

# MGIB Landlords Residential Property

Insurance Product Disclosure  
Statement and Policy



This Product Disclosure Statement (PDS) has been designed to help you get the most out of your policy.

Use the contents pages to help find what you are looking for. Important tasks such as taking out insurance or making a claim are explained in easy to follow steps. And we have included a glossary of words with a special meaning.

When you take out an insurance policy with us, the cover we agree to provide you is set out in your current schedule, and described in this PDS, as well as any Supplementary PDS we may issue. Together, they make up the terms and conditions of your insurance contract with us. Read them carefully and store them together in a safe place.

If you need more information about this , please contact us or your insurance adviser.

### **Who is the insurer**

CGU Insurance Limited is the insurer of the MGIB Landlords Residential Property Insurance policy. Our Australian Business Number is 27 004 478 371. Our Australian Financial Services Licence Number is 238291. In this policy, the insurer is called 'we', 'us' or 'our'.

### **Who is MGIB Insurance Brokers**

McNaughton Gardiner Insurance Brokers Pty Ltd (MGIB) is an insurance broker. In arranging this Policy, MGIB is acting on your behalf and not as the agent of the insurer. The MGIB Australian Business Number is 77 070 159 492. The MGIB Australian Financial Services Licence Number is 245 489.

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# MGIB Landlords Residential Property Insurance

MGIB Landlords Insurance provides cover for Loss of Rent, Rent Default and Damage by Tenants or their visitors to the buildings or contents that make up your rental property.

We also provide cover for your Liability as owner of the property.

## Primary Insurance Cover

It is a condition of this policy that a primary cover covering at least the buildings and legal liability be maintained. The Primary cover can be arranged by the body corporate.

The Primary cover is to be called on before any claim can be paid by this policy.

## Excesses that may apply when you make a claim

An 'excess' is your contribution towards the cost of a claim.

We will tell you if you need to pay an excess when you make a claim.

The type of excess that applies to your policy and the amount of that excess is shown below .

Any additional excess that may apply will be listed on your schedule.

You may need to pay more than one type of excess when you make a claim.

You will only need to pay this amount once when you make a claim.

Your excess will be \$100 for any loss resulting from Rent Default due to:

- your tenant leaving without giving you or your agent notice
- your tenant being legally evicted
- your tenant stops paying rent
- your tenant stops paying rent and denies you or your agent access.

Your excess will be \$250 for any loss or damage that occurs as a result of an earthquake or tsunami.

Your excess will be \$350 for any loss or damage that occurs as a result of:

- deliberate or intentional acts, or vandalism or malicious acts by your tenants or their visitors, **or**
- the theft of any part of your buildings or contents by your tenants or their visitors.

Your excess will be \$100 for any loss or damage from any other event.

When a claim is made for what we identify as one or more separate incidents, you will need to pay any excesses that apply for each separate incident we have identified.

## Bond money we may deduct when you make a claim

We will reduce the amount we will pay for loss or damage to your building or contents, rent default or legal expenses by any bond money that you are entitled to use to pay for or reduce the cost of any loss or damage.

# Section 1A

## Buildings And Contents

### Cover

We will cover your buildings and contents for the events specified below. There must be loss or damage from one of these events for you to make a claim.

#### **Malicious damage by tenants**

- We will cover your buildings and contents for loss or damage as a result of malicious acts by tenants including vandalism by tenants

#### **Theft by tenants**

- We will cover your buildings and contents for loss or damage as a result of theft by a tenant or their visitors

#### **Accidental damage**

We will cover your contents for accidental damage or accidental loss.

### Additional items we will pay

- Burning out of an electric motor, we will only pay if the electric motor is 15 years old or less.
- Provided a claim has been accepted on this policy we will also pay the cost of removal of debris.
- Your contents will be covered whilst temporarily removed from your situation for up to 120 days and whilst contained in another building elsewhere in Australia the maximum we will pay for contents temporarily removed is \$2,000.

### The most we will pay

In aggregate the most we will pay for claims resulting from any one event listed under 'Cover' and 'Additional items we will pay' is \$50,000 (inclusive of GST).

## Buildings we will cover

We will cover residential buildings, their fixtures and fittings and any structural improvements at your rental property.

### **Your buildings include:**

- residential buildings, including:
  - any professional offices or surgeries in those buildings.
- domestic outbuildings
- fixed coverings to walls, floors and ceilings:
  - these do not include fixed carpets, curtains or internal blinds.
- infrastructure for services, including infrastructure for the supply of electricity, gas, water, internet and telephone
- items built in, fixed to, or on the buildings
- blinds or awnings on the outside of the buildings
- in built swimming pools and spas
- boat jetties or pontoons that you are legally responsible for
- fences and gates (limits may apply).

### **Your buildings do not include:**

- buildings that a tenant is liable for under the terms of a written, rental agreement, unless:
  - the building is listed under 'Your buildings include' as above.
- building materials
- plants, shrubs, trees or grass
- lawns
- loose or compacted soil, gravel, pebbles, rocks or sand
- dams.

## Contents we will cover

We will cover household goods you own or are legally responsible for that are not fixed or fitted to your buildings at your rental property.

## **Your contents include:**

- items thinly covered with gold or silver that are not jewellery or watches
- carpets, curtains or internal blinds
- fixtures and fittings that you have installed if you are the owner of a strata title unit, unless:
  - the body corporate or similar body has insured them.
- household goods
- furniture and furnishings that are not built in
- portable domestic appliances that are not built in
- swimming pools, saunas and spas that are not built-in and their accessories.

## **Your contents do not include**

- unset precious/semi-precious stones
- plants and trees growing outdoors, unless:
  - they are growing in pots or tubs.
- animals, including birds and fish
- jewellery and watches
- items that contain gold or silvers, unless:
  - they are items thinly covered with gold or silver.
- furs
- collections of stamps, money or medals
- sporting equipment
- clothing and personal effects
- money and negotiable documents
- battery-powered items as listed below:
  - audio visual equipment
  - camera equipment, including accessories and unprocessed film
  - electronic diaries
  - GPS
  - mobile or portable phones
  - portable computers.
- pedal cycles, motorcycles, mini-bikes, caravans, trailers, aircraft, watercraft or motor vehicles, unless:
  - they are ride-on mowers.
- building materials.

# Exclusions

## **We will not cover your buildings and contents for loss or damage as a result of or caused by:**

- settling, shrinkage or any movement of earth
- erosion, rust, corrosion, gradual deterioration, depreciation, wear or tear
- rats, mice, insects or termites
- roots from trees, plants, shrubs or grass
- any process of cleaning involving the use of chemicals other than domestic household chemicals
- a defect in an item, structural defects, or faulty workmanship or design
- breakage of mirrors, glassware, crystal, crockery or china while they are being used, cleaned or carried by hand
- mechanical or electrical breakdown other than cover provided under 'Additional items we will pay' – Burning out of an electric motor
- a tenant or their visitors or their visitors pets, unless:
  - we agree to cover the incident as described under this Section.
- landslide or subsidence, unless the landslide or subsidence is caused by, and occurs within 72 hours of:
  - an earthquake or explosion
  - a storm or flood, including rainwater or wind, **or**
  - liquid escaping from a fixed pipe, **or** an object attached to a pipe, a fixed gutter, a fixed tank or a drain.
- water entering your buildings:
  - through an opening made for any building, renovation or repair work
  - because of a structural defect, faulty design or faulty workmanship when your buildings were constructed.
- a tenant or their visitors or their visitors pets, scratching, denting, chipping, rubbing, scuffing or chafing any surface
- tenant neglect, carelessness, poor housekeeping or unhygienic living habits
- damage occurring during maintenance or repair operations carried out by tenants or anyone acting on their behalf
- damage caused by pets belonging to tenants or their visitors.

# Section 1B

## Rent

### Loss of rent

#### **Premises uninhabitable**

If your buildings or sections of your buildings suffer loss or damage and are uninhabitable as a result, we will cover any loss of rent equal to the weekly amount as stated on your rental agreement or periodic tenancy agreement for up to 12 months. The most we will pay is \$25,000 (inclusive of GST). This cover applies when:

- loss or damage to your buildings or contents occurs as a result of an incident due to malicious damage by tenants or theft by tenants
- access to your rental property is prevented due to loss or damage to other property located near your rental property from a listed event as defined in the glossary of words with a special meaning.

We will only cover loss of rent while your rental property is uninhabitable.

Your property must become uninhabitable for a period of at least 7 consecutive days, losses will then be paid from day 1.

### Rent default and legal costs

We will cover:

- rent default by a tenant
- legal costs you incur as a result of rent default by a tenant.

#### **Rent default**

We will only cover rent default for the weekly amount your rental property is leased for . The most we will pay is \$25,000 (inclusive of GST) less any excess or bond money that applies.

We will provide cover for up to 15 weeks:

- if your tenant stops paying rent owed to you and is legally evicted from your rental property.

We will provide cover for up to 6 weeks:

- if your tenant leaves your rental property before the end of the tenancy period of your rental agreement or periodic tenancy agreement, without giving you or your agent notice.

We will provide cover for up to 26 weeks:

- if your tenant stops paying you rent and denies you or your agent access to your rental property.

We will only pay a rent default claim:

- if the tenant breaches your rental agreement or periodic tenancy agreement, **and**
- you have taken all reasonable steps legally available to you under the *Residential Tenancies Act*, or other relevant State or Territory Legislation, to remedy non payment and evict the tenant.

Your cover for rent default ceases if the rent default could have been legally terminated by you.

Cover for rent default will not apply if the rent is in arrears at the commencement date of this insurance.

This cover will not commence until all rent arrears have been paid, and the tenant has paid a minimum of four consecutive weeks of the agreed rent in accordance with the rental agreement.

When the rental agreement defaults to a 'periodic tenancy agreement', we will only pay up to two weeks rent after a tenant vacates the building without notice.

When you or your agent issues a notice to leave to a tenant, we will only pay up to two weeks rent after the tenant vacates the building.

We will not pay a claim if your tenant leaves the building with, or without notice, and you have failed to rectify a 'Notice to Remedy' breach issued by the tenant to you.

This cover will stop immediately:

- if your rental property is re-tenanted, **or**
- when the terms of your rental agreement ends.

## Legal costs

If we have agreed to pay a rent default claim we will also cover legal costs as a result of rent default, up to \$5,000:

- that you incur to:
  - legally evict a tenant
  - recover amounts owed to you by a tenant, unless the legal costs are solely to recover excesses that apply to a claim under this policy, **or**
  - recover amounts for items stolen from your rental property by a tenant or their visitors.

We will only pay your legal costs if we agree to pay them and before they are incurred.

# Section 2

## Liability

### Liability we will cover

We will cover your legal liability up to \$20,000,000 as a result of any incident listed below that causes loss or damage to someone else's property, or death or bodily injury to other people, during your period of insurance.

This amount includes any legal costs that must be paid to defend the claim and any costs awarded against you.

- If you have insured your buildings, we will cover you for the amount you have to pay as owner or occupier of the buildings.

If your buildings are a total loss, we will continue liability cover for any amount you have to pay as owner or occupier of the buildings for up to six months from the date your buildings are destroyed. This cover will stop immediately if:

- construction commences at the property
  - the land is sold, **or**
  - a new insurance policy is arranged for the property.
- If you have insured your contents and you own part of the building that has been subdivided, we will cover you for the amount you have to pay as owner of your

contents, or occupier of your part of the building.

- If you have insured your contents we will cover you for the amount you have to pay because of any defect in your contents.
- If you provide a car park for your tenant or their visitors to use, we will cover you for the amount you have to pay for damage to property while it is in the car park.

## Exclusions

### **We will not cover any:**

- personal injury to you, or any member of your family who normally lives with you, or anyone else who normally lives with you
- personal injury to any person you employ where that injury arises from their employment with you
- loss or damage to property that belongs to you, or is under your control, or any member of your family who normally lives with you, or anyone else that normally lives with you
- loss or damage to property that belongs to any person you employ where that loss or damage arises from their employment with you
- penalties, fines or awards of aggravated, exemplary or punitive damages made against you.

### **We will not cover any liability as a result of, or arising from:**

- any alterations, repairs, renovations or additions to your buildings that cost more than \$75,000 (inclusive of GST)
- any alterations, servicing, repairing or any additions to lifts, escalators or hoists, including– anything that is part of a lift, escalator or hoist
- 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 out by you, unless – the liability is as a result of, or arising from, you managing the buildings and their surrounds
- any agreement or contract you enter into, however:
  - if you would have been liable without the agreement or contract, we will pay for that liability.

- the use, removal of, or exposure to any asbestos product or products containing asbestos
- the use of a motor vehicle, motorcycle, mini-bike, caravan, trailer, aircraft or watercraft, however – we will cover liability that arises from ride-on mowers
- servicing, repairing or maintaining any vehicle
- the erection or demolition of buildings
- vibration or interference with the support of the land, buildings or other property
- the discharge, release or escape of any pollutants
- the removal, neutralising or cleaning up of pollutants
- any act of libel or slander.

## General Exclusions

The following exclusions apply to all policy sections.

**We will not cover any loss or damage, or liability as a result of, or arising from:**

- any incident that does not occur within your period of insurance
- landslide or subsidence, unless the landslide or subsidence is caused by, and occurs within 72 hours of:
  - an earthquake or explosion
  - a storm or flood, including rainwater or wind, **or**
  - liquid escaping from a fixed pipe, **or** an object attached to a pipe, a fixed gutter, a fixed tank or a drain.
- war or warlike activity, however – war does not need to be declared
- hostilities, rebellion, insurrection or revolution
- contamination by chemical and/or biological agents, which results from an act of terrorism
- lawful destruction or confiscation of your property
- anything nuclear or radioactive
- mildew, atmospheric or climatic conditions

- damage to a heating element, however – we will pay for any loss or damage as a result of damage to a heating element
- failure or inability of any item, equipment or computer software to recognise correctly, to interpret correctly or to process correctly any date, or to function correctly beyond any time when that item, equipment or computer software has not recognised, interpreted or processed correctly any date, unless – it results in loss or damage to your buildings or contents that is covered under this policy. This does not include resultant loss or damage to any frozen food, computer equipment or computer software
- deliberate or intentional acts by you, or anyone acting for you, which cause loss, damage or injury
- storm surge
- erosion, the action of the sea, tidal wave or high water, unless – the loss or damage is the result of a tsunami.

# Your Responsibilities To Us

## Your duty of disclosure

When you take out, renew, or change or vary a policy, you have a duty to answer our questions truthfully and provide us with any information that could affect our decision to insure you, or the terms of your policy. This is called your 'duty of disclosure'.

### **What you must tell us when you apply to take out this policy**

When applying to take out insurance we will ask you certain questions. When answering these questions, you must be honest, and you have a duty under the *Insurance Contracts Act 1984* to tell us anything:

- known to you, **and**
- which a reasonable person in the circumstances would include in answer to any question.

We will use your answers to help us decide whether to insure you and anyone else under this policy, and on what terms.

## Who you are answering the questions for

It is important that you understand you are answering the questions in this way on behalf of yourself and anyone else that you want to be covered by the policy.

## If you do not answer our questions in this way

If you do not answer our questions in this way, we may reduce or refuse to pay a claim, or cancel the policy, or do both. If you answer our questions fraudulently, we may refuse to pay a claim and treat the policy as never being in place.

## Renewal, variation, reinstatement or extension of your policy

When your policy is renewed, varied, reinstated or extended you have a duty, under the *Insurance Contracts Act 1984*, to tell us anything that you:

- know, **or**
- could reasonably be expected to know, **and** is relevant to our decision whether to accept the risk of insurance and, if so, on what terms. Your duty does not require disclosure of anything that:
  - diminishes the risk to be undertaken by us
  - is of common knowledge
  - we know or, in the ordinary course of business, ought to know, **or**
  - is a matter that we indicate your duty has been waived by us.

## If you do not comply with your duty of disclosure

If you fail to comply with your duty of disclosure, we may be entitled to reduce our liability under the policy in respect of a claim, or we may cancel the policy, or do both.

If your non-disclosure is fraudulent, we may also have the option of avoiding the contract from its beginning.

# Your responsibilities when you are insured with us

In addition to your duty of disclosure, there are other responsibilities that you must meet when you are insured with us.

## **You must tell us if:**

- your buildings will be unoccupied for a continuous period of 60 days or more
- any changes have been made to:
  - the address or location where your buildings or contents are insured
  - the use of your buildings
  - your buildings due to renovation, extensions or demolition
  - the people who are insured under this policy
  - the sums insured for your buildings or contents.
- any people who are insured under the policy have:
  - been convicted of any criminal offence
  - made a claim that is not true under this policy or another insurance policy.
- there are any changes in circumstances during the period of insurance.

If you tell us about any of these things, we may charge an additional premium, change the cover of your policy, impose special conditions, or cancel your policy.

In addition, you must also:

- be truthful and frank in any statement you make in connection with your policy
- pay your premium, including paying instalments regularly
- take reasonable precautions to avoid a claim being made
- obey all laws and make sure anyone acting on your behalf obeys all laws
- follow the conditions of this policy
- not make a fraudulent claim under this insurance policy or any other policy.

# Your responsibilities when you are making a claim

When you make a claim you must meet a number of responsibilities.

## **You must:**

- be truthful and frank in any statement you make in connection with a claim
- take safe and reasonable steps to prevent any further loss, damage or liability occurring
- inform the Police as soon as possible if your buildings or contents suffer loss or damage as a result of theft or attempted theft, vandalism or a malicious act
- keep all damaged buildings or contents so we can inspect them if required
- give us any information or assistance we require to investigate and process your claim
- not pay or promise to pay for a claim, or admit responsibility for a claim
- not repair or replace any damaged buildings or contents without our consent.

In addition, you also give us your rights to claim from anyone else:

- if you have a right to claim from anyone else for an incident covered by us, you give us your rights to make that claim, to conduct, defend or settle any legal action and to act in your name:
  - you must not do anything which prevents us from doing this and you must give us all the information and cooperation that we require.

## If you do not meet your responsibilities

If you do not meet your responsibilities, we may refuse or reduce a claim, cancel your policy, or do both. If we cancel your policy, we will advise you in writing.

# Our Commitment To You

## The General Insurance Code of Practice

The purpose of the Code is to raise the standards of practice and service in the general insurance industry.

### **The objectives of the Code are:**

- to promote better, more informed relations between insurers and their customers
- to improve consumer confidence in the general insurance industry
- to provide better mechanisms for the resolution of complaints and disputes between insurers and their customers, **and**
- to commit insurers and the professionals they rely upon to higher standards of customer service.

### **Our commitment to you**

We have adopted and support the Code and are committed to complying with it.

Please contact us if you would like more information about the Code.

## Our guarantee

Our Guarantee assures you of quality insurance and service at all times.

### **Fair dealing guarantee**

We will meet any claims covered by your policy fairly and promptly.

### **Money back guarantee**

If you change your mind, we provide a cooling-off period which lets you cancel your policy within 21 days of commencement with a full refund of your premium. You must advise us in writing. However, your cooling-off period no longer applies if you make a claim within this time.

## Service guarantee

We will provide you with the highest standard of service.

## How CGU protects your privacy

We use information provided by our customers to allow us to offer our products and services. This means we may need to collect your personal information, and sometimes sensitive information about you as well (for example, health information for travel insurance). We will collect this information directly from you where possible, but there may be occasions when we collect this information from someone else.

CGU will only use your information for the purposes for which it was collected, other related purposes and as permitted or required by law. You may choose not to give us your information, but this may affect our ability to provide you with insurance cover.

We may share this information with companies within our group, government and law enforcement bodies if required by law and others who provide services to us or on our behalf, some of which may be located outside of Australia.

For more details on how we collect, store, use and disclose your information, please read our Privacy Policy located at [www.cgu.com.au/privacy](http://www.cgu.com.au/privacy). Alternatively, contact us at [privacy@cgu.com.au](mailto:privacy@cgu.com.au) or 13 15 32 and we will send you a copy. We recommend that you obtain a copy of this policy and read it carefully.

By applying for, using or renewing any of our products or services, or providing us with your information, you agree to this information being collected, held, used and disclosed as set out in this policy.

Our Privacy Policy also contains information about how you can access and seek correction of your information, complain about a breach of the privacy law, and how we will deal with your complaint.

# How To Take Out Insurance

## How to apply for insurance

- 1. If you are taking out a policy with us for the first time, contact us through your insurance adviser, MGIB.**

If we agree to insure you, we will send you a schedule setting out the details of your policy.

- 2. Pay your premium**

## How to renew your insurance

- 1. If you already have a policy with us, we may send you an offer to renew your insurance before your current policy expires**

We will send you an updated schedule and quote a premium based on the information contained in your current policy.

- 2. Review the proposed policy and premium we offer**

We must receive your payment by the due date, otherwise your buildings or contents will not be insured.

- 3. Pay your premium**

## How to cancel your policy

- 1. If you want to cancel your policy, contact us or your insurance adviser**

We may need your request in writing. If you cancel your policy before it ends, we will refund an amount for the unused premium.

# How to change your policy

## 1. Contact us through MGIB to change or vary your policy

You will be sent an endorsement schedule that includes any changes or variations you have requested and we have agreed to, and any special conditions we may have applied to that agreement.

## 2. Check the changes

## 3. Pay your premium if it has increased

We will tell you if your premium has increased, we must receive your additional payment within one month.

# Your premium

## 1. How we calculate your premium

We will base your premium to reflect the types of risk that are insured by this type of contract and also the level of risk applicable to leased premises.

Premiums are also subject to Commonwealth and State taxes and/or charges. These include the Goods and Services Tax and stamp duty.

Your premium, including any taxes and charges, will be listed on your schedule.

## 2. How to pay your premium

You can pay your premium by cash, cheque or credit card.

We may cancel your policy if:

- you do not pay your premium
- your cheque or credit card is dishonoured by your financial institution.

### 3. Interest on unallocated premium

If we are unable to issue your insurance when we receive your application, we are required to hold your Premium in a trust account on your behalf until your insurance can be issued. We will retain any interest payable by our bank to meet, among other things, bank fees and other bank costs we incur in operating the account.

## Delay of Cover

### 1. We will not cover your contents for a period of 48 hours from the time of the commencement of your insurance for loss or damage caused by

- bushfire or grassfire, **or**
- a named cyclone.

We will provide cover however if:

- this insurance commences directly after another insurance policy covering the same property expired without a break in cover
- you have entered into a contract of sale to purchase the property
- you have entered into a contract to lease the property.

### 2. We will not cover loss or damage to your contents as a result of flood within 14 days (336 hours) of the start date of this policy, unless:

- you took out insurance with us immediately after another insurance policy covering flood and insuring the same building or contents expired, without a break in cover.

# Claims Information

## How to make a claim

### 1. Make sure you have all the information you need to support your claim

We will need:

- contact details of any other people involved in the incident, including their name, current residential address and who they are insured with
- any letters, notices or court documents about the incident within 72 hours of receiving them
- the incident report number for any claims in relation to theft or attempted theft, vandalism or a malicious act:
  - the Police will provide you with this number when you report the incident to them.

### 2. Contact us or MGIB to make a claim

You need to make your claim as soon as possible. Any delays may:

- reduce the amount that we pay, **or**
- prevent us from paying a claim.

We will give you immediate advice and assistance with your claim, 24 hours a day, 7 days a week. We will ask you a range of questions to help us assess your claim. We may:

- ask you to provide us with proof of ownership
- need to inspect your buildings or contents
- need quotations from a repairer.

### 3. If you need emergency repairs

If you need to make emergency repairs, we will arrange assistance through our preferred repairers and suppliers.

# How we settle a buildings claim

## 1. We will decide how we will settle your claim

If your buildings suffer loss or damage, we will decide whether to:

- repair
- rebuild, **or**
- pay you the cost to repair or rebuild that part of your buildings that suffered loss or damage.

If we do, we will:

- pay you up to the buildings sum insured, as listed on your schedule
- only repair, rebuild or pay you for the part or parts of the building that actually sustained loss or damage, including damaged portions of fixed coverings to walls, floors and ceilings only in the room, hall or passage where the damage occurred
- try to match any material used to repair your buildings with the original materials or nearest equivalent available to the original materials
- repair or pay you the costs to repair your buildings if the damage was caused by water or liquid that escaped from a bath, basin, sauna, spa, shower base or shower wall, however
- we will not pay the costs to repair or replace the bath, basin, sauna, spa, shower base or shower wall.

When we settle your claim, the law that will apply is the law of the State or Territory where the loss damage or liability occurred.

## 2. You must pay any excess that applies

If you make a claim, you will need to pay any excesses that apply.

If you are claiming for any loss or damage that occurs as a result of:

- a deliberate or intentional act, or vandalism or a malicious act by a tenant or their visitors, you will need to pay a excess of \$350

- an earthquake or tsunami, you will need to pay a excess of \$250.

The loss or damage must occur within 72 hours of the earthquake occurring.

- An excess of \$100 will apply to any other claim.

You must pay any excess to us, or to the builder – we will tell you who to pay the excess to.

If we choose to pay you, we may deduct the amount of excess from the amount we settle your claim for.

When a claim is made for what we identify as one or more separate incidents, you will need to pay any excesses that apply for each separate incident we have identified.

### **3. If you are entitled to use bond money**

We will reduce the amount we will pay for loss or damage to your buildings or contents by any bond money that you are entitled to use to pay for or reduce the cost of any loss or damage.

### **4. If we decide to repair or rebuild your buildings**

We will repair or rebuild the part of your buildings that suffered the loss or damage to a condition as close as possible to when new, but not better.

You can choose your own repairer or tradesman or we can help you find one.

If we authorise repairs, we will deal directly with the repairer or tradesman about payment.

### **5. If your building is a total loss**

We will pay you the sum insured for your buildings, as listed on your schedule, after deducting:

- any excess
- any unpaid premium, **and**
- any input tax credit you would have been entitled to under *A New Tax System (Goods and Services Tax) Act 1999* if you had paid to repair or rebuild your buildings.

If we pay you the sum insured, then your policy comes to an end, subject to any continuing liability cover and no refund of your premium is due.

# How we settle a contents claim

## 1. We will decide how we will settle your claim

If your contents suffer loss or damage, we will decide whether to:

- repair an item
- replace an item, **or**
- pay you the cost to repair or replace the item.

If we do we will pay up to:

- the contents sum insured, as listed on your schedule, **and**
- the maximum amount per item, set, pair, collection or system.

If the item is part of a pair, set, collection or system, we will only cover the value of the item itself, however:

- the most we will pay is the value of the item as a proportion of the combined pair, set, collection or system.

## 2. You must pay an excess that applies

If you make a claim, you will need to pay any excesses that apply.

If you are claiming for any loss or damage that occurs as a result of:

- a deliberate or intentional act, or vandalism or a malicious act by a tenant or their visitors, you will need to pay a excess of \$350
- an earthquake or tsunami, you will need to pay a excess of \$250.

The loss or damage must occur within 72 hours of the earthquake occurring:

- for any other claim an excess of \$100 applies.

You must pay any excess to us, or to the supplier or repairer – we will tell you who to pay the excess to.

If we choose to pay you, we may deduct the amount of excess from the amount we settle your claim for.

When a claim is made for what we identify as one or more separate incidents, you will need to pay any excesses that apply for each separate incident we have identified.

### 3. If you are entitled to use bond money

We will reduce the amount we will pay for loss or damage to your buildings or contents by any bond money that you are entitled to use to pay for or reduce the cost of any loss or damage.

### 4. If we decide to repair your contents

When damage or loss occurs to:

- any item that consists solely of fabric
- carpet which is 10 years old or more, **or**
- any other contents item that is 15 years old or more

we will repair the damaged item to a condition it was in before the loss or damage occurred.

If loss or damage occurs to any other contents item, we will repair the damaged item to the condition it was when new.

If the item we are repairing is part of a pair, set collection or system, we will only cover the part of the pair, set, collection or system that was damaged.

### 5. If we decide to replace your contents

When damage or loss occurs to:

- any item that consists solely of fabric
- carpet which is 10 years old or more, **or**
- any other contents item that is 15 years old or more

we will replace the item with an item of the same condition. The replacement item will not be better than the item replaced.

When loss or damage occurs to any other contents item, we will replace the item with the nearest equivalent new item.

We will only replace wall, floor and ceiling coverings, including carpets, internal blinds and curtains, in the room, hall or passage where the loss or damage occurred.

We will not pay to re-carpet adjoining rooms, or your entire rental property.

We will only pay the cost of replacing the item even though the pair, set, collection or system to which it belongs is less valuable because it is incomplete.

If the item we are replacing is part of a pair, set, collection or system, we will only cover the value of the item itself, however:

- the most we will pay is the value of the item as a proportion of the combined pair, set, collection or system.

Any salvage becomes our property.

## 6. If we decide to pay you the cost to repair or replace your contents

When damage or loss occurs to:

- any item that consists solely of fabric
- carpet which is 10 years old or more, **or**
- any other contents item that is 15 years old or more

our payment will be reduced to allow for wear, tear and depreciation.

When loss or damage occurs to any other contents item, we will pay you the cost to repair or replace it.

We will pay you the fair and reasonable costs to repair or replace your contents as described in Steps 1, 3 and 4, after deducting:

- any excess, **and**
- any input tax credit you would have been entitled to under A New Tax System (Goods and Services Tax) Act 1999 if you had paid to repair or replace your contents.

## How we settle a loss of rent claim

### 1. If we decide to pay your loss of rent claim

We will pay you loss of rent equal to the weekly amount as stated on your rental agreement or periodic tenancy agreement for up to 12 months. The most we will pay is \$25,000 (inclusive of GST).

### 2. No excess applies to this cover

# How we settle a rent default claim

## 1. If we decide to pay your rent default claim

We will pay you the rent default, we will calculate the rent default based on:

- the weekly amount your rental property is leased for under your rental agreement or periodic tenancy agreement
- the number of weeks in rent default subject to the limits in section 1B rent.

The most we will pay is \$25,000 (inclusive of GST).

## 2. You must pay an excess that applies

If you make a claim, you will need to pay a \$100 excess.

## 3. If you are entitled to use bond money

We will pay you the cost of the rent default and any legal expenses. We will reduce this amount by the amount of any bond money remaining after deducting any allowable re-letting expenses and any other costs or expenses you are legally entitled to.

# How we settle a theft by a tenant claim

## 1. If we decide to pay your theft by a tenant claim

Refer to:

- How we settle a buildings claim on page 24
- How we settle a contents claim on page 26.

## 2. You must pay any excess that applies

If you make a claim, you will need to pay a \$350 excess.

When a claim is made for what we identify as or more separate incidents, you will need to pay any excesses that apply for each separate incident we have identified.

### **3. If you are entitled to use bond money**

We will pay you the theft by a tenant claim. We will reduce this amount by the amount of any bond money remaining after deducting any allowable re-letting expenses and any other costs or expenses you are legally entitled to.

## **How to resolve a complaint or dispute**

### **1. Talk to us first**

If you have a complaint, the first thing you or your insurance adviser should do is speak to a member in the area concerned. If your complaint relates specifically to a claim, speak with the claims officer managing your claim.

If the staff member or claims officer are unable to resolve the matter for you, you or your insurance adviser may speak to a manager. If you are not satisfied with the decision, you can go to step 2.

### **2. Seek a review**

If the matter is still not resolved, the manager will refer you or your insurance adviser to the relevant internal dispute resolution area who will conduct a review of your dispute. If you are still not satisfied with the decision, you can go to step 3.

### **3. Seek an external review**

You are entitled to seek an external review of the decision. The dispute resolution area will provide you or your insurance adviser with information about the options available to you, such as referring you to the external dispute resolution scheme administered by the Financial Ombudsman Service (FOS).

Further information about the complaint or dispute resolution procedures is available by contacting us.

## Financial claims scheme

You may be entitled to payment under the financial claims scheme in the event that CGU Insurance Limited becomes insolvent. Access to the scheme is subject to eligibility criteria. Information about the scheme can be obtained from the Australian Prudential Regulation Authority (APRA) website at [www.apra.gov.au](http://www.apra.gov.au) and the APRA hotline on 1300 55 88 49.

## Claim payment examples

These Claim payment examples show you how a claim settlement is calculated based on some practical scenarios. Any claim settlement amount will depend upon the facts of each case.

### Loss of rent

Your premises are uninhabitable due to malicious damage by tenants, it takes 40 weeks to repair the premises to a habitable state, assuming your rent was \$400 per week, we would pay you 40 by \$400 = \$16,000. Payment to you \$16,000.

### Rent default

You have a rent default claim due to your tenant being legally evicted from your rental property and stops paying rent owed to you or your agent, your weekly rent receivable was \$300 per week The tenant was in default for 20 weeks we will pay you a maximum of 15 weeks rent i.e. 15 weeks by \$300 = \$4,500 less an excess of \$100. Payment to you \$4,400.

We will also deduct any available Bond money.

### Buildings

Your tenant maliciously damages the walls of your rental property. The cost to repair the damage is \$2,000. The applicable excess is \$350. You are not registered for GST.

We will pay \$1,650 to the builder. You will pay the \$350 excess to the builder.

We will also deduct any available bond money

## Contents

Your carpet is accidentally damaged by your tenant. The cost to replace the carpet is \$2,500. The applicable excess is \$100. You are not registered for GST.

We will pay \$2,400 for the replacement carpet. You will pay the \$100 excess.

We will also deduct any available bond money.

# Glossary Of Words With A Special Meaning

## **accidental damage or accidental loss**

damage to, loss or destruction of the buildings that make up your rental property, or your contents when it is caused by an unintentional act, or an unforeseen and uncontrollable incident.

## **allowable re-letting expenses**

re-letting expenses as specified in the current rental agreement for your property.

## **bond money**

money paid by the tenant and held as security against damage to the property, outstanding rent or other costs. Your policy operates on the basis that your tenant has paid bond money that equals at least four weeks rent.

## **claim**

a separate identifiable incident for which the policy provides cover. Where multiple incidents are submitted at the same time or on the same claim form, they will be treated as separate claims for the application of any policy excess or limitation.

## **deliberate or intentional act**

a conscious or reckless act done without the owners permission.

## **endorsement schedule**

a document that includes any information from the existing schedule that has not changed or varied, and confirms any alteration to the coverage, terms and conditions of your policy.

## **excess**

the amount you pay when you make a claim on your policy. The amount and type of excess that may apply to your policy is shown on your schedule and in this PDS.

The amount of your excess will be increased if you make a claim for:

- an earthquake or tsunami
- vandalism or a malicious act
- a deliberate or intentional act
- rent default
- theft by a tenant.

Your excess and any additional excesses will apply for what we identify as each separate identifiable incident.

## **fixtures and fittings**

any household items or household equipment that are permanently attached to your buildings.

## **flood**

Flood means the covering of normally dry land by water that has escaped or been released from the normal confines of: (a) any lake, or any river, creek or other natural watercourse, whether or not altered or modified; or (b) any reservoir, canal or dam.

## **incident**

a single occurrence or a series of occurrences, including an accident or series of accidents arising out of one event.

## **listed events means**

- Fire or explosion.
- Smoke – excluding damage that occurs gradually and or out of repeated exposure to smoke or fire.
- Lightning or thunderbolt.
- Earthquake or tsunami. We will only cover loss or damage as a result of an earthquake if the loss or damage is caused by, and occurs within 72 hours of the earthquake.
- Burglary or housebreaking or an attempt at either.
- Vandalism or a malicious act.

- Deliberate or intentional acts.
  - Liquid that escapes from:
    - a fixed pipe or something attached to a pipe, fixed gutter, fixed tank or a drain.
    - a bath, basin, sauna, spa, shower base or shower wall, sink, toilet or tiled floor that has drainage holes.
    - a washing machine or dishwasher.
    - an aquarium.
    - a waterbed.
  - Riots, civil commotions, industrial or political disturbances.
  - Impact by an aircraft, spacecraft or satellite, or anything dropped from them.
  - Impact by a falling tree or part of a tree, unless the damage is caused when you cut down or remove branches from a tree or you have someone do it for you.
  - Impact by a falling television or radio antenna, mast or dish.
  - Impact by vehicles or watercraft.
  - Storm, flood, rainwater, hail, or wind. We will not cover storm, flood, rainwater, hail or wind damage:
    - where water enters your buildings because of a structural defect, faulty design or faulty workmanship when your buildings were constructed.
    - where water enters your buildings through an opening made for any building renovation or repair work.
  - Landslide or subsidence. This includes loss or damage to any gates, fences or retaining walls that are entirely or partly at the situation. However, the cover only applies if the loss or damage occurs within 72 hours of, and as a direct result of, one of the following listed events:
    - storm, flood, tsunami, rainwater, hail, snow or wind.
    - earthquake.
    - explosion.
    - liquid escaping from a fixed pipe or something attached to a pipe, fixed gutter, fixed tank apparatus or a drain.
- period of insurance**  
the length of time between the start date and end date of your policy, as listed on your current schedule.
- periodic tenancy agreement**  
applies when a tenant continues to occupy the rental property, after a fixed-term rental agreement has expired, and the rental agreement does not provide for its continuation, and a:
- notice to leave
  - notice of intention to leave, or
  - abandonment termination notice has not been given by the tenant to you, or your agent, or by you, or your agent to the tenant.
- The tenant is then treated as being under a periodic tenancy agreement on the same terms which applied immediately before the rental agreement ended.
- pet**  
a domestic animal that you keep in your rental property or at your rental property.
- premium**  
the total amount you pay for your insurance that includes applicable government taxes such as GST, and any duties or charges payable by you. It is shown on your current schedule. You can pay your premium annually in one lump sum.
- rent**  
the amount of money paid, or payable, by the tenant to rent your rental property.

**rent default**

when a tenant fails to pay the agreed rent and is in breach of a written, rental agreement or periodic tenancy agreement.

**rental agreement**

the agreement between you or your agent and the tenant. This agreement must be in writing and state:

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

**schedule**

your current schedule is a document outlining the details of your insurance cover. Your schedule may be called a policy, renewal or endorsement schedule.

**special conditions**

exclusions, restrictions or extensions to cover that are imposed on specific matters or people.

**sporting equipment**

equipment designed to be used in a leisure activity that involves some element of physical activity or competition, excluding pedal cycles.

**strata title**

title under a strata title or similar community title scheme where separate parts of the scheme building(s) have a separate legal title. Strata title usually applies to high rise apartments, townhouses, villas or duplexes.

**sum insured**

your nominated replacement value at today's prices for your buildings or contents. This will be listed on your schedule.

**Supplementary Product Disclosure Statement (SPDS)**

a separate document that updates, corrects or adds to the information contained in this PDS.

**tenant**

the person(s) named in the rental agreement or periodic tenancy agreement and including that person's partner, children, pets and any other person(s) permanently living at your rental property.

Any person(s) including that person's partner, children, pets and any other person(s) living at your rental property under a rental arrangement that is not a rental agreement or periodic tenancy agreement.

**terrorism**

any act which may involve the use of, or threat of, force, violence or biological or chemical warfare, or nuclear pollution or contamination or explosion where the purpose of the act is to further a political, religious, ideological aim, or to intimidate or influence a government or any section of the public.

**total loss**

when we decide that it is uneconomical to repair or rebuild your buildings or contents.

**unoccupied rental property**

a rental property that no-one has lived in for 60 consecutive days or more.

**us, we and our**

refers to CGU Insurance Limited ABN 27 004 478 371

**vandalism or a malicious act**

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

**you and your**

the person or people named as the insured on your current schedule. If more than one person is named as the insured, we will treat a statement, act, omission or claim by any one of these people as a statement, act,

omission or claim by them all. If you are making a claim, 'you' also includes your domestic partner, you or your partner's unmarried children, and you or your partner's parents who normally live with you.

**your buildings**

buildings that you own or are legally responsible for.

**your contents**

contents that you own or are legally responsible for.

**your rental property**

where your buildings or contents are located. This includes any land or other area that touches your rental property and for which any statutory authority has made you responsible, but it does not include the nature strip outside your rental property. Your rental property is located at the situation shown on your current schedule.

**your policy**

the contract between you and us which provides you with insurance cover in exchange for a premium. Your policy is made up of two documents:

- this Product Disclosure Statement and policy booklet (PDS) and any supplementary PDS, plus
- your current schedule.

## Intermediary Remuneration

CGU Insurance Limited pays remuneration to insurance intermediaries when we issue, renew or vary a policy the intermediary has arranged or referred to us. The type and amount of remuneration varies and may include commission and other payments. If you require more information about remuneration we may pay your intermediary you should ask your intermediary

Information in this PDS may need to be updated from time to time where required and permitted by law. You can obtain a paper copy of any updated information without charge by calling us on the contact details provided in this document. If the update is to correct a misleading or deceptive statement or an omission that is materially adverse from the point of view of a reasonable person deciding whether to acquire the Policy, we will provide you with a new PDS or a Supplementary PDS.

# Contact details

CGU Insurance Limited  
GPO Box 9902  
in your capital city

Enquiries tel: 13 24 81 (13CGU1)

[cgu.com.au](http://cgu.com.au)

Preparation date 12/03/2014



Intermediary  
**MGIB Insurance Brokers**  
ABN 77 070 159 492  
AFS Licence No. 245489

RID0156 REV4 03/14



Insurer  
**CGU Insurance Limited**  
ABN 27 004 478 371  
AFS Licence No. 238291