

Client Trust Account Fidelity Insurance

As an independent Insurance Broker specialising in the travel industry, we continue to explore a broad range of commercial solutions to protect consumers in the event of the financial failure of their Travel Agent or Intermediary.

The ultimate goal of these commercial solutions is for you to be able to provide your customers with the peace of mind that in the event of the failure of your business, any of their funds held by you at the time of failure will be protected rather than being lost or partially lost in the wash up of an insolvency event.

Client Trust Account Fidelity Insurance

Client Trust Accounts

Rather than arranging an insurance policy designed to protect your customer's funds from the consequences of the financial failure of your business, the new product that we have developed is designed to protect your Client funds that you have isolated in a special Client Trust Account.

The use of a Client Trust Account to isolate client funds will provide a significantly better level of consumer protection than if you simply use one bank account, containing both your operating funds, and your clients' funds.

If you do not currently operate a Client Trust Account, Macquarie Bank Limited have tailored a facility for Travel intermediaries to open an account very quickly and simply. The Macquarie Bank Client Trust Account is designed to include the following features, subject to your own negotiations and agreement with Macquarie Bank:-

- A simple and quick application and approval process
- No application fee
- Set up usually within 24 hours
- Standard banking fees and charges apply
- Interest bearing
- Risk Management mechanisms pre-approved by our Insurers

Macquarie is an authorised deposit taking institution in all states and territories. Macquarie Business Banking is the retail business banking arm of Macquarie Bank Limited. Macquarie Business Banking has a long history of providing banking services to many financial services and professional services industries.

Please Note: A key factor with a Client Trust Account is to ensure that the funds are in fact held in trust and have been properly retained so as not to defeat the trust (eg not mixed with other company funds). To ensure that you preserve the integrity of the Client Trust Account, we would strongly recommend that you seek independent professional advice to structure your procedures appropriately.

Assuming the client funds are isolated correctly in the Client Trust Account, then the most significant residual risk to those clients' funds which arises is from the threat of fraud or theft.

Fidelity Insurance

Many standard Crime or Fidelity Insurance policies may protect Client funds against the risk of fraud or theft to some degree, but because most crime covers exclude coverage relating to Directors and Officers of the Insured, the Client funds would still be exposed to uninsured fraud or theft which would defeat the purpose of the policy.

Another problem with standard Crime coverage is that the Travel intermediary is normally the Named Insured under the policy, and therefore there is no tangible value proposition or "peace of mind" that the Travel intermediary can provide to their Client.

To overcome these particular issues, Gow-Gates has developed a tailored solution to support the Travel Industry:-

Client Trust Account Fidelity Insurance

To provide peace of mind to Clients, and a tangible value proposition, the exclusive Fidelity Insurance Policy that we have designed and negotiated will work on the following basis;

- The Fidelity Insurance policy will specifically protect your Clients funds within your nominated Client Trust Account from fraud or theft.

For all your insurance needs...

- Insurers will pay back on behalf of your Clients, directly into the Client Trust Account, any money that is lost due to insured theft or fraud.
- The policy covers the risk of funds fraudulently being withdrawn from the Client Trust Account at any time, not just in the case of Insolvency.
- The policy also covers Client funds paid to the Travel intermediary, but not paid into the Insured Trust Account as a result of theft or fraud.
- Coverage is provided for theft or fraud committed by any Partner, Director, Officer or Employee of the Insured Travel Agency, and also by any Third Party.
- A simple and quick application and assessment process.
- Should you already have, or choose to set up a Macquarie Bank Client Trust Account, the risk management mechanisms for account control are already built into their systems and have been pre-assessed and approved by our Insurers.
- The Fidelity Insurance is also available to protect non-Macquarie Bank Client Trust Accounts. An addendum to the application form is required to enable Insurers to assess the security of the account.

The premiums charged for this Fidelity Insurance are commensurate with the value of the maximum client funds held within the Client Trust Account. Indicative pricing will be available, subject to receipt and acceptance of a formal quotation before any coverage is provided.

For more information or for an application form, please contact Gow-Gates Insurance Brokers Pty Ltd.

Tangible Value Proposition

Evidence that fidelity insurance has been implemented can be provided to your Clients as a tangible value proposition. Once insured, you will be able to add the following as an addendum to a standard Receipt for Payment which would normally be issued to a Client upon receipt of funds by the Travel intermediary.

RECEIPT FOR PAYMENT RECEIVED

Date _____

Name of Client _____

Amount Received _____

Name of Policyholder _____

Client Trust Account Name _____

Client Trust Account Number _____

CLIENT TRUST ACCOUNT FIDELITY INSURANCE

1. The Policyholder operates and maintains a Client Trust Account which is used exclusively for holding Clients funds until such time as those funds are paid on to your end supplier or airline.
2. To ensure that your money is secure, the Policyholder has taken out a policy of insurance to protect Clients Funds either missing from, or not paid into the Insured Trust Account as a result of the fraudulent or dishonest activity.
3. Under the terms of the Policy that has been arranged, the Insurer will pay on behalf of Client's who have made a payment, on whose behalf a payment has been made to the Policyholder under, or with a view to entering into, a contract with the Policyholder for the provision of accommodation and/or carriage of that person, into the Client Trust Account the Direct Financial Loss resulting from theft or fraud insured under the terms of this policy.
4. The Policyholder will inform you about the period of cover for this insurance.
5. On request, the Policyholder will provide you with a copy of the terms and conditions of the insurance policy free of charge within a reasonable period of time.
6. If you wish to check that this insurance policy has been put in place please contact Gow-Gates Insurance Brokers Pty Ltd, at 02 82679919.
7. Any happening of which you become aware which may give rise to a claim can be advised to Gow-Gates. In order to deal promptly with any claim it is essential that all bills, receipts and other documents relating to payment made to the Policyholder are retained.

In arranging this insurance, the Policyholder does not hold an Australian Financial Services (AFS) licence. You should consider obtaining your own advice about this insurance from a person who is able to give such advice under an AFS licence.

General Advice Warning

The information in this document is intended as a guide only and should not be relied upon without consulting your relevant insurance policy wording and conditions or conversely seeking independent professional advice. Failure to adhere to this warning could result in a denial of a claim or potential loss or a reduction in settlement of a claim or potential loss.

