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Cessation of Difference in Conditions (DIC)/ Difference in Limit (DIL) and Application of Extended Continuous Cover Clause

Summary

- A. Cessation of DIC/DIL
- B. Continuation of ECC for Transferred risks with annual premium up to \$20k under Partnership Agreement

We truly value your support and trust that our relationship continues to be beneficial to you. In the last six years, our professional indemnity and general liability portfolios have grown to more than \$100M annual GWP - which has provided stability in our portfolio. This could only have happened because of your support and your confidence in our organisation - and for this we thank you.

As part of the benefits in transferring part of your professional indemnity portfolio to us, we provided on selected transferred risks extended continuous clause (ECC) duly endorsed in the policy schedule and on some risks DIC/DIL cover. Since October 2015 when we started operation, many things have changed including the stricter compliance obligations of insurers, tougher risk management of exposures of insurers leading to tightening of market capacity and the conditions under which capacity is offered and in this respect the offering of DIC has come under the microscope.

As such, from 30 April 2022, we will not provide DIC/DIL on new and renewal risks. However, we will continue to provide ECC on transferred risks with annual premium below \$20,000 for existing and new business risks but with some exceptions such as for high exposure risks.

As you will no doubt be aware the Extended Continuous Cover endorsement is an expansion of the Continuous Cover clause to allow (subject to its qualifications) a late notification of a claim circumstance (to the new insurer) after the expiry of the previous policy placed with the prior insurer. The benefit is to reduce the concerns of changing insurers under a Claims Made policy – where the insured may find themselves between two policies where a known circumstance has inadvertently not been notified before the expiry of the prior insurance policy – and is thus not covered under that policy and is not covered under the new policy due to the exclusion of claims from known circumstances.

A copy of our updated ECC endorsement follows this correspondence.

As always, if you have any questions regarding this change, please give us a call.

We appreciate your understanding regarding the need for this change and, we trust that this change will improve contractual certainty for our insureds.

Finally, we would like to thank you again for your ongoing support.

Best regards

Jun Acance

Managing Director

Pacific Indemnity Underwriting Solutions Pty Ltd

Extended Continuous Cover Endorsement

The Continuous Cover Extension in the Policy is deleted and replaced by the following: **We Cover You** for any **Claim**, otherwise **Covered** by this **Policy**, arising from a **Known Circumstance** (notwithstanding the exclusion for **Claims** arising from **Known Circumstances** within this **Policy**) if:

- a) **You** first became aware of the **Known Circumstance** prior to the **Period of Insurance**; and
- b) **You** continuously held uninterrupted professional indemnity cover with either **Us** or **Your Previous Insurer** at the time **You** first became aware of the **Known Circumstance** until the actual notification to **Us** during the **Period of Insurance**; and
- c) **You** did not notify **Us** or **Your Previous Insurer** of the **Known Circumstance** prior to the **Period of Insurance**; and
- d) had **We** or **Your Previous Insurer** been notified of the **Known Circumstance** when **You** first knew of it, **You** would have been covered in respect of it under the policy in force at the time, but **You** are now not entitled to be covered under that policy because of **Your** failure to notify the **Known Circumstance**,

provided that:

- i. there has been no fraudulent non-disclosure or fraudulent misrepresentation in respect of the **Known Circumstance**; and
- ii. there is no **Cover** under this extension if **You** still have an entitlement to cover, in whole or in part, in respect of the **Known Circumstance** under the policy in force at the earlier time referred to in paragraph b) above; and
- iii. **You**, upon request, provide **Us** with the policy schedule and policy wording issued to **You** by **Your Previous Insurer** and any proposal form submitted by **You** to **Your Previous Insurer**; and
- iv. **Our** liability under this extension is reduced to the extent of any prejudice **We** suffer as a result of any delayed notification of the **Known Circumstance** to **Us**.

The **Policy Limit** and the **Cover We** provide under this extension is the lesser available under the terms of the policy in force at the earlier time referred to in paragraph d) above, or under this **Policy**. The terms of this **Policy** otherwise apply.

For the purpose of this extension only, **Previous Insurer** means **Your** immediately previous professional indemnity insurer.

Did you know???



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Kind regards,

The Team at Pacific Indemnity

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