



Information Sheet

1. The professional indemnity insurance services offered and provided by Abacus to its members in accordance with its Constitution are considered by ASIC to be the offering and arranging of a Mutual Risk Product. This is because Abacus uses a pool of members' money for the purpose of paying the excess on claims up to certain limits (Scheme).
2. Abacus holds AFS License No. 280616 authorising it to provide financial services in relation to the Scheme.
3. The financial product in the Scheme is the professional indemnity insurance excess "layer" system as set out below (Product):
 - 1st Layer - Member Excess – at the choice of the member any amount up to \$10,000 of a claim.
 - 2nd Layer - Abacus Excess – this layer is covered by Abacus to the extent of the difference between the member's chosen excess and \$10,000 at the determination of the board of directors.
4. Under the terms of its AFS License Abacus discloses the following:
 - (i) Abacus is not authorised under the Insurance Act 1973 to conduct insurance business in Australia.
 - (ii) Abacus and the Product:
 - (A) are not subject to the provisions of the Insurance Act 1973 which establishes a system of financial supervision of general insurers in Australia;
 - (B) are not regulated by the Australian Prudential Regulation Authority (APRA).
 - (iii) At balance date each financial year the board of directors of Abacus, based on the recommendation of its Notifications Committee, makes an assessment of future liabilities of, or future payments by Abacus to the holders of the Product (i.e. the members) that may arise in connection with notifications made by members of possible claims against them. The assessment takes into account the quantum of claims made against members and the likelihood that settlement of claims will be required.

To the extent of such assessments, provisions and reserves have been and are set aside as detailed in the audited financial statements and which are provided each year to the members.

In order to ensure that Abacus has adequate financial resources to discharge future liabilities, or make future payments to members with respect to the Product, the board of directors of Abacus regularly reviews the assessments and has procedures in place to ensure that Abacus has adequate financial resources to discharge future liabilities or make future payments to members.
 - (iv) The board of Abacus has a Notifications Committee. All members of the Committee are practising accountants and in accordance with the Abacus Constitution are members of a professional accounting body.
 - (v) The Notifications Committee meets from time to time as required and at least annually to consider and determine the liability of Abacus in respect of notifications of possible claims received and a realistic assessment of the liability of Abacus, if any, that may arise in respect of each notification made.
 - (vi) Notifications Committee meetings are attended by a representative of the insurance broker appointed by Abacus on behalf of members with whom the Committee is in regular contact. The insurance broker liaises closely with the members' insurer. Based on its experience and past performance an assessment is made by the Committee of possible claims that may arise in respect of current and future notifications that may be received on policies current at balance date.
 - (vii) The Annual Report of the Notifications Committee is reviewed by the Abacus external auditor.
 - (viii) As at 31st March 2011 Abacus had net cash and investments after deducting accounts payable totalling \$424,917 which is in excess of provisions set aside for claims settlements of \$173,000. Details of the provisions made are set out in the audited Annual Report sent to members.
5. Hiscock Insurance Brokers Pty Ltd (HIB) which holds AFS Licence 246323 has been appointed by Abacus to arrange professional indemnity insurance for members in excess of the 2nd Layer referred to in paragraph 3 above.
6. HIB manages member's professional indemnity insurance under a Binding Authority Agreement (Contract No SPRGL1100559) with Certain Underwriters at Lloyds, which are insurers that are authorised under the Insurance Act 1973 and are regulated by the Australian Prudential Regulation Authority. Under the terms of the Binding Authority Certain Underwriters at Lloyds delegates underwriting authority to HIB, who acts in all respects as the insurer.
7. If any member has a query or complaint on any matter such inquiries or complaints should be directed in the first instance as follows:
 - (a) Relating to professional indemnity insurance policy matters:

Direct your enquiries to:

Hiscock Insurance Brokers Pty Ltd
Box 7070 Gardenvale L P O
Brighton Vic 3186
 - (b) Relating to the Product and all other matters:

Abacus Australia Limited
Suite 4, Ground Floor
12 Cato Street
Hawthorn East Vic 3123