

Landlords Insurance **ELITE**

Endorsement Schedule



BREEZE REAL ESTATE LANDLORDS ELITE

ENDORSEMENTS TO THE LANDLORDS INSURANCE PRODUCT DISCLOSURE STATEMENT

The cover detailed in the Landlords Insurance Product Disclosure Statement is amended as follows:

Page 10 – ‘What is your building?’

The third bullet point that states:

- fixed coverings to walls, floors and ceiling, not including fixed carpets, curtains or internal blinds;

is deleted and replaced with:

- fixed coverings to walls, floors and ceiling, not including fixed carpets, curtains, internal blinds or floating floors;

Page 11 – ‘What are your contents?’

The first bullet point that states:

- carpets, curtains and internal blinds;

is deleted and replaced with:

- carpets, curtains, internal blinds and floating floors;

Page 12 – ‘Death of a sole tenant’

The first paragraph states:

- we will provide cover for the loss of up to 4 weeks rent, limited to the lesser of the weekly rental amount shown on the rental agreement or \$1,500 per week any one claim as a result of the death of a sole tenant that occurs whilst they were a tenant of your property.

is deleted and replaced with;

- we will provide cover for the loss of up to 52 weeks rent, limited to the lesser of the weekly rental amount shown on the rental agreement or \$1,500 per week any one claim as a result of the death of a sole tenant that occurs whilst they were a tenant of your property.

Page 13 – ‘Legal Expenses’

The following is added:

- We will pay up to \$500 per claim to cover your property manager’s attendance at court or tribunal and any Bailiff or Sheriff costs associated with enforcement of tribunal or court findings.

Page 13 – ‘Hardship’

Paragraph 4 that states:

- The standard excess or \$400 whichever is higher will apply to this benefit and the bond money paid by the tenant will be applied to any loss in addition to this excess. If you are ordered to refund the bond to your tenant on the grounds of hardship, the total excess applicable to your claim under this benefit will be equivalent to 4 weeks rent.

is deleted and replaced with;

- No excess will apply to this benefit however the bond money paid by the tenant will be applied to any loss in addition to this excess. If you are ordered to refund the bond to your tenant on the grounds of hardship, the total excess applicable to your claim under this benefit will be equivalent to 4 weeks rent.

Page 14 – ‘Further optional benefit’

When Elite cover is taken the further optional benefit is added under this section:

Built in Furniture and Furnishings

This section of the policy only applies when your Insurance Certificate shows that you have requested the Further optional benefit for Built in Furniture and Furnishings.

Where this cover is taken, the definition of “What are your contents?” is extended to include all furniture furnishings and domestic appliances that are built in.

Page 14 – ‘Further optional benefit’

The limit for the additional benefit for contents when building cover is taken under the ‘Theft by Tenants’ section is increased from \$30,000 to \$70,000.

Page 17 – ‘Contamination’

The limit for this benefit is increased from \$10,000 to a maximum of \$60,000 any one period of insurance.

Page 15 – ‘Additional benefits when you have building and/or contents cover’

The following benefit is added under this heading:

Taxation audit

We will pay up to \$1,000 for professional fees which you incur as a result of your taxation affairs being audited by the Australian Taxation Office.

You are not covered for an audit that is not commenced during the period of insurance or an audit conducted in relation to:

- any facts or circumstances of which you were aware of, or ought to have been aware of, prior to the commencement of this policy which were likely to lead to your making a claim under this policy;
- any personal taxation affairs not relating to the property insured under this policy;
- a criminal activity or which results in a criminal prosecution.

You are also not covered for fines, penalties or any shortfall in the amount of tax payable or any fees incurred which do not relate directly to the property insured under this policy.

Page 15 – ‘Additional benefits when you have building and/or contents cover’

The limit for contents under ‘Landlord’s contents’ is increased from \$30,000 to \$70,000.

Page 33 – ‘Your Excess’:

Under this section, the increase in excess of \$400 for certain claims has been replaced with an excess of \$200.

Landlords Insurance **ELITE**

Product Disclosure Statement
& Policy Wording



This Product Disclosure Statement (PDS) was prepared on 19 April 2017 and tells you about our Landlords Insurance. Any advice provided is general only and does not take into account your individual circumstances. You should carefully read this document and any other documentation we send you and keep them in a safe place for future reference.

This Landlords Insurance is underwritten by The Hollard Insurance Company Pty Ltd (Hollard) ABN 78 090 584 473 AFSL 241 436

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ABOUT HOLLARD

Hollard's unique business model and partnership philosophy have quickly established Hollard as the partner of choice for many of Australia's leading underwriting agencies and independent insurance brokers, financial institutions and retailers.

Hollard is authorised by the Australian Prudential Regulation Authority and holds an Australian Financial Services Licence issued by the Australian Securities & Investments Commission.

ABOUT BREEZE REAL ESTATE

Breeze Real Estate is a business unit of Breeze Underwriting Pty Ltd ABN 65 003 922 487 who hold an Australian Financial Services Licence (No. 235130) and is a member of the PSC Group of companies.

Breeze Real Estate Insurance cover is underwritten and issued by The Hollard Insurance Company Pty Ltd (ABN 78 090 584 473, AFSL 241 436) (Hollard) of Level 12, 465 Victoria Ave, Chatswood NSW 2067 and is arranged, promoted and administered by Breeze Underwriting Pty Ltd (ABN 65 003 922 487 AFSL number 235130) acting as agent for the insurer.

IMPORTANT INFORMATION

Important documents

Your insurance policy consists of:

1. this PDS and policy wording which sets out details of what is and what is not covered; and
2. the Insurance Certificate we provide with details of:
 - who is insured;
 - the cover(s) selected;
 - the period of insurance;
 - the respective sums insured and/or limits of liability;
 - excesses; and
 - other important information.

You should ensure that you read these documents carefully and keep them in a safe place. If you have any questions regarding the PDS and policy wording or the Insurance Certificate, please contact us.

Your cooling off rights

You can return your policy to us within 14 days of the commencement or renewal of your insurance. If we receive your written request to cancel this policy within this 14 day period, we will cancel the policy effective from the commencement, (or renewal) date, and give you a full refund (less any taxes or duties payable that we are unable to have refunded). You cannot use this right where, before the 14 day period ends, you have exercised any of your rights or powers under the policy (e.g. you have made a claim). After the cooling off period ends you still have cancellation rights under the policy.

Determining your premium

When you purchase your insurance we will tell you the premium you must pay, which is determined by considering factors such as the cover you want, the property you are insuring, the applicable limits and excesses and your insurance history. It also includes any compulsory government charges, taxes or levies (such as Stamp Duty and GST) that we are obliged to pay for your insurance. Your premium, including these charges, will be noted on your Insurance Certificate.

Cancelling your insurance

You can cancel your insurance at any time. We will refund any unused portion of your paid premium less any commissions, taxes and charges that we are unable to recover. We can cancel your insurance to the extent permitted by law, for example if you do not comply with the policy terms and conditions, if you fail to pay your premium, if you make a fraudulent claim or if you did not comply with your duty of disclosure or misrepresented information when you entered into this insurance contract. If we cancel your policy, we will send you a cancellation letter.

Renewing your insurance

At least 14 days before your insurance expires we will advise you whether we intend to renew your insurance or not, and if so, on what terms. You are not obliged to renew your insurance with us.

Your cooling off period continues to apply on each renewal. Each renewal is a separate contract and not an extension of the prior contract.

POLICY CONDITIONS AND YOUR RESPONSIBILITIES

You must abide by the conditions of this policy such as the conditions detailed below and the conditions applicable to the making of a claim. If you do not, your policy may not operate and we may reduce or refuse to pay a claim and cancel your policy.

Understand your Duty of Disclosure

Before you enter into an eligible contract of insurance with us, you have a duty of disclosure under the Insurance Contracts Act 1984 (Cth).

If we ask you questions that are relevant to our decision to insure you and on what terms, you must tell us anything that you know and that a reasonable person in the circumstances would include in answering the questions.

You have this duty until we agree to insure you.

If you do not tell us something

If you do not tell us anything you are required to, we may cancel your contract or reduce the amount we will pay you if you make a claim, or both.

If your failure to tell us is fraudulent, we may refuse to pay a claim and treat the contract as if it never existed.

Ensure your premiums are always paid

You are responsible for ensuring that your premiums are paid and kept up to date or your cover could be put at risk.

Your property

You must keep your building and contents in good condition and repair and always protect them. Any loss or damage caused by poor maintenance is not covered under this policy.

You must also make reasonable efforts to protect your building and contents from any loss or damage. If you make a claim and knew about something that could cause loss or damage to your property and you did not make reasonable efforts to avoid it before the loss or damage occurred, then your claim may not be paid. If you do suffer loss or damage to your property, you must also make reasonable efforts to prevent any further loss or damage.

Building work

You must tell us before you carry out any building work at your location if the total value of that work is likely to be more than \$100,000. If you notify us in advance of any building work, we may be able to provide you with liability cover during this period.

Leaving your building unoccupied

You must tell us if your building will not be occupied for a period exceeding 100 consecutive days. If you let us know before your building becomes unoccupied, we may be able to provide cover during this period.

Keep proof of ownership of your property

When you make a claim for loss or damage to an item, we will require proof that you owned the item and of its value or your claim may not be paid. The easiest way to do this is by keeping receipts, manuals and warranties for any items you purchase.

If you cannot find any of these, you can, for example, take detailed photographs of your property.

Inspection reports

You must complete a property inspection report:

- when a new lease or rental agreement commences;
- when an existing tenant vacates the property;
- on an annual basis if there is a long term tenancy.

If you make a claim, you must provide us with copies of all property inspection reports.

Lease requirements

You must have a written lease or rental agreement for the property for a period of 3 months or more in order to have cover under the 'Rent default' policy option. For details of what must be in the lease, see the 'How we settle claims under the 'Rent default' and 'Legal expenses' covers within Optional Benefits.'

All contents insured by this policy must be listed in the property condition report or inventory that forms part of the lease.

WORDS WITH SPECIAL MEANING

Where the words listed below are used in this document, they have the following meaning. If a word is defined in a section of the policy, the definition contained in that section applies for that section only.

accident means an event you did not intend or expect to happen.

accidental loss or damage means a sudden or unexpected loss to insured property but excludes damage that is otherwise excluded in this PDS.

agent means the real estate management company acting as your manager of the property.

allowable reletting expenses means the reletting expenses as specified in the current lease or rental agreement for the property.

bond money means money paid by the tenant and held as a security against damage to the property or outstanding rent or other costs.

claim means a separate identifiable event for which the policy provides cover. Where claims for multiple events are submitted at the same time they will be treated as different claims for the application of any excess.

deliberate acts means an act carried out without your permission but without any malice, vindictiveness or spite and with the full knowledge that the action will alter the current state of the property.

event means any single occurrence resulting in loss or damage.

flood means the covering of normally dry land by water that has escaped or been released from the normal confines of any of the following:

- a. a lake (whether or not it has been altered or modified);
- b. a river (whether or not it has been altered or modified);
- c. a creek (whether or not it has been altered or modified);
- d. another natural watercourse (whether or not it has been altered or modified);
- e. a reservoir;
- f. a canal;
- g. a dam.

incident means an event neither expected nor intended from your standpoint which results in a claim on this policy.

Insurance Certificate is the latest certificate we send you.

location means the land at the insured address shown on your Insurance Certificate. The location does not include common property.

malicious damage or vandalism means a wrongful act motivated by malice, vindictiveness or spite with the intention of damaging the property.

period of insurance means the period stated on your Insurance Certificate commencing and ending at 4pm on the days stated.

rental agreement means the agreement your tenant enters into with you, or an agent acting on your behalf, that outlines the terms and conditions of the lease and the rental amount due. This includes periodic tenancy agreements.

The agreement must include

- the term of the rental period;
- the amount of rental payable;
- the amount of the bond that the tenant is required to pay.

rent default means that the tenant:

- is still occupying the building but not paying rent and has been issued with the appropriate breach notices as provided for under the relevant residential tenancies act applicable to your state or territory;
- has left the building without giving you or your agent the required notice as stated in the rental agreement and has not paid the rent owing.

tenant means the person or persons named in the rental agreement and includes their partner, children, and any other person permanently living at the situation.

terrorism means any act which may or may not involve the use of, or threat of, force or violence where the purpose of the act is to further a political, religious, ideological aim or to intimidate or influence a government (whether lawfully constituted or not) or any section of the public.

unoccupied means that either no-one is living in the building or someone is occupying the building without your consent.

we, us, our means Breeze Underwriting Pty Ltd as the administrator of this insurance and The Hollard Insurance Company Pty Ltd (ABN 78 090 584 473) (AFSL 241436)

you, your means the policy holder(s) named on the Insurance Certificate.

WHAT YOU ARE INSURED FOR

Accidental damage cover

When you insure your building and/or your contents under this policy, you will be covered for accidental loss or damage that occurs during the period of insurance and at the insured location.

This policy includes cover for deliberate acts and malicious damage or vandalism.

If you have selected 'Optional benefits' the policy includes cover for 'Rent default', 'Death of a sole tenant', 'Legal expenses' and 'Hardship'.

If you have selected the 'Further optional benefit' the policy includes cover for 'Theft by tenants'.

We will cover you up to the relevant sum insured for building or contents and any optional or additional benefits applicable as shown on your insurance certificate and provided within this policy.

There are limitations and exclusions to the cover provided for certain events. These limitations and exclusions may restrict the amount payable in the event of a claim or alternatively they may prevent a claim from being paid at all.

BUILDING

What is your building?

We consider the following as your building when they are situated at the location:

- a residential building;
- a domestic outbuilding;
- fixed coverings to walls, floors and ceilings, not including fixed carpets, curtains or internal blinds;
- services attaching to and forming part of the building that supply electricity, water and gas including underground services limited to 20 metres from the building;
- items built in, fixed to or on the building;
- blinds or awnings on the outside of the building;
- paved terraces, driveways, retaining walls, fences and gates;
- swimming pools, saunas and spas that are permanently installed;
- anything permanently built, permanently constructed or permanently installed on your property for domestic purposes that complies with all relevant building laws and rules;
- pontoons, jetties or wharves that are used only for domestic purposes.

What is not your building?

Your building **does not** include:

- property of tenants and property that a tenant is liable for under the terms of a rental agreement;
- landscaping, plants, shrubs, trees or grass.

CONTENTS

What are your contents?

We consider the following your contents when they are situated at the location:

- carpets, curtains and internal blinds;
- swimming pools, saunas and spas that are not permanently fixed and their accessories;
- furniture and furnishings and domestic appliances that are not built-in.

What are not your contents?

The following **are not** your contents:

- money and negotiable documents;
- jewellery, watches and any items that contain gold or silver;
- art, paintings, antiques and curios;
- unset precious and semi-precious stones;
- clothing and personal effects;
- sporting equipment;
- photographic equipment;
- collections of stamps, medals, coins or curios;
- building materials;
- keys to doors or window locks and the combination to safes;
- portable electronic items including, media players, electronic diaries, laptops, computers, tablet computers, mobile phones, gaming consoles, televisions, cameras, video cameras and accessories and equipment for all such items;
- plants and trees growing outdoors plants (this does not include plants and trees growing in pots or tubs);
- animals, including birds and fish;
- pedal cycles, watercraft, jet skis, motor vehicles, motorcycles, caravans, trailers, hang gliders or aircraft;
- any items that are defined as your building.

OPTIONAL BENEFITS

When your Insurance Certificate shows that you have taken Optional benefits the following benefit(s) will apply.

Rent default

We will cover you when:

- your tenant leaves your building without giving you or your agent the required notice as stated in the rental agreement and has not paid the rent owing;
- your tenant does not pay rent and is legally evicted from your building (whether they actually leave the building or not);
- your tenant is denied legal access to your building by a local, state or Commonwealth authority.

The most we will pay for your loss of rent arising out of these events is the lesser of the amount owing under the rental agreement or \$18,000.

For further conditions and exclusions relating to rent default, refer to the section titled 'How we settle claims under the 'Rent default' and 'Legal expenses' covers within Optional Benefits.'

Death of a sole tenant

We will provide cover for the loss of up to 4 weeks rent, limited to the lesser of the weekly rental amount shown on the rental agreement or \$1,500 per week any one claim as a result of the death of a sole tenant that occurs whilst they were a tenant of your property.

Cover will start from the date of the sole tenant's death, however we will not pay if the sole tenant had given you or your agent notice of termination in accordance with the rental agreement prior to their death.

This cover will cease immediately if your rental property is re-tenanted.

Legal expenses

If we accept a loss of rent due to rent default or legally denied access, under this Optional benefit we will, with our prior agreement, also pay your legal expenses up to a maximum of \$10,000 for each claim. The cover under this benefit for legal expenses is restricted to costs incurred to:

- reduce a claim for loss of rent;
- legally evict your tenant;
- recover items stolen by your tenants or their visitors.

Hardship

We will provide cover for the loss of rent as a result of the legal termination of your rental agreement by a Residential Tenancies Tribunal or another relevant authority on the grounds of hardship on the part of the tenant. Cover will commence from the date on which the termination order issued by the Residential Tenancies Tribunal or other relevant authority takes effect.

The most we will pay for your loss of rent arising out of this event is \$18,000 any one claim. This amount will be the lesser of the weekly rental amount shown on the current written rental agreement times the number of weeks rent that have been waived, or the actual rent you lose.

This cover will stop immediately if your rental property is re-tenanted.

The standard excess or \$400 whichever is higher will apply to this benefit and the bond money paid by the tenant will be applied to any loss in addition to this excess. If you are ordered to refund the bond to your tenant on the grounds of hardship, the total excess applicable to your claim under this benefit will be equivalent to 4 weeks rent.

If a claim is being made under the Optional benefit headed 'Hardship' no further amounts can be claimed against the cover provided under this section headed Optional benefits.

FURTHER OPTIONAL BENEFIT

Theft by tenants

This section of the policy only applies when your Insurance Certificate shows that you have requested the Further optional benefit for Theft by tenants.

We will pay if any part of your building or contents are stolen by your tenant or their visitors.

We will only pay for theft of:

- items forming part of your building if you have insured your building under this policy. The most we will pay is the sum insured you have selected for your building, less any applicable excess. This includes the Additional benefit of \$30,000 for contents when you have building cover;
- your contents if you have specifically insured your contents under this policy. The most we will pay is the sum insured you have selected for your contents, less any applicable excess.

ADDITIONAL BENEFITS WHEN YOU HAVE BUILDING AND/OR CONTENTS COVER

The following additional benefits are paid in addition to your sum insured unless otherwise stated. These benefits can apply to both your building and contents cover. They apply to your building when you have selected building cover and to your contents when you have selected contents cover.

The benefits are to be read in conjunction with the policy as a whole including the section titled 'When we will not pay a claim for loss or damage under this policy'.

Loss of rent following damage or prevention of access

When we accept a claim and we agree that your tenant cannot safely reside in or access the building because of damage caused to your building, or an adjoining building, we will pay the actual rent you lose while the damaged building is being repaired or rebuilt.

We will also pay for loss of rent:

- if your tenant is denied legal access to your building by a local, state or Commonwealth authority;
- if your building becomes uninhabitable for a period exceeding 7 days due to murder, suicide or attempted murder or suicide.

We will not pay for loss of rent:

- beyond the period it should reasonably take to repair, rebuild or reinstate your building;
- if your building has not been tenanted for more than 100 consecutive days immediately before the loss or damage.

The most we will pay under this benefit is the lesser of 24 months' rent, at a maximum of \$1,500 per week, or the actual rent you lose.

Costs of Fumigation

We will pay up to \$5,000 for the reasonable costs for fumigating and cleaning your building following the death of a person in the tenancy insured by this policy.

Electric motor burn out

We will pay the cost of repairing or replacing any motor, that forms part of your building, if insured and/or contents, if insured, that has suffered motor burn out.

We do not cover:

- motors that are more than 15 years old from the date of manufacture or any motor under any form of warranty;
- fuses, switches, electrical contacts or protective devices;
- the cost of any part, such as a bearing, filter or dryer, which does not form part of a motor, and was fitted during the repair or replacement of the motor.

Motor burnout refers to an item with an electric motor that has fused due to the actual burning out of the wiring of the motor by an electrical current.

Replacement of locks

If we agree to pay a claim for rent default following the legal eviction of a tenant and the tenant has not returned the property's keys, we will pay for the reasonable costs of replacement of the locks and keys at the property.

We will also pay for the replacement of locks and keys at the property if a key for an external door or window is stolen or there is reason to believe that a key has been duplicated.

The most we will pay for this benefit is \$1,000.

Removal of tenant's possessions

If we have accepted a claim for rent default and provided that the bond has been exhausted we will pay up to \$500 per claim for the reasonable costs you incur for the removal and storage of a tenant's possessions. This benefit will not cover the cost of removal of refuse or rubbish.

Contamination

We will pay for clean-up costs if your building or unit is contaminated by chemicals as a result of an illegal or controlled drug being manufactured, distributed or stored at your location.

We will pay up to a maximum of \$10,000 any one period of insurance. We will only pay if:

- your property is rented to a tenant and a valid rental agreement is in place;
- the matter is referred to police as soon as you become aware of it;
- assessment confirms that contamination has occurred;
- you or your appointed agent have conducted inspections at the property in accordance with the rental agreement.

ADDITIONAL BENEFITS WHEN YOU HAVE BUILDING COVER

The following additional benefits are provided in addition to the sum insured:

Landlord's contents

We will pay up to \$30,000 for loss or damage to your contents (including fixtures and fittings to your building) contained within the building that have been provided for use by your tenant. If this cover is not adequate for your needs, you must take out separate contents insurance. This benefit will be paid in addition to any contents sum insured that you have nominated and which is shown on your Insurance Certificate.

Mortgage discharge

We will pay for the reasonable legal costs to discharge and reinstate your mortgage and the preparation of new title deeds following the settlement of a claim for the total loss of your building.

Removal of debris

We will pay the reasonable costs of demolishing and removing any building debris when damage or loss occurs. The most we will pay under this benefit is 20% of your building sum insured.

Water or gas costs following a claim

We will pay up to \$500 for the reasonable costs of metered water or gas that you become legally liable to pay following a claim that we accept for your building where the claim involves damage caused by the escape of water or gas.

Architects, surveyors and legal fees

We will pay the reasonable costs of architects, surveyors and legal fees when loss or damage occurs. The most we will pay under this benefit is 20% of your building sum insured.

Cover during the sale of the insured property

If you have entered into a contract to sell your property, we will extend the cover provided for your building to include the interests of the purchaser. This additional cover will cease upon the earlier of the following:

- the contract settlement date;
- the purchaser insuring the property;
- the purchaser becoming responsible for damage to the property;
- the termination of the sale contract;
- your building insurance with us comes to an end.

Landscaping costs following a claim

We will pay up to \$2,000 for the reasonable costs of replacement of landscaping features such as trees, shrubs, bushes, rock features, fountains and ponds that are damaged in an incident that results in a claim that we accept for damage to your building, other than a claim for deliberate damage.

Environmental benefit

If your building has been totally destroyed by an insured event and we have agreed to rebuild your building, we will pay up to a maximum of \$5,000 of the cost to you, after deduction of any rebate you are eligible for under any government or council rebate scheme, to install (including all components) any combination of:

- a rainwater tank facility;
- a solar power system;
- a hot water heat exchange system;
- a grey water recycling system.

Catastrophe escalation cost

We will increase the sum insured applicable to the building insured by 15% if it is destroyed or damaged by an insured event for which the Insurance Council of Australia has issued a Catastrophe code.

Provided the additional amount for Catastrophe cover is not totally used for a claim, if payable, we will also increase the total amount we will pay under the Additional benefits for Temporary accommodation, Loss of rent receivable, Removal and storage costs of common contents and of lot/unit owner's contents by the percentage amount shown on your Insurance Certificate for Catastrophe cover.

No amount will be paid under this benefit until such time as the sum insured on your building has been totally exhausted.

If you do not reinstate your building, no amount will be paid under this benefit.

ADDITIONAL BENEFITS WHEN YOU HAVE CONTENTS COVER

The following additional benefits are provided in addition to the sum insured:

Removal of debris

We will pay the reasonable costs of removing any contents debris when loss or damage occurs. The most we will pay under this benefit is 15% of your contents sum insured.

Strata title owner improvements

If the insured property is a strata title we will pay for loss or damage to fixtures and fittings installed in your property that are not insured by the body corporate. The most we will pay under this benefit is \$60,000.

WHEN WE WILL NOT PAY A CLAIM FOR LOSS OR DAMAGE UNDER THIS POLICY

You are not covered for any loss or damage caused by or resulting from:

- bushfire/grassfire or named cyclone which occurs within the first 48 hours of the start of this policy unless:
 - you transferred a building and/or contents insurance policy, with equivalent cover, to us from another insurance company without an interruption in cover;
 - you have entered into a contract of sale during that period to purchase the insured property;
- your building being unoccupied for longer than 100 consecutive days unless you have told us about this and we have agreed to provide cover;
- actions of the sea including tidal waves, and high tides;
- gradual deterioration, including wear and tear, rust, corrosion, depreciation, fading or deterioration from exposure to light;
- mould or mildew or fungi, wet or dry rot, rising damp or dampness;
- tenant neglect, carelessness, poor housekeeping or unhygienic living habits;
- the tenants, their visitors including any pets and children of the tenants and visitors scratching, denting, chipping, rubbing, or scuffing any surface;
- inherent defects, structural defects, faulty workmanship, faulty design and errors or omissions in design;
- poor maintenance unless you were unaware of and could not be expected to have known of that poor maintenance;
- theft by tenants or their visitors except when your Insurance Certificate shows that you have requested the 'Further optional benefit' headed 'theft by tenant';
- rats, mice or insects;
- any earth movement not caused by earthquake including erosion, mudslide, collapse, earth shrinkage, expansion and vibration;

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- landslide or subsidence unless it occurs within 72 hours and is a direct result of one of the following:
 - storm, rainwater or wind;
 - earthquake or tsunami;
 - explosion;
 - escape of liquid from a fixed pipe or something attached to a pipe, fixed gutter, fixed tank or fixed drain;
 - tree roots;
 - water entering your building through an opening made for any building, renovation or repair work or because of a structural defect, faulty design or faulty workmanship when your building was constructed;
 - breakage of mirrors, glassware, crystal, crockery or china while they are being used, cleaned or carried by hand;
 - any deliberate action by you or members of your family living with you or a person acting with your consent or the consent of any member of your family living with you;
 - any process of cleaning involving the use of chemicals, other than domestic household chemicals;
 - mechanical, electrical or electronic breakdown or malfunction including when caused by any power supply irregularity including power surge unless directly caused by fire, storm, lightning, rainwater, malicious damage or covered otherwise by the 'Electric motor burn out' benefit in this policy;
 - a defect in an item, faulty workmanship, structural defects or faulty design;
 - the removal or weakening of supports or foundations for the purpose of alterations, additions, renovations or repairs;
 - damage to a swimming pool or similar structure caused by hydrostatic or hydrodynamic pressure;
 - maintenance or any other repair work performed by tenants or anyone acting on their behalf;
 - any consequential loss or loss of profit other than loss of rent as set out in this policy;
 - flood to jetties, wharves, bridges or pontoons.

You are also not covered for:

- the costs in excess of \$20,000 to repair or replace any one contents item, pair set, collection or system (unless noted on your Insurance Certificate as Specified Contents);
- the costs in excess of \$10,000 for claims for loss or damage to contents items in the open air. Open air means anywhere at the location that is not common property and is not fully enclosed by walls and a roof and is able to be secured;
- the cost to repair or replace a fixed tank, pipe or drain that burst, leaked, discharged or overflowed, however we will pay the reasonable costs to locate and identify where the liquid escaped from provided that it caused damage to your building;
- the cost to repair or replace the bath, basin, sauna, spa, shower base if the damage or loss was caused to your building by liquid escaping from a bath, basin, sauna, spa, shower base or shower wall, however we will pay for any resultant damage to other parts of your building or contents;
- damage to a heating element. We will pay for any resultant damage following damage to a heating element;
- the cost of cleaning, redecorating, painting or wallpapering unless:
 - physical structural damage has occurred to the building; or
 - the building has been damaged by graffiti, and we agree that this necessitates cleaning, redecorating, painting or wallpapering;
- storm, rainwater or wind damage to gates, fences, retaining or freestanding walls that are greater than 15 years old and are not made of metal, stone or brick.

(Please refer to the section 'When we will not pay a claim for loss, damage or liability' for further exclusions)

LIABILITY

We will cover you for legal liability to pay compensation as a result of an incident caused by your negligence, happening during the period of insurance that causes death, bodily injury or loss or damage to others' property.

Your Insurance Certificate will indicate the most that we will pay in total for any event(s) arising directly or indirectly from the one original incident, source or cause.

In addition to this amount we will pay your legal costs and expenses incurred with our prior consent which you have a legal liability to pay. If we agree to pay your claim we will pay the costs of compensation awarded by a court or a settlement agreed to by us and your reasonable legal fees and costs that we incur on your behalf or that you incur with our written consent. You can only claim for legal fees and expenses if we have agreed to them in writing before you incur them.

When we will pay

If your building is insured, we will pay the amount you have to pay arising from your ownership of your building and the land on which it stands. If your contents are insured we will pay the amount you have to pay arising out of any defect in your contents.

If you have insured your contents and you own part of a building that is strata titled, we will pay the amount you have to pay as owner of your contents or occupier of your part of the building. We will not pay for an incident that happens in any common areas of the building.

Additional benefits

Liability for tenant's actions

We will pay up to \$25,000 if a tenant or their visitors, or the children of a tenant or their visitors, or the pets of tenants or their visitors damage your Body Corporate building and you are legally liable for the damage.

Continued liability cover when your building is destroyed

- If a claim for your building is settled on a total loss basis, we will continue to cover your legal liability as owner or occupier of the building's location for up to six months from the date your building was destroyed.
- This additional cover will however cease upon the earlier of the following:
 - the expiry date of your building insurance with us;
 - construction of a new building commences at the location;
 - if you sell the property on settlement;
 - you take out a new insurance policy for the location.

When we will not pay

We will not pay claims arising from:

- penalties, fines or awards of aggravated, exemplary or punitive damages made against you;
- use of a motor vehicle, motorcycle, mini-bike, aircraft, motorised watercraft or watercraft greater than 8 metres in length;
- use of a caravan or trailer;
- bodily injury or death to:
 - you or any member of your family who normally lives with you, or any other person who normally lives with you;
 - any person you employ to work at the location other than an independent contractor.

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- damage to or loss of property that:
 - belongs to you, or any member of your family who normally lives with you, or any other person who normally lives with you;
 - belongs to any person you employ and that damage or loss arises from their employment with you;
 - is in the control of you, or any member of your family who normally lives with you, or any other person who normally lives with you.
 - any disease that is transmitted by you, or any member of your family who normally lives with you;
 - any business, profession, trade or occupation carried on by you other than the business of renting out the insured property;
 - alterations, repairs, renovations or additions to your building that cost more than \$100,000;
 - any liability you assume under an agreement or contract you enter into, however we will pay for your liability if you would have been liable without the agreement or contract;
 - gaining a personal profit or advantage that is illegal;
 - a conflict of duty or interest;
 - any act or omission by you or any person(s) acting under your instructions that is dishonest, fraudulent, criminal, wilful or malicious;
 - any alleged or actual act or omission committed, or alleged to have been committed, prior to the commencement of the period of insurance;
 - any actual alleged or threatened contamination or pollution of any property, land, the atmosphere or any watercourse or body of water (including groundwater) other than arising from an occurrence which is neither reasonably expected or intended by you and is a consequence of a sudden cause which takes place at a clearly identifiable time and place during the period of insurance;
 - any loss or damage in connection with the common property where the building is a strata titled property;

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- any event or liability for which you or your family are required by law to hold an insurance policy;
 - any claims made against you because your body corporate failed to insure (or adequately insure) against property damage as required by relevant state or territory, strata title or unit legislation;
 - your ownership or occupancy of any land or buildings other than the location listed on the Insurance Certificate;
 - removal of or exposure to any asbestos product or products containing asbestos;
 - vibration, weakening, removal or interference with support to land, buildings or property;
 - any animal;
 - libel and/or slander;
 - lifts, escalators and hoists.

WHEN WE WILL NOT PAY FOR A CLAIM FOR LOSS, DAMAGE OR LIABILITY

You are not covered for any loss, damage or liability caused by or resulting from, or the costs incurred from or of:

- war, invasion, acts of foreign enemies, hostilities (whether war is declared or not), civil war, rebellion, revolution, insurrection or military or usurped power or by contamination or pollution by chemical, biological or nuclear agents which results from an act of terrorism;
- ionising radiation, contamination by radioactivity from any nuclear weapons material, nuclear fuel or waste, or the combustion of nuclear fuel or waste where the combustion is a self-sustaining nuclear process;
- confiscation or damage caused by the lawful seizure, confiscation, nationalisation or requisition of or damage to, the insured property by a government, public or local authority;
- the erection or demolition of the building;
- settlement, shrinkage, vibration or expansion in the building, foundations, walls or pavements.

WHAT HAPPENS IF YOU NEED TO MAKE A CLAIM?

If an event occurs that is likely to result in a claim, the following checklist will help you ensure that you have done everything you need to, so that your claim can be assessed quickly. Not all items may be applicable to your claim.

First you should:

1. do what you can to prevent any further loss, damage, cost or liability;
2. tell the police if the event involves theft, attempted theft, malicious acts, civil unrest or impact by a vehicle;
3. call your insurance broker.

You must never, without our consent:

- admit guilt, fault or liability (except where required by law);
- offer or negotiate to pay a claim;
- approve any repairs or arrange replacements (other than emergency repairs necessary to minimise or prevent further loss or damage);
- dispose of any damaged property.

We will also require you to:

- provide us with the proof that we need regarding lost or damaged items;
- help us manage the claim, which may include us inspecting your building or asking you questions, or you providing written statements to us under oath;
- allow us to take possession of damaged property that is the subject of a claim;
- keep items that have been damaged and allow us to inspect them or assess repair costs;
- send us any communication you receive relating to the claim (including telling us of pending court proceedings or offers of settlement);

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- help us as we work to negotiate, defend or settle any claim made under this insurance and to exercise for our benefit your legal right of recovery against any other party;
 - tell us about any other insurance that may be relevant to the claim.

How we settle claims for your building

When we agree to pay a claim for your building, we will rebuild or repair your building as new, or pay you the cost of rebuilding or replacing it, at our discretion. We will only pay up to your building sum insured, or any lesser limit that applies, less any applicable excess.

We will only pay to repair or rebuild that part of your building that was damaged. We do not cover any additional expenses to replace undamaged parts of your building to create a uniform appearance. Where the original materials used to build your building are not readily available in Australia, we will pay for the cost of materials we believe to be of a similar kind or quality.

We will only pay up to your building sum insured less any applicable excesses.

How we settle claims for your contents

When we agree to pay a claim for your contents, we will at our discretion, repair or replace any lost or damaged item or pay you the cost of repairing or replacing the item (if unusual circumstances exist), based on the amount that it would have cost us to repair or replace it. We will pay up to your contents sum insured, or any lesser limit that applies to the item, group of items or event, less any applicable excess. Where we can, we will match materials and contents or where this is not possible, use materials and contents that in our opinion match as near as reasonably possible.

If the lost or damaged item is part of a collection, we will only pay for the repair or replacement of the damaged or lost item. We will not pay for any resulting decrease in the value of the collection. Claims for the replacement or repair of damaged fixed carpets will be limited to the passageway, room or stairwell where the damage occurred.

Replacement is on a new for old basis but does not apply to items that are over 20 years old.

We will settle your claim for the items over 20 years old after allowing for wear, tear and depreciation (indemnity basis).

Bond Money

Where you are entitled to use bond money to pay for or reduce the costs of any loss or damage, you must do so and the amount of that entitlement will be deducted from your claim. Your policy will operate on the basis that a bond equivalent to 4 weeks rent has been collected.

How we settle claims under the 'Rent default' and 'Legal expenses' covers within Optional Benefits.

If a claim for rent default can be made under more than one of the events covered by this benefit, you may only claim under one of these events. When we pay a claim for rent default, the claim will be reduced by the balance, if any, of any bond money remaining after deduction of allowable reletting expenses and any other costs or expenses you are legally entitled to deduct from the bond money.

If the rental agreement has defaulted to a periodic tenancy agreement we will not pay more than you would be legally entitled to recover from the tenant due to non compliance with their rental agreement.

We will not pay for:

- rent default and/or legal expenses unless you have a written lease or rental agreement in place from the time your tenant takes up residence;
- loss of rent if the tenant's rent payment is in arrears at the commencement date of this policy. This cover will not operate until the rent arrears have been paid and the tenant has paid usual rent for a period of not less than 4 weeks;
- arrears that have accrued up to the time that your tenant departs the building if you or your agent fail to issue and/or act on breach notices as provided under the relevant residential tenancies act applicable to your state or territory.

How claims impact your policy

After we pay a claim under your policy, other than a claim for a total loss, the amount you are insured for will remain the same as the value shown on your Insurance Certificate at the date of loss.

If a claim is for the total loss of your building or contents, your insurance will cease as soon as we accept liability and a settlement amount has been formally agreed. No premium refund is due if you have paid your premium annually.

Automatic increase of sum insured

If you have a loss for your building or contents, we will increase your sum insured by the amount that the Consumer Price Index has increased since you took out your policy or last renewed it.

Goods and Services Tax (GST)

Any claim payments made under this policy will be based on GST inclusive costs. However, if you are or would be entitled to claim any input tax credits for the repair or replacement of insured property or for other things covered, we will reduce any claim under the policy by the amount of such input tax credits.

YOUR EXCESS

Your excess is the amount that you agree to contribute at the time that a claim is paid. The excess selected for your building and contents will be clearly shown on your Insurance Certificate.

In the event of an earthquake or tsunami a fixed excess of \$500 will apply to each event. Loss or damage must occur to you building and or contents within 72 hours of an earthquake or tsunami to be considered one event. If you do have a claim for this event the higher of the selected excess and the fixed excess will apply.

Your excess will be increased by \$400 for claims involving

- accidental damage or accidental loss by your tenants or their visitors;
- deliberate acts, malicious damage or vandalism by the tenant,
- Rent default,
- Legal expenses,
- Hardship
- Theft by tenants.

This additional \$400 excess will not apply to claims involving accidental loss or damage by your tenants or their visitors involving:

- fire or explosion;
- liquid that escapes from:
 - a fixed pipe or something attaching to a pipe, fixed gutter, fixed tank or a drain;
 - a bath, basin, shower, sink, toilet or tiled floor that has drainage holes;
 - a washing machine or dishwasher;
 - an aquarium or a waterbed.
- impact by a vehicle.
- accidental breakage of;
 - fixed glass in the buildings;
 - fixed shower bases, basins, sinks, baths or toilets.

The maximum excess that will be applied when loss or damage is discovered and a claim is submitted for separate identifiable events is \$1,000.

OTHER IMPORTANT MATTERS

How we protect your privacy

We are bound by the Australian Privacy Principles (APPs) under the Privacy Act 1988 (Cth) and comply with the Privacy Act 1988 (Cth). We are committed to ensuring that all our business dealings comply with the APPs and acknowledge the importance of keeping personal details for individuals confidential and secure.

We collect personal information for the purpose of providing insurance, including arranging insurance, policy administration and claims handling. Without this information, we are not able to provide you with the services you require.

If you would like a copy of our privacy policy, would like to seek access to or correct your personal information, or opt out of receiving materials we send, please contact us. Our detailed privacy policy can be viewed on www.hollard.com.au or a copy can be obtained by phoning 02 9253 6600.

Financial Claims Scheme

Hollard is an insurance company authorised under the Insurance Act 1973 (Cth) to carry on general insurance business in Australia by the Australian Prudential Regulation Authority (APRA) and is subject to the prudential requirements of the Insurance Act. The Insurance Act contains prudential standards and practices designed to ensure that, under all reasonable circumstances, financial promises made by Hollard are met within a stable, efficient and competitive financial system.

The protection provided under the Financial Claims Scheme legislation applies in relation to Hollard and the policy. If Hollard were to fail and were unable to meet their obligations under the policy, a person entitled to claim under the policy may be entitled to payment under the Financial Claims Scheme (access to the Scheme is subject to eligibility criteria).

Information about the Financial Claims Scheme can be obtained from the APRA website www.apra.gov.au or the APRA hotline on 1300 55 88 49.

Hollard is exempted from the requirement to meet the compensation arrangements Australian financial services licensees must have in place to compensate retail clients for loss or damage suffered because of breaches by the licensee or its representatives of Chapter 7 of the Corporations Act. Hollard has compensation arrangements in place that are in accordance with the Insurance Act.

The Dispute Resolution Process

We welcome every opportunity to resolve any concerns you may have with our products or service. In the first instance contact your insurance broker.

If your concern is still not resolved to your satisfaction please write to our Internal Dispute Resolution Committee at:

post The Hollard Insurance Company Pty Ltd
Internal Dispute Resolution Committee
Locked Bag 2010, St Leonards, NSW 1590

email resolution@hollard.com.au

phone 02 9253 6600

Your concern will be investigated by an officer with full authority to deal with the complaint and you will be informed of the outcome within fifteen working days of receiving your concern. If your concern still remains unresolved to your satisfaction or has not been resolved within 45 days, you may refer the matter to the Financial Ombudsman Service (FOS) subject to its terms of reference, which acts as our external dispute resolution provider. FOS is an independent body and its service is free to you. FOS can be contacted via:

post GPO Box 3, Melbourne, VIC 3001

web www.fos.org.au

email info@fos.org.au

phone 1800 367 287

A decision of FOS is binding on us (up to specified jurisdiction limits). A decision of FOS is not binding on you and you have the right to seek further legal assistance.

General Insurance Code of Practice

Hollard is a signatory to the General Insurance Code of Practice. The objectives of this Code are to:

- commit us to high standards of service;
- promote better, more informed relations between us and you;
- maintain and promote trust and confidence in the general insurance industry;
- provide fair and effective mechanisms for the resolution of complaints and disputes between us and you; and
- promote continuous improvement of the general insurance industry through education and training.

You can obtain a copy of the Code from the Insurance Council of Australia website www.insurancecouncil.com.au or by phoning (02) 9253 5100.

Updating our PDS

We may need to update this PDS from time to time if certain changes occur, where required and permitted by law. We will issue you with a new PDS or a Supplementary PDS or other compliant document to update the relevant information except in limited cases. Where the information is not something that would be materially adverse from the point of view of a reasonable person considering whether to buy this insurance, we may issue you with notice of this information in other forms or keep an internal record of such changes (you can get a paper copy free of charge by calling us).