses need a long indemnity period and encourage 2 years. Having said this, we understand that different scenarios have different requirements. There is a minimum indemnity period of 13 weeks.

An example of an extended indemnity is where a 12 month Gross Profit is insured and a 2 year indemnity period is selected. The theory behind this is best explained in a hypothetical claim scenario whereby a commercial laundry suffers a fire. By all accounts it is a "Total Loss", however, from a business interruption point of view this is not the case. Within weeks the Insured has outsourced the production to a third party and have started to pay increased costs. The result of this is that the Insured was able to keep the majority of customers and minimised the loss of turnover.

By month 9 the laundry moved into its new premises. What this highlights is that the 12 month Insured Gross Profit was never exhausted, in fact only a portion of it was paid. By extending the indemnity period to 2 years the residual limit of liability can be paid for the extended loss of turnover.

The alternative of 2 years Insured Gross Profit can be cost prohibitive and is often not taken up.

Remember, the Policy does not have a co-insurance clause.

## **Public Utilities**

An analysis of our claims shows that the Public Utilities cover leads by number. The Policy has no time deductible and a standard sublimit of \$1,000,000 which is one of the industry leaders (or 50% of the Maximum Liability – whichever is the lesser). Land based utilities include electricity, gas, water, sewerage and communication products or services.

## **Suppliers' and / or Customers' Premises**

The Policy cover for Suppliers' and Customers' Premises is one of the broadest covers in the current market because it extends to supply chain. The Policy has no time deductible and the standard sublimit of \$1,000,000 is one of the industry leaders (or 50% of the Maximum Liability – whichever is the lesser).

## **Infectious or contagious diseases; vermin, pests or defective sanitary arrangements; murder, suicide**

Full Policy Limit and no time deductible.

## **Premises in the Vicinity (Prevention of Access)**

Full Policy Limit and no time deductible.

## **Anywhere in Australia**

The Policy provides cover for property anywhere in Australia.

## **Registered Vehicles, Plant and Equipment**

One of the unique advantages of a stand alone interruption policy is that it is not tied to following the accompanying material damage policy such as the ISR or the Bizpack. The Policy will respond to the Material Damage section of a stand alone Plant & Equipment Policy. This is a very important point which is often overlooked.

## **Property Owners**

A stand alone cover for property owners can be arranged, provided of course, that there is material damage cover in force. One of the important aspects of this cover must be the indemnity period. With council approvals, bringing the building up to code and plans, it is more than likely that 12 months will not be enough.

## **Perils Exclusions**

An overview of the most frequently discussed exclusions contained in the Policy include:

13. Malicious Damage by tenants of the Insured where the Insured is the landlord.  
Unless caused by fire, water or explosion.
14. The Insured's failure to keep proper business books or financial records
- 16a. Flood – This cover can be endorsed by referral. There must of course be MD cover in force for flood.
- 17b. Terrorism
18. Electronic Data

## **Endorsements by referral**

Overseas Customers and Suppliers

Draw Card Premises

Prevention of Access extended to include Bushfire

Goodwill

Flood

## Interruption Underwriting Agencies

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This brochure is intended for intermediaries only. The information contained in this brochure is not intended to be financial product advice and is descriptive only. The precise coverage provided is subject to the terms and conditions of the Policy when issued.

Miramar Underwriting Agency trading as Interruption Underwriting Agencies (ABN 97 111 534 797, AFSL 314 716) ('IUA') arranges the contract of insurance as agent for and on behalf of OBE Insurance (Australia) Limited (ABN 78 003 191 035, AFSL 239545), the insurer of the Policy.