MECON INSURANCE

UNDERSTANDING **COVER ADVANTAGE** ENDORSEMENT

Cover Advantage Endorsement is a policy feature developed by MECON, which allows you to remove some exclusions from your policy that would otherwise mean your claim would be reduced or rejected. An Australian first, this innovative feature boosts the potential value of your insurance – and provides greater certainty for you and your client's business.

FAST FACTS

Our experience shows that the indemnity limit we offer to clients who take out the Cover Advantage endorsement is adequate for most small to medium enterprise's claim events.

PROTECTION FOR YOU AND YOUR BUSINESS

Cover Advantage Endorsement allows you to remove some exclusions from your policy – broadening the scope of, and adding value to, your cover. That means claim outcomes can be faster and more predictable, and claim disputes can also be avoided.

If you need to make a claim, you can choose to test the claim under your standard cover. But if an exclusion means that you won't be successful or diminishes the settlement amount, you can choose to claim using your Cover Advantage Endorsement option.

When you make a claim using this option, a higher excess and a lower indemnity amount applies (for both liability and material damage). The indemnity amount is set at a lower limit than the policy limit for a claim event however, this has been sufficient to cover the claims we have encountered.

HOW IT WORKS

Here's an example of how Cover Advantage Endorsement could help:

Steve, a builder in a small construction firm, completed laying a concrete slab for a commercial building. The slab, which was worth $60,000, was found to have cracks across it. Steve assumed that the cracks were probably the result of either defective workmanship, materials or specification, which weren't covered by his insurance policy, so he decided not to submit a claim.

Steve and his team then removed the slab and checked the original specification criteria, then re-laid the slab. Again, the slab formed a substantial number of cracks after it was completed. The cracking meant that Steve was set to lose another $60,000 – a total of $120,000. However, this time, Steve submitted a claim to MECON.

Steve's claim was investigated, and the cause of the cracking both times was found to be concrete supplied by the batching plant, which was not to specification. This normally wouldn't be covered by construction policies, which exclude defective materials, workmanship or design.

However, Steve chose MECON's Cover Advantage endorsement option and the defective materials, workmanship or design exclusion was removed. This meant that Steve only had to pay an excess of $15,000 for each loss, claiming the remaining $45,000 for each loss event – a total of $90,000.

Without the Cover Advantage Endorsement claim, Steve's claim would have been denied – as it would under many other policies on the market.

WHAT EXCLUSIONS CAN YOU REMOVE?

You can choose to remove any of the following exclusions:

SECTION ONE – MATERIAL DAMAGE

- ✓ Breakdown of electrical and mechanical machinery
- ✓ Defective design, materials or workmanship
- ✓ Loss discovered by inventory
- ✓ Loss of currency, cheques, files or other paper records
- ✓ Wear & tear, corrosion or gradual deterioration

SECTION TWO – PUBLIC LIABILITY

- ✓ Defamation
- ✓ Demolition Activities
- ✓ Loss of use of property not physically damaged
- ✓ Damage to the actual "product" (where there is cover for the products
- ✓ Property in care, custody or control
- ✓ Vibration, weakening or removal of support
- ✓ Personal Injury or Property Loss arising out of faulty or negligent advice, design or specification
- ✓ Personal Injury which may arise out of the rendering of or failure to render medical advice by persons employed

POLICY DETAILS

The endorsement wording provides the details, but these are the main things relating to a claim:

COVER	FEATURES
Maximum indemnity	You are covered up to the amount shown in your schedule or as agreed when you take out this insurance.
Special deductible (excess)	If you make a claim, you will need to pay the special deductible amount set out in your schedule.
When you need to claim	If a submitted claim is declined or reduced under normal policy terms then the client can opt to use the endorsement cover.

Get in touch

If you're in construction, talk to MECON Insurance today about our unique range of insurance options that can extend your coverage to provide the protection you need.

www.mecon.com.au or customerservice@mecon.com.au

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